EXHIBIT 4:

OPERATING EXPENSES

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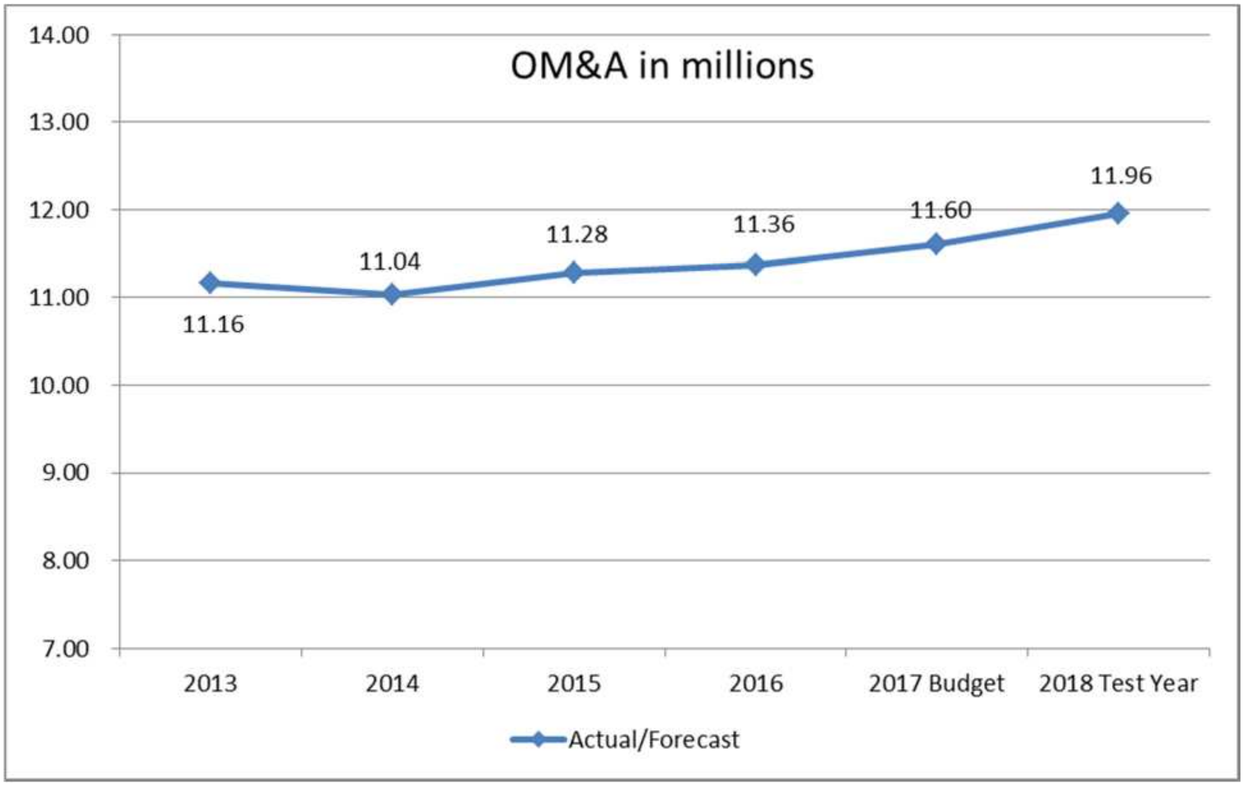
Exhibit 4: Operating Expenses

2.4.1 Overview

PUC Distribution determines its OM&A costs through an analysis of the costs it incurs to adapt to operate and maintain the distribution system while remaining responsive to regulatory changes. PUC Distribution Inc. ("PUC Distribution"), through its affiliate PUC Services Inc. ("PUC Services") operates using a shared services model. PUC Distribution has no employees but rather relies on PUC Services to provide the necessary resources at cost to operate the distribution utility. The model allows resources to be allocated to PUC Distribution as required especially during times when special or non-recurring projects are undertaken. In general expenses may fluctuate between categories as more attention is required for a specific category due to a specific need, emergency or a change to regulated/mandated services to be provided. Also in general, inflationary increases put upward pressure on costs.

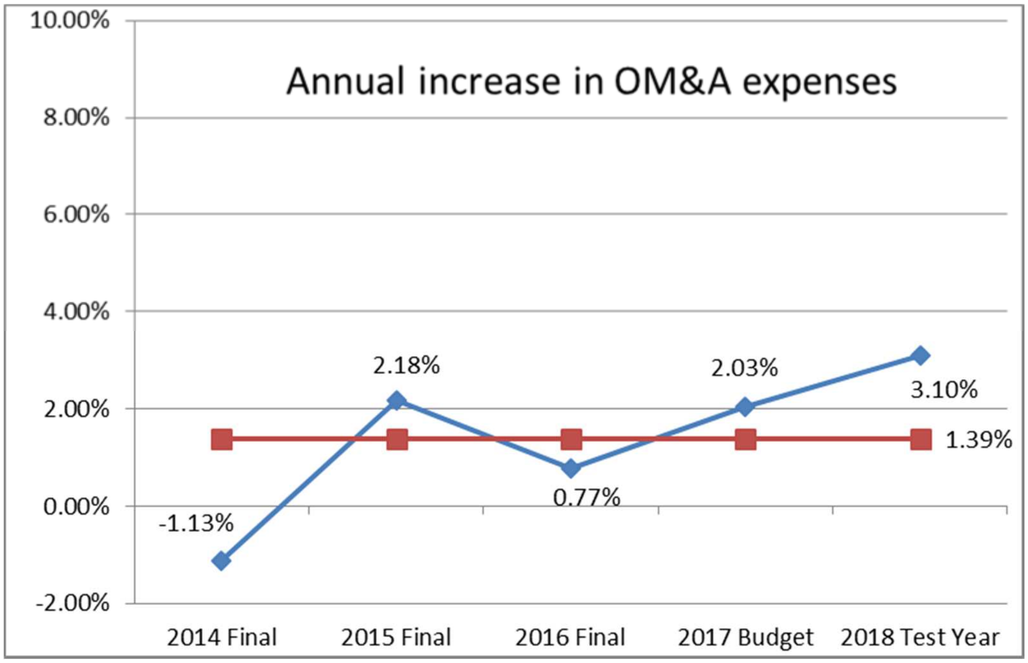
As shown in Figure 4-1 Actual/Forecast OM&A below, OM&A expenses have increased from $11.16 million in 2013 to $11.96 million in the 2018 test year request for approval. This equates to an average annual increase of 1.4%. Despite inflationary and regulatory pressures, the average annual increase of 1.4% over the 2013 to 2018 period has been below the rate of inflation.

Figure 4-1 – Actual/Forecast OM&A



The year over year percentage increases are indicated in Figure 4-2 Annual OM&A Percentage Increase.

Figure 4-2 – Annual OM&A Percentage Increase



PUC Distribution is requesting the following items in its Cost of Service rate application in 2018 which are not currently in expenses being recovered in rates:

- Increased cost for the mandated PCB transformer testing,
- Increased cost for the mandated MIST meter conversion,
- An additional staff resource to address the increasing regulatory burden, and
- Additional costs for the Distribution/Transmission station maintenance program to be compliant with new Independent Electricity System Operator (IESO) requirements for under-frequency load shedding scheme

With the items noted above, the increase from 2017 to 2018 in OM&A expenses requested is 3.10%, which as noted above results in an average annual increase of 1.4% over 2013 actuals.

The inflation rate assumed for labour is 2% and 0% for non-labour. PUC Distribution recognizes that the Input Price Index ("IPI") effective for a rate application in 2018 is 1.2%. However PUC Distribution has reduced the non-labour inflation rate to 0% for budgeting purposes, to account for the expected operating efficiencies which will be achieved in 2018.

2.4.2 Summary and Cost Driver Tables

Operating, Maintenance and Administrative ("OM&A") Test Year Levels

OM&A Budgeting Process Used by PUC Distribution

The operating budget is prepared annually by management and is reviewed and approved by the Board of Directors. The budget is prepared prior to the start of each fiscal year, and provides a plan against which actual results may be evaluated. Once approved the budget is only revised if a material change in the plan is required. Capital and operating budgets are formulated to achieve PUC Distribution's business objectives in a prudent and sustainable manner while considering customer rate impacts.

The following directives are used to prepare the annual budgets:

- Outside expenses for all department budgets are built using previous year actual, current year forecast and current year budgets as the base; for example, when compiling the 2017 budget, the previous year actual (2015), the current year forecast (2016) and the current year budget (2016) would be used;
- Significant variances in spending from prior years must be explained and documented;
- Review the headcount of the department for accuracy and outline any changes;
- Prepare a total labour budget by department using projected wage and benefit cost. Overtime and account distribution are based on previous years actual plus any identified changes for the future year.

- The Finance department then completes an initial consolidation of all departments to develop a draft budget. Finance works with each department to identity variances and issues for consideration.

- Senior management reviews the draft budget and makes changes to balance cost control with achieving core objectives. In an effort to contain costs and explore efficiencies and still provide an acceptable level or reliability and customer service, the team looks in detail for discretionary costs and identifies cost areas that can be delayed or addressed with alternative approaches.

- Senior management makes a submission to the Board of Directors on the proposed budget and formal approval is requested.

PUC Distribution's Test Year Operating, Maintenance and Administrative ("OM&A") expenses are $11,955,834 including expenses relating to the Low Income Energy Assistance Program ("LEAP") and payments in lieu of property taxes. A summary of OM&A expenses from the 2013 Board Approved to the 2018 Test Year is found in Table 4-1 below.

Table 4-1 - Summary of OM&A Expenses

	2013 Board Approved Less LEAP	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge	2018 Test
Operations	$ 3,301,081	$ 3,667,835	$ 3,558,777	$ 3,702,949	$ 3,771,352	$ 3,752,937	$ 4,026,057
Maintenance	$ 2,228,075	$ 2,324,284	$ 2,214,631	$ 2,274,649	$ 2,206,518	$ 2,103,645	$ 2,186,573
Billing & Collecting	$ 1,198,786	$ 1,274,108	$ 1,373,301	$ 1,417,758	$ 1,572,173	$ 1,618,876	$ 1,575,376
Community Relations	$ 579,787	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800
Admin & General	$ 2,645,218	$ 4,372,332	$ 3,269,578	$ 3,152,837	$ 3,132,861	$ 3,314,987	$ 3,480,028
Taxes other than Income Taxes		$ 46,062	$ 40,740	$ 36,160	$ 31,755	$ 40,000	$ 45,000
LEAP		$ 19,873	$ 22,610	$ 22,926	$ 23,619	$ 24,000	$ 24,000
Total	**$ 9,952,947**	**$ 12,205,885**	**$ 11,037,338**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,834**
% Change (year over year)		22.64%	-9.57%	2.18%	0.77%	2.04%	3.10%
Building Expenses*		$ 1,042,725					
Normalized Total	**$ 9,952,947**	**$ 11,163,160**	**$ 11,037,338**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,834**
% Change (year over year)		12.16%	-1.13%	2.18%	0.77%	2.04%	3.10%

* The expense of $1,042,725 relates to the treatment of the new building usage fee included in Admin and General Expenses. As shown in Figure 4-3 below, In the 2013 actual, the total building usage fees were billed to PUC Services and an offsetting expense for PUC Distribution's usage of a portion of the building was billed back to PUC Distribution and included in expenses. In the 2013 cost of service application, only the net amount of the expense was included with no offsetting revenue. As a result, to ensure an apples-to-apples comparison of 2013 BA and 2013 Actuals, an adjustment is proposed to remove the $1.042M building expense. The treatment results in a variance in both revenue and expense with no net difference overall. The treatment was changed in the 2014 actual and onward to reflect the treatment in the cost of service rate application.

Figure 4-3 Building Usage Fee

PUC Distribution	2013	2014
Building Usage Fee from PUC Distribution to PUC Sevices	$2,283,187.80	$1,248,614.41
Building Usage Fee from PUC Services to PUC Distribution	$1,042,725.00	$0.00
Net Building Usage Fee Revenue to PUC Distribution	**$1,240,462.80**	**$1,248,614.41**

Table 4-2 - OM&A Annual Change - 2013 BA to 2018 Test Year

	2013 BA	2013	2014	2015	2016	2017	2018
Total	**$ 9,952,947**	**$ 12,205,885**	**$ 11,037,338**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,834**
Building Expenses*		$ 1,042,725					
Normalized Total	**$ 9,952,947**	**$ 11,163,160**	**$ 11,037,338**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,834**

OM&A expenses reflect costs required to operate, maintain and sustain the electricity distribution operations, including new expenditures to address regulatory changes. PUC Distribution's OM&A expenditures have increased from $9.78 million in 2012 to the 2018 rate request amount of $11.96 million, an average annual increase of 3.4%. The majority of the increase occurred between 2012 and 2013.

Due to increased workload, regulatory requirements and costs necessary to service customers, PUC Distribution's expenditures were $11.16 million in 2013 compared to the approved amount in rates of $9.95 million. The difference of $1.21 million is being absorbed by the shareholder. The increase of $1.21 million from 2012 to 2013 is in the following areas described in Table 4-3 below. For comparison purposes the 2012 expenses have been reduced by the regulatory smart meter entry that pertains to prior year costs. Also, for comparison purposes, as noted above the 2013 expenses have been reduced by the increased amount ($1,042,275) included in miscellaneous revenue which offsets the new shared corporate headquarter cost.

PUC Distribution's return on equity in 2016 at 0.98% was more than 3 percentage points lower than the expected return of 8.98%. The variance in return on equity is the result of PUC Distribution's OM&A expenses in 2016 being approximately $1.4 million higher than included in the approved 2013 cost of service rate application. Indeed, since 2012, PUC Distribution has consistently earned below the deemed ROE, see Table 1-24: Scorecard Performance Category – Financial Ratios in section 2.1.7 Performance Management of Exhibit 1. Where there is a mismatch between costs and rates, there is a negative impact on the utility's return on equity. Over time the costs for PUC Distribution have increased while the rates have remained the same, allowing ratepayers to benefit from artificially low rates for years. However, now it is time to properly align rates and costs in order to maintain the financial viability of PUC Distribution.

Table 4-3 PUC Distribution 2013 Expenditures

Area	Amount	
Labour	$444,000	Line and Engineering Dept. labour for capital projects was high in 2012 which required the delay in operating and maintence programs that were resumed in 2013 (Line $298k, Engineering $88k), Meter Dept. labour was temporarily redirected to the smart meter project in 2012 but resumed regular operating and maintenance programs in 2013 ($72k)
Management Labour	$248,000	Engineering P&C Engineer not filled for full year in 2012 but was filled in 2013, higher level of capital effort in 2012 for smart meters, etc.
Line clearing	$188,000	2012 was a low year for line clearing costs – was highly dependent on area to be cleared and number of contractors bidding – line clearing areas were revised in 2016 to a more consistent annual area and program moved from 3 years to 4 years
Bad Debts	$74,000	Increased cost of energy to customers has increased the amount of customer's bills – number of write-offs (w/o) and amounts per w/o are higher
New Building Operating expenses –	$244,000	New building occupied in 2013 – resulted in higher property taxes

property taxes		
New Building Operating expenses – other operating expenses	$117,000	New building occupied in 2013 – resulted in higher operating costs – utilities, janitor, etc.
Misc.	($105,000)	Various non-material changes
	$1,210,000	

OM&A expenses have increased from $11.16 million in 2013 to $11.96 million in the 2018 test year request. This equates to an average annual increase of 1.4%. Despite inflationary and regulatory pressures, the average annual increase over the 2013 to 2018 period has been below the rate of inflation.

Aside from the increase from 2012 to 2013, the other significant increase is between 2017 and the 2018 test year. PUC Distribution is requesting the following items in its Cost of Service rate application which are not currently in expenses being recovered in rates:

- Increased cost for the mandated PCB transformer testing,
- Increased cost for the mandated MIST meter conversion,
- Additional staff resources to address the increased and still increasing regulatory burden, and
- Additional costs for the Distribution/Transmission station maintenance program to be compliant with new Independent Electricity System Operator (IESO) requirements for under-frequency load shedding scheme

With the items noted above, the increase from 2017 to 2018 in OM&A expenses requested is 3.10%, which as noted above is an average annual increase of 1.4% over 2013 levels.

Associated Cost Drivers and Significant Changes

Table 4-4 - Summary of Cost Drivers - 2013 Actuals to 2018 Test Year

Description	Amount
2013 Actuals	$ 12,205,886
Building Usage Fee	-$ 1,042,275
2013 Actual Total	**$ 11,163,611**
Description of Cost Drivers	
Salaries, Wages & Benefits	$ 644,026
Building	-$ 173,796
Cost Drivers less than materiality	$ 321,992
OM&A Increase from 2013 Actuals	$ 792,222
OM&A % Increase	7.10%
2018 Test Year Expenses	**$ 11,955,833**

As shown in Table 4-4, Salaries, wages and benefits: is the most significant driver of PUC Distribution's OM&A costs, showing approximately a $644,000 increase from the 2013 Actual Year. PUC Distribution's complement has decreased by 3.45 FTEs since the 2013 Actual Year; however, total salaries and wages have increased by $474,764 and benefits have increased by $218,826 as outlined in Table 4-5 below. Total salaries, wages and benefits have increased less than the total wage rate increases due to the reduction of FTEs during this period.

Table 4-5 - Overall Compensation Trend Summary: 2013 Actual to 2018 Test Year

Description	2013 Actuals	2018 Test Year	Variance
FTE's	87.61	84.16	-3.45
			-3.94%
Salaries/Wages	$7,220,328	$7,695,092	$474,764
			6.58%
Benefits	$1,789,338	$2,008,164	$218,826
			12.23%
Total Compensation (Salary, Wages & Benefits	$9,009,666	$9,703,256	$693,590
			7.70%

Table 4-6 - Summary of Cost Drivers - 2017 Bridge Year to 2018 Test Year

Description	Amount
2017 Bridge Year	$ 11,596,241
Description of Cost Drivers	
Salaries, Wages & Benefits	$ 339,235
Cost Drivers less than materiality	$ 20,358
OM&A Increase from 2017 Bridge Year	$ 359,592
OM&A % Increase	3.10%
2018 Test Year Expenses	**$ 11,955,833**

Salaries, wages and benefits: is the most significant driver of PUC Distribution's OM&A costs, showing approximately a $339,235 increase from the 2017 Bridge Year. PUC Distribution's complement has decreased by 1.54 FTEs since the 2017 Bridge Year; however, total salaries and wages have increased by $109,033 and benefits have decreased by $20,449 as outlined in Table 4-7 below. Total salaries, wages and benefits have increased less than the total wage rate increases due to the reduction of FTEs during this period.

Table 4-7 - Overall Compensation Trend Summary: 2017 Bridge Year to 2018 Test Year

Description	2017 Bridge Year	2018 Test Year	Variance
FTE's	85.70	84.16	-1.54
			-1.80%
Salaries/Wages	$ 7,586,059	$ 7,695,092	$ 109,033
			1.44%
Benefits	$ 2,028,613	$ 2,008,164	-$ 20,449
			-1.01%
Total Compensation (Salary, Wages & Benefits	$ 9,614,672	$ 9,703,256	$ 88,584
			0.92%

Overall Trends in Costs

The overall trends in cost for OM&A per customer from 2013 to 2018 is 7.70%. The overall trend in cost for OM&A per customer from 2017-2018 is an increase of 0.92%. These increases factor in improvements in productivity, cost containment measures and account for inflation. In general terms, the changes in year-over-year employee compensation in OM&A is a result of several drivers including succession planning, attrition, vacancies, and sick leaves. Base salaries reflect the cost of living and salary progression increases arising from recent collective bargaining agreements with unionized employees as well as commensurate percentage increases for management staff.

The reduction in FTEs from 2013 to 2018 is largely a result of the allocation of staff members' time to affiliate services including PUC Services as well as attrition. There is less of a reduction of FTEs from 2017-2018 as on the balance there was less overlap of positions and less allocation of FTE time to affiliate services.

The relative increase in total compensation from 2013-2018 when compared to the reduction of FTEs is largely a result of annual increases in compensation for which PUC Distribution was responsible, despite FTE time being allocated away from PUC Distribution. The variance between the total compensation and FTEs is reduced in 2017-2018 because on the balance there was an increase in FTEs due to overlap of positions for training and succession purposes.

Inflation Rate Assumed

Table 4-8 – Non-Labour and Labour Inflation Factors

Year	Non-Labour Inflation	Labour Inflation
2017	2.00%	3.00%*
2018	0.00%	2.00%

As shown in Table 4-8, The inflation rate assumed for labour is 2% and 0% for non-labour. As noted about, while the IPI effective for a rate application in 2018 is 1.2%, PUC Distribution has reduced the non-labour inflation rate to 0% for budgeting purposes. PUC Distribution believes that the inflation increases will be offset by the expected operating efficiencies to be achieved in 2018.

Business Environment Changes

Since PUC Distribution's last rebasing in 2013, there has been a number of significant business environment changes that will impact operating costs – the introduction of Metering Inside the Settlement Timeframe (MIST); the introduction of Ontario One Call; Measurement Canada sampling requirements now that PUC Distribution's smart meters are approaching seal expiry; new Independent Electricity System Operator (IESO) requirements for under-frequency load shedding scheme; overhead transformer PCB testing; Renewed Regulatory Framework for Electric Distributors; and Ontario Clean Energy Benefit (OCEB) and Ontario Electricity Support Program (OESP) government programs for customers.

Mist Meters

PUC Distribution is required to change out approximately 360 existing non interval meters for customers that are >50 kW and <500 kW. This new class of interval Mist meter is required to be installed by August 21, 2020. The meter will be another in the line of Smart Meters provided by our existing supplier. These meter replacements will require additional investments as each meter will be approximately a seven hundred dollar expense along with the installation and ongoing operating and administrative costs. The trickledown effect from the introduction of the interval Mist meter and the new class of accounts that will be created will create increased workloads for our Billing and Settlement, Metering, Information Technology, Customer Service and Regulatory departments. Communication costs are estimated to be an additional $45,000 per year.

Ontario One Call

The Ontario Underground Infrastructure Notification System Act, 2012, has made it mandatory for all infrastructure owners to be part of the Ontario One Call system. Over the historical period, locate request volumes have increased greatly due in part to the exposure brought about by this legislation and the ease with which locates can now be requested. Costs are estimated to be $18,000 one-time costs and $7,000 on-going annual costs. As a result of this, PUC Distribution has had to revise the processes it previously had in place to manage this increased workload. This included:

- Purchasing software to streamline the receipt and processing of requests;
- Purchasing hardware to allow requests to be processed electronically in the field, increasing efficiency;
- Increases in overtime to ensure legislated deadlines are met; and
- Integrating other business systems with the request processing environment (i.e. developing and accessing the data in the GIS (Geographic Information System) spatial database.

Smart Meter Sampling For Reverification

As part of a legislated requirement, PUC Distribution replaced approximately 30,000 electro-mechanical type revenue meters with electronic smart meters in 2009. The new electronic smart meters selected by PUC Distribution for use were manufactured by Sensus and had 10 year seal life and will expire in 2019. As per Measurement Canada requirements a meter with an expired seal cannot be left in service for revenue / billing purposes.

Measurement Canada's (MC) Statistical Method Specification (S-S-06) replaced the previous 1986 mechanical meter reverification standard LMB-EG-04; and defines how an electronic smart meter owner can utilize meter sampling for the purposes of extending the reverification period of an in-service lot of meters. Differing from the LMB-EG-04 Standard where the meter testing agency would be responsible for meter sampling data; the S-S-06 specification now places this and additional clerical data management and meter tracking responsibilities on the utility.

The internal labour necessary to accomplish the reverification process has yet to be determined.

New Independent Electricity System Operator (IESO) Requirements for Under-Frequency Load Shedding Scheme

The Ontario Reliability Compliance Program (ORCP) is used by the IESO to monitor, assess and enforce compliance with reliability standards and criteria in Ontario. As of January 2016, utilizing the IESO's Reliability Standards Mapping Tool, PUC Distribution has determined that they must be compliant with a total of eleven requirements from three different reliability standards:

PRC-005-2(i)

PRC-006-1

PRC-008-0

The stations maintenance/inspection program is based on a six year cycle for PUC Distribution's 15 distribution stations and a four year cycle for the two transmission stations.

In order to accommodate this change in standards, PUC Distribution plans to fill two substation electrician vacancies estimated at $100,000 each for Salaries, Wages and Benefits.

Overhead Transformer PCB Testing

Environment and Climate Change Canada has issued the PCB Regulations (SOR/2008-273) which came into force on September 5, 2008. Regulation strictly states deadlines as to when specific assets containing PCB's exceeding specific concentration limits must be removed and properly disposed of. Pole-top electrical transformers containing PCB's in a concentration of 50 mg/kg or more are to be removed from service before December 31, 2025. PUC Distribution plans to have the approximate 1,800 transformers tested by the 2022 in order to have replacements completed by 2025. It is estimated that Overhead Transformer PCB Testing will cost $80,000.

Renewed Regulatory Framework for Electric Distributors

In October 2012, the OEB released its Report, *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (RRFE). Over the last several years PUC Distribution has implemented several initiatives to address the customer focus area of the RRFE - services are provided in a manner that responds to identified needs and preferences of customers. Since it last rebasing in 2013, PUC Distribution has implemented the following to be more proactive with customers: added staff to focus on customer communications, upgraded the telephone system and added an interactive voice response system, made available social media interaction, issued customer satisfaction and safety surveys, continued the elementary school safety education program, issued a strategic direction plan survey, held public information sessions with the Sault Ste. Marie Public Library and the Sault Ste. Marie Innovation Centre, held neighbourhood information sessions, implemented customer connect (enhanced metering and billing information on line), upgraded the customer information system (CIS), implemented Mcare (field service order software) and an automated vehicle location (AVL) system to more efficiently respond to customer field requests. The estimated cost of these programs is $175,000.

Cessation/Implementation of the OCEB and the OESP respectively

Government and regulatory policy changes affect PUC Distribution in a variety of ways. The significant impacts of these changes are in the billing and customer service departments. Each policy change which modifies a customer bill is tested through both bill generation and bill printing. The impact on the customer service department is an increase in customer inquiries, which increases phone and email traffic. PUC Distribution is making efforts to reduce call volumes (online customer portal), but each policy change results in an influx of customer inquiries. This is particularly apparent when changes are made to low income programs.

The OCEB program ceased December 31, 2015 and was replaced with the OESP program. These programs changes required a programming change to PUC Distribution's customer information and billing system. The required programming change was a custom change, for which, PUC Distribution incurred costs to implement/ remove OESP OCEB charges. The introduction of the OESP program in 2015 required integration of PUC Distribution's CIS system with the provincial OESP validation system. This required information technology staff time as well as an additional custom programming cost for the CIS system. The change also came with impacts to the billing department as the OESP credit required changes to the bill generation and printing functions. The charges related to the cessation and implementation of the OCEB and OESP mostly consisted of staff salaries and wages which were not tracked separately.

2.4.2 Summary and Cost Driver Tables

PUC Distribution follows the Board's Accounting Procedures Handbook ("APH") in distinguishing work performed between operations and maintenance. A summary of PUC Distribution's OM&A expenses (5005-5695, 6110, 6205), including payments in lieu of property taxes and LEAP, for the 2013 Board Approved, 2013 Actual, 2014 Actual, 2015 Actual, 2016 Actual, 2017 Bridge and 2018 Test Year is provided in Table 4-9 - Summary of Recoverable OM&A Expenses below, which is consistent with the Board's Appendix 2-JA. A copy of the Board's Appendix 2-JA is also included in Appendix 1 to this Exhibit. PUC Distribution is proposing to receive the 2018 Test Year costs through distribution rates for the 2018 Test Year.

Table 4-9 - Summary of Recoverable OM&A Expenses

Appendix 2-JA
Summary of Recoverable OM&A Expenses

	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	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	$ 3,560,312	$ 3,667,835	$ 3,558,777	$ 3,702,949	$ 3,771,352	$ 3,752,937	$ 4,026,057
Maintenance	$ 1,978,405	$ 2,324,284	$ 2,214,631	$ 2,274,649	$ 2,206,518	$ 2,103,645	$ 2,186,573
SubTotal	**$ 5,538,717**	**$ 5,992,119**	**$ 5,773,408**	**$ 5,977,598**	**$ 5,977,870**	**$ 5,856,582**	**$ 6,212,629**
%Change (year over year)			-3.6%	3.5%	0.0%	-2.0%	6.1%
%Change (Test Year vs Last Rebasing Year - Actual)							3.7%
Billing and Collecting	$ 1,163,141	$ 1,274,108	$ 1,373,301	$ 1,417,758	$ 1,572,173	$ 1,618,876	$ 1,575,376
Community Relations	$ 544,548	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800
Administrative and General	$ 2,706,539	$ 4,438,267	$ 3,332,931	$ 3,211,923	$ 3,188,235	$ 3,378,987	$ 3,549,028
SubTotal	**$ 4,414,229**	**$ 6,213,766**	**$ 5,263,933**	**$ 5,300,225**	**$ 5,387,065**	**$ 5,739,658**	**$ 5,743,204**
%Change (year over year)			-15.3%	0.7%	1.6%	6.5%	0.1%
%Change (Test Year vs Last Rebasing Year - Actual)							-7.6%
Total	**$ 9,952,946**	**$ 12,205,885**	**$ 11,037,341**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,833**
%Change (year over year)			-9.6%	2.2%	0.8%	2.0%	3.1%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Operations	$ 3,560,312	$ 3,667,835	$ 3,558,777	$ 3,702,949	$ 3,771,352	$ 3,752,937	$ 4,026,057
Maintenance	$ 1,978,405	$ 2,324,284	$ 2,214,631	$ 2,274,649	$ 2,206,518	$ 2,103,645	$ 2,186,573
Billing and Collecting	$ 1,163,141	$ 1,274,108	$ 1,373,301	$ 1,417,758	$ 1,572,173	$ 1,618,876	$ 1,575,376
Community Relations	$ 544,548	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800
Administrative and General	$ 2,706,539	$ 4,438,267	$ 3,332,931	$ 3,211,923	$ 3,188,235	$ 3,378,987	$ 3,549,028
Total	**$ 9,952,946**	**$ 12,205,885**	**$ 11,037,341**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,833**
%Change (year over year)			-9.6%	2.2%	0.8%	2.0%	3.1%

Table 4-10 - Summary of Recoverable OM&A Expenses Continued

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	Variance 2013 Board-approved – 2013 Actuals	2014 Actuals	Variance 2014 vs. 2013 Actuals	2015 Actuals	Variance 2015 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
Operations	$ 3,560,312	$ 3,667,835	$ 107,523	$ 3,558,777	-$ 109,058	$ 3,702,949	$ 144,172	$ 3,771,352	$ 68,403	$ 3,752,937	-$ 18,415	$ 4,026,057	$ 273,120
Maintenance	$ 1,978,405	$ 2,324,284	$ 345,879	$ 2,214,631	-$ 109,653	$ 2,274,649	$ 60,018	$ 2,206,518	-$ 68,131	$ 2,103,645	-$ 102,873	$ 2,186,573	$ 82,927
Billing and Collecting	$ 1,163,141	$ 1,274,108	$ 110,967	$ 1,373,301	$ 99,193	$ 1,417,758	$ 44,457	$ 1,572,173	$ 154,415	$ 1,618,876	$ 46,703	$ 1,575,376	-$ 43,500
Community Relations	$ 544,548	$ 501,391	-$ 43,157	$ 557,701	$ 56,310	$ 670,544	$ 112,843	$ 626,657	-$ 43,887	$ 741,795	$ 115,138	$ 618,800	-$ 122,995
Administrative and General	$ 2,706,539	$ 4,438,267	$ 1,731,728	$ 3,332,931	-$ 1,105,336	$ 3,211,923	-$ 121,008	$ 3,188,235	-$ 23,688	$ 3,378,987	$ 190,752	$ 3,549,028	$ 170,041
Total OM&A Expenses	$ 9,952,946	$ 12,205,885	$ 2,252,939	$ 11,037,341	-$ 1,168,544	$ 11,277,823	$ 240,482	$ 11,364,935	$ 87,112	$ 11,596,240	$ 231,305	$ 11,955,833	$ 359,593
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)													
Total Recoverable OM&A Expenses	$ 9,952,946	$ 12,205,885	$ 2,252,939	$ 11,037,341	-$ 1,168,544	$ 11,277,823	$ 240,482	$ 11,364,935	$ 87,112	$ 11,596,240	$ 231,305	$ 11,955,833	$ 359,593
Variance from previous year				-$ 1,168,544		$ 240,482		$ 87,112		$ 231,305		$ 359,593	
Percent change (year over year)				-10%		2%		1%		2%		3%	
Percent Change: Test year vs. Most Current Actual								5.20%					
Simple average of % variance for all years								-2.05%					2%
Compound Annual Growth Rate for all years													-0.4%
Compound Growth Rate (2016 Actuals vs. 2013 Actuals)								-2.35%					

Cost Drivers

Consistent with the Board's Appendix 2-JB, Table 4-11 provides a list of the cost drivers that affected year over year OM&A spending or, where the cost driver is common or recurring, expenditures that have impacted multiple years. A copy of the Board's Appendix 2-JB can also be found in Appendix 2 to this Exhibit.

Table 4-11 - Recoverable OM&A Cost Driver Table

Appendix 2-JB
Recoverable OM&A Cost Driver Table[1,3]

OM&A	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance[2]	$ 9,952,946	$ 12,205,886	$ 11,037,340	$ 11,277,823	$ 11,364,937	$ 11,596,241
Salaries, Wages & Benefits	$416,110	($62,523)	$373,054	$50,665	($56,405)	$339,235
Administrative	($55,701)	($23,580)	$46,586	$24,712	($29,985)	($5,205)
Training	($18,740)	($720)	($1,855)	($50,130)	$67,417	$6,395
Material	$34,342	$7,415	($84,896)	$93,964	($84,619)	$0
Trucking/Equipment	$24,429	($32,089)	$400	$28,557	$25,389	($0)
Bad Debt Expense	$74,345	($63,203)	$53,146	$207,209	($41,704)	($87,473)
Community Relations	($54,077)	($10,576)	$34,152	($41,472)	$104,316	($11,547)
Building	$1,486,260	($1,151,580)	($126,779)	($21,395)	$41,352	$42,331
Insurance	$47,521	$42,338	$4,114	($5,801)	($62,932)	($0)
Property Taxes	$3,241	$5,296	$4,906	$4,858	$4,651	$1,022
Outside Services	$232,027	$90,396	($40,144)	($126,376)	$99,127	$9,834
Postage	($14,738)	$14,889	($2,687)	($27,132)	$44,320	$0
Professional Fees	$77,491	($20,838)	$19,009	($55,553)	$71,996	$60,000
Memberships, Licenses, Fees	$7,341	$9,049	($2,829)	$466	($6,361)	$0
Computers	($28,417)	$34,477	($38,616)	$39,283	$20,348	$0
Telephone/Fibre	$25,645	($1,975)	$7,503	($30,335)	$26,149	$0
Income Tax	($4,141)	($5,322)	($4,581)	($4,404)	$8,245	$5,000
Closing Balance[2]	$ 12,205,886	$ 11,037,340	$ 11,277,823	$ 11,364,937	$ 11,596,241	$ 11,955,833

The following explanations detail the primary cost drivers that have influenced the increase in PUC Distribution's OM&A Expenditures since the last Cost of Service Application, up to and including the 2018 Test Year. Each driver is summarized by its net change year over year. PUC Distribution has provided comments on those variances great than its materiality level of $110,400.

Change in Salaries, Wages and Benefits

Last Rebasing to 2013 Actual - $416,110

Salaries, wages and benefits have increased by $416,110 between the 2013 Board Approved and 2013 Actual OM&A expenditures. This increase is a result of:

- Line Department – (Operations and Maintenance) - $237,884
    - Shift from capital to OM&A (e.g. Telecom deficiencies)
    - Lineman returned from sick leave therefore increasing FTE's from 2012
    - Additional 230 hours of call outs due to adverse weather
- Engineering Department – (Operations and Maintenance) - $96,684
    - Payroll transition of hours from capital to OM&A
- Other aggregated immaterial fluctuations - $81,542

2014 Actual to 2015 Actual - $373,054

Salaries, wages and benefits have increased by $373,054 between the 2014 and 2015 Actual OM&A expenditures. This increase is a result of:

- Line Department – (Operations and Maintenance) – $112,724
    - Reduction of Bell Fibre To The Home (FTTH) work shifting salaries, wages and benefits from capital to OM&A
- Engineering Department – (Operations and Maintenance) - $80,349

    - Reduction of Bell FTTH work shifting salaries, wages and benefits from capital to OM&A

- Communication Department – (Administration) - $48,428
    - Addition of a Communication Supervisor tasked with supporting the customer engagement initiative
- Metering Department – (Operations and Maintenance) - $70,920
    - Payroll transition of hours from capital to OM&A
- Other aggregated immaterial fluctuations - $60,633

2017 Bridge to 2018 Test Year - $339,235

Salaries, wages and benefits have increased by $339,235 between the 2017 Bridge and 2018 Test OM&A expenditures. This increase is a result of:

- Line Department – (Operations and Maintenance) - $149,390
    - Payroll transition of hours from capital to OM&A
- Finance Department – (Administration) – $70,197
    - Addition of a regulatory staff member
- Stations Department – (Operations and Maintenance) – $141,619
    - Additional station electrician including job progression
- Other aggregated immaterial fluctuations – ($21,971)

Bad Debt Expense – (Administration)

2015 Actual to 2016 Actual - $207,209

PUC Distribution fell behind processing bad debts in 2014 and 2015, but made a concentrated effort in 2016 to bring write-offs up to date. Other factors that contributed to the higher level of bad expense are the economic uncertainty in Sault Ste. Marie and the increased cost of energy.

Building – (Administration)

Last Rebasing to 2013 Actual - $1,486,260

PUC Distribution's new integrated office and service centre building was fully occupied in 2013. The entire building was rented to PUC Services, who in turn rented a portion of the building to the Public Utilities Commission of the City of Sault Ste. Marie ("Public Utilities Commission") and a portion back to PUC Distribution. The rent from PUC Services for the entire building is included in miscellaneous revenue and the rent for only the portion of the building used by PUC Distribution is included in expenses. In addition to the rent, which is a new expense, PUC Distribution's share of property taxes, janitorial services and utilities also increased as a result of the new building.

Increases over 2012: Rent $1,032,000, Janitor $30,200, Utilities $89,100, Property taxes $243,900

2013 Actual to 2014 Actual – ($1,151,580)

Building expenses in 2014 were lower than the 2013 amount due to the change in treatment of the new building fees. Commencing in 2014 only the portion of the building used by PUC Services and the Public Utilities Commission was included in revenue and there is no charge back to PUC Distribution in expenses. This resulted in the reduced expense.

2014 Actual to 2015 Actual – ($126,779)

Building expenses in 2015 were $126,779 below 2014 expenses. A greater portion of the building expenses were allocated through Stores in 2015. In addition, janitorial and utilities expenses were under prior year.

Outside Services

Last Rebasing to 2013 Actual - $232,027

Line clearing costs in 2013 were $162,800 (Operations and Maintenance) higher than the 2013 Board approved and 2012 actual. The 2012 actual costs were at a low level due to the area cleared in 2012. PUC Distribution has redefined its line clearing areas to better balance the annual area to be cleared.

The net increase between the reduction in contracted meter reading costs and the increased cost to operate the smart meter system was $78,200 (Administration) in 2013.

Other aggregated immaterial fluctuations total ($8,973).

2015 Actual to 2016 Actual – ($126,376)

Increased expenses in 2016 were OEB fees ($38,600) (Administration), the required public safety survey ($9,500) (Administration) and line clearing ($61,300) (Operations and Maintenance). Line clearing costs are dependent on the area to be cleared and tendering results. These increases were more than offset by reduced expenses in 2016 in the following areas:

- 2015 included work to address an Engineering records backlog ($15,500) (Administration),

- Staff training expenses were less in 2016 than 2015 ($12,200) (Administration)

- Substation Maintenance ($18,100) - reduced vegetation control in 2016 vs. 2015 and additional substation inspections in 2015 vs. 2016 (Operations and Maintenance)

- Transformation station ($43,400) – 115 kv switch repair in 2015 (Operations and Maintenance)

- Transformer remedial work in 2016 was under the 2015 level ($141,800) (Operations and Maintenance)

- Other aggregated immaterial fluctuations total ($4,776).

Recoverable OM&A Cost Per Customer and Per Full Time Equivalent

Table 4-12 below is a summary of the OM&A cost per customer and per full-time equivalent (“FTE”). This table is consistent with the Board’s Appendix 2-L, which is included as Appendix 5 to this Exhibit. The number of customers is based on an annual average for each metered rate class.

Table 4-12 - Recoverable OM&A Cost per Customer and per Full Time Equivalent (FTE)

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE [1]

	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	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs							
O&M	$ 5,538,717	$ 5,992,119	$ 5,773,408	$ 5,977,598	$ 5,977,870	$ 5,856,582	$ 6,212,629
Admin Expenses	$ 4,414,229	$ 6,213,766	$ 5,263,933	$ 5,300,225	$ 5,387,065	$ 5,739,658	$ 5,743,204
Total Recoverable OM&A from Appendix 2-JB [5]	$ 9,952,946	$ 12,205,885	$ 11,037,341	$ 11,277,823	$ 11,364,935	$ 11,596,240	$ 11,955,833
Number of Customers [2,4]	33,071	33,351	33,348	33,370	33,395	33,490	33,585
Number of FTEs [3,4]	87	87	89	84	85	86	84
Customers/FTEs	380.17	383.34	374.70	397.26	392.88	389.42	399.82
OM&A cost per customer							
O&M per customer	167.48	179.67	173.13	179.13	179.00	174.88	184.98
Admin per customer	133.48	186.31	157.85	158.83	161.31	171.38	171.01
Total OM&A per customer	300.96	365.98	330.97	337.96	340.32	346.26	355.99
OM&A cost per FTE							
O&M per FTE	63,670.73	68,874.93	64,869.75	71,161.88	70,327.88	68,099.80	73,959.87
Admin per FTE	50,744.10	71,422.60	59,145.31	63,097.92	63,377.24	66,740.21	68,371.48
Total OM&A per FTE	114,414.83	140,297.53	124,015.07	134,259.80	133,705.12	134,840.00	142,331.35

IAS 16 – Property, Plant & Equipment – Capitalization of Burdens was addressed in PUC Distribution's 2013 Cost of Service rate application. There are no increases or decreases in the test year relating to capitalized overhead.

OM&A Variance Analysis

A variance analysis was provided on the basis for cost drivers in Appendix 2-JB Recoverable OM&A Cost Driver Table in Table 4-11 above and attached as Appendix 2 to this Exhibit. In addition, identification in change of OM&A in test year in relation to change in capitalized overhead has been shown in Appendix 2-D, Table 4-13, below.

Table 4-13 – Overhead Expense

Appendix 2-D
Overhead Expense

Applicants are to provide a breakdown of OM&A before capitalization in the below table. OM&A before capitalization may be broken down by cost center, program, drivers or another format best suited to focus on capitalized vs. uncapitalized OM&A.

OM&A Before Capitalization	2014 Historical Year	2015 Historical Year	2016 Historical Year	2017 Bridge Year	2018 Test Year
Total OM&A Before Capitalization (B)	$ 12,900,367	$ 13,023,046	$ 12,985,961	$ 13,369,918	$ 13,625,799

Applicants are to provide a breakdown of capitalized OM&A in the below table. Capitalized OM&A may be broken down using the categories listed in the table below if possible. Otherwise, applicants are to provide its own break down of capitalized OM&A.

Capitalized OM&A	2014 Historical Year	2015 Historical Year	2016 Historical Year	2017 Bridge Year	2018 Test Year	Directly Attributable? (Yes/No)	Explanation for Change in Overhead Capitalized
Material	$ 270,974	$ 339,460	$ 300,712	$ 356,433	$ 363,562	Yes	
Engineering	$ 632,251	$ 564,975	$ 553,561	$ 607,495	$ 549,312	Yes	
Trucking	$ 595,906	$ 570,833	$ 491,515	$ 503,803	$ 513,879	Yes	
Supervisory	$ 363,896	$ 269,955	$ 275,237	$ 305,947	$ 243,213	Yes	
Total Capitalized OM&A (A)	$ 1,863,026	$ 1,745,223	$ 1,621,026	$ 1,773,677	$ 1,669,966		

% of Capitalized OM&A (=A/B)	14%	13%	12%	13%	12%		

2.4.3 Program Delivery Costs With Variance Analysis

PUC Distribution has a variety of programs, activities and initiatives that are imperative to provide safe, reliable and affordable service to customers. In Table 4-14 below, PUC Distribution has identified its programs and major functions on a comparative basis from 2013 Board Approved to the 2018 Test Year. This table is consistent with the Board's Appendix 2-JC, which can also be found in Appendix 3 to this Exhibit. These programs contribute to achieving the new Renewed Regulatory Framework performance outcomes of Customer Focus, Operational Effectiveness and Public Policy Responsiveness. This shows the alignment of PUC Distribution's direct costs and the management of the costs associated with the outcomes. An analysis is provided below on all material variances that exceed the materiality threshold for the 2018 Test Year versus the 2016 Actuals and the 2018 Test Year versus the 2013 Board Approved amounts.

Table 4-14 - OM&A Programs Table

Appendix 2-JC
OM&A Programs Table

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-
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations									
Overhead Lines	$ 891,022	$ 886,027	$ 999,996	$ 833,710	$ 913,151	$ 977,516	$ 970,784	57,634	79,762
Underground Lines	$ 99,541	$ 103,879	$ 204,384	$ 194,355	$ 183,526	$ 157,706	$ 204,473	20,946	104,931
Operations Supervisory	$ 575,828	$ 677,616	$ 607,190	$ 661,003	$ 622,028	$ 649,055	$ 646,625	24,597	70,797
Load Dispatching	$ 255,221	$ 269,912	$ 252,338	$ 223,194	$ 232,038	$ 199,331	$ 214,485	-17,553	-40,736
Stations	$ 848,217	$ 905,156	$ 741,856	$ 747,612	$ 733,615	$ 798,954	$ 930,301	196,686	82,084
Transformers	$ 14,242	$ 8,202	$ 1,013	$ 3,984	$ 15,664	$ 17,276	$ 9,257	-6,408	-4,986
Meters	$ 423,008	$ 369,650	$ 319,706	$ 485,787	$ 550,630	$ 497,223	$ 584,371	33,742	161,364
Transmission	$ 1,136	$ 43,834	$ 38,620	$ 40,955	$ 50,381	$ 82,221	$ 83,563	33,182	82,427
Miscellaneous Operating	$ 452,096	$ 403,559	$ 397,481	$ 512,349	$ 470,320	$ 373,656	$ 382,197	-88,122	-69,899
Sub-Total	3,560,312	3,667,836	3,562,584	3,702,949	3,771,353	3,752,937	4,026,057	254,704	465,744
Maintenance									
Overhead Lines	$ 1,332,909	$ 1,688,546	$ 1,576,853	$ 1,288,038	$ 1,371,983	$ 1,343,956	$ 1,367,903	-4,080	34,994
Underground Lines	$ 258,634	$ 344,540	$ 306,555	$ 342,920	$ 360,487	$ 297,419	$ 304,847	-55,640	46,213
Stations	$ 265,799	$ 190,299	$ 243,581	$ 350,955	$ 345,773	$ 348,351	$ 339,888	-5,885	74,088
Transformers	$ 46,920	$ 22,017	$ 27,815	$ 211,054	$ 71,121	$ 32,374	$ 121,563	50,442	74,643
Meters	$ 74,143	$ 78,882	$ 56,018	$ 81,682	$ 57,154	$ 81,546	$ 52,372	-4,782	-21,770
Sub-Total	1,978,405	2,324,284	2,210,823	2,274,649	2,206,518	2,103,645	2,186,573	-19,946	208,168
Customer Service									
Bad Debt Expense	$ 107,680	$ 182,025	$ 127,593	$ 181,321	$ 378,852	$ 350,000	$ 261,613	-117,239	153,933
Customer Billing	$ 757,150	$ 811,476	$ 966,425	$ 888,033	$ 851,360	$ 914,837	$ 962,453	111,093	205,303
Customer Collections	$ 298,311	$ 280,607	$ 279,283	$ 348,403	$ 341,961	$ 354,038	$ 351,309	9,348	52,998
Community Relations	$ 544,548	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800	-7,858	74,251
								0	0
Sub-Total	1,707,690	1,775,499	1,931,002	2,088,302	2,198,830	2,360,671	2,194,175	-4,655	486,486
Administration									
Income Tax	$ 50,202	$ 46,062	$ 40,740	$ 36,160	$ 31,755	$ 40,000	$ 45,000	13,245	-5,202
Insurance	$ 61,588	$ 147,363	$ 198,627	$ 205,612	$ 198,796	$ 131,136	$ 127,642	-71,154	66,054
LEAP	$ 19,054	$ 19,873	$ 22,610	$ 22,926	$ 23,270	$ 24,000	$ 24,000	730	4,946
Audit, Legal & Consulting	$ 116,025	$ 134,157	$ 230,840	$ 227,542	$ 139,566	$ 255,252	$ 209,185	69,619	93,160
Regulatory Affairs	$ 206,943	$ 297,503	$ 121,885	$ 149,856	$ 246,739	$ 350,292	$ 405,761	159,021	198,818
Building	$ 512,532	$ 2,005,468	$ 823,330	$ 653,778	$ 699,549	$ 653,602	$ 741,040	41,490	228,508
Administrative	$ 1,740,196	$ 1,787,842	$ 1,894,898	$ 1,916,048	$ 1,848,560	$ 1,924,705	$ 1,996,402	147,842	256,206
Sub-Total	2,706,539	4,438,267	3,332,931	3,211,923	3,188,235	3,378,987	3,549,028	360,793	842,489
Miscellaneous								0	0
Total	**9,952,946**	**12,205,886**	**11,037,340**	**11,277,823**	**11,364,937**	**11,596,241**	**11,955,833**	**590,896**	**2,002,887**

Materiality Threshold

In accordance with Chapter 2 Filing Requirements, an applicant must provide justification for changes from year to year to its rate base, capital expenditures and OM&A spending above a materiality threshold. PUC Distribution's materiality threshold is calculated as .5% of proposed base distribution revenue requirements for distributors with a revenue requirements greater than $10 million and less than or equal to $200 million. As such, PUC Distribution has selected the threshold of $110,400 for variance analysis.

Program Delivery Variance Analysis

Stations

Test Year vs 2016 actuals - $196,686

Areas of increase in Station operations in the 2018 Test Year over the 2016 Actual include, labour costs ($148,900), training ($16,500), building utilities ($26,500) and other immaterial variances ($4,786). As per the Independent Electric System Operator (IESO), "Market Participants must use the Reliability Compliance Tool to manage their compliance reporting requirements specified by the Ontario Reliability Compliance Program (ORCP)." PUC Distribution must be compliant with a total of eleven requirements from three different reliability standards. The three standards are: PRC-005-2(i), PRC-006-1 and PRC-008-0. The station maintenance and inspection program is based on a continuous cycle, with each of PUC Distribution's distribution stations being completed on a six year cycle and transmission stations being completed on a four year cycle. Staff resources and training have been increased in order to meet the standards.

Meters

Test Year vs Last Rebasing 2013 - $161,364

PUC Distribution Meter Department labour and vehicle costs have transitioned from capital to OM&A.

In addition, as part of a legislated requirement, PUC Distribution replaced approximately 30,000 electro-mechanical type revenue meters with electronic smart meters in 2009. The new electronic smart meters selected by PUC Distribution for use were manufactured by Sensus and had 10 year seal life and will expire in 2019. As per Measurement Canada (MC) requirements a meter with an expired seal cannot be left in service for revenue / billing purposes. MC's Statistical Method Specification (S-S-06) specification now places meter sampling and additional clerical data management and meter tracking responsibilities on the utility.

Bad Debt Expense

Test Year vs 2016 actuals – ($117,239)

PUC Distribution fell behind processing bad debts in 2014 and 2015, but made a concentrated effort in 2016 to bring write-offs up to date. Therefore bad debts in 2016 were higher than normal.

Test Year vs Last Rebasing 2013 - $153,933

Factors that contribute to the higher level of bad expense from the last rebasing are the economic uncertainty in Sault Ste. Marie and the increased cost of energy.

Customer Billing

Test Year vs 2016 actuals – $111,093

Increases in billing costs from 2016 actual to the test year include Postage ($44,000), training ($8,000) and billing software ($4,000) and other immaterial variances ($5,093). In addition PUC Distribution is required to change existing non interval meters for customers that are >50 kW which will increase MIST meter reading/communication costs by approximately $50,000 per year.

Test Year vs Last Rebasing 2013 - $205,303

Increases in billing costs from last rebasing to the test year include Postage ($61,600), training ($7,500), billing software ($9,700), wages and benefits ($7,000) and other immaterial variances ($497). PUC Distribution is required to change existing non interval meters for customers that are >50 kW which will increase MIST meter reading/communication costs by approximately $50,000 per year. The remainder of the cost increase relates to time of use billing costs which were underestimated by approximately $70,000 in the 2013 rebasing year.

Regulatory Affairs

Test Year vs 2016 actuals – $159,021

The increases in test year expenses over 2016 actuals include regulatory consultant fees to assist with the cost of service rate application ($82,000), additional staff time dedicated to the rate application ($72,000) and regulatory training ($3,500) and other immaterial variances ($1,521).

Test Year vs Last Rebasing 2013 - $198,818

The increases in test year expenses include increased OEB fees ($54,000), regulatory consultant fees to assist with the cost of service rate application ($120,000), additional staff time dedicated to the rate application ($15,000) and regulatory training ($3,500) and other immaterial variances ($6,318).

Building

Test Year vs Last Rebasing 2013 - $228,508

PUC Distribution's new integrated office and service centre building was fully occupied in 2013. Increases from the last rebasing year to the test year include janitorial costs ($20,000), utilities ($135,000), property taxes ($224,000) and internal labour costs to service the building ($69,000) offset by an increased allocation of building costs to stores operations (-

$106,000), a reduction due not incurring costs for the former administrative building (-$110,000) and other immaterial variances ($3,492).

Administrative

Test Year vs 2016 actuals – $147,842

The increases in Administrative expense in the test year over 2016 actuals include an increase in management labour costs ($88,000) and asset utilization costs ($63,000) and other immaterial variances (-$3,158).

In addition to inflationary increases to salaries and wages, PUC Distribution added a Budget and Reporting Analyst to enhance the quantity and quality of information being provided to management allowing them to make informed decisions regarding their department and efficiency opportunities.

An increase to the allocation of the Asset utilization costs, in accordance with the shared services model described below in the Allocation Methodology section and in Exhibit 1 at section 2.3.1.9 of this Application.

Test Year vs Last Rebasing 2013 - $256,206

The increases in Administrative expense in the test year over the last rebasing year include an increase in management labour costs ($330,000), increased telephone fees ($28,000), reduced outside services (-$50,000) in Human Resources, IT and Health and Safety areas, and reduced postage (-$46,000) and other immaterial variances (-$5,794).

In addition to inflationary increases to salaries and wages, PUC Distribution added a Budget and Reporting Analyst to enhance the quantity and quality of information being provided to management allowing them to make informed decisions regarding their department and efficiency opportunities.

Transitional Costs for the VP Finance and CEO

The increased telephone fees are a result of the addition of the Interactive Voice Response System (IVR) which has enhanced customer communications and increased mobile phone plan costs in order to permit the office in a truck initiative.

Reduced outside services – effort to internally complete tasks rather than outsourcing

2.4.3.1. Workforce Planning and Employee Compensation

Compensation System

PUC Distribution has a long term service agreement with PUC Services for the operation of its distribution system. PUC does not have employees; however, in addition to regular salaries and wages, PUC Services offers the following compensation system to PUC Distribution equivalent employees.

Unionized Workers

Approximately 77% of PUC Distribution's workforce is unionized. The compensation for unionized employees is negotiated through the collective bargaining process and includes both office and trades workers represented by the Power Workers Union (PWU) Local Cupe 1000, in separate "Office" and "Outside" agreements.

PUC Distribution's collective agreements provide for annual payroll increases and employee step progressions. Labour rates and benefits are adjusted based on negotiated percentages as per the collective agreement. The commencement and expiry dates of PUC Distribution's current collective agreements are shown in Table 4-15 below. Table 4-16 shows the wage increases for management between 2012 and 2017.

Table 4-15 – Current Collective Agreements

Bargaining Unit	Contract Period	Wage Increase
PWU Office	May 1, 2011 to April 30, 2014	May 1, 2012: 2.8% May 1, 2013: 3.0%
PWU Outside	May 1, 2011 to April 30, 2014	May 1, 2012: 2.8% May 1, 2013: 3.0%
PWU Office	May 1, 2014 to April 30, 2018	May 1, 2014: 2.5% May 1, 2015: 2.8% May 1, 2016: 2.95% May 1, 2017: 3.0%
PWU Outside	May 1, 2014 to April 30, 2018	May 1, 2014: 2.5% May 1, 2015: 2.8% May 1, 2016: 2.95% May 1, 2017: 3.0%

Table 4-16 – Management Salary Increases

Management Increase	Period	Wage Increase
Management	2012 to 2017	2012: 2.8% 2013: 3.0% 2014: 2.5% 2015: 2.8% 2016: 0.9% 2017: 0.0%

The wage increase shown in the table above for each bargaining unit is applicable to each year of the contract. Each job classification in the collective bargaining agreements has a basic job description and a wage rate progression scale that increases from a minimum to a maximum rate.

A new collective agreement for both bargaining units is to begin on May 1, 2018.

Executive, Management & Non-Union Employees

Executive and Management compensation plan consists of salaries and benefits. Each position within the company has been placed on a pay scale which is reviewed periodically by senior management.

As with unionized employees, compensation for this group of employees provides for annual payroll increases and employee step progressions (for those employees below 100%) upon Board of Director approval.

Health Benefits

Employee benefit plans are to address the health and welfare of PUC Distribution's employees. There are separate benefits plans for active Management/Non-Union, PWU employees and retired employees. The PWU and retiree benefit plans are subject to change during the collective bargaining process, and the Management/Non-Union plan typically follows suit if improvements are awarded. Actuarial Valuations for PUC Services for years 2015 and 2017 are attached as Appendix 11.

Succession Planning

PUC Distribution has implemented succession planning prior to the Application and continues to monitor key employee retirement eligibility and employee intentions where known, in order to plan for the necessary employee succession.

The following summarizes Management's plans regarding succession vulnerability.

Powerline

PUC Distribution currently has a crew of qualified and experienced Powerline Technicians, with 5 out of 29 Powerline Technicians who can retire within the next five years. PUC Distribution has a sufficient number of qualified and experienced Powerline Technicians and will utilize apprenticeship programs to ensure adequate ability to fill vacancies as they occur.

Stations & Metering

PUC Distribution currently has a staff complement of 14 people within the stations and metering department, with 4 being eligible for retirement within the next five years. PUC Distribution will utilize apprenticeship programs to ensure adequate ability to fill vacancies as they occur.

Executive

The senior management team is at risk for impending retirements. Of the four Executive level staff (CEO and 3 VP's), one VP is retiring in 2018 while the other two VP's are within the potential retirement age and could retire within the next 5 years.

FTE & Employee Costs

As required, employee complement by FTE, compensation and benefits are set below in Table 4-17. This table is consistent with the Board Appendix 2-K and a copy can also be found in Appendix 4 to this Exhibit.

Table 4-17 – FTEs and Employee Costs (Appendix 2-K)

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)[1]							
Management (including executive)	19.42	18.35	18.58	18.15	19.75	20.19	19.10
Non-Management (union and non-union)	67.57	69.27	69.64	66.47	65.17	65.51	65.05
Total	86.99	87.61	88.22	84.63	84.91	85.70	84.16
Total Salary and Wages including ovetime and incentive pay							
Management (including executive)	$ 1,917,059	$ 1,980,372	$ 2,072,404	$ 1,999,948	$ 2,164,199	$ 2,264,896	$ 2,219,285
Non-Management (union and non-union)	$ 4,130,942	$ 5,239,956	$ 5,556,363	$ 5,181,452	$ 5,102,891	$ 5,321,163	$ 5,475,807
Total	$ 6,048,001	$ 7,220,328	$ 7,628,767	$ 7,181,400	$ 7,267,090	$ 7,586,059	$ 7,695,092
Total Benefits (Current + Accrued)[2]							
Management (including executive)	$ 429,613	$ 396,127	$ 475,333	$ 513,666	$ 585,139	$ 572,644	$ 562,869
Non-Management (union and non-union)	$ 1,617,450	$ 1,393,211	$ 1,414,264	$ 1,386,930	$ 1,401,771	$ 1,455,969	$ 1,445,296
Total	$ 2,047,063	$ 1,789,338	$ 1,889,597	$ 1,900,596	$ 1,986,910	$ 2,028,613	$ 2,008,164
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ 2,346,672	$ 2,376,499	$ 2,547,737	$ 2,513,614	$ 2,749,338	$ 2,837,540	$ 2,782,154
Non-Management (union and non-union)	$ 5,748,392	$ 6,633,167	$ 6,970,627	$ 6,568,382	$ 6,504,662	$ 6,777,132	$ 6,921,103
Total	$ 8,095,064	$ 9,009,666	$ 9,518,364	$ 9,081,996	$ 9,254,000	$ 9,614,672	$ 9,703,257

PUC Distribution, through its affiliate PUC Services Inc. operates using a shared services model. PUC Distribution has no employees but rather relies on PUC Services to provide the necessary resources at cost to operate the distribution utility.

The number of employees shown above in Table 4-17 is based on the computation of the number of full time equivalent (FTE) positions throughout each of the fiscal years. Staff members hired by or resigning from PUC are prorated in that year as a portion of an FTE based on the hours worked. The FTE calculation is based on hours worked by PUC Services employees, including overtime hours that are directly and indirectly attributable to PUC. The table excludes Board of Directors and employees dedicated to non-rate regulated activities. PUC does not include hours for staff on short term disability or long term disability. The salaries and wages amounts include all salaries and wages paid, inclusive of incentive pay, overtime, vacation, holidays, sick leave, bereavement leave and other miscellaneous paid leaves.

The benefits amount comprise the employer's portion of statutory benefits, including CPP, EI, EHT and WSIB. In addition, benefit amounts comprise of the company's cost for providing: OMERS and other Employee Benefits as described in Table 4-19 - Employee Benefits Charged to OM&A and Capital below.

FTE, Wages & Benefits Variance Analysis

PUC Distribution completed the Board's Appendix 2-K, which is included above as Table 4-17. Table 4-18 below details employee costs from 2013 Board Approved through to the 2018 Test Year. All FTE's with their corresponding wages and benefits are included in the variance analysis below.

Table 4-18 - FTE and Employee Cost Variances

	2013 Board Approved vs 2013 Actual	2013 Actual vs 2014 Actual	2014 Actual vs 2015 Actual	2015 Actual vs 2016 Actual	2016 Actual vs 2017 Bridge	2017 Bridge vs 2018 Test
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	- 1.07	0.23	- 0.43	1.59	0.44	- 1.08
Non-Management (union and non-union)	1.70	0.37	- 3.16	- 1.30	0.34	- 0.46
Total	0.62	0.60	- 3.59	0.29	0.78	- 1.54
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	63,313	$ 92,032	-$ 72,456	$ 164,251	$ 100,697	-$ 45,611
Non-Management (union and non-union)	1,109,014	$ 316,407	-$ 374,911	-$ 78,561	$ 218,272	$ 154,645
Total	$1,172,327	$ 408,439	-$ 447,367	$ 85,690	$ 318,969	$ 109,034
Total Benefits (Current + Accrued)[2]						
Management (including executive)	- 33,486	$ 79,206	$ 38,333	$ 71,473	-$ 12,495	-$ 9,775
Non-Management (union and non-union)	- 224,239	$ 21,053	-$ 27,334	$ 14,841	$ 54,198	-$ 10,673
Total	-$ 257,725	$ 100,259	$ 10,999	$ 86,314	$ 41,703	-$ 20,449
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 29,827	$ 171,238	-$ 34,123	$ 235,724	$ 88,202	-$ 55,386
Non-Management (union and non-union)	$ 884,775	$ 337,460	-$ 402,245	-$ 63,720	$ 272,469	$ 143,971
Total	$ 914,602	$ 508,698	-$ 436,368	$ 172,004	$ 360,672	$ 88,585

The FTE calculation is based on hours worked by PUC Services employees, including overtime hours that are directly and indirectly attributable to PUC Distribution.

Both of PUC Services' Management and Non-Management employees have seen small fluctuations since the Last Rebasing in 2013. Material changes in FTE's, salaries and wages, and benefits are as follows:

2013 Board Approved vs. 2013 Actual: (1.07) Management FTE; 1.70 Union FTE;

$1,172,327 Salary & Wages; ($257,725) Benefits

In addition to minor fluctuations in hours allocated to PUC Distribution, the FTE variance for 2013 includes:

Management

- Did not fill Smart Systems Analyst Job (1.0) FTE
- Aggregated non-material allocation in FTE reducing by (0.07) FTE

Union

- Engineering department transitions increase 1.06 FTE
- Did not fill GIS Tech position (0.50) FTE
- “After Hours” Operators allocated time to PUC increased 0.62 FTE
- Line department labour under allocated in 2013 BA – Lineman charged more time to PUC than in the 2013 BA increasing by 0.87 FTE
- Substation Electrician off on Short Term Disability decreasing by (0.30) FTE
- Aggregated non-material allocation in FTE reducing by (0.05) FTE

The salaries and wages variance of $1,172,327 was attributable to:

- Non-productive labour costs (i.e. vacations, holidays, sick time, and bereavement) were included in the Total Benefit amount for the 2013 Board Approved ($437,166). In the 2013 Actuals, these costs are included in Total Salary and Wages.
- Allocated labour dollars for the Stores Department ($132,429) and Fleet Mechanics ($103,264) were not included in Salaries and Wages in the 2013 Board Approved

amounts as these costs are allocated though material and trucking costs but was included in the 2013 Actuals.

- Overtime costs in the Line and Engineering Departments were increased in 2013 ($451,237) due in part to the Bell FTTH Project and higher than expected storm repairs.

The benefit variance of ($257,725) was attributable to:

- Non-productive labour costs (i.e. vacations, holidays, sick time, and bereavement) were included in the Total Benefit amount for the 2013 Board Approved ($437,166). In the 2013 Actuals, these costs are included in Total Salary and Wages.
- As an offset to the reduction noted above, the allocation of benefit costs are increased ($179,441) due to the increases to Salaries and Wages, described above.

2013 Actual vs. 2014 Actual: 0.23 Management FTE; 0.37 Union FTE; $408,440 Salary & Wages

In addition to minor fluctuations in hours allocated to PUC Distribution, the FTE variance for 2014 includes:

Management

- Addition of a Facilities Supervisor increasing by 0.44 FTE
- Overlap for the Billing Supervisor replacement increasing by 0.33 FTE
- Regulatory staff time not allocated to PUC reduced by (0.19) FTE
- Aggregated non-material allocation in FTE reducing by (0.35) FTE

Union

- Substation Electrician returned from Short Term Disability increasing by 0.31 FTE
- Overlap for the System Operator position replacement increasing by 0.36 FTE
- Aggregated non-material allocation in FTE increasing by (0.30) FTE

In addition to regular inflationary increases applied to salaries and wages, the labour variance of $408,440 was also attributable to:

- addition of a Facilities Supervisor position
- overlap during the transition of the Billing Supervisor
- Return of Substation Electrician position from Short Term Disability
- Increased overtime from the Bell FTTH Project

2014 Actual vs. 2015 Actual: (0.43) Management FTE; (3.16) Union FTE; ($447,367) Salary & Wages

In addition to minor fluctuations in hours allocated to PUC Distribution, the FTE variance for 2015 includes:

Management

- Addition of a Communications Supervisor accountable for customer engagement and internal and external corporate communication increasing by 0.55 FTE
- Temporary contract position in Finance eliminated reducing by (0.33) FTE
- Overlap for the Billing Supervisor replacement eliminated reducing by (0.52) FTE
- Aggregated non-material allocation in FTE reducing by (0.13) FTE

Union

- Reduction of FTE in the corporate labour pool and in Stores who allocated time to water main breaks reducing by (1.90) FTE
- Overlap for the System Operator position replacement eliminated reducing by (0.66) FTE
- Engineering FTE rate reduced due to work not related to PUC Distribution being completed and the ending of a contract worker reducing by (0.68) FTE
- Safety and Environment Office Assistant – Added in 2015 increasing by 0.12 FTE
- Aggregated non-material allocation in FTE reducing by (0.04) FTE

In addition to regular inflationary increases applied to salaries and wages, the labour variance of ($447,367) was also attributable to:

- Reduced overtime on the Bell FTTH Project
- Engineering salaries allocated to non PUC Distribution related work

2015 Actual vs. 2016 Actual: 1.59 Management FTE; (1.30) Union FTE

In addition to minor fluctuations in hours allocated to PUC Distribution, the FTE variance for 2016 includes:

Management

- Manager – Conservation, Facilities & Fleet position added as three departments merged into one increasing by 0.5 FTE
- Temporary Admin Assistant position added increasing by 0.33 FTE
- HR Admin Assistant retirement transition overlap increasing by 0.14 FTE

- Protection and Control Engineer allocation of time increasing by 0.24
- Aggregated non-material allocation in FTE increasing by 0.38 FTE

Union

- Line department Power Line Technician reduced by (0.88) FTE
- Locates department – employee off due to sickness reducing (0.28) FTE
- Fleet Services Technician position added increasing by 0.5 FTE
- Engineering allocation to LED Streetlights project reduced by (0.57) FTE
- Aggregated non-material allocation in FTE reducing by (0.07) FTE

2016 Actual vs. 2017 Bridge: 0.44 Management FTE; 0.34 Union FTE; $318,969 Salary & Wages

In addition to minor fluctuations in hours allocated to PUC Distribution, the FTE variance for 2017 includes:

Management

- Supervisor of Billing position was removed in 2017 reducing by (0.51) FTE
- Lines Manager retirement transition overlap increasing by 0.35 FTE
- Stations & Metering Manager retirement transition overlap increasing by 0.48 FTE
- Addition of a Budgeting and Reporting Analyst increasing by 0.44 FTE
- Temporary Admin Assistant position removed reducing by (0.40) FTE

- Aggregated non-material allocation in FTE increasing by 0.08 FTE

Union

- Substation Electrician position added increasing by 1.0 FTE
- Reduction of a Power Line Technician positions reduced by (0.72) FTE
- Aggregated non-material allocation in FTE increasing by 0.06 FTE

In addition to regular inflationary increases applied to salaries and wages, the labour variance of $318,969 was also attributable to:

- Multiple staff replacements with overlap for training purposes including;
  - Lines Manager
  - Stations & Metering Manager
- Addition of a Budgeting and Reporting Analyst position
- Elimination of the Billing Supervisor position
- Substation Electrician position added to replace retirement of a Substation Electrician in 2016

2017 Bridge vs. 2018 Test: (1.08) Management FTE; (0.46) Union FTE

In addition to minor fluctuations in hours allocated to PUC Distribution, the FTE variance for 2018 includes:

Management

- Reduction of overlap due to multiple staff replacements for training purposes including;

  - Lines Manager reduced by (0.35) FTE
  - Stations & Metering Manager reduced by (0.48) FTE
- Retirement of the Manager of Customer Engagement & Locates which was not replaced reduced by (0.55) FTE
- Retirement of the Director of Safety & Environment which was not replaced reduced by (0.45) FTE
- Addition of a Regulatory Assistant position increasing by 0.72 FTE
- Staff replacements with overlap for training purposes including;
  - President and CEO increasing 0.45 FTE
  - VP, Finance and Corporate Support increasing by 0.24 FTE
- Aggregated non-material allocation in FTE increasing by 0.06 FTE

Union

- Addition of a Substation Electrician position increasing by 1 FTE
- Elimination of the Dispatcher position reducing by (0.50) FTE
- Elimination of Engineering Technician position reducing by (0.42) FTE
- ”After Hours” Operator FTE overlap eliminated in 2018 reducing by (0.59) FTE
- Aggregated non-material allocation in FTE increasing by 0.05 FTE

Incentive Based Pay

PUC Services seeks to encourage an incentive based performance culture by aligning employees' efforts with corporate vision and the short and long term goals of PUC Distribution. At present, an incentive based pay system exists for all non-union employees excluding the President and CEO. PUC Distribution supports the Balanced Scorecard methodology in setting corporate and individual goals to foster continuous improvement and cost reductions that support a healthy balance sheet that provides value to customers by keeping rates reasonable.

Executive Pay

PUC Services' executive pay philosophy considers compensation from throughout Ontario at other like-sized or similarly structured utilities, ensuring that executives are compensated at levels consistent with comparable organizations. Such compensation levels are reviewed on a regular basis and benchmarked against the MEARIE Group Management Salary Survey administered by Korn Ferry Hay Group. The executive group salaries, a portion of which are allocated to PUC Distribution, are at or near the average of the LDCs surveyed.

Benefits

A comprehensive and competitive benefits package exists which includes medical and dental insurance, life insurance, vacation and leave policies and a company sponsored retirement plan.

The plans are designed to address the health and welfare needs of the employee population. The benefit packages are consistent across the organization for 190 employees, including the executive team. The only inconsistencies are life insurance coverage (non-union staff receive 2 times current base salary versus union staff receive 1.5 time's current base salary and a health care spending account for non-union employees.

Employee Benefit Programs

PUC Distribution has a long term service agreement with PUC Services for the operation its distribution system. PUC does not have employees; however, PUC Services offers the following benefits to PUC Distribution equivalent employees:

- Ontario Municipal Employee Retirement Savings ("OMERS") – PUC Services remits 9% on the first $54,900 of earnings (subject to various inclusions and exclusions) and 14.6% of earnings thereafter (also subject to various inclusions and exclusions).
- Lone Term Disability ("LTD") – PUC Services benefit provider is Medavie Blue Cross. PUC Services' premiums cover current employees until age 65.
- Life Insurance Benefits – PUC Services benefit provider is Medavie Blue Cross and is in place until age 65.
- Health Care & Dental Benefits – PUC Services benefit provider is Medavie Blue Cross and is in place until age 65.
- Employee & Family Assistance Program (EFAP) – this program is offered through a local provider, Group Health Centre, and assists employees and their immediate family members in assessing and resolving work, health and life issues.

OMERS Pension Plan

PUC Services employees are members of the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan in which most Ontario LDCs participate. As such, PUC Services pension benefit costs are consistent with other participating Ontario LDCs. While OMERS is a Defined Benefit plan, for accounting purposes it is effectively treated as a Defined Contribution plan by the participating distributors including PUC Services. This means that the annual employer contributions made to the plan are the same as the accrual accounting expense recorded for financial statement purposes. Pension premium information from 2012 to 2016 Actual and 2017

Bridge Year and 2018 Test Year can be found in Table 4-19 Employee Benefits Charged to OM&A and Capital below. For the 2018 Test Year, PUC assumed OMERS rates of 9.0% on earning up to the Year's Maximum Pensionable Earnings (YMPE) limits and 14.6% on earning over YMPE limits. The 2017 YMPE is $55,300 and the 2018 YMPE is $55,900.

Employee Future Benefits

PUC Services provides post-employment benefit life insurance and health care to retirees under the age of 65 through a group defined benefit plan.

The cost of post-employment benefits are actuarially determined using the projected benefit method prorated on service and based on assumptions that reflect management 's best estimates. The current service cost for the period is equal to the employee's service rendered in the period. Past service costs from the plan amendments are amortized on a straight line basis over the average remaining service period of the employee's active date of amendment.

PUC Services recovers their OPEB costs based on the accrual method. This method recognizes the cost of OPEBs as an employee's service is rendered and the benefit is earned. PUC Distribution's shared portion of the accrued amount is allocated as an overhead on direct labour on an annual basis. As such, PUC Distribution's obligation for OPEBs is treated similar to pension funding where there is no future obligations.

As noted above, PUC Distribution does not have employees, therefore an actuary report of PUC Services is included as Attachment [●].

Table 4-19 - Employee Benefits Charged to OM&A and Capital

Allocation to OM&A

Benefit	2013 Board Approved	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge	2018 Test
CPP Employers' Portion	N/A	$ 157,184	$ 140,866	$ 154,778	$ 165,798	$ 171,809	$ 174,705
EI Employers' Portion	N/A	$ 75,204	$ 66,266	$ 72,611	$ 76,681	$ 61,372	$ 62,248
Employer Health Tax	N/A	$ 91,380	$ 104,774	$ 102,735	$ 107,493	$ 103,517	$ 108,847
WSIB	N/A	$ 48,252	$ 55,338	$ 57,749	$ 61,623	$ 51,196	$ 53,031
OMERS Employers' Portion	N/A	$ 460,280	$ 458,287	$ 485,737	$ 524,918	$ 517,746	$ 548,996
OPEB	N/A	$ 6,197	$ (31,448)	$ 33,617	$ 38,496	$ -	$ -
Corporate Benefits	N/A	$ 367,036	$ 393,944	$ 421,810	$ 465,621	$ 484,315	$ 493,894
Total Benefits Charged to OM&A		**$ 1,205,533**	**$ 1,188,026**	**$ 1,329,038**	**$ 1,440,630**	**$ 1,389,955**	**$ 1,441,721**

Allocation to Capital Expenditures

Benefit	2013 Board Approved	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge	2018 Test
CPP Employers' Portion	N/A	$ 77,325	$ 77,408	$ 72,307	$ 69,148	$ 78,943	$ 68,640
EI Employers' Portion	N/A	$ 36,996	$ 36,414	$ 33,921	$ 31,981	$ 28,199	$ 24,457
Employer Health Tax	N/A	$ 44,954	$ 57,575	$ 47,994	$ 44,831	$ 47,564	$ 42,765
WSIB	N/A	$ 23,737	$ 30,409	$ 26,978	$ 25,701	$ 23,523	$ 20,836
OMERS Employers' Portion	N/A	$ 226,430	$ 251,837	$ 226,919	$ 218,923	$ 237,895	$ 215,697
OPEB	N/A	$ 3,049	$ (17,281)	$ 15,705	$ 16,055	$ -	$ -
Corporate Benefits	N/A	$ 180,560	$ 216,479	$ 197,055	$ 194,193	$ 222,534	$ 194,048
Total Benefits Charged to Capital		**$ 593,051**	**$ 652,841**	**$ 620,880**	**$ 600,832**	**$ 638,659**	**$ 566,443**

2.4.3.2 Shared Services and Corporate Cost Allocation

PUC Distribution is a virtual utility. All of its costs are shared corporate services as defined in the Affiliate Relationship Code. The following Tables 4-20 through 4-33 details the corporate cost allocation for each year in the historic period as well as the test year. These tables are followed by a description of the allocation methodology and variance analysis.

Table 4-20 – Shared Services and Corporate Cost Allocation for 2013 BA

Appendix 2-N

Shared Services and Corporate Cost Allocation [1]

Year: 2013 Approved

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	**To**			**$**	**$**
PUC Distribution	PUC Services	Building rental		$ -	$ -

Table 4-21– Shared Services and Corporate Cost Allocation for 2013 Actual

Year: 2013 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
PUC Distribution	PUC Services	Building rental - 2013	Cost - no markup	$2,281,174.80	$2,281,174.80

Table 4-22 – Shared Services and Corporate Cost Allocation for 2014 Actual

Year: 2014 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
PUC Distribution	PUC Services	Building rental - 2014	Cost - no markup	$1,246,600.41	$1,246,600.41

Table 4-23 – Shared Services and Corporate Cost Allocation for 2015 Actual

Year: 2015 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
PUC Distribution	PUC Services	Building rental - 2015	Cost - no markup	$1,240,120.24	$1,240,120.24

Table 4-24 – Shared Services and Corporate Cost Allocation for 2016 Actual

Year: 2016 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
PUC Distribution	PUC Services	Building rental - 2016	Cost - no markup	$1,293,858.00	$1,293,858.00

Table 4-25 – Shared Services and Corporate Cost Allocation for 2017 Bridge Year

Year: 2017 Bridge Year

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
PUC Distribution	PUC Services	Building rental - 2017	Cost - no markup	$1,332,390.95	$1,332,390.95

Table 4-26 – Shared Services and Corporate Cost Allocation for 2018 Test Year

Year: 2018 Test Year

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
PUC Distribution	PUC Services	Building rental - 2018	Cost - no markup	$1,334,160.93	$1,334,160.93

Table 4-27 – Shared Services and Corporate Cost Allocation for 2013 BA

Year: 2013 approved

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$514,918
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	56.00%	$271,543
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$525,651
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665, 5675	Cost - no markup	45.71%	$2,299,422
					$3,611,533

Table 4-28 – Shared Services and Corporate Cost Allocation for 2013 Actual

Year: 2013 Actual

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$394,555
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	74.00%	$237,502
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$403,080
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665, 5675	Cost - no markup	45.71%	$3,760,722
					$4,795,859

Table 4-29 – Shared Services and Corporate Cost Allocation for 2014

Year: 2014

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$506,728
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	74.00%	$238,375
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$475,209
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665	Cost - no markup	42.31%	$1,852,229
PUC Services	PUC Distribution	Building Acct 5675	Cost - no markup	46.45%	$823,324
					$3,895,865

Table 4-30 – Shared Services and Corporate Cost Allocation for 2015

Year: 2015

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$537,963
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	74.00%	$287,187
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$583,187
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665	Cost - no markup	42.31%	$1,867,667
PUC Services	PUC Distribution	Building Acct 5675	Cost - no markup	46.45%	$653,778
					$3,929,783

Table 4-31 – Shared Services and Corporate Cost Allocation for 2016

Year: 2016

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$477,914
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	74.00%	$264,047
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$552,394
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665	Cost - no markup	42.31%	$1,695,803
PUC Services	PUC Distribution	Building Acct 5675	Cost - no markup	46.45%	$699,549
					$3,689,707

Table 4-32 – Shared Services and Corporate Cost Allocation for 2017 Bridge

Year: 2017 Bridge

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$553,232
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	74.00%	$282,863
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$637,503
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665	Cost - no markup	41.31%	$1,856,868
PUC Services	PUC Distribution	Building Acct 5675	Cost - no markup	46.45%	$652,802
					$3,983,268

Table 4-33 – Shared Services and Corporate Cost Allocation for 2018 Test

Year: 2018 Test

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
PUC Services	PUC Distribution	Billing Acct 5305 to 5315	Cost - no markup	56.00%	$566,235
PUC Services	PUC Distribution	Collections Acct 5320 to 5335	Cost - no markup	74.00%	$294,605
PUC Services	PUC Distribution	Customer Services Acct 5405 to 5420	Cost - no markup	56.00%	$524,535
PUC Services	PUC Distribution	Admin Acct 5605 to 5635, 5665	Cost - no markup	41.31%	$1,847,687
PUC Services	PUC Distribution	Building Acct 5675	Cost - no markup	46.45%	$740,240
					$3,973,302

Allocation Methodology

PUC Services Inc. provides billing, collection, customer service, and administration services to the affiliated group and the Public Utilities Commission. Administrative services include payroll, human resources, accounting, IT services, etc. These services are allocated at cost to the various companies based on cost drivers as described below. It should be noted that any cost that can be directly associated with a specific company or contract is charged to that company or contract, as a pass-through to that company at cost.

KPMG reviewed PUC Services' method for allocating shared services in the fall of 2001. The review included consideration that the method determining cost allocation must be appropriate for many different users such as the OEB, Canada Customs and Revenue Agency, the Corporation of the City of Sault Ste. Marie and the affiliated companies. The areas identified for allocation were billing, collecting, customer service, and administration. A number of possible cost drivers were identified including: number of customers, number of bills generated, total relative expenditures before allocated costs, square footage, number of employees, service revenues, asset value, etc. The following allocators/cost drivers in Table 4-34 were recommended at the time:

Table 4-34 - Cost Drivers and Allocators

Area	Allocator
Billing	Number of Customers
Collecting	Number of Customers
Customer Service	Number of Customers
Administration	Service Revenue

The allocation factors were internally reviewed on an annual basis up to the year ended December 31, 2006 for reasonableness and changing circumstances.

In preparation for the 2008 Cost of Service rate filing, and in response to the concerns expressed by the Board in its Decision and Order regarding PUC Distribuion's 2006 rates, a consultant was engaged to review processes related to charging of shared services costs to the affiliated companies from PUC Services. RDI Consulting Inc.'s Full Absorption Cost Allocation Report was filed with PUC Distribution's 2008 Cost of Service Rate Application (attached as Appendix 9). There have been two changes in the allocation method from the RDI report. Commencing in 2012 no portion of the administrative expenses has been allocation to the capital as a result IFRS. In addition, commencing in 2014 the allocation method for building costs were split from Administrative costs and allocated based on the portion of the building used by each of the occupants. The allocation percentages have been reviewed annually and have been adjusted due to any changed circumstances such as the divestiture of PUC Telecom.

The following Table 4-35 details the allocation percentages to the affiliates for each of the shared services.

Table 4-35 - Allocations to Affiliates

	Allocator	PUC Distribution	PUC Services	Public Utilities Commission	Total
Allocation to Affiliates					
Billing	# of Customers	56%		44%	100%
Collections	# of Customers	56%		44%	100%
Customer Service	# of Customers	56%		44%	100%
Administrative	Labour related effort	42%	16%	42%	100%
Building	% of building utilized	46%	46%	8%	100%

Shared Services and Corporate Cost Allocation - Variance Analysis

The following Table 4-36 details the variance analysis of the shared services and corporate cost allocation.

Table 4-36 - Shared Services and and Corporate Cost Allocation Variance Analysis

	Years				
Service Offered	**2013 Board Approved**	**2016 Actual**	**2018 Test**	**Test Year vs. Last Actual ($)**	**Test Year vs. Board Approved ($)**
Billing	$ 425,073	$ 477,914	$ 566,235	$ 88,321	$ 141,162
Collections	$ 257,666	$ 264,047	$ 294,605	$ 30,558	$ 36,939
Customer Service	$ 392,125	$ 552,394	$ 524,535	-$ 27,859	$ 132,410
Administrative	$ 1,669,818	$ 1,695,803	$ 1,847,687	$ 151,884	$ 177,869
Building	$ 512,532	$ 699,549	$ 740,240	$ 40,691	$ 227,708
Building Accounting Change					
Total	**$ 3,257,214**	**$ 3,689,707**	**$ 3,973,302**	**$ 283,595**	**$ 716,088**

Billing

Test Year vs. Board Approved

Increases from the 2013 rebase to the 2018 test year include postage ($62,000), wages ($50,000) as a result in an increase to the allocation of time to joint expenses that was offset by a reduction in direct charges to PUC, software ($8,000), billing printer lease ($4,000), mail inserting equipment maintenance ($4,000) and training ($8,000).

Customer Service

Test Year vs. Board Approved

Increases from the 2013 rebase to the 2018 test year include software ($26,000), wages ($111,000) as a result of in an increase in resources for customer engagement including the addition of a Communication Supervisor tasked with supporting the customer engagement initiative.

Administrative

Test Year vs. Last Actual

Increases from the last actual to test year include: software ($47,000), telephone ($27,000), training ($20,000) and wages ($52,000). The wage change includes the transition for the CEO and VP Finance, addition of a Budget and Reporting Analyst offset by reductions to the Director of Safety and Environment and temporary administrative assistant.

Test Year vs. Board Approved

The increase from the Board approved to test year is in the area of wages ($172,000). The increase includes general wage rate increases over the five year period, the transition for the CEO and VP Finance positions, and the addition of a Budget and Reporting Analyst. These increases are offset by the reduction to the Director of Safety and Environment.

Building

Test Year vs. Board Approved

PUC Distribution's new integrated office and service centre building was fully occupied in 2013. Increases from the last rebasing year to the test year include janitorial costs ($20,000), utilities ($135,000), property taxes ($224,000) and internal labour costs to service the building ($69,000) offset by an increased allocation of building costs to stores operations (-$106,000) and a reduction due not incurring costs for the former administrative building (-$110,000).

Shared Services from Affiliates

Affiliate Board Of Director Costs

There are no Board of Director costs from any of PUC's affiliates included in PUC Distribution's costs.

2.4.3.3. Purchases of Non-Affiliate Services

PUC Distribution's purchasing policy establishes the principles, requirements, accountabilities and guidelines for the purchase of goods and services. A copy of the purchasing policy is attached. PUC Distribution confirms that it is in compliance with the Purchasing Policy. Table 4-37 below lists PUC Distribution's purchases that exceeded the materiality threshold in 2013, 2014, 2015, 2016 and 2017. PUC Distribution anticipates using the same vendors for 2018, however new suppliers are continuously being sourced. Occasionally it is necessary to obtain services or products utilizing a single or sole process. The details of the single/sole source process is included in the attached purchasing policy as Appendix 6.

Table 4-37 – Vendor Purchases

Line No.	Vendor Number	Vendor Name	Product/Service	Method of Selection	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Bridge
1	00069	STELLA-JONES INC - GUELPH UTIL	Wood Poles	Competitive Bid	$188,146.13	$256,837.70	$247,525.37	$190,594.84	$208,716.65	$133,387.46
2	00070	GUILLEVIN INTERNATIONAL	PVC,Safety Items, Tools	Competitive Bid	$195,725.79	$250,550.96	$211,618.67	$151,574.86	$149,032.72	$113,288.64
3	00105	NEDCO DIVISION OF REXEL	Misc Elect products/wire	Competitive Bid	$125,264.75		$233,854.41			
4	00117	PALMER CONSTRUCTION GROUP	Vaccum Truck Rent	Competitive Bid		$133,413.22				
5	00149	S & C ELECTRIC CAN LTD	Switchgear	Competitive Bid	$208,725.60	$264,226.62				$234,150.34
6	00214	S & T ELECTRICAL	Misc Electrical work	Competitive Bid	$129,452.96	$1,577,318.22	$401,487.09			
7	00229	S S MARIE INNOVATION CENTRE	GIS Services	Sole Source	$320,420.22	$290,510.33	$315,422.73	$361,181.06	$376,869.41	$353,672.89
8	00231	ERGO OFFICE PLUS	Office Supplies/Furniture	Competitive Bid	$227,389.35	$240,779.28	$112,251.62			
9	00272	ABB INC.	Substation Transformers	Competitive Bid	$216,494.44	$113,668.96	$316,631.65			
10	00292	GENERAL ELECTRIC CANADA	Breaker & Trx Repair	Competitive Bid		$383,221.60	$140,691.22			
11	00360	SURVALENT TECHNOLOGY	Scada software	Competitive Bid	$225,909.60					
12	00389	MGP ARCHITECTS ENGINEER	Architect Services	Competitive Bid	$516,292.17	$115,861.25				
13	00397	POLE CARE INTERNATIONAL	Pole Testing	Competitive Bid	$136,242.86	$127,645.86	$125,542.09			
14	00422	ONTARIO ENERGY BOARD	OEB Fees	Regulated				$121,181.74	$160,609.88	$158,227.46
15	00451	CITY OF SAULT STE MARIE	Wilson St. Construction	Competitive Bid	$130,176.65					
16	00544	SIEMENS CANADA LIMITED	Sub 10 - 12kV Switchgear	Competitive Bid		$305,746.36				
17	00561	ANIXTER POWER SOLUTIONS (HD)	TRX and Pole Line Hardw	Competitive Bid	$1,302,421.71	$1,516,808.40	$1,121,095.60	$1,065,680.68	$1,146,550.54	$933,441.19
18	00819	COSTELLO ASSOCIATES	Scada software	Competitive Bid	$125,535.78					
19	00858	BELL CANADA -PREV. BELL ALIANT	Pole Attachements	Regulated		$126,002.07	$112,225.55		$119,706.50	$133,264.69
20	00875	WSP CANADA INC.	Sub 16 Rebuild	Competitive Bid					$120,156.02	$215,978.85
21	01017	RODAN ENERGY & METERING	Wholesale Meters	Competitive Bid	$122,751.57					
22	01040	DOUBLE S CONSTRUCTION	Underground House Serv	Competitive Bid	$183,787.67					
23	01124	EATON ELECTRICAL GROUP	Sub 1 -Testing and Comm	Competitive Bid		$132,040.50				
24	01137	ASCENT (FORMERLY TILTRAN)	Switch, Fibre, Cable Inst	Competitive Bid	$151,758.19					
25	01197	WILDERNESS ENVIRONMENTAL	Line Clearing	Competitive Bid				$563,344.80		
26	01241	PICKARD CONSTRUCTION	Equip Rental/Services	Competitive Bid			$176,101.15	$212,741.98	$192,360.81	$114,132.86
27	01326	NEDCO	Misc Elect products/wire	Competitive Bid	$469,513.32	$604,163.28	$454,471.55			
28	01334	VIRELEC LTD.	Substation Relay Rep	Competitive Bid		$702,352.42	$121,404.41			
29	01356	CY RHEAULT CONSTRUCTION LTD.	Contractor - new building	Competitive Bid	$18,144,602.62	$3,780,904.24				
30	01404	ASPLUNDH CANADA ULC	Line Clearing	Competitive Bid	$441,347.42	$672,214.94	$782,870.33		$604,319.80	$570,488.84
31	01419	PINCHIN LTD.	Environmental Services	Single Source				$156,387.83		
32	01434	IBI GROUP	Sub10 Rebuild-Eng Serv	Competitive Bid	$173,522.81					
33	01460	NOVINIUM	Cable Injection	Competitive Bid	$123,396.88					
34	01485	ASCENT	Breaker	Competitive Bid	$137,569.14					
35	01629	EPTCON LTD.	TSI Substation Work	Competitive Bid		$313,085.82	$361,294.17	$176,968.18		
36	01742	CUSTOMER FIRST INC.	Pilot Program Develop	Joint project with other LDCs				$118,654.65		$228,147.00
37	01832	COOPER INDUSTRIES (ELEC) INC	Voltage Regulators	Competitive Bid				$165,080.12		
38	01905	S & T GROUP	Customer Demand	Competitive Bid						$317,937.16
					$23,996,447.63	**$11,907,352.03**	**$5,234,487.61**	**$3,283,390.74**	**$3,078,322.33**	**$3,506,117.38**

2.4.3.4. One-Time Costs

PUC Distribution has included on-time costs of $130,000 in its 2018 test year revenue requirement based on a five year recovery until the next cost of service Application. Details of this one-time cost recovery are in the following section.

2.4.3.5. Regulatory Costs

PUC Distribution's regulatory staff reports to the Finance Division and is staffed by the Rates and Regulatory Affairs Officer, who is responsible for preparing regulatory filings and rate applications, performing settlement reviews and reconciliations, ensuring regulatory and legislative compliance, performing business and process reviews, participating in regulatory consultations and providing reporting and timely responses to regulatory bodies.

PUC Distribution has included the costs associated with the Application in the revenue requirement. Annual ongoing costs include the OEB assessment ($160,000), section 30 costs, miscellaneous regulatory and training costs ($23,000), and staff resources ($93,000) allocated to regulatory matters. Costs that are not incurred annually totalling $585,000 have been spread over the 5 year rate period and have been included in test year expenses at $130,000 per year. One-time costs include consulting costs for legal and consulting assistance from experienced subject matter experts.

Table 4-38 below details the components of one time costs.

Table 4-38 PUC Distribution One Time Costs

Service	Cost	# of Occurrences in Rate Period	Expense Included in Test Year
Legal and rates consulting expenses to complete the application	$300,000	1	$60,000
Services related to the Distribution System Plan and Asset Management Plan	$100,000	1	$20,000
Customer engagement services	$30,000	1	$6,000
Legal and rates consulting expenses for the settlement conference	$50,000	1	$10,000
Intervenor expenses	$60,000	1	$12,000
Settlement conference expenses	$10,000	1	$2,000
Customer surveys (every 2 yrs)	$20,000	3	$10,000
safety survey (every 2 yrs)	$10,000	2	$5,000
LRAM consulting services	$5,000	5	$5,000
	$585,000		$130,000

Total costs of $405,760 have been included in expenses in the 2018 test year.

Table 4-39 below, Appendix 2-M is included to detail the change in regulatory costs between the last rebasing and the current Application.

Table 4-39 - Appendix 2-M Regulatory Cost Schedule

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)	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	$ 102,000	$ 152,424	$ 150,000	-1.59%	$ 180,000	20.00%
2	OEB Section 30 Costs (Applicant-originated)									
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going	$ 5,000	$ 8,019	$ 10,000	24.70%	$ 10,000	0.00%
4	Expert Witness costs for regulatory matters									
5	Legal costs for regulatory matters									
6	Consultants' costs for regulatory matters	5655		On-Going	$ 31,250	$ 48,200	$ 150,800	212.86%	$ 106,816	-29.17%
7	Operating expenses associated with staff resources allocated to regulatory matters	5655		On-Going	$ 132,791	$ 38,096	$ 39,492	3.66%	$ 95,341	141.42%
8	Operating expenses associated with other resources allocated to regulatory matters [1]									
9	Other regulatory agency fees or assessments									
10	Any other costs for regulatory matters (please define)									
11	Intervenor costs	5655		On-Going					$ 14,000	
12	Sub-total - Ongoing Costs [3]		$ -		$ 271,041	$ 246,739	$ 350,292	41.97%	$ 406,157	15.95%
13	Sub-total - One-time Costs [4]		$ -		$ -	$ -	$ -		$ -	
14	Total		$ -		$ 271,041	$ 246,739	$ 350,292	41.97%	$ 406,157	15.95%

2.4.3.6. Low-Income Energy Assistance Programs ("LEAP")

The delivery of LEAP relies heavily on the cooperation between PUC Distribution and its lead social agency, United Way – Community Assistance Trust, to administer the program within PUC Distribution's Service Territory.

In accordance with Filing Guidelines 2.4.3.6, PUC Distribution has included $24,000 of expense in test year expenses. PUC Distribution understands that the included figure of $24,000 has been used throughout the application. This is $2,497 less than the calculated amount of $26,497. At the time the final rates are determined, PUC will update this figure as calculated in Table 4-40 – LEAP. In the table below, this amount is based on 0.12% of the 2018 Test Year. This amount has been included in Account 6205 – Donations, to ensure that it is captured appropriately in the Revenue Requirement.

PUC Distribution's 2018 Test Year Revenue Requirement does not include any legacy low income energy assistance programs.

Table 4-40 – LEAP

	2018 Test Year	
Service Revenue Requirement	$	22,081,244
LEAP %		0.12%
LEAP Amount	$	26,497
LEAP Amount Used	$	24,000

2.4.3.7. Charitable and Political Donations

Other than the LEAP charitable donations discussed in Section 2.4.3.6 above, PUC Distribution has not included any other charitable donations in OM&A expenses.

PUC Distribution also confirms it does not make political contributions; therefore no political contributions have nee included for recovery.

2.4.4 Depreciation, Amortization And Depletion

Depreciation Policy

Amortization on capital assets is calculated as follows:

- PUC Distribution uses the pooling of assets for all fixed assets. Amortization is calculated on a straight line basis over the estimated useful life of the assets commencing when the asset is put in service
- In its previous Cost of Service Application (2013) PUC Distribution reviewed the useful life of its assets with the aid of the Asset Depreciation Study by Kinetrics
- There have been no changes to any amortization periods for capital assets since the last Cost of Service Application
- Effective 2017, PUC Distribution's current Amortization policy has been updated to match OEB guidelines with half year amortization on capital additions. Prior to 2017, PUC Distribution's amortization policy has been to take a full year's amortization on

capital additions during the current year. As per OEB guidelines, LDCs are required to use the half-year rule when accounting for amortization expense. Audited Financial Statements for 2013, 2014, 2015 and 2016 include full year amortization on capital additions. For the purposes of regulatory accounting and this rate application, PUC Distribution has applied the half year rule for calculating depreciation expense from 2014 to the 2016.

- For the purposes of calculating depreciation for this Application, the half-year rule has been applied for all 2017 Bridge Year and 2018 Test Year capital additions and capital contributions in accordance with Section 2.4.4 of Chapter 2 of the Board's Filing Requirements.
- Tables 4-42 to 4-47 provide a summary by year for 2013 Actual, 2014 Actual, 2015 Actual, 2016 Actual, 2017 Bridge and 2018 Test Year, respectively, of PUC Distribution's depreciation expense.

In 2012, PUC Distribution modified useful lives as described in the 2013 Cost of Service Application, EB-2012-0162. In 2017, an error in the depreciation that occurred upon conversion to Modified IFRS in 2012 was discovered. For the purpose of this application, PUC Distribution has corrected the error and restated depreciation for 2012 to 2016. Table 4-41 below provides an accumulated depreciation reconciliation for 2013 to 2016 from the audited values to the continuity schedule values.

Table 4-41 – Accumulated Depreciation Reconciliation

	2013	2014	2015	2016
Year End Audit	**52,595,690**	**3,896,379**	**7,976,379**	**12,072,523**
Adjustments:				
Depreciation Changes	(1,317,061)	(516,333)	(1,261,605)	(1,770,615)
Contributed Capital after IFRS conversion		(13,072)	(44,900)	(88,042)
Values as per Continuity	**$ 51,278,629**	**$ 3,366,974**	**$ 6,669,874**	**$ 10,213,866**

Depreciation Changes

Upon conversion to Modified IFRS in 2012, depreciation in OEB accounts 1830, 1835, 1840, 1845 and 1855 were incorrectly calculated. Starting in 2012, the depreciation amount was calculated using the gross asset amount instead of the Net Book Value, therefore inflating depreciation. Since the error is significant, adjustments were made in 2017. The depreciation change in 2014, 2015 and 2016 also includes the adjustment from full year to half year depreciation.

Construction in progress assets are not depreciated until the project is complete. Interest is not typically capitalized to the cost of assets constructed as the life cycle of construction projects are usually less than one year.

The tables beginning with Table 4-42 and ending with Table 4-47 provide a summary by year for 2013 Actual, 2014 Actual, 2015 Actual, 2016 Actual, 2017 Bridge Year and 2018 Test Year of depreciation expense including asset amounts and depreciation rates. These tables reflect the Accumulated Depreciation balances in the Fixed Asset Continuity schedule in Exhibit 2, which are consistent with the Board's Appendix 2-BA.

Table 4-42– Depreciation 2013

			Cost				Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1706	Land Rights	602,307			602,307	0			0	602,307
N/A	1725	Poles and Fixtures	1,875,300		121,813	1,753,487	204,242	66,718	121,813	149,148	1,604,339
N/A	1730	Conductors	90,074			90,074	19,081	7,099		26,180	63,894
N/A	1735	UG Conduit	1,017,328		31,461	985,866	109,571	37,736	31,461	115,846	870,020
N/A	1740	UG Conductor	244,819			244,819	21,784	7,783		29,567	215,252
N/A	1805	Land	89,160			89,160	0			0	89,160
CEC	1806	Land Rights	153,573	555		154,128	0			0	154,128
47	1808	Buildings and Fixtures	24,138,419	1,861,467		25,999,886	713,261	661,658		1,374,919	24,624,967
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	8,608,060	448,214		9,056,274	3,353,684	210,868		3,564,552	5,491,722
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	10,648,862	3,832,429		14,481,291	6,428,451	240,222		6,668,673	7,812,618
47	1825	Storage Battery Equipment	19,241			19,241	4,879	640		5,519	13,722
47	1830	Poles, Towers and Fixtures	12,848,549	2,320,239		15,168,788	4,438,928	283,445		4,722,373	10,446,415
47	1835	Overhead Conductors and Devices	13,188,626	763,655		13,952,281	5,437,497	169,054		5,606,551	8,345,730
47	1840	Underground Conduit	10,626,856	226,255		10,853,111	8,228,190	78,890		8,307,080	2,546,031
47	1845	Underground Conductors and Devices	19,762,325	400,996		20,163,321	8,298,720	427,501		8,726,221	11,437,101
47	1850	Line Transformers	16,784,572	675,571	25,049	17,435,095	7,914,410	316,591		8,231,001	9,204,094
47	1855	Services	4,072,588	833,240		4,905,828	351,697	93,542		445,240	4,460,588
47	1860	Meters	10,366,772	271,622	4,298,049	6,340,345	4,280,639	428,593	2,837,860	1,871,372	4,468,973
N/A	1865	Other Installations on Customer's Premises				0	0			0	0
N/A	1905	Land				0	0			0	0
CEC	1906	Land Rights				0	0			0	0
47	1908	Buildings and Fixtures				0	0	0		0	0
13	1910	Leasehold Improvements				0	0			0	0
8	1915	Office Furniture and Equipment				0	0			0	0
10	1920	Computer Equipment - Hardware	20,338			20,338	16,850	2,127		18,977	1,361
12	1925	Computer Software	534,008	1,500		535,508	324,937	104,597		429,534	105,974
10	1930	Transportation Equipment				0	0			0	0
8	1935	Stores Equipment				0	0			0	0
8	1940	Tools, Shop and Garage Equipment				0	0			0	0
8	1945	Measurement and Testing Equipment				0	0			0	0
8	1950	Power Operated Equipment				0	0			0	0
8	1955	Communication Equipment				0	0			0	0
8	1960	Miscellaneous Equipment				0	0			0	0
47	1970	Load Management Controls - Customer Premises	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises				0	0			0	0
47	1980	System Supervisory Equipment	4,193,036	161,782		4,354,818	2,768,287	204,920		2,973,207	1,381,610
47	1985	Sentinel Lighting Rentals				0	0			0	0
47	1990	Other Tangible Property				0	0			0	0
47	1995	Contributions and Grants	(11,772,809)	(1,376,260)		(13,149,068)	(1,670,785)	(316,544)		(1,987,329)	(11,161,739)
	2005	Property under Capital Lease				0				0	0
		Total before Work in Process	**128,112,005**	**10,421,265**	**4,476,372**	**134,056,899**	**51,244,324**	**3,025,441**	**2,991,134**	**51,278,631**	**82,778,268**
WIP		Work in Process				0	0			0	0
	2070	Other Utility Plant - assets not in use				0				0	0
		Total after Work in Process	**128,112,005**	**10,421,265**	**4,476,372**	**134,056,899**	**51,244,324**	**3,025,441**	**2,991,134**	**51,278,631**	**82,778,268**
							Less: Fully Allocated Depreciation				
							Contributed Capital				
							Communication				
							Net Depreciation	3,025,441			

Table 4-43 – Depreciation 2014

			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1706	Land Rights	602,307			602,307	0			0	602,307
N/A	1725	Poles and Fixtures	1,604,339			1,604,339	0	39,130		39,130	1,565,209
N/A	1730	Conductors	63,894			63,894	0	1,997		1,997	61,897
N/A	1735	UG Conduit	870,020			870,020	0	24,858		24,858	845,163
N/A	1740	UG Conductor	215,252			215,252	0	9,784		9,784	205,468
N/A	1805	Land	89,160			89,160	0			0	89,160
CEC	1806	Land Rights	154,128	6,798		160,926	0			0	160,926
47	1808	Buildings and Fixtures	24,624,967	244,854		24,869,821	0	675,297		675,297	24,194,524
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Prim	5,491,722	617,923		6,109,645	0	236,546		236,546	5,873,099
47	1820	Distribution Station Equipment - Normally Prima	7,812,618	1,245,158		9,057,776	0	370,683		370,683	8,687,092
47	1825	Storage Battery Equipment	13,722			13,722	0	653		653	13,068
47	1830	Poles, Towers and Fixtures	10,446,415	2,281,968		12,728,383	0	262,774		262,774	12,465,609
47	1835	Overhead Conductors and Devices	8,345,730	960,049		9,305,779	0	239,826		239,826	9,065,953
47	1840	Underground Conduit	2,546,031	282,137		2,828,168	0	214,991		214,991	2,613,177
47	1845	Underground Conductors and Devices	11,437,101	582,719		12,019,820	0	504,549		504,549	11,515,270
47	1850	Line Transformers	9,204,094	645,934		9,850,028	0	244,077		244,077	9,605,951
47	1855	Services	4,460,588	541,557		5,002,145	0	130,675		130,675	4,871,471
47	1860	Meters	4,468,973	141,089		4,610,062	0	410,973		410,973	4,199,089
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	0			0	0			0	0
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	0			0	0			0	0
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	0			0	0			0	0
10	1920	Computer Equipment - Hardware	1,361			1,361	0	1,361		1,361	(0)
12	1925	Computer Software	105,974			105,974	0	105,974		105,974	(0)
10	1930	Transportation Equipment	0			0	0			0	0
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	0			0	0			0	0
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premis	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	1,381,610	156,593		1,538,203	0	234,183		234,183	1,304,020
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(11,161,739)	(1,045,731)		(12,207,470)	0	(341,358)		(341,358)	(11,866,112)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**82,778,268**	**6,661,048**	**0**	**89,439,316**	**0**	**3,366,973**	**0**	**3,366,973**	**86,072,343**
WIP		Work in Process	0			0	0			0	0
	2070	Other Utility Plant - assets not in use	0			0	0			0	0
		Total after Work in Process	**82,778,268**	**6,661,048**	**0**	**89,439,316**	**0**	**3,366,973**	**0**	**3,366,973**	**86,072,343**

Less: Fully Allocated Depreciation	
Contributed Capital	
Communication	
Net Depreciation	3,366,973

Table 4-44 – Depreciation 2015

			Cost				Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1706	Land Rights	602,307			602,307	0			0	602,307
N/A	1725	Poles and Fixtures	1,604,339			1,604,339	39,130	39,130		78,260	1,526,079
N/A	1730	Conductors	63,894			63,894	1,997	1,997		3,993	59,901
N/A	1735	UG Conduit	870,020			870,020	24,858	24,858		49,715	820,305
N/A	1740	UG Conductor	215,252			215,252	9,784	9,784		19,568	195,684
N/A	1805	Land	89,160			89,160	0			0	89,160
CEC	1806	Land Rights	160,926	5,693		166,619	0			0	166,619
47	1808	Buildings and Fixtures	24,869,821	66,532		24,936,353	675,297	678,518		1,353,815	23,582,538
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Prima	6,109,645	100,183		6,209,828	236,546	245,522		482,068	5,727,760
47	1820	Distribution Station Equipment - Normally Prima	9,057,776	865,058		9,922,834	370,683	397,061		767,745	9,155,089
47	1825	Storage Battery Equipment	13,722			13,722	653	653		1,307	12,415
47	1830	Poles, Towers and Fixtures	12,728,383	1,854,371		14,582,754	262,774	308,733		571,507	14,011,247
47	1835	Overhead Conductors and Devices	9,305,779	1,150,860		10,456,639	239,826	257,417		497,243	9,959,395
47	1840	Underground Conduit	2,828,168	339,474		3,167,642	214,991	221,207		436,197	2,731,444
47	1845	Underground Conductors and Devices	12,019,820	785,894		12,805,714	504,549	521,657		1,026,206	11,779,507
47	1850	Line Transformers	9,850,028	1,127,232		10,977,260	244,077	266,241		510,318	10,466,942
47	1855	Services	5,002,145	357,901		5,360,046	130,675	141,918		272,593	5,087,454
47	1860	Meters	4,610,062	52,944		4,663,006	410,973	417,441		828,414	3,834,592
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	0			0	0			0	0
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	0			0	0			0	0
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	0			0	0			0	0
10	1920	Computer Equipment - Hardware	1,361		1,361	(0)	1,361		1,361	0	(0)
12	1925	Computer Software	105,974		105,974	(0)	105,974		105,974	0	(0)
10	1930	Transportation Equipment	0			0	0			0	0
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	0			0	0			0	0
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premise	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	1,538,203	4,551		1,542,754	234,183	238,212		472,395	1,070,360
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(12,207,470)	(454,801)		(12,662,271)	(341,358)	(360,115)		(701,473)	(11,960,798)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**89,439,316**	**6,255,892**	**107,335**	**95,587,872**	**3,366,973**	**3,410,235**	**107,335**	**6,669,872**	**88,918,000**
WIP		Work in Process	0			0	0			0	0
	2070	Other Utility Plant - assets not in use	0			0					0
		Total after Work in Process	**89,439,316**	**6,255,892**	**107,335**	**95,587,872**	**3,366,973**	**3,410,235**	**107,335**	**6,669,872**	**88,918,000**
							Less: Fully Allocated Depreciation				
							Contributed Capital				
							Communication				
							Net Depreciation	3,410,235			

Table 4-45– Depreciation 2016

			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1706	Land Rights	602,307			602,307	0			0	602,307
N/A	1725	Poles and Fixtures	1,604,339			1,604,339	78,260	39,130		117,391	1,486,949
N/A	1730	Conductors	63,894			63,894	3,993	1,997		5,990	57,904
N/A	1735	UG Conduit	870,020			870,020	49,715	24,858		74,573	795,447
N/A	1740	UG Conductor	215,252			215,252	19,568	9,784		29,353	185,900
N/A	1805	Land	89,160			89,160	0			0	89,160
CEC	1806	Land Rights	166,619	7,064		173,683	0			0	173,683
47	1808	Buildings and Fixtures	24,936,353	82,630		25,018,983	1,353,815	680,892		2,034,707	22,984,276
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Prima	6,209,828	275,737		6,485,565	482,068	250,221		732,289	5,753,276
47	1820	Distribution Station Equipment - Normally Primar	9,922,834	276,939		10,199,773	767,745	411,336		1,179,081	9,020,692
47	1825	Storage Battery Equipment	13,722			13,722	1,307	653		1,960	11,762
47	1830	Poles, Towers and Fixtures	14,582,754	1,601,920		16,184,674	571,507	347,136		918,643	15,266,031
47	1835	Overhead Conductors and Devices	10,456,639	1,278,318		11,734,957	497,243	277,660		774,904	10,960,053
47	1840	Underground Conduit	3,167,642	377,141		3,544,783	436,197	228,373		664,570	2,880,212
47	1845	Underground Conductors and Devices	12,805,714	333,422		13,139,136	1,026,206	535,648		1,561,855	11,577,281
47	1850	Line Transformers	10,977,260	1,279,182		12,256,442	510,318	295,574		805,892	11,450,550
47	1855	Services	5,360,046	349,553		5,709,599	272,593	150,761		423,354	5,286,246
47	1860	Meters	4,663,006	83,653		4,746,659	828,414	421,994		1,250,408	3,496,251
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	0			0	0			0	0
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	0			0	0			0	0
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	0			0	0			0	0
10	1920	Computer Equipment - Hardware	(0)			(0)	0			0	(0)
12	1925	Computer Software	(0)			(0)	0			0	(0)
10	1930	Transportation Equipment	0			0	0			0	0
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	0			0	0			0	0
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premise	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	1,542,754	43,067		1,585,821	472,395	239,402		711,797	874,024
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(12,662,271)	(450,272)		(13,112,543)	(701,473)	(371,428)		(1,072,901)	(12,039,642)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**95,587,872**	**5,538,354**	**0**	**101,126,227**	**6,669,872**	**3,543,993**	**0**	**10,213,865**	**90,912,362**
WIP	2055	Work in Process	0			0	0			0	0
	2070	Other Utility Plant	0			0				0	0
		Total after Work in Process	**95,587,872**	**5,538,354**	**0**	**101,126,227**	**6,669,872**	**3,543,993**	**0**	**10,213,865**	**90,912,362**

Note: Opening balances in Cost and Accumulated Depreciation have been adjusted to agree to the opening balances in the General Ledger, which have been adjusted for IFRS purposes.

Less: Fully Allocated Depreciation	
Contributed Capital	
Communication	
Net Depreciation	3,543,993

Table 4-46– Depreciation 2017

			Cost				Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1706	Land Rights	602,307			602,307	0			0	602,307
N/A	1725	Poles and Fixtures	1,604,339			1,604,339	117,391	39,130		156,521	1,447,819
N/A	1730	Conductors	63,894			63,894	5,990	1,997		7,987	55,907
N/A	1735	UG Conduit	870,020			870,020	74,573	24,858		99,431	770,589
N/A	1740	UG Conductor	215,252			215,252	29,353	9,784		39,137	176,115
N/A	1805	Land	89,160			89,160	0			0	89,160
CEC	1806	Land Rights	173,683	2,446		176,129	0			0	176,129
47	1808	Buildings and Fixtures	25,018,983			25,018,983	2,034,707	682,544		2,717,251	22,301,732
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Prima	6,485,565	442,651		6,928,216	732,289	259,201		991,490	5,936,726
47	1820	Distribution Station Equipment - Normally Prima	10,199,773	636,897		10,836,670	1,179,081	422,759		1,601,840	9,234,830
47	1825	Storage Battery Equipment	13,722			13,722	1,960	653		2,614	11,108
47	1830	Poles, Towers and Fixtures	16,184,674	1,380,875		17,565,549	918,643	380,278		1,298,921	16,266,628
47	1835	Overhead Conductors and Devices	11,734,957	873,437		12,608,394	774,904	295,592		1,070,495	11,537,899
47	1840	Underground Conduit	3,544,783	262,089		3,806,872	664,570	234,765		899,335	2,907,536
47	1845	Underground Conductors and Devices	13,139,136	385,581		13,524,717	1,561,855	544,636		2,106,490	11,418,226
47	1850	Line Transformers	12,256,442	1,050,773		13,307,215	805,892	323,951		1,129,843	12,177,372
47	1855	Services	5,709,599	425,178		6,134,777	423,354	160,445		583,799	5,550,978
47	1860	Meters	4,746,659	213,868		4,960,527	1,250,408	431,912		1,682,320	3,278,207
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	0			0	0			0	0
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	0			0	0			0	0
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	0			0	0			0	0
10	1920	Computer Equipment - Hardware	(0)			(0)	0			0	(0)
12	1925	Computer Software	(0)			(0)	0			0	(0)
10	1930	Transportation Equipment	0			0	0			0	0
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	0			0	0			0	0
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premise	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	1,585,821	4,186		1,590,007	711,797	240,584		952,381	637,627
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(13,112,543)	(996,060)		(14,108,603)	(1,072,901)	(389,507)		(1,462,408)	(12,646,195)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**101,126,227**	**4,681,921**	**0**	**105,808,148**	**10,213,865**	**3,663,582**	**0**	**13,877,447**	**91,930,701**
	2070	Other utility plant	0			0					0
WIP	2055	Work in Process	0			0	0			0	0
		Total after Work in Process	**101,126,227**	**4,681,921**	**0**	**105,808,148**	**10,213,865**	**3,663,582**	**0**	**13,877,447**	**91,930,701**
							Less: Fully Allocated Depreciation				
							Contributed Capital				
							Communication				
							Net Depreciation	3,663,582			

Table 4-47– Depreciation 2018

			Cost				Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1706	Land Rights	602,307			602,307	0			0	602,307
N/A	1725	Poles and Fixtures	1,604,339			1,604,339	156,521	39,130		195,651	1,408,688
N/A	1730	Conductors	63,894			63,894	7,987	1,997		9,983	53,911
N/A	1735	UG Conduit	870,020			870,020	99,431	24,858		124,289	745,732
N/A	1740	UG Conductor	215,252			215,252	39,137	9,784		48,921	166,331
N/A	1805	Land	89,160			89,160	0			0	89,160
CEC	1806	Land Rights	176,129	1,621		177,750	0			0	177,750
47	1808	Buildings and Fixtures	25,018,983	63,099		25,082,082	2,717,251	683,596		3,400,847	21,681,235
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Prima	6,928,216	122,779		7,050,995	991,490	266,269		1,257,759	5,793,236
47	1820	Distribution Station Equipment - Normally Prima	10,836,670	526,035		11,362,705	1,601,840	437,296		2,039,136	9,323,569
47	1825	Storage Battery Equipment	13,722			13,722	2,614	653		3,267	10,455
47	1830	Poles, Towers and Fixtures	17,565,549	1,586,992		19,152,541	1,298,921	413,255		1,712,176	17,440,365
47	1835	Overhead Conductors and Devices	12,608,394	1,034,718		13,643,112	1,070,495	311,493		1,381,988	12,261,124
47	1840	Underground Conduit	3,806,872	214,630		4,021,502	899,335	239,532		1,138,868	2,882,634
47	1845	Underground Conductors and Devices	13,524,717	352,285		13,877,002	2,106,490	553,859		2,660,350	11,216,652
47	1850	Line Transformers	13,307,215	1,272,911		14,580,126	1,129,843	352,997		1,482,841	13,097,285
47	1855	Services	6,134,777	457,483		6,592,260	583,799	171,479		755,277	5,836,983
47	1860	Meters	4,960,527	146,036		5,106,563	1,682,320	443,908		2,126,228	2,980,335
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	0			0	0			0	0
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	0			0	0			0	0
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	0			0	0			0	0
10	1920	Computer Equipment - Hardware	(0)			(0)	0			0	(0)
12	1925	Computer Software	(0)			(0)	0			0	(0)
10	1930	Transportation Equipment	0			0	0			0	0
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	0			0	0			0	0
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premise	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	1,590,007	29,766		1,619,773	952,381	241,432		1,193,813	425,960
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(14,108,603)	(450,000)		(14,558,603)	(1,462,408)	(407,583)		(1,869,991)	(12,688,612)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**105,808,148**	**5,358,355**	**0**	**111,166,503**	**13,877,447**	**3,783,956**	**0**	**17,661,403**	**93,505,100**
	2070	Other utility plant	0			0					0
WIP	2055	Work in Process	0			0	0			0	0
		Total after Work in Process	**105,808,148**	**5,358,355**	**0**	**111,166,503**	**13,877,447**	**3,783,956**	**0**	**17,661,403**	**93,505,100**
							Less: Fully Allocated Depreciation				
			108,487,325				Contributed Capital				
							Communication				
							Net Depreciation	3,783,956			

Table 4-48– Depreciation and Amortization Variance Summary

OEB	Description	2013	2014	2015	2016	2017	2018
1706	Land Rights						
1725	Poles and Fixtures	(4,404)	(27,588)	0	0	0	0
1730	Conductors	(469)	(5,102)	0	0	0	0
1735	UG Conduit	(1,043)	(12,878)	0	0	0	0
1740	UG Conductor	(215)	2,001	0	0	0	0
1805	Land						
1806	Land Rights						
1808	Buildings and Fixtures	622,819	13,639	3,222	2,373	1,653	1,052
1810	Leasehold Improvements						
1815	Transformer Station Equipment - Normally Primary above 50 kV	6,541	25,678	8,976	4,699	8,980	7,068
1820	Distribution Station Equipment - Normally Primary below 50 kV	95,811	130,461	26,378	14,275	11,423	14,537
1825	Storage Battery Equipment	(0)	13	0	0	0	0
1830	Poles, Towers and Fixtures	51,509	(20,672)	45,959	38,403	33,142	32,976
1835	Overhead Conductors and Devices	12,753	70,772	17,591	20,243	17,931	15,901
1840	Underground Conduit	4,525	136,101	6,216	7,166	6,392	4,767
1845	Underground Conductors and Devices	25,584	77,048	17,108	13,991	8,988	9,223
1850	Line Transformers	16,263	(72,514)	22,165	29,333	28,377	29,046
1855	Services	5,272	37,132	11,243	8,843	9,684	11,033
1860	Meters	(1,159,752)	(17,620)	6,468	4,553	9,917	11,997
1865	Other Installations on Customer's Premises						
1905	Land						
1906	Land Rights						
1908	Buildings and Fixtures						
1910	Leasehold Improvements						
1915	Office Furniture and Equipment						
1920	Computer Equipment - Hardware	(5,408)	(766)	(1,361)	0	0	0
1925	Computer Software	(207,840)	1,377	(105,974)	0	0	0
1930	Transportation Equipment						
1935	Stores Equipment						
1940	Tools, Shop and Garage Equipment						
1945	Measurement and Testing Equipment						
1950	Power Operated Equipment						
1955	Communication Equipment						
1960	Miscellaneous Equipment						
1970	Load Management Controls - Customer Premises						
1975	Load Management Controls - Utility Premises						
1980	System Supervisory Equipment	8,089	29,263	4,029	1,190	1,181	849
1985	Sentinel Lighting Rentals						
1990	Other Tangible Property						
1995	Contributions and Grants	(34,407)	(24,814)	(18,757)	(11,313)	(18,079)	(18,076)
	Total	**(564,372)**	**341,532**	**43,262**	**133,758**	**119,590**	**120,373**

Overall the net depreciation difference on an account by account basis was below the materiality threshold.

2013 Account 1808 Buildings – increase in annual depreciation of $622,819 – new integrated office and service centre building in service for a full year

2013 Account 1860 Meters – decrease in annual depreciation of $1,159,752 – approved one time regulatory entry for smart meters occurred in 2012

2013 Account 1925 Computer Software – decrease in annual depreciation of $207,840 – approved one time regulatory entry for computer software associated with smart meters occurred in 2012

Asset Retirement Obligations ("AROs")

PUC Distribution has not recorded any Asset Retirement Obligations in fixed assets.

A detailed list of the asset service lives using Kinetrics study has been provided in Table 4-49 Appendix 2-BB.

Table 4-49 - Appendix 2-BB Service Life Comparison

Appendix 2-BB
Service Life Comparison
Table F-1 from Kinetics Report[1]

		Asset Details			Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
Parent*	#	Category| Component | Type			MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Poles, Towers and Fixtures	45	2%	45	2%	No	No
	1	Fully Dressed Wood Poles	Overall		35	45	75	1725	Poles, Towers and Fixtures	45		45			
	1	Fully Dressed Wood Poles	Cross Arm	Wood	20	40	55								
	1	Fully Dressed Wood Poles	Cross Arm	Steel	30	70	95								
	2	Fully Dressed Concrete Poles	Overall		50	60	80								
	2	Fully Dressed Concrete Poles	Cross Arm	Wood	20	40	55								
	2	Fully Dressed Concrete Poles	Cross Arm	Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall		60	60	80								
	3	Fully Dressed Steel Poles	Cross Arm	Wood	20	40	55								
	3	Fully Dressed Steel Poles	Cross Arm	Steel	30	70	95								
	4	OH Line Switch			30	45	55								
	4	OH Line Switch			30	45	55								
	5	OH Line Switch Motor			15	25	25								
	6	OH Line Switch RTU			15	20	20								
	7	OH Integral Switches			35	45	60								
	7	OH Integral Switches			35	45	60								
	8	OH Conductors			50	60	75	1835	Overhead Conductors and Devices	60	2%	60	2%	No	No
	8	OH Conductors			50	60	75	1730	Overhead Conductors and Devices	45		45			
	9	OH Transformers & Voltage Regulators			30	40	60	1850	Line Transformers	40	3%	40	3%	No	No
	10	OH Shunt Capacitor Banks			25	30	40								
	11	Reclosers			25	40	55								
	11	Reclosers			25	40	55	1730	Overhead Conductors and Devices	45	2%	45	2%	No	No
TS & MS	12	Power Transformers	Overall		30	45	60	1820	Distribution Station Equipment<50kV	40	3%	40	3%	No	No
	12	Power Transformers	Bushing		10	20	30								
	12	Power Transformers	Tap Changer		20	30	60								
	13	Station Service Transformer			30	45	55	1820	Distribution Station Equipment<50kV	40	3%	40	3%	No	No
	14	Station Grounding Transformer			30	40	40								
	15	Station DC System	Overall		10	20	30								
	15	Station DC System	Battery Bank		10	15	15								
	15	Station DC System	Charger		20	20	30								
	16	Station Metal Clad Switchgear	Overall		30	40	60	1820	Distribution Station Equipment<50kV	40	3%	40	3%	No	No
	16		Removable Breaker		25	40	60								
	17	Station Independent Breakers			35	45	65	1820	Distribution Station Equipment<50kV	40	3%	40	3%	No	No
	18	Station Switch			30	50	60	1820	Distribution Station Equipment<50kV	40	3%	40	3%	No	No
	19	Electromechanical Relays			25	35	50								
	20	Solid State Relays			10	30	45								
	21	Digital & Numeric Relays			15	20	20								
	22	Rigid Busbars			30	55	60								
	23	Steel Structure			35	50	90								
UG	24	Primary Paper Insulated Lead Covered (PILC) Cables			60	65	75								
	25	Primary Ethylene-Propylene Rubber (EPR) Cables			20	25	25								
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried			20	25	30								
	27	Primary Non-TR XLPE Cables in Duct			20	25	30								
	27	Primary Non-TR XLPE Cables in Duct			20	25	30	1740	Underground Conductors and Devices	25	4%	25	4%	No	No
	30	Secondary PILC Cables			70	75	80								
	30	Secondary PILC Cables			70	75	80								
	31	Secondary Cables Direct Buried			25	35	40	1845	Underground Conductors and Devices	40	3%	40	3%	No	No
	31	Secondary Cables Direct Buried			25	35	40	1740	Underground Conductors and Devices	25	4%	25	4%	No	No
	32	Secondary Cables in Duct			35	40	60	1845	Underground Conductors and Devices	40	3%	40	3%	No	No
	32	Secondary Cables in Duct			35	40	60								
	33	Network Tranformers	Overall		20	35	50								
	33	Network Tranformers	Protector		20	35	40								
	34	Pad-Mounted Transformers			25	40	45	1850	Line Transformers	40	3%	40	3%	No	No
	35	Submersible/Vault Transformers			25	35	45								
	36	UG Foundation			35	55	70	1840	Underground Conduit	50	2%	50	2%	No	No
	36	UG Foundation			35	55	70	1735	Underground Conduit	40	3%	40	3%	No	No
	37	UG Vaults	Overall		40	60	80								
	37	UG Vaults	Roof		20	30	45								
	38	UG Vault Switches			20	35	50								
	39	Pad-Mounted Switchgear			20	30	45	1845	Underground Conductors and Devices	40	3%	40	3%	No	No
	39	Pad-Mounted Switchgear			20	30	45	1740	Underground Conductors and Devices	25	4%	25	4%	No	No
	40	Ducts			30	50	85	1840	Underground Conduit	50	2%	50	2%	No	No
	40	Ducts			30	50	85	1735	Underground Conduit	40	3%	40	3%	No	No
	41	Concrete Encased Duct Banks			35	55	80								
	42	Cable Chambers			50	60	80								
S	43	Remote SCADA			15	20	30	1980	System Supervisory Equipment	20	5%	20	5%	No	No

Table F-2 from Kinetics Report[1]

	Asset Details		Useful Life Range		USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
#	Category| Component | Type						Years	Rate	Years	Rate	Below Min Range	Above Max Range
1	Office Equipment		5	15								
2	Vehicles	Trucks & Buckets	5	15								
2	Vehicles	Trailers	5	20								
2	Vehicles	Vans	5	10								
3	Administrative Buildings		50	75	1808	Buildings and Fixtures	50	2%	50	2%	No	No
4	Leasehold Improvements		Lease dependent									
5	Station Buildings	Station Buildings	50	75								
5	Station Buildings	Parking	25	30								
5	Station Buildings	Fence	25	60								
5	Station Buildings	Roof	20	30								
6	Computer Equipment	Hardware	3	5	1920	Computer Equipment-Hardware	5	20%	5	20%	No	No
6	Computer Equipment	Software	2	5	1925	Computer Software	5	20%	5	20%	No	No
7	Equipment	Power Operated	5	10								
7	Equipment	Stores	5	10								
7	Equipment	Tools, Shop, Garage Equipment	5	10								
7	Equipment	Measurement & Testing Equipment	5	10								
8	Communication	Towers	60	70								
8	Communication	Wireless	2	10								
9	Residential Energy Meters		25	35								
10	Industrial/Commercial Energy Meters		25	35								
11	Wholesale Energy Meters		15	30	1860	Meters	15	7%	15	7%	No	No
12	Current & Potential Transformer (CT & PT)		35	50								
13	Smart Meters		5	15	1860	Meters	15	7%	15	7%	No	No
14	Repeaters - Smart Metering		10	15	1860	Meters	15	7%	15	7%	No	No
15	Data Collectors - Smart Metering		15	20	1860	Meters	15	7%	15	7%	No	No

1

2.4.5 Taxes Or Payments In Lieu Of Taxes (Pils) And Property Taxes

PUC Distribution is subject to Payment in Lieu ("PILS") under Section 93 of the *Electricity Act, 1998*, as amended. PUC Distribution does not pay Section 89 proxy taxes, and is exempt from the payment of income and capital taxes under the *Income Tax Act* (Canada) and the *Ontario Corporations Tax Act*. A copy of the 2016 Federal T2 and Ontario C23 tax return has been provide in Appendix 8 to this Exhibit.

PUC Distribution confirms that the financial statements filed with its 2016 corporate income tax returns are the same as the 2016 audited financial statements filed with this application.

In accordance with the filing instructions, PUC Distribution has completed the Board's PILS Work Form and has filed this model in live excel format.

PILS for the 2018 Test Year

The 2018 Test Year's PILS have been calculated at $269,325. The details of the calculations are in the Income Tax/ PILS Work Form in Appendix 10.

The 2018 Test Year PILS have been determined by applying substantively enacted 2018 tax rates against Taxable Income. The 2018 Taxable Income amount has been determined by taking Utility Income before Taxes and applying Schedule 1 corporate tax adjustments to this number.

Utility Income Before Taxes

This is calculated based on the 2018 expected total revenues less the 2018 expected cost and expenses. The Utility income before taxes in 2018 is $3,585,733. The details of this calculation can be found in Exhibit 6, Table 6-1.

Tax Adjustments

Tax adjustments are made for both temporary and permanent differences and reserves. Significant temporary differences included are the differences between depreciation for accounting purposes versus capital cost allowance (CCA) for tax purposes.

The tax provision for the 2018 Test Year is detailed in Table 4-50 below as follows:

Table 4-50: PILS Tax Provision 2018 Test Year

PILs Tax Provision - Test Year

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				Wires Only	
Regulatory Taxable Income							T1	$ 1,016,321	A
Ontario (Max 11.5%)	11.5%	11.5%	$ 116,877	11.5%	B				
Federal (Max 15%)	15.0%	15.0%	$ 152,448	15.0%	C				
Combined effective tax rate (Max 26.5%)								26.50%	D = B + C
Total Income Taxes								$ 269,325	E = A * D
Investment Tax Credits									F
Miscellaneous Tax Credits									G
Total Tax Credits								$ -	H = F + G
Corporate PILs/Income Tax Provision for Test Year								$ 269,325	I = E - H
Corporate PILs/Income Tax Provision Gross Up [1]						73.50%	J = 1-D	$ 97,104	K = I/J-I
Income Tax (grossed-up)								$ 366,429	L = K + I

Expected 2018 Tax Rates

PUC Distribution used a combined income tax rate of 26.5% for the 2018 Test Year.

Tax Calculation

The following Table 4-51 presents the tax calculation for the 2018 Test Year.

Table 4-51: Tax Calculation 2018 Test Year

Taxable Income - Test Year

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	3,585,733
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		3,783,956
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Non-deductible meals and entertainment expense	121		
Total Additions			**3,783,956**
Deductions:			
Capital cost allowance from Schedule 8	403	T8	5,716,913
Total Deductions		calculated	**5,716,913**
NET INCOME FOR TAX PURPOSES		calculated	**1,652,776**
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	T4	636,455
Net-capital losses of preceding taxation years (Please show calculation)	332	T4	0
Limited partnership losses of preceding taxation years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	**1,016,321**

Tax Calculations and PILs

Capital Cost Allowance

Details of the Capital Cost Allowance continuity schedules for the 2017 Bridge Year and the 2018 Test Year are provided in Tables 4-52 and 4-53 below as follows:

Table 4-52 – CCA Continuity Schedule 2017

Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year
Distribution System - post 1987	H8	$ 44,009,981.00			$ 44,009,981	$ -	$ 44,009,981	4%	$ 1,760,399		$ 42,249,582
Non-residential Buildings Reg. 1100(1)(a.1) election	H8	$ 140,815.00			$ 140,815	$ -	$ 140,815	6%	$ 8,449		$ 132,366
Distribution System - pre 1988	H8				$ -	$ -	$ -	6%	$ -		$ -
General Office/Stores Equip	H8	$ 1,818,822.00			$ 1,818,822	$ -	$ 1,818,822	20%	$ 363,764		$ 1,455,058
Computer Hardware/ Vehicles	H8				$ -	$ -	$ -	30%	$ -		$ -
Certain Automobiles	H8				$ -	$ -	$ -	30%	$ -		$ -
Computer Software	H8				$ -	$ -	$ -	100%	$ -		$ -
Lease # 1	H8				$ -	$ -	$ -		$ -		$ -
Lease #2	H8				$ -	$ -	$ -		$ -		$ -
Lease # 3	H8				$ -	$ -	$ -		$ -		$ -
Lease # 4	H8				$ -	$ -	$ -		$ -		$ -
Franchise	H8				$ -	$ -	$ -		$ -		$ -
New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H8				$ -	$ -	$ -	8%	$ -		$ -
Fibre Optic Cable	H8				$ -	$ -	$ -	12%	$ -		$ -
Certain Energy-Efficient Electrical Generating Equipment	H8				$ -	$ -	$ -	30%	$ -		$ -
Certain Clean Energy Generation Equipment	H8				$ -	$ -	$ -	50%	$ -		$ -
Computers & Systems Software acq'd post Mar 22/04	H8				$ -	$ -	$ -	45%	$ -		$ -
Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8				$ -	$ -	$ -	30%	$ -		$ -
Distribution System - post February 2005	H8	$ 40,643,530.00	$ 4,679,475		$ 45,323,005	$ 2,339,738	$ 42,983,268	8%	$ 3,438,661		$ 41,884,344
Data Network Infrastructure Equipment - post Mar 2007	H8				$ -	$ -	$ -	55%	$ -		$ -
Computer Hardware and system software	H8				$ -	$ -	$ -	100%	$ -		$ -
CWIP	H8				$ -	$ -	$ -	0%	$ -		$ -
Eligible Capital Property (acq'd pre Jan 1, 2017)[1]	H10	$ 2,503,211.25			$ 2,503,211	$ -	$ 2,503,211	7%	$ 175,225		$ 2,327,986
Eligible Capital Property (acq'd post Jan 1, 2017)[1]		$ -			$ -	$ -	$ -	5%	$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
					$ -	$ -	$ -		$ -		$ -
TOTAL		$ 89,116,359	$ 4,679,475	$ -	$ 93,795,834	$ 2,339,738	$ 91,456,097		$ 5,746,499	B1	$ 88,049,336

Table 4-53 – CCA Continuity Schedule 2018

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	B8	$ 42,249,582			$ 42,249,582	$ -	$ 42,249,582	4%	$ 1,689,983		$ 40,559,598
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	$ 132,366			$ 132,366	$ -	$ 132,366	6%	$ 7,942		$ 124,424
2	Distribution System - pre 1988	B8	$ -			$ -	$ -	$ -	6%	$ -		$ -
8	General Office/Stores Equip	B8	$ 1,455,058			$ 1,455,058	$ -	$ 1,455,058	20%	$ 291,012		$ 1,164,046
10	Computer Hardware/ Vehicles	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
10.1	Certain Automobiles	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
12	Computer Software	B8	$ -			$ -	$ -	$ -	100%	$ -		$ -
13 1	Lease # 1	B8	$ -			$ -	$ -	$ -		$ -		$ -
13 2	Lease #2	B8	$ -			$ -	$ -	$ -		$ -		$ -
13 3	Lease # 3	B8	$ -			$ -	$ -	$ -		$ -		$ -
13 4	Lease # 4	B8	$ -			$ -	$ -	$ -		$ -		$ -
14	Franchise	B8	$ -			$ -	$ -	$ -		$ -		$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than I	B8	$ -			$ -	$ -	$ -	8%	$ -		$ -
42	Fibre Optic Cable	B8	$ -			$ -	$ -	$ -	12%	$ -		$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
43.2	Certain Clean Energy Generation Equipment	B8	$ -			$ -	$ -	$ -	50%	$ -		$ -
45	Computers & Systems Software acq'd post Mar 22/04	B8	$ -			$ -	$ -	$ -	45%	$ -		$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
47	Distribution System - post February 2005	B8	$ 41,884,344	5,356,734		$ 47,241,078	$ 2,678,367	$ 44,562,711	8%	$ 3,565,017		$ 43,676,061
50	Data Network Infrastructure Equipment - post Mar 2007	B8	$ -			$ -	$ -	$ -	55%	$ -		$ -
52	Computer Hardware and system software	B8	$ -			$ -	$ -	$ -	100%	$ -		$ -
95	CWIP	B8	$ -			$ -	$ -	$ -	0%	$ -		$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)1	B8	$ 2,327,986			$ 2,327,986	$ -	$ 2,327,986	7%	$ 162,959		$ 2,165,027
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)1	B8	$ -			$ -	$ -	$ -	5%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
	TOTAL		$ 88,049,336	$ 5,356,734	$ -	$ 93,406,070	$ 2,678,367	$ 90,727,703		$ 5,716,913	T1	$ 87,689,157

A reconciliation between PUC Distribution's December 31, 2016 Undepreciatd Capital Cost ("UCC") balance per the filed tax return and the balance used for the opening UCC balance for the 2017 Bridge Year is provided in Table 4-54 below as follows:

Tabl4-54: Reconciliation of the 2016 UCC Balance

Description	Class Number	December 31, 2016 UCC Balance per S(8)	Opening UCC Balance for 2017 Bridge Year
Distribution System - 1988-Feb 22, 2005	1	$ 23,100,100	$ 44,009,981
New Building	1	$ 20,909,881	$ -
New Building Additions	1b	$ 140,815	$ 140,815
Smart Meters	8	$ 1,818,822	$ 1,818,822
Distribution System - post Feb 22, 2005	47	$ 40,643,530	$ 40,643,530
Total		**$ 86,613,148**	**$ 86,613,148**

Loss Carry Forwards

At the end of 2017, PUC Distribution had projected a loss carry forward of $3,182,275. As noted above in Table 4-55: Tax Calculation 2018 Test Year, PUC Distribution has amortized the $3,182,275 over 5 years beginning in 2018 deducting $636,455 from the 2018 Net Income for Tax Purposes.

Table 4-55 – Corporate Tax Rates

Corporate Tax Rates

Corporate Tax Rates for Tax Year:	2017 Bridge	2018 Test
Federal Income Tax	11.50%	11.50%
Ontario Income Tax	15.00%	15.00%
Combined Income Tax	26.50%	26.50%

Calculation of Tax Credits

PUC Distribution did not include any tax credits, other additions or other deductions in its 2018 Test Year.

Integrity Checks

PUC Distribution confirms the following in Table 4-56: Integrity Checks below:

Table 4-56: Integrity Checks

	Item	Utility Confirmation (Y/N)
1	The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application	Y
2	The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y
3	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non- distribution tax amounts on Schedule 8.	Y
4	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the UCC schedules for the same years filed in the application	Y
5	Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application	Y
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	Y
7	CCA is maximized even if there are tax loss carry-forwards	Y
8	Accounting OPEB and pension amounts added back on Schedule 1 to reconcile accounting income to net income for tax purposes, must agree with the OM&A analysis for compensation. The amounts deducted must be reasonable when compared with the notes in the audited financial statements, FSCO reports, and the actuarial valuations.	N/A
9	The income tax rate used to calculate the tax expense must be consistent with the utility's actual tax facts and evidence filed in the application.	Y

Property Taxes

PUC Distribution pays property taxes to the Corporation of the City of Sault Ste. Marie (the City). In addition, PUC Distribution makes annual payments to Ontario Electricity Financial Corporation ("OEFC") for Payment in Lieu of Property Taxes. Property taxes are billed by the City and calculated using MPAC property values and tax assessment rates. PUC Distribution has been including property taxes paid to the City of Sault Ste. Marie in operating accounts 4815, 5012 and 5675. Commencing in 2017, PUC Distribution will be recording the expenses previously charged to account 5675 – Maintenance of General Plant into account 6105 – Taxes Other Than Income Taxes. Table 4-53 – Total Taxes, Other than Income Table 4-57 below shows the continuity of total property taxes for all years up to and including the Test Year

Table 4-57 – Total Taxes, Other than Income

	2013	2014	2015	2016	2017	2018
Total Property Taxes	$404,463	$382,868	$391,708	$391,755	$385,742	$397,617

2.4.5.1. Non-Recoverable and Disallowed Expenses

PUC Distribution does not have any expenses that are deducted for general tax purposes but for which recovery in 2018 distribution rates would be disallowed.

2.4.6 Conservation and Demand Management ("CDM") Costs

2.4.6.1. Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")

Background

In 2008, the Ontario Energy Board released its *Guidelines for Electricity Distributor Conservation and Demand Management* (EB-2008-0037) that included a provision for distributors to recover revenues lost as a result of Conservation and Demand Management (CDM) initiatives through a "Lost Revenue Adjustment Mechanism" or LRAM. The Guidelines described how the LRAM would be calculated, tracking in accounting systems and disposed of.

On March 31, 2010 the Minister of Energy and Infrastructure issued a Directive to the Ontario Energy Board setting out a framework for conservation and demand management (CDM) initiatives in the 2011 to 2014 period. As part of that Directive, the Minister instructed that "the Board should have regard to the objective that lost revenues that result from CDM programs should not act as a disincentive to a distributor."

To address this and other requirements of the Minister's directive, the OEB released updated *Guidelines for Electricity Distributor Conservation and Demand Management* (EB-2012-003; 26 April 2012) that set out rules for a Lost Revenue Adjustment Mechanism Variance

Account (LRAMVA) that took into account CDM initiatives that were captured in the load forecast and rates.

The OEB established Account 1568 as the LRAMVA to capture the difference between the OEB-approved CDM forecast and actual results at the customer rate class level.

On May 19, 2016, the OEB issued the Report of the OEB: Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs (the LRAMVA Report). The OEB updated its policy on how peak demand savings from energy efficiency and demand response programs should be treated for LRAMVA purposes.

CDM in the PUC load forecast

PUC Distribution made an estimate of CDM savings and built this into its load forecast as part of its 2013 cost of service rate application, and prepared a table showing the "LRAMVA Threshold", against which lost revenues from CDM should be prepared. That table was part of the Settlement Agreement, which is appended to the Board decision (EB-2012-0162, Table 7 and p. 20 of the Settlement Agreement). The LRAMVA Threshold is based on estimated CDM savings in 2011, 2012 and 2013.

PUC CDM initiatives

PUC Distribution contracted with the Ontario Power Authority (OPA, which has now been merged into the Independent Electricity System Operator – IESO) to offer a suite of CDM programs to customers in a variety of rate classes for the 2011-2014 period and subsequently with the IESO for the 2015-2020 period. The final 2016 annual verified results report is the most recent final CDM evaluation report available from the IESO. That report shows energy savings, peak demand reductions and persistence of these for 2015 and 2016 programs. The spreadsheet has been uploaded to the RESS portal as:

- "Final-Verified-2016-Annual-LDC-CDM-Program-Results-Resport-PUC-Distribution-Inc-20170630.xlsx"

IESO had previously provided a similar report on PUC Distribution's program initiatives for 2011 through 2014, as well as separate reports showing persistence of these savings for 2011-2013 and for 2014. All three spreadsheets have been uploaded to the RESS portal as follows:

- "2011-2014 Final Results Report_HCPUC Distribution Inc..xlsx"
- "PUC Persistence 2011-2013.xlsx"
- "PUC 2014 Persistence June 15-2006.xlsx"

PUC Distribution relied primarily on these reports for determining the verified savings. These reports are based on the most recent input assumptions available at the time of the evaluation. The exception where these reports do not provide an adequate basis for calculating lost revenues is for PUC Distribution's street lighting project. Street lights are billed by kW, but savings for street lighting do not affect peak demand, which is what is reported by the IESO. For this project, PUC Distribution relied on actual changes in billing attributable to the program. Net to gross factors for those specific projects were taken from the IESO verified results. Calculations of this are shown on Tab 8 of the OEB LRAMVA work form which has been uploaded to the RESS Portal:

- "PUC 2016 OEB LRAM Workform.xlsb"

Calculation of LRAMVA

PUC Distribution disposed of lost revenues from 2011–2012 CDM programs in 2011–2012 in PUC Distribution's 2013 and 2014 rate cases. The LRAMVA Threshold estimated from 2011–2013 CDM programs in 2013 is compared to the calculated lost revenue from verified final CDM results. The difference between these two is the LRAMVA value PUC Distribution is claiming for 2013 – 2016. Disposition is being requested for the following revenue losses:

- Lost revenues in 2013 related to programs offered in 2011,
- Lost revenues in 2013 related to programs offered in 2012,
- Lost revenues in 2013 related to programs offered in 2013,
- Lost revenues in 2014 related to programs offered in 2011,
- Lost revenues in 2014 related to programs offered in 2012,
- Lost revenues in 2014 related to programs offered in 2013,
- Lost revenues in 2014 related to programs offered in 2014.
- Lost revenues in 2015 related to programs offered in 2011,
- Lost revenues in 2015 related to programs offered in 2012,
- Lost revenues in 2015 related to programs offered in 2013,
- Lost revenues in 2015 related to programs offered in 2014,
- Lost revenues in 2015 related to programs offered in 2015,
- Lost revenues in 2016 related to programs offered in 2011,
- Lost revenues in 2016 related to programs offered in 2012,
- Lost revenues in 2016 related to programs offered in 2013,
- Lost revenues in 2016 related to programs offered in 2014,
- Lost revenues in 2016 related to programs offered in 2015, and
- Lost revenues in 2016 related to programs offered in 2016.

Details of the calculation of the LRAMVA balance are presented in the third party report prepared by IndEco Strategic Consulting Inc., *PUC Distribution Inc. 2013-2016 LRAMVA* (attached in Appendix 7) and in the OEB LRAMVA work form. Of note is that savings were allocated to rate classes based on project specific results, and carrying charges were calculated using OEB approved interest rates. Interest rates from the present to April 2018 were assumed to remain constant.

Table 4-58 summarizes the LRAMVA amounts by customer class.

Table 4-58 LRAMVA by Customer Class

Customer Class	Billing Unit	Principal ($)	Carrying Charges ($)	Total LRAMVA ($)
Residential	kWh	$67,238	$188	$67,426
GS<50 kW	kWh	$255,590	$9,166	$264,755
GS 50 to 4,999 kW	kW	$82,129	$2,509	$84,638
Unmetered Scattered Load	kWh	-$1,397	-$53	-$1,450
Sentinel Lighting	kW	-$1,051	-$40	-$1,091
Street Lighting	kW	$60,586	$812	$61,398
Total		**$463,095**	**$12,582**	**$475,677**

PUC Distribution proposes to recover these amounts over one year. Table 4-59 below presents the proposed LRAMVA rate riders as calculated in the 2018 COS Rate Generation Model for PUC Distribution customers.

Table 4-59 - Proposed LRAMVA rate riders PUC

Customer class	Billing determinant	LRAMVA amount	Forecast load	Proposed rate rider
Residential	kWh	$67,426		$0.0000
GS<50 kW	kWh	$264,755		$0.0000
GS 50 to 4,999 kW	kW	$84,638		$0.0000
Unmetered scattered load	kWh	-$1,450		$0.0000
Sentinel lighting	kW	-$1,091		$0.0000
Street lighting	kW	$61,398		$0.0000

APPENDIX 1

App. 2-JA OMA Summary Analysis

Appendix 2-JA
Summary of Recoverable OM&A Expenses

	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	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	$ 3,560,312	$ 3,667,835	$ 3,558,777	$ 3,702,949	$ 3,771,352	$ 3,752,937	$ 4,026,057
Maintenance	$ 1,978,405	$ 2,324,284	$ 2,214,631	$ 2,274,649	$ 2,206,518	$ 2,103,645	$ 2,186,573
SubTotal	**$ 5,538,717**	**$ 5,992,119**	**$ 5,773,408**	**$ 5,977,598**	**$ 5,977,870**	**$ 5,856,582**	**$ 6,212,629**
%Change (year over year)			-3.6%	3.5%	0.0%	-2.0%	6.1%
%Change (Test Year vs Last Rebasing Year - Actual)							3.7%
Billing and Collecting	$ 1,163,141	$ 1,274,108	$ 1,373,301	$ 1,417,758	$ 1,572,173	$ 1,618,876	$ 1,575,376
Community Relations	$ 544,548	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800
Administrative and General	$ 2,706,539	$ 4,438,267	$ 3,332,931	$ 3,211,923	$ 3,188,235	$ 3,378,987	$ 3,549,028
SubTotal	**$ 4,414,229**	**$ 6,213,766**	**$ 5,263,933**	**$ 5,300,225**	**$ 5,387,065**	**$ 5,739,658**	**$ 5,743,204**
%Change (year over year)			-15.3%	0.7%	1.6%	6.5%	0.1%
%Change (Test Year vs Last Rebasing Year - Actual)							-7.6%
Total	**$ 9,952,946**	**$ 12,205,885**	**$ 11,037,341**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,833**
%Change (year over year)			-9.6%	2.2%	0.8%	2.0%	3.1%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Operations	$ 3,560,312	$ 3,667,835	$ 3,558,777	$ 3,702,949	$ 3,771,352	$ 3,752,937	$ 4,026,057
Maintenance	$ 1,978,405	$ 2,324,284	$ 2,214,631	$ 2,274,649	$ 2,206,518	$ 2,103,645	$ 2,186,573
Billing and Collecting	$ 1,163,141	$ 1,274,108	$ 1,373,301	$ 1,417,758	$ 1,572,173	$ 1,618,876	$ 1,575,376
Community Relations	$ 544,548	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800
Administrative and General	$ 2,706,539	$ 4,438,267	$ 3,332,931	$ 3,211,923	$ 3,188,235	$ 3,378,987	$ 3,549,028
Total	**$ 9,952,946**	**$ 12,205,885**	**$ 11,037,341**	**$ 11,277,823**	**$ 11,364,935**	**$ 11,596,240**	**$ 11,955,833**
%Change (year over year)			-9.6%	2.2%	0.8%	2.0%	3.1%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	Variance 2013 Board-approved – 2013 Actuals	2014 Actuals	Variance 2014 vs. 2013 Actuals	2015 Actuals	Variance 2015 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
Operations	$ 3,560,312	$ 3,667,835	$ 107,523	$ 3,558,777	-$ 109,058	$ 3,702,949	$ 144,172	$ 3,771,352	$ 68,403	$ 3,752,937	-$ 18,415	$ 4,026,057	$ 273,120
Maintenance	$ 1,978,405	$ 2,324,284	$ 345,879	$ 2,214,631	-$ 109,653	$ 2,274,649	$ 60,018	$ 2,206,518	-$ 68,131	$ 2,103,645	-$ 102,873	$ 2,186,573	$ 82,927
Billing and Collecting	$ 1,163,141	$ 1,274,108	$ 110,967	$ 1,373,301	$ 99,193	$ 1,417,758	$ 44,457	$ 1,572,173	$ 154,415	$ 1,618,876	$ 46,703	$ 1,575,376	-$ 43,500
Community Relations	$ 544,548	$ 501,391	-$ 43,157	$ 557,701	$ 56,310	$ 670,544	$ 112,843	$ 626,657	-$ 43,887	$ 741,795	$ 115,138	$ 618,800	-$ 122,995
Administrative and General	$ 2,706,539	$ 4,438,267	$ 1,731,728	$ 3,332,931	-$ 1,105,336	$ 3,211,923	-$ 121,008	$ 3,188,235	-$ 23,688	$ 3,378,987	$ 190,752	$ 3,549,028	$ 170,041
Total OM&A Expenses	$ 9,952,946	$ 12,205,885	$ 2,252,939	$ 11,037,341	-$ 1,168,544	$ 11,277,823	$ 240,482	$ 11,364,935	$ 87,112	$ 11,596,240	$ 231,305	$ 11,955,833	$ 359,593
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)													
Total Recoverable OM&A Expenses	$ 9,952,946	$ 12,205,885	$ 2,252,939	$ 11,037,341	-$ 1,168,544	$ 11,277,823	$ 240,482	$ 11,364,935	$ 87,112	$ 11,596,240	$ 231,305	$ 11,955,833	$ 359,593
Variance from previous year				-$ 1,168,544		$ 240,482		$ 87,112		$ 231,305		$ 359,593	
Percent change (year over year)				-10%		2%		1%		2%		3%	
Percent Change: Test year vs. Most Current Actual								5.20%					
Simple average of % variance for all years								-2.05%					2%
Compound Annual Growth Rate for all years													-0.4%
Compound Growth Rate (2016 Actuals vs. 2013 Actuals)								-2.35%					

APPENDIX 2

App. 2-JB OMA Cost Drivers

Appendix 2-JB
Recoverable OM&A Cost Driver Table[1, 3]

OM&A	Last Rebasing Year (2013 Actuals)	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance[2]	$ 9,952,946	$ 11,037,340	$ 11,277,823	$ 11,364,937	$ 11,596,241
Salaries, Wages & Benefits	$416,110	$373,054	$50,665	($56,405)	$339,235
Administrative	($55,701)	$46,586	$24,712	($29,985)	($5,205)
Training	($18,740)	($1,855)	($50,130)	$67,417	$6,395
Material	$34,342	($84,896)	$93,964	($84,619)	$0
Trucking/Equipment	$24,429	$400	$28,557	$25,389	($0)
Bad Debt Expense	$74,345	$53,146	$207,209	($41,704)	($87,473)
Community Relations	($54,077)	$34,152	($41,472)	$104,316	($11,547)
Building	$1,486,260	($126,779)	($21,395)	$41,352	$42,331
Insurance	$47,521	$4,114	($5,801)	($62,932)	($0)
Property Taxes	$3,241	$4,906	$4,858	$4,651	$1,022
Outside Services	$232,027	($40,144)	($126,376)	$99,127	$9,834
Postage	($14,738)	($2,687)	($27,132)	$44,320	$0
Professional Fees	$77,491	$19,009	($55,553)	$71,996	$60,000
Memberships, Licenses, Fees	$7,341	($2,829)	$466	($6,361)	$0
Computers	($28,417)	($38,616)	$39,283	$20,348	$0
Telephone/Fibre	$25,645	$7,503	($30,335)	$26,149	$0
Income Tax	($4,141)	($4,581)	($4,404)	$8,245	$5,000
Closing Balance[2]	$ 12,205,886	$ 11,277,823	$ 11,364,937	$ 11,596,241	$ 11,955,833

APPENDIX 3

App. 2-JC OMA Programs

Appendix 2-JC
OM&A Programs Table

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-
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations									
Overhead Lines	$ 891,022	$ 886,027	$ 999,996	$ 833,710	$ 913,151	$ 977,516	$ 970,784	57,634	79,762
Underground Lines	$ 99,541	$ 103,879	$ 204,384	$ 194,355	$ 183,526	$ 157,706	$ 204,473	20,946	104,931
Operations Supervisory	$ 575,828	$ 677,616	$ 607,190	$ 661,003	$ 622,028	$ 649,055	$ 646,625	24,597	70,797
Load Dispatching	$ 255,221	$ 269,912	$ 252,338	$ 223,194	$ 232,038	$ 199,331	$ 214,485	-17,553	-40,736
Stations	$ 848,217	$ 905,156	$ 741,856	$ 747,612	$ 733,615	$ 798,954	$ 930,301	196,686	82,084
Transformers	$ 14,242	$ 8,202	$ 1,013	$ 3,984	$ 15,664	$ 17,276	$ 9,257	-6,408	-4,986
Meters	$ 423,008	$ 369,650	$ 319,706	$ 485,787	$ 550,630	$ 497,223	$ 584,371	33,742	161,364
Transmission	$ 1,136	$ 43,834	$ 38,620	$ 40,955	$ 50,381	$ 82,221	$ 83,563	33,182	82,427
Miscellaneous Operating	$ 452,096	$ 403,559	$ 397,481	$ 512,349	$ 470,320	$ 373,656	$ 382,197	-88,122	-69,899
Sub-Total	3,560,312	3,667,836	3,562,584	3,702,949	3,771,353	3,752,937	4,026,057	254,704	465,744
Maintenance									
Overhead Lines	$ 1,332,909	$ 1,688,546	$ 1,576,853	$ 1,288,038	$ 1,371,983	$ 1,343,956	$ 1,367,903	-4,080	34,994
Underground Lines	$ 258,634	$ 344,540	$ 306,555	$ 342,920	$ 360,487	$ 297,419	$ 304,847	-55,640	46,213
Stations	$ 265,799	$ 190,299	$ 243,581	$ 350,955	$ 345,773	$ 348,351	$ 339,888	-5,885	74,088
Transformers	$ 46,920	$ 22,017	$ 27,815	$ 211,054	$ 71,121	$ 32,374	$ 121,563	50,442	74,643
Meters	$ 74,143	$ 78,882	$ 56,018	$ 81,682	$ 57,154	$ 81,546	$ 52,372	-4,782	-21,770
Sub-Total	1,978,405	2,324,284	2,210,823	2,274,649	2,206,518	2,103,645	2,186,573	-19,946	208,168
Customer Service									
Bad Debt Expense	$ 107,680	$ 182,025	$ 127,593	$ 181,321	$ 378,852	$ 350,000	$ 261,613	-117,239	153,933
Customer Billing	$ 757,150	$ 811,476	$ 966,425	$ 888,033	$ 851,360	$ 914,837	$ 962,453	111,093	205,303
Customer Collections	$ 298,311	$ 280,607	$ 279,283	$ 348,403	$ 341,961	$ 354,038	$ 351,309	9,348	52,998
Community Relations	$ 544,548	$ 501,391	$ 557,701	$ 670,544	$ 626,657	$ 741,795	$ 618,800	-7,858	74,251
								0	0
Sub-Total	1,707,690	1,775,499	1,931,002	2,088,302	2,198,830	2,360,671	2,194,175	-4,655	486,486
Administration									
Income Tax	$ 50,202	$ 46,062	$ 40,740	$ 36,160	$ 31,755	$ 40,000	$ 45,000	13,245	-5,202
Insurance	$ 61,588	$ 147,363	$ 198,627	$ 205,612	$ 198,796	$ 131,136	$ 127,642	-71,154	66,054
LEAP	$ 19,054	$ 19,873	$ 22,610	$ 22,926	$ 23,270	$ 24,000	$ 24,000	730	4,946
Audit, Legal & Consulting	$ 116,025	$ 134,157	$ 230,840	$ 227,542	$ 139,566	$ 255,252	$ 209,185	69,619	93,160
Regulatory Affairs	$ 206,943	$ 297,503	$ 121,885	$ 149,856	$ 246,739	$ 350,292	$ 405,761	159,021	198,818
Building	$ 512,532	$ 2,005,468	$ 823,330	$ 653,778	$ 699,549	$ 653,602	$ 741,040	41,490	228,508
Administrative	$ 1,740,196	$ 1,787,842	$ 1,894,898	$ 1,916,048	$ 1,848,560	$ 1,924,705	$ 1,996,402	147,842	256,206
Sub-Total	2,706,539	4,438,267	3,332,931	3,211,923	3,188,235	3,378,987	3,549,028	360,793	842,489
Miscellaneous								0	0
Total	**9,952,946**	**12,205,886**	**11,037,340**	**11,277,823**	**11,364,937**	**11,596,241**	**11,955,833**	**590,896**	**2,002,887**

APPENDIX 4

App. 2-K Employee Costs

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)[1]							
Management (including executive)	19.42	18.35	18.58	18.15	19.75	20.19	19.10
Non-Management (union and non-union)	67.57	69.27	69.64	66.47	65.17	65.51	65.05
Total	86.99	87.61	88.22	84.63	84.91	85.70	84.16
Total Salary and Wages including ovetime and incentive pay							
Management (including executive)	$ 1,917,059	$ 1,980,372	$ 2,072,404	$ 1,999,948	$ 2,164,199	$ 2,264,896	$ 2,219,285
Non-Management (union and non-union)	$ 4,130,942	$ 5,239,956	$ 5,556,363	$ 5,181,452	$ 5,102,891	$ 5,321,163	$ 5,475,807
Total	$ 6,048,001	$ 7,220,328	$ 7,628,767	$ 7,181,400	$ 7,267,090	$ 7,586,059	$ 7,695,092
Total Benefits (Current + Accrued) [2]							
Management (including executive)	$ 429,613	$ 396,127	$ 475,333	$ 513,666	$ 585,139	$ 572,644	$ 562,869
Non-Management (union and non-union)	$ 1,617,450	$ 1,393,211	$ 1,414,264	$ 1,386,930	$ 1,401,771	$ 1,455,969	$ 1,445,296
Total	$ 2,047,063	$ 1,789,338	$ 1,889,597	$ 1,900,596	$ 1,986,910	$ 2,028,613	$ 2,008,164
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ 2,346,672	$ 2,376,499	$ 2,547,737	$ 2,513,614	$ 2,749,338	$ 2,837,540	$ 2,782,154
Non-Management (union and non-union)	$ 5,748,392	$ 6,633,167	$ 6,970,627	$ 6,568,382	$ 6,504,662	$ 6,777,132	$ 6,921,103
Total	$ 8,095,064	$ 9,009,666	$ 9,518,364	$ 9,081,996	$ 9,254,000	$ 9,614,672	$ 9,703,257

APPENDIX 5

App. 2-L Per Customer and Per FTE

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE [1]

	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	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs							
O&M	$ 5,538,717	$ 5,992,119	$ 5,773,408	$ 5,977,598	$ 5,977,870	$ 5,856,582	$ 6,212,629
Admin Expenses	$ 4,414,229	$ 6,213,766	$ 5,263,933	$ 5,300,225	$ 5,387,065	$ 5,739,658	$ 5,743,204
Total Recoverable OM&A from Appendix 2-JB [5]	$ 9,952,946	$ 12,205,885	$ 11,037,341	$ 11,277,823	$ 11,364,935	$ 11,596,240	$ 11,955,833
Number of Customers [2,4]	33,071	33,351	33,348	33,370	33,395	33,490	33,585
Number of FTEs [3,4]	87	88	88	85	85	86	84
Customers/FTEs	380.17	380.66	378.02	394.33	393.28	390.78	399.08
OM&A cost per customer							
O&M per customer	167.48	179.67	173.13	179.13	179.00	174.88	184.98
Admin per customer	133.48	186.31	157.85	158.83	161.31	171.38	171.01
Total OM&A per customer	300.96	365.98	330.97	337.96	340.32	346.26	355.99
OM&A cost per FTE							
O&M per FTE	63,670.73	68,391.96	65,445.85	70,635.85	70,398.38	68,338.45	73,822.34
Admin per FTE	50,744.10	70,921.76	59,670.57	62,631.50	63,440.77	66,974.10	68,244.33
Total OM&A per FTE	114,414.83	139,313.71	125,116.42	133,267.35	133,839.15	135,312.56	142,066.67

APPENDIX 6

Corporate Purchasing Policy

1.0 Purpose

The Board of Directors of PUC Inc., PUC Services Inc., PUC Distribution Inc. and the Public Utilities Commission (collectively PUC) have the ultimate authority for all expenditures. The Boards delegate this authority to the Chief Executive Officer (CEO) through approved budgets or specific resolutions. This policy specifies the purchasing practices to be followed by all employees of PUC Services Inc. with respect to the procurement of goods and services for the operation of PUC.

2.0 Scope

This policy applies to all departments of PUC.

3.0 Goals of the Purchasing Policy

1) To purchase for PUC, required goods and services and to dispose of unusable, obsolete, worn out or scrapped goods in accordance with PUC's policies and procedures.
2) To ensure fair, open, transparent and accountable competitive processes are followed in the acquisition of goods and services from suppliers.
3) To maintain the confidentiality of supplier information.
4) To ensure compliance with all applicable laws and regulations (Ontario Disabilities Act, Discriminatory Business Practices Act, Occupational Health & Safety Act, etc.).
5) Where practical, to promote standardization, partnership arrangements, joint purchases, and avoid unnecessarily restrictive specifications.
6) As required, to provide goods and services to all user departments in the most expedient and economical manner, considering lifecycle cost, consistent with an ethical purchasing philosophy.
7) To achieve harmonious, productive, working relationships with all departments or functions within PUC. The purchasing activities cannot be effectively accomplished solely by the efforts of the Purchasing Department. Collaboration with other departments and individuals within PUC is vital to the success of the business.
8) To maintain adequate quality standards set in conjunction with user departments on materials and services in order to meet or exceed our customers' requirements.
9) To promote reduction in the amount of waste requiring disposal through the purchase of environmentally responsible goods and services.
10) To promote the procurement of all goods and services from reputable and ethical vendors. The success of PUC depends on its skill in locating and/or developing vendors, analyzing vendor capabilities, and then selecting the appropriate vendor. Only if the final selection results in vendors who are both responsible and reliable will PUC obtain the items it needs at the lowest overall cost.
11) To maintain inventories at levels capable of sustaining operations without committing PUC to undue financial investments.
12) To enable local enterprises to compete successfully for PUC contracts.

4.0 Code of Conduct

In accordance with PUC's Code of Conduct employees involved in the purchasing process may not accept gifts from vendors. Nominal promotional items such as pens, calendars, t-shirts, ball caps, etc. are excluded from this ban.

In addition the procurement process should follow the principles advocated by the Supply Chain Management Association of Canada.

For greater clarity, if an employee has any pecuniary interest in relation to any purchase of goods or services, the employee shall immediately disclose the interest to their supervisor and shall not take part in the purchasing decision or in any way influence the purchasing decision.

5.0 Social Procurement Philosophy

PUC is committed to receiving the "best value" for its money, i.e., to purchase the best services and products at the most competitive price. In order to leverage its resources to advance the community in which its customers live, PUC considers "best value" to include the generation of positive social benefits in addition to high quality and competitive price. PUC strives to enable local entities to compete for PUC contracts, increase opportunities for local entities to be successful bidders and to work with out-of-town suppliers to maximize the utilization of local resources.

6.0 Health & Safety

1) All purchases must comply with all applicable health & safety standards, codes, regulations and organizational specifications.

2) All suppliers of "controlled products" as defined by the Workplace Hazardous Materials Information System (WHIMIS) must meet the requirements of the Occupational Health & Safety Act, and are subject to the requirements of the Regulations for Industrial Establishments.

3) No new "designated product" will be purchased without knowledge of the Director, Safety and Environment or his designate and the Joint Health & Safety Committee. See PUC's Workplace Hazardous Material Control Program.

4) Materials required for the electrical distribution system must be in accordance with Ontario Regulation 22/04 and PUC's Electrical Distribution Safety Program. (reference EDS-P10 Purchasing Approved Equipment)

5) All contracts for services will comply with the Occupational Health & Safety Act and PUC's Health and Safety policies.

   5.1 Safety Prequalification is the process used to minimize the amount of risk associated with hiring contractors. This process ensures each contractor demonstrates the basic general requirements to ensure workplace safety culture and to comply with the regulations put in place by the Ontario Occupational Health and Safety Act and its Regulations. See PUC's Contractor Policy.

   5.2 In addition, the hiring supervisor (requisitioner) is accountable to assess the potential risk associated with the work. Additional safety information may be needed depending on risk level; this can be accomplished by completing the Contractor Checklist found in the Contractor Policy.

7.0 Definitions

1) **Approved vendors:** Vendors or suppliers who may have previously provided goods and/or services to PUC or who have met departmental prequalification requirements, have been through regular assessments and are on the Approved Supplier/Contractor List.

2) **Bidders or Vendors:** Contractor, wholesaler, distributor, service provider or any outside entity competing for corporate business. For the purpose of this policy these terms are used interchangeably and refer to the same entity.

3) **Blanket Purchase Order:** A contract between PUC and a vendor for the supply of repetitively ordered specified goods or services at a specified price but not specified quantity. The term of this contract will cover no more than a one (1) year period but there can be options for extensions.

4) **Direct Purchase:** Purchase not made with petty cash, credit card or purchase requisition. Invoice approval follows PUC's Signing Authority Policy.

5) **Emergency**: A situation where immediate action is required to avoid jeopardizing operations, disrupting service to the public, or threatening the health and safety of staff or the public.

6) **Formal Competitive Bidding (Tenders, Request for Quotes or Proposals, Request for Prices)**: Procurement of goods/services, with bid opened in private and read at a predetermined time and place. The requisitioning party and at least one other person must be present at all tender openings along with the Purchasing Agent or designate. All submissions must be sealed as per the tender request package.

7) **Non-competitive procurement:** refers to an acquisition from a:
   - Sole Source, or
   - The item is an item of required design or is a proprietary or patented item, or
   - There is a need for compatibility with goods and services previously acquired and there is no reasonable alternatives, or
   - A reasonable attempt to identify competition has been unsuccessful.

8) **Preferred vendor or contractor:** A vendor or contractor that has a continuing arrangement to provide PUC with products or services. In addition, consideration of the following factors may apply: ability and experience to perform the work required; record of past performance with PUC; finance and technical resources; knowledge of PUC operations, systems and services; and compatibility with other goods and services of PUC.

9) **Prequalification:** A procurement process used to prequalify vendors for subsequent participation in an invitational Request for Proposal or Request for Quotation/Tender. Responses from proponents are evaluated against selection criteria set out in the solicitation, and a short list of pre-qualified proponents is created. Such could also be used for ongoing contract work of a lesser value.

10) **Purchase Order:** A legal document between PUC and a vendor to supply a specific quantity of goods or a specific set of services defined by such things as time period, location and price.

11) **Purchase Requisition**: A request to purchase, initiated by an employee, which defines the purchase specifications and requirements.

12) **Sole Source**: Recommended supply source where there is only one source of supply that meets the requirements.

13) **Specification:** A document package comprised of but not limited to technical provisions, safety rules, special provisions and other contract terms and conditions which must be satisfied by the contractor or supplier in performing the work. Specifications should be detailed but, where possible, not brand specific to allow for potential vendors to provide alternatives in the event an equal or better-proven product or method is available and shall not deter a competitive process.

14) **Technical Provisions**: The technical portion of the specification which relates to drawings, quality, design, standards, and description or by sample is the responsibility of the user department. Once established this information shall be retained in the appropriate filing system.

15) **Tender:** A formal request for sealed bids for the supply of goods or services in response to a formal solicitation process (advertised or not). For certainty, a Tender may include a Request for Proposal, a Request for Tender, a Request for Quotations, and any other document that is generally considered to facilitate the tendering process. Rules of the Tender are found in the request for Tender document and will govern the conduct of the various parties.

16) **Terms and Conditions:** Written provisions that determine the nature and scope of an agreement or contract and the responsibility and remedies of the parties to the agreement or contract.

17) **Two Envelope Method**: Bids are received in two separate envelopes. The first envelope contains technical and qualitative information and is opened and evaluated first. The second envelope contains price information and will be opened and evaluated after the information in the first envelope has been evaluated in accordance with the request for proposal documents.

8.0 Purchasing Levels and Methods

	Value of Commitment	Purchase Method (minimum requirement)	Process Options
8.1	Over $100,000	Formal Competitive Bidding	Requisition/Purchase Order/Contract
8.2	$25,001 to $100,000	Formal request by invitation for quotation/proposal – written proposal to be signed and sealed or sent to purchasing dept. "bids" e-mail address (3 minimum) (invitation)	Requisition/Purchase Order
8.3	$2,500 to $25,000	Informal Request for quotation/proposal (minimum of 3) which may be through the Purchasing Department	Requisition/Purchase Order
8.4	Under $2,500	No Quotes	Credit Card/Petty Cash/Direct Purchase/Requisition/Purchase Order

<u>IT Purchases</u>
All purchases of IT hardware, software and services must receive advisory approval from the Manager of IT and Communications in order to enable tracking of systems and to maintain Corporate IT standards.

<u>Emergency Purchases</u>
For a situation where immediate action is required to avoid jeopardizing operations, disrupting service to the public, or threatening the health and safety of staff or the public, purchases can be made by any method available without regard to the dollar value limits. Subsequent to the emergency situation the purchaser shall justify the purchase and the purchase will proceed through the normal approval process and according to the Signing Authority Policy before payment.

<u>Non-competitive procurement</u>
Written price quote and/or proposal is required prior to purchase. All sole source purchases require the approval of the President.

<u>Budget Requirement</u>
All purchases are subject to the availability and identification of funds in the approved budget.

<u>Other Policies</u>
All purchases are subject to the signing authority policy and credit card policy as applicable.

<u>Excluded Purchases</u>
The purchasing methods described in this section do not apply to the items listed in Appendix A.

8.1. Over $100,000 in value – Formal Competitive Bidding

PUC will call Tenders when the total expenditure of goods and services is estimated to be more than $100,000. Tenders may be called at a lesser dollar amount where deemed warranted.

In estimating the value of goods and services to determine if the purchase is within the tendering limit, the following criteria will be used:

a. The expenditure must be related to a whole or complete job, item or service.
b. The purchase must not be segmented or divided in a manner that would circumvent the tendering process.

The act of tendering is an important segment of PUC's Purchasing Policy in that it ensures the following:

1) That PUC receives the benefit of competitive pricing.
2) It makes the provision of goods and services to PUC available to a wide range of business organizations.

Split awards may be made when advantageous to do so.

When a tender is awarded a purchase order or contract will be created.

Tenders will be issued where the goods and services are fairly well defined and generally commercially available. In these cases price will be the major determining factor.

Professional services such as architects, engineers, banking, consultants, insurance brokers and adjusters and certain other goods and services such as computer hardware and software or property development cannot be as easily defined and specified as the procurement of other more generally commercially available goods and services. A Request for Proposal will be issued where the negotiation and award is based on demonstrated competence, professional qualifications and the technical merits of the submission at a fair price.

A Request for Proposal will follow the general procedures of the purchasing tender. The evaluation process for selection of the Supplier should be clearly outlined in each Request for Proposal. The two envelope method may be used for Request for Proposals where the true scope and complexity of the service is difficult to define in advance.

8.2. Purchases $25,001 to $100,000 in value - Request for Quotations
PUC will require a minimum of three (3) quotations when the total expenditure for goods and services is estimated to be more than $25,000 and less than $100,001. The quotations will be in the form of a written Request for Quotes/Proposal. The quotations will be secured by the Purchasing Department and shall be in writing and sealed or sent to the purchasing department "bids" e-mail address. The quotes shall be analyzed by the requisitioning department who justify the selected quotation. If after reasonable effort only a lessor number of quotations are obtained, approval to proceed is required from the VP level. The quotations shall be retained by the Purchasing Department. The requisitioning department shall forward an approved requisition to the Purchasing Department to issue a purchase order.

8.3. Purchases $2,500 to $25,000 in value – Informal Request for Quotations
PUC will require a minimum of three (3) quotations when the total expenditure for goods and services is estimated to be more than $2,5~~10,0~~00 and less than $25,001. The quotations may be in the form of a Request for Quotes/Proposal or an informal solicitation of quotes. The

quotations will be secured by the Requisitioning department or the Purchasing Department and shall be in writing. The quotes shall be analyzed by the requisitioning department who justify the selected quotation. If after reasonable effort only a lessor number of quotations are obtained, approval to proceed is required from the VP level. The quotations shall be retained by the Purchasing Department. The requisitioning department shall forward an approved requisition to the Purchasing Department to issue a purchase order.

8.4. Purchases under $2,500

The purchaser of goods or services under $2,500 must be able to demonstrate that the purchase was made at fair value. Purchases of goods in this cost range can be make using petty cash (small dollar amounts), PUC credit card (as per the terms of the Credit Card Policy), Direct Purchase or requisition/purchase order method. Requisitions must be approved as per PUC's Signing Authority Policy before a purchase order can be created. Direct Purchases, Credit Card purchases and Petty Cash purchases are subject to PUC's Signing Authority Policy.

8.4.1. Credit Card Purchases

Refer to the PUC Services' Credit Card Policy for specific procedures. The purpose of the Credit Card is to provide an efficient, cost effective method of purchasing and processing small dollar or 'one off' type purchases.

Items purchased with credit cards require appropriate supporting documentation and approvals and have specified dollar limits. (See PUC's Credit Card Policy)

9.0 Other Purchasing Practices

9.1 Electronic Requisitions and Approvals

Purchase requisitions are generated using the in-house requisitioning application (Cayenta) to initiate the purchasing process. See Appendix C for a description of the purchasing process.

9.2 Consortiums/Co-Operative Purchasing

Cooperative purchasing or an arrangement between two or more entities (Consortiums) to tender commonly used goods or services together is encouraged in an effort to reduce costs by purchasing in larger volumes. The general principles of PUC's purchasing policy should be followed by any consortium that PUC participates with.

9.3 Vendor Credit Applications

The Purchasing Department is responsible for completing credit check forms required by vendors.

9.4 Asset Disposal Procedure

The Manager of a department may declare goods as surplus or obsolete with the approval of the divisional VP. The Purchasing Department will determine if the goods can be used in other departments. If there is no corporate wide use for the goods, the Purchasing Department shall sell, exchange, donate or otherwise dispose of the goods according to guidelines established by the Purchasing Department. No employee who has responsibility for declaring goods surplus shall bid on or obtain any goods he or she has declared surplus.

9.5 Personal Purchases

No purchase shall be made by PUC which is personal to the person requesting the purchase and is not for PUC purposes.

9.6 Green Procurement Policy

PUC supports the purchase of environmentally preferred products. See Appendix D for PUC's green purchasing philosophy.

Approved: ______________________________ **Date:** ______________________

President & CEO

Revision History:

NOTE: A red line on the right side of document indicates a change		
Revision #	**Date**	**Description**

Appendix A

Expenditures Excluded from the Application of this Policy

The purchasing methods described in this policy do not apply to following goods and services:

- Training and education, courses, workshops, memberships, subscriptions, etc.
- Travel, meals, and accommodations
- Refundable employee expenses
- Medicals
- Damage claims
- Conservation and Demand Management, customer rebates or customer refunds
- Developer rebates and construction deposit refunds
- Wholesale electricity, transmission and connection invoices
- Electrical Safety Authority fees, rights-of-way, joint use agreement fees,
- Ontario Energy Board regulatory payments
- Payroll related payments , federal, provincial, municipal taxes and fees, vehicle license fees, and Payments in lieu of taxes (PIL's)
- Software license fees and annual maintenance fees (ongoing in nature after original award)
- Utility payments (hydro, cable, water, natural gas)
- Postage
- Debt retirement and Interest payments on debt
- Payments to Shareholders (including dividends)
- Charitable donations/Sponsorship
- Road reconstruction projects in conjunction with the City of Sault Ste. Marie

Appendix B

Tendering Process

Preparing a Tender Package

The Purchasing Department and the Requisitioner are both responsible for the preparation of the tender package:

The Requisitioner will:
- provide a complete statement of work and/or list of specifications which the item or service being purchased must meet;
- provide drawings, design details and schedules;
- detail the contract agreement and general conditions;
- detail supplementary conditions;
- detail a weighted scoring matrix to ensure awards are made to the bidder offering the best value;
- provide any addenda if necessary (prior to tender closing).

The Purchasing Department generally will:
- invite sealed Tenders by specific invitation and/or by public advertisement
- provide a standard Tender document on which the bidder will include the total price and other required information;
- provide a standard Tender covering letter establishing the date/time of Tender issuing and closing as well as place for receiving proposals;
- provide instruction to bidders detailing the how, when, where, and what form Tenders must be submitted;
- provide standard Terms of Conditions;
- send out the Tender package to bidders or post the Tender package electronically;
- obtain confirmation from the bidders as to their intent to participate;
- provide any addenda if necessary (prior to tender closing), and
- other relevant instructions as required.

General Rules to the Bidders

- No bids will be accepted after the Tender closing; late bids will be disqualified and returned, unopened, to the bidder.
- A new bid for the original unopened bid can be made, provided it is received before the bid closing date and time.
- Any inquiries made by the bidder must be directed electronically to the Purchasing Department or designate. The Purchasing Department along with the Requisitioner will respond. The inquiry and response will be formally issued to all bidders who have completed the confirmation of intent to participate.
- All other conditions of the Tender must be met.

Receipt of Tenders

All bids must be received at the location specified in the Tender document. Upon receipt of the Tender the receiver will date and time stamp and secure the Tenders.

- The minimum individuals attending the Tender opening meeting will be the Requisitioner, the Purchasing Agent and a third person;
- Bids will be opened and reviewed for acceptance;
- Any bid that does not satisfy the requirements may be disqualified;
- A Bid Summary Sheet will be completed;
- All bidders will be notified of the successful bidder.

Award of Contract

The Purchasing Department or its designate will notify the successful vendor, in writing, of the award of contract. If required, instructions about proceeding with the job will be detailed on the notification.

Unsuccessful bidders in a tender process can approach PUC to discuss where they can improve on their submissions and be debriefed on why they did not receive the award of contract. Details of the successful bid will remain confidential (price, etc.)

Preparation and Placement of Purchase Order

The Requestor will generate a purchase requisition and the Purchasing Department will prepare the contracts for signature. The Purchase Order will include the following information as appropriate:

- List the contract number
- a clear description of the product or services ordered;
- precise identification of type, class, and grade of the product; and
- any quality system standards which will apply.

Approved contracts are signed by the appropriate signing authority as per the signing authority policy, and then forwarded to the successful bidder for acceptance. The Requisitioning Department retains one copy of the contract and the original is filed in the Purchasing Department.

Guarantee of Contract Execution

a) Where required tenders >$50,000 using the services of contractors shall be accompanied by a tender deposit in the form of a certified cheque or irrevocable letter of credit payable to PUC Services Inc. in the amount of Five Thousand Dollars ($5,000.00). Such deposit shall be security to PUC Services Inc. that the Bidder, if successful, will execute the contract documents within two (2) weeks of award and will start Work as specified. Failure to execute the documents within two (2) weeks or failure to start Work as specified will result in forfeiture of the tender deposit. Tender deposits of unsuccessful Bidders will be returned within three (3) weeks after award of the contract. The tender deposit of the successful Bidder will be returned with the first progress certificate.
b) Suppliers may withdraw tenders/quotations prior to time of closing but not at any time thereafter. Bid deposits of any supplier withdrawing after time of closing shall be forfeited to PUC.
c) Prior to the commencement of the work, the successful bidder may be required to provide security in the form of a performance bond to guarantee the performance of a contract, a labour and material payment bond to guarantee the payment of labour and materials supplied in connection with a contract or an irrevocable letter of credit.
d) Other means to guarantee the execution of the contract may include surety bonds or other security deposits, progress payments and holdbacks.

e) All contracts awarded for supply of labour and/or equipment must present proof of insurance at stipulated levels. Bid documents must clearly indicate the insurance requirements to be provided and maintained until the termination of the contract by the successful bidder, including a cross liability clause endorsement certifying PUC is named as an additional insured. The insurance coverage shall indemnify and save harmless PUC, their agents and employees from and against all claims, demands, losses, costs, damages, actions, suits, or proceedings by third parties that arise out of, or are attributable to, the contractor's performance of the contract.

f) Prior to payment to a supplier, contracts awarded for supply of labour must present a Certificate of Clearance from the Workplace Safety and Insurance Board (WSIB) ensuring all premiums have been paid to the date of payment. It is the responsibility of the contractor to ensure that the Purchasing Department of PUC has, at all times, current copies of all required documents. Failure to do so may result in termination of contract. Clearance certificates must be refreshed every three months (for contracts with duration of three months or more).

g) All contracts shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Bid Irregularities

Extreme care shall be exercised to ensure that Irregular Bids are handled in a manner which is fair to other bidders as well as the public.

The following are guidelines only, intended to illustrate some of the discretion allowed. The Purchasing Agent will review each case.

	IRREGULARITY	RESPONSE
1.	Late Bids	Automatic rejection, not opened and returned unopened to the bidder
2.	Unsealed Tender Envelopes	Automatic rejection
3.	Tenders received by Facsimile (FAX)	Automatic rejection
5.	Insufficient financial security (no deposit or bid bond or insufficient deposit or bid bond)	Automatic rejection unless insufficiency is trivial or insignificant
6.	Bids not completed in ink or in type	Automatic rejection
7.	Incomplete bids (part bids - all items not bid)	Automatic rejection unless part bid specifically permitted by tender documents
8.	Illegible or obscure bids or bids which contain additions not called for, erasures, alterations, errors or irregularities of any kind	May be rejected as informal
9.	Qualified bids (bids qualified or restricted by an attached statement)	Automatic rejection
10.	Bids received on documents other than those provided by PUC	Automatic rejection
11.	Bids containing minor clerical errors	48 hours to correct and initial errors
12.	Execution of Agreements to Bond - Bonding company corporate seal or signature missing from agreement to bond	Automatic rejection
13.	Execution of Bid Bonds (a) Corporate seal or signature of the bidder, or both, missing (b) Corporate seal or signature of bonding company missing	 48 hours to correct Automatic rejection
14.	Other Bid Security - Uncertified Cheques	Automatic rejection

15.	Tender Documents - Execution (a) Corporate seal or witness signature missing but Signing Officer signature present (b) Signing Officer signature missing (c) Corporate seal or witness affixed but Signing Officer signature missing	 48 hours to affix Automatic rejection Automatic rejection
16.	Erasures, Overwriting or Strike-Outs which are not initialed: (a) Un-initialed changes to the tender documents which are minor (example: the tenderer's address is amended by over-writing but not initialed) (b) Unit prices in the Schedule of Prices have been changed but not initialed (c) Other mathematical errors which are not consistent with the unit prices	 48 hours to initial 48 hours to initial 48 hours to initial corrections to be made by the Purchasing Department
17.	Failure to attend **mandatory** pre-submission meeting or visit	Automatic rejection
18.	Tender documents which suggest that the tenderer has made a major mistake in calculations of tender	Legal consultation on a case by case basis and a report to CEO.

Appendix C

The requisitioning employee is responsible for determining the need, specification, design or other technical data associated with a purchase as well as the following:

1) All user departments are to provide the Purchasing Department with sufficient information to complete a transaction as noted. Failure to provide this information could result in a delay of turnaround time. Sufficient lead time must also be given to allow completion of the purchasing process and delivery.

2) All purchases shall be in accordance with approved budgets.

3) The necessary technical specifications and details as may be required to form a quotation and/or Tender Call must be forwarded to the Purchasing Department.

4) The requisitioning department must assess the potential risk associated with contracted work and if necessary complete contractor prequalification.

5) A purchase requisition may be generated by any employee but must be approved electronically by the appropriate signing authorities and include the proper account coding. Non- compliance to the above will result in the return of the purchase requisition to the source and ultimately loss of lead time.

Purchasing Process

Purchase requisitions are generated using the in-house requisitioning application (Cayenta) to initiate the purchasing process. The following are the steps in the purchasing process:

1. Description of the Need

The requestor must provide an accurate description of the materials or services required. For services, a Statement or Scope of Work must be prepared. General Terms and Conditions and technical recommendations should be provided for significant expenditures to support the need.

2. Determination and Analysis of Possible Sources of Supply

All potential vendors must be assessed to determine if they have the capability to provide the equipment, material, supplies or services.

Prequalification may be a requirement. This may include a risk assessment requirement as in the case of the PUC's Contractors Policy.

The Purchasing Department will attempt to ensure that any qualified person/company capable of supplying satisfactory goods and services has an equal opportunity to compete for the sale of products or services needed to support the requirements of PUC. Where prices are equal, determining factors may include conformity to specifications, record of deliveries and past performance of supplier's service and proximity of supply.

Some departments require cost estimates to determine whether or not to proceed with a project. Suppliers must be advised that these are study estimates only and any action on a purchase will go through the standard purchase process. Departments other than Purchasing may investigate pricing for their specialized technical needs when needed. However, all information, including alternate quotes, is to be submitted to the Purchasing Department for processing/filing.

3. Determination of Terms and Conditions

All purchase requisitions must include general terms and conditions specific for the type of product and/or service required. The requisitions must include the proper authorizations and account coding.

The Purchase Requisition is forwarded to the Purchasing Department who will review the requisition for completeness.

When Purchasing processes a purchase requisition the following steps are taken:

- Check for alternative items, if required. The Purchasing Department will make every effort to investigate alternative items that might be acceptable to the requisitioner's requirements.
- If the materials or services are to go out for Tender, the Tender process must be followed.
- Participate in evaluating the quotations submitted by the requisitioner (if any), reviewing requisitioner's request, delivery requirements and cost, and obtain requisitioner's input as needed.
- Complete the purchase order.
- Confirm the order with the vendor and requisitioner and secure delivery.
- Arrange to have the goods or services delivered to the requisitioner or to the Stores Department.

4. Preparation and Placement of Purchase Order

The Purchasing Department will be responsible for the creation and issuing of all Purchase Orders. A blanket purchase order can be used for the supply of repetitively ordered specified goods or services at specified a price but not specified quantity. The term of a blanket order will typically cover no more than a one (1) year period but there can be options for extensions.

Proper authorization in accordance with PUC's Signing Authority Policy must be obtained in advance of purchases. Purchase Orders initiated after the provision of goods or services and/or receipt of supplier invoices are a serious violation of this policy and will require additional levels of authorization.

5. Follow-up on and/or Expediting Order

The Purchasing Department will be responsible for expediting all outstanding orders. The Purchasing Department will be responsible for invoicing discrepancies and will work in cooperation with Accounts Payable and the requisitioner to resolve such issues.

6. Receipts and Inspection of Goods

All materials purchased must be received and inspected to ensure that the requirements of the Purchase Order have been met. If material is nonconforming, it must be isolated prior to further processing.

All packing slips for material not received at PUC's main warehouse must be forwarded to the Stores Department. in order to close the purchase order. This will allow for the timely processing of invoices for payment.

7. Clearance of the Invoice

All invoices will be paid by Accounting upon receipt of confirmation that the materials or services were received and acceptable and proper approvals are in place.

8. Change Order Request

A purchase order can only be changed if the requestor sends a new approved purchase request to the Purchasing Department requesting the change to the specific purchase order.

9. Records Management

All Purchasing records must be maintained by the Purchasing Department and/or the requesting employee/requester/originator as may be required. Documentation must be made available to the Purchasing Department as requested.

A copy of all approved Purchase Orders will be maintained on file in the corporate software.

For competitive processes, the Purchasing Department shall file, electronically or in hard copy, as appropriate, all documents associated with the procurement process and contract award (the solicitation document and any addendum and questions and answers; the supplier(s) proposal(s) and submission; the Purchase Orders; all contract related documents; and any other relevant supporting documentation), systematically for ease of reference and retrieval.

Proprietary and confidential information of suppliers will be safeguarded with appropriate care.

Appendix D

Green Purchasing Philosophy

The Purchasing Department's policy at PUC Services is to support the purchase of recycled and environmentally preferred products in order to minimize environmental impacts relating to our work. We recognize our employees can make a difference in favor of environmental quality. We strongly recommend the purchase of environmentally preferable products whenever they perform satisfactorily and are available at a reasonably competitive price. We encourage waste prevention, recycling and the use of recycled/recyclable materials through contractual relationships and purchasing practices with vendors, contractors and businesses.

"Environmentally Preferable Products" means products that have a lesser impact on human health and the environment when compared with competing products. This comparison may consider raw materials acquisition, packaging, distribution, reuse, operation and/or disposal of the product.

"Recycled Products" are products manufactured with waste material that has been recovered or diverted from the waste stream. Recycled material may be derived from post-consumer waste (material that has served its intended end-use and been discarded by a final consumer), industrial scrap, manufacturing waste and/or other waste that otherwise would not have been utilized.

Purchasing solicits the use of recycled and other environmentally preferred products (e.g. paper Products, including janitorial supplies, shop towels, hand towels, facial tissue, toilet paper etc.) in its procurement documents as appropriate. We also structure applicable contracts to offer and/or feature recycled-content products whenever possible, (e.g., office supplies and janitorial supplies).

The Purchasing Dept. supports PUC Services Environmental Policy and its commitment to making environmental protection an integral part of our planning, operating and purchasing decisions. We accomplish this by supporting the purchase of recycled and environmentally preferred products in order to minimize environmental impacts relating to our work.

Sincerely,
PUC Services Inc.

Noella Flood
Purchasing Agent

APPENDIX 7

IndEco PUC 2013-2016 LRAMVA report

Strategic Solutions for a Changing World™

PUC Distribution Inc. 2013-2016 LRAMVA

PUC Distribution Inc. lost revenue related to Conservation and Demand Management

2013-2016

IndEco

This document was prepared for PUC Distribution Inc. by IndEco Strategic Consulting Inc.

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IndEco report B7142

20 July 2017

Contents

Introduction

The Lost Revenue Adjustment Mechanism (LRAM) was developed to remove a disincentive electricity local distribution companies (LDCs) may have to promote conservation and demand management (CDM) programs. CDM programs are designed to provide energy savings and peak demand reductions for the customers of LDCs, which directly impact the LDC's revenue. The LRAM allows LDCs to be compensated for lost revenue that resulted from CDM programs the LDC offered to its customers.

Starting in 2011, the Ontario Energy Board (OEB) authorized LDCs to establish an LRAM variance account (LRAMVA) to capture the impact of CDM programs on the revenue of LDCs. The variance in the LRAMVA is between the lost revenue due to independently verified load impacts of CDM and the lost revenue from any CDM impacts an LDC included in the LDC's load forecast.[1]

PUC Distribution Inc. (PUC) contracted with the Ontario Power Authority (OPA, which has now been merged into the Independent Electricity System Operator – IESO) to offer a suite of CDM programs to customers in a variety of rate classes for the 2011-2014 period and subsequently with the IESO for the 2015-2020 period. PUC is required to use "the most recent and appropriate final CDM evaluation report from the IESO in support of its lost revenue calculation."[2] The final 2016 annual verified results report is the most recent final CDM evaluation report available from the IESO. Thus, PUC may claim lost revenue from CDM programs up to and including 2016 in PUC's 2018 rate case (EB-2017-0071).

PUC disposed of lost revenues from 2011–2012 CDM programs in 2011–2012 in PUC's 2013 and 2014 rate cases. PUC included the impacts of CDM in the load forecast for PUC's 2013 cost of service rate case and estimated the CDM savings in 2013.[3] The LRAMVA Threshold estimated from 2011–2013 CDM programs in 2013 is compared to the calculated lost revenue from verified final CDM results. The difference between these two is the LRAMVA value PUC is claiming for 2013 – 2015. This report determines the variance account balance for the following revenue losses:

- Lost revenues in 2013 related to programs offered in 2011,
- Lost revenues in 2013 related to programs offered in 2012,

[1] *Guidelines for Electricity Distributor Conservation and Demand Management*. Ontario Energy Board. April 26, 2012 (EB-2012-0003).

[2] *Filing Requirements For Electricity Distribution Rate Applications - 2016 Edition for 2017 Rate Applications - Chapter 2 - Cost of Service*, Ontario Energy Board. July 14, 2016.

[3] The LRAMVA Threshold is shown in Table 7 of the settlement agreement, which is appended to the OEB Decision and Order. (EB-2012-0162, p. 20 of the settlement agreement. Although the table is labeled as being only for 2012 and 2013 programs, the values shown are from Table 6 on the same page and include persistence from 2011, as well as from 2012 and 2013.

- Lost revenues in 2013 related to programs offered in 2013,
- Lost revenues in 2014 related to programs offered in 2011,
- Lost revenues in 2014 related to programs offered in 2012,
- Lost revenues in 2014 related to programs offered in 2013,
- Lost revenues in 2014 related to programs offered in 2014.
- Lost revenues in 2015 related to programs offered in 2011,
- Lost revenues in 2015 related to programs offered in 2012,
- Lost revenues in 2015 related to programs offered in 2013,
- Lost revenues in 2015 related to programs offered in 2014,
- Lost revenues in 2015 related to programs offered in 2015,
- Lost revenues in 2016 related to programs offered in 2011,
- Lost revenues in 2016 related to programs offered in 2012,
- Lost revenues in 2016 related to programs offered in 2013,
- Lost revenues in 2016 related to programs offered in 2014,
- Lost revenues in 2016 related to programs offered in 2015, and
- Lost revenues in 2016 related to programs offered in 2016.

The carrying charges on the above variances through April 2018 are also reported.

Methodology

In principle, the determination of lost revenues is a simple calculation:

LR = (CDM results – CDM results in the load forecast) * rate

In practice, it is somewhat more complicated than that because of the limitations of the information available to calculate CDM results, the different time periods of results data and the rate year, and the need to determine carrying charges on the lost revenues.

The most recent input assumptions currently available have been used to calculate the lost revenue values.

CDM results

From 2011 through 2016, PUC offered provincial programs in partnership with the Independent Electricity System Operator (IESO). PUC did not offer custom programs beyond the IESO programs.

IESO evaluation results

The IESO performs evaluations of all of its programs, which examine gross energy savings from the programs, and the net-to-gross ratio (NTGR), and then from those calculates net energy savings by initiative within program group (residential, business, industrial and low-income). Peak load reductions are also calculated, and reported in the same way.

Provincial results are allocated to individual LDCs based on each LDC's individual performance where possible, or through an allocation process.

The IESO reports energy savings and peak demand reductions, by initiative in the current year, adjustments to the previous year, based on updated validation, and contribution to total savings or reductions to the end of the 2011 to 2014 period and the 2015 to 2020 period. The savings and demand reductions for a particular year for a number of programs persist in the following years. The savings and demand reductions for demand response programs do not persist beyond the year in which those particular savings and demand reductions occur. The IESO was requested to provide the persistence into future years of savings and reductions for each program in each year.

These are the best, most definitive and defensible estimates of results associated with these programs, and incorporate the most appropriate estimates of results from the measures installed.

However, these data have some limitations, and require some adjustments for use in lost revenue calculations.

Allocating results to rate classes

The IESO reports results by 'program', within four main programs: residential, business (commercial and institutional), industrial and low-income. These only partially map onto rate classes. For initiatives that apply to more than one rate class, PUC staff estimated the split by rate class, drawing on participant-specific information where available. In 2016, IESO provided a project spreadsheet showing net results for each project in the Retrofit program. PUC staff identified the rate class associated with the project and thus net savings and demand reductions were allocated to rate classes.

Application of reported results

As previously mentioned, the IESO reports both energy savings and reductions in demand. Depending on the rate class, distribution revenue is based on either kilowatt-hours used, or the customer's monthly peak kilowatt use. For rate classes where the customer is charged for distribution by energy use (kWh), the IESO reported energy savings are used to calculate lost revenues related to CDM results. For customer classes where the LDC charges for distribution based on the customer's peak monthly demand (kW), the IESO reported demand reductions are used to calculate lost revenues related to CDM results[4]. The demand reductions in the IESO reports should be multiplied by a multiplier based on the number of months a specific program impacts a customer's peak demand. "The IESO indicated that the demand savings from energy efficiency programs shown in the Final CDM Results should generally be multiplied by twelve (12) months to represent the demand savings the distributor has experienced over the entire year…In the case of the Building Commissioning initiative, the demand savings provided in the Final CDM Results should only be multiplied by three (3) as these savings are related to space cooling and do not occur throughout the full year, but only during the summer months, typically."[5]

The OEB has decided that lost revenue cannot be claimed from the kW values reported by the IESO for the Demand Response 3 (DR3) program. "The monthly peak demand of a demand-billed customer used for billing purposes may not correspond with the demand response event; even if it did, the lost revenues would only be related to a difference between the customer's peak demand absent the demand response event and the next highest peak demand for the customer in that month… Since the IESO's evaluations cannot confirm the nature of the demand savings relative to the billing period for demand-billed customers, it is not appropriate that distributors be

[4] The exception is street lighting retrofit projects. Street-lighting is billed by kW, but street lighting retrofit projects have no peak demand reductions associated with conservation measures. A special calculation is done for these, as described below.

[5] Ontario Energy Board, *Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs*, EB-2016-0182, May 19, 2016, p. 4.

credited with lost revenues from demand response programs, except for those situations where the distributor can explicitly demonstrate revenue impacts."[6]

Load reductions accounted for in the load forecast

In recent years, LDCs have tried to account for load losses due to CDM programs in their load forecasts, submitted as part of their Cost of Service applications. These forecasted reductions need to be deducted from load losses attributable to CDM programs to determine the final impact of CDM on revenues. That is, the impact is the *variance* between the results accounted for in the load forecast and the results attributable to the programs.

Overall impact of CDM on load, by rate class

The overall impact of CDM energy savings and demand reductions on load is calculated from the IESO energy savings and peak demand reductions, allocated by rate class. Finally the difference is calculated between the overall estimated impact on loads and the load reductions attributable to CDM that were captured in the most recent load forecast.

Distribution rates

Revenue impacts to the LDC associated with CDM are calculated using the distribution volumetric rate. Most other rate components (e.g. service charges, global adjustment, transmission charges) are either fixed charges or pass-throughs for the utility that do not affect the LDC's revenues. An exception is for certain rate riders related to taxes, and these are added to the distribution volumetric rates for lost revenue calculations, where applicable.

For most electricity distribution utilities in Ontario, including PUC, distribution rates are set for the period from 1 May to 30 April of the next year. CDM results are reported for the calendar year, so average rates for the calendar year need to be calculated. For simplicity, the average rate is estimated based on the rate being four twelfths of the previous year's rate (for January through April), and eight twelfths of the current year's rate (for May through December).

Lost revenues variance

Lost revenues in a particular rate class are the product of the savings or demand reductions in that class, less what was accounted for in the load forecast, multiplied by the average rate for that class in the calendar year for which the energy savings or demand reductions were

[6] Ibid. p. 7.

reported.[7] The variance is the difference between these lost revenues and the quantity of CDM in the load forecast, or what is called 'the LRAMVA threshold'.

Because these revenues are lost throughout the year, and are only recovered through rate riders in subsequent years, the Ontario Energy Board has permitted the LDCs to claim carrying charges on these lost revenues at a rate prescribed by the OEB, and published on the Board's website. The carrying charges are simple interest, not compounded and are calculated on the monthly lost revenue balance. Because the IESO final results estimates are reported annually, and monthly estimates are not available, the incremental results are assumed to be equally distributed across the months. So 1/12 of the annual results are allocated to each month of the year.

Carrying charges accrue from the time of the results, until disposition.

The LDC reports these lost revenues on its financial statements in Account 1568, and the associated rate class-specific sub-accounts.

[7] Where distribution rates are monthly rates for the peak kW in that month, the annual loss of revenue is the monthly rate times the number of months it applies to – usually twelve.

Results

Following the methodology described above, lost revenues were calculated for PUC. The results reference tables provided in the completed LRAMVA workform that uses the OEB's template.

CDM results

IESO evaluation results

The most recent and appropriate final CDM evaluation reports from the IESO were used in support of the lost revenue calculations. A working Microsoft Excel file copy of each IESO evaluation report has been filed separately by PUC. The net verified final 2011-2014 results can be found in Table 1 of the *Verified 2011-2014 Final Results Report for PUC Distribution Inc.* file released by the IESO on September 1, 2015. The net adjustments to verified final 2011, 2012, and 2013 results can be found in Table 2 of the *Verified 2011-2014 Final Results Report for PUC Distribution Inc.* file released by the IESO on September 1, 2015. These data are reproduced in Table 4-a, b, c and d of the OEB workform for 2011, 2012, 2013, and 2014 respectively.

The net verified final 2015 and 2016 results, including adjustments in 2016 to 2015 results can be found in the "Net Incremental First Year Energy Savings" and "Net Incremental First Year Peak Demand Savings" sections of the "LDC Progress" tab in the *Final Verified 2016 Annual LDC CDM Results Report PUC Distribution Inc.* file released by the IESO on June 30, 2017. These data are reproduced in Table 5-a and 5-b for 2015 and 2016, respectively.

The IESO provided PUC with persistence data for 2011-2014 results and 2011-2013 adjustments at the initiative level. The data provided are presented in Tables 4a – 4d of the OEB LRAMVA work form that is filed with this document.

The IESO provided persistence data for 2015 and 2016 as part of the standard results report. These are reproduced in Tables 5a and 5b on Tab 5 of the OEB workform.

Street lighting project

Starting in 2015, the City of Sault Ste. Marie undertook a project under the Retrofit Program to retrofit streetlights to a more energy efficient light emitting diode (LED) technology.

The IESO has included the calculated kilowatt hours (kWh) of energy savings from the street lighting project in PUC's 2016 results.. These values are included in the table below:

Year	Gross savings (kWh)	Net to gross ratio	Net savings (kWh)
2015	106,605	0.86	91,702
2016	4,004,783	0.83	3,310,019

The street lighting account is billed based on kilowatts (kW) of demand. The street lighting retrofit project is being implemented in stages and kW reductions have been applied to the municipality's street lighting account starting in December 2015. The customer bills/billing data showing the value of 1,782 kW used for billing prior to the street lighting upgrade and the value of 1,688.617 kW used for billing in December 2015 to reflect the first phase of the street lighting upgrade can be found on Tab 8 of the OEB LRAMVA workform.

These changes in demand for billing purposes are not captured in the IESO report on reductions because that report only considers demand reductions during peak hours, when streetlights are not in use, so have been calculated separately.

As the street lighting rate class is billed by kW, the calculated kWh savings from the Retrofit project do not impact PUC's revenue. Thus, the calculated kWh of savings have been manually removed from the 2015 Retrofit program results for lost revenue calculations. The actual 2015 and 2016 lost revenue from the street lighting retrofit project has been calculated directly by multiplying the demand reduction from the project by the appropriate rate.

Allocating results to rate classes

PUC provided information on the allocation of results to rate classes. In most cases, the allocation is straightforward. Initiatives that can span multiple rate classes include Retrofit, Building Commissioning, New Construction, Energy Audit, Demand Response 3, Process & Systems Upgrades, Monitoring & Targeting, Energy Manager, Electricity Retrofit Incentive Program and High Performance New Construction. No allocation was provided for programs for which PUC has no program results.

PUC bills customers in different rate classes using different volumetric units, either kilowatt hours (kWh), or customer peak monthly kilowatts (kW). The rate classes (and billing units) for PUC are:

- Residential (kWh)
- GS <50 kW (kWh)
- GS 50 to 4,999 kW (kW)
- Unmetered Scattered Load (kWh)
- Sentinel Lighting (kW)

- Street Lighting (kW)

Table 4a (beginning at column Y) of the OEB LRAMVA work form shows the percentage allocation by rate class for the persistence of 2011 results and adjustments. Table 4b of the OEB LRAMVA work form shows the percentage allocation by rate class for the persistence of 2012 results and adjustments. Table 4c of the OEB LRAMVA work form shows the percentage allocation by rate class for 2013 results and adjustments. Table 4d of the OEB LRAMVA work form shows the percentage allocation by rate class for 2014 results. Table 5-a and b of the OEB LRAMVA work form shows the percentage allocation by rate class for 2015 and 2016 results respectively. In each year the rate class allocation percentage totals for each program may not add up to 100% in cases were kWh savings are allocated to rate classes billed by kWh and kW demand reductions are allocated to rate classes billed by kW.

Load reductions accounted for in the load forecast

PUC's last cost of service application was filed for the 2013 rate year (EB-2012-0162). The load forecast associated with that application included a CDM adjustment to account for load losses from 2011 – 2013 CDM programs.[8] The LRAMVA Threshold amount was also included in PUC's last cost of service decision to estimate the impact of 2011–2013 CDM programs in 2013 that all parties agreed would be used for the variance calculation with the lost revenue from verified final CDM results.[9] Table 2-b of the OEB LRAMVA work form shows the estimates of load reductions, by rate class that were included at the time of the load forecast. PUC's previous cost of service application was filed for the 2008 rate year (EB-2007-0931). The load forecast associated with that application did not account for load losses from 2011 – 2014 CDM programs.

Overall impact of CDM on load, by rate class

Multiplying the adjusted energy savings or demand reduction reported for PUC for each program by the allocation by rate class provides the impact on load of that CDM program within the appropriate rate class. The sum of the energy savings and demand reductions for all of the programs for each rate class provides the overall impact of CDM on load by rate class. The overall load impact for each calendar year

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[8] The CDM adjustment included the estimated impact of 50% of 2011, 100% of 2012, and 50% of 2013 CDM programs in 2013 and can be found in Settlement Table #5 on Page 19 of 85 of the Proposed Settlement Agreement in the Decision and Rate Order for EB-2012-0162, dated July 4, 2013.

[9] The LRAMVA Threshold amount by rate class can be found in Settlement Table #7 on Page 20 of 85 of the Proposed Settlement Agreement in the Decision and Rate Order for EB-2012-0162, dated July 4, 2013. The text reference to the LRAMVA Threshold amount indicates that it only includes 2012 and 2013 results, but the preceding Table #6 shows that the LRAMVA Threshold amount included the estimated impact of 100% of 2011, 100% of 2012, and 100% of 2013 CDM programs in 2013 and will thus be compared to the verified final results for the same years. Similarly, the headings for Sentinel Lighting and Street Lighting have been reversed.

includes the results for the CDM programs and any adjustments to the results in that year.

The bottom of Table 4a of the OEB LRAMVA work form shows the overall impact of CDM on load by rate class for 2011. The bottom of Table 4b of the OEB LRAMVA work form shows the overall impact of CDM on load by rate class for 2012. The bottom of Table 4c of the OEB LRAMVA work form shows the overall impact of CDM on load by rate class for 2013. The bottom of Table 4d of the OEB LRAMVA work form shows the overall impact of CDM on load by rate class for 2014. The bottom of Tables 5-a and 5-b of the OEB LRAMVA work form shows the overall impact of CDM on load by rate class for 2015 and 2016, respectively.

Distribution rates

The distribution rates that are used to calculate the CDM impact on distributor revenue for each rate class for PUC are shown in Table 3 of the OEB LRAMVA work form. The distribution rates are pro-rated from the rate year to the calendar year, as needed, using the number of months of each rate year in each calendar year in the 2013 to 2016 time period. Table 3-a of the OEB LRAMVA work form shows the pro-rated rates used for each calendar year. 2011-2012 rates were removed, as 2011-2012 LRAMVA was disposed in PUC's 2013 and 2014 rate cases.

Lost revenues

The lost revenues for each year by rate class for PUC calculated from final CDM program results are shown in Table 1 of the OEB LRAMVA work form. The lost revenue for each year is based on the load impact for each rate class in that year multiplied by the rate for that rate class in that year. The load impact in a given year will include the impact of CDM programs in that year and the persistence of the CDM program impact from previous years in that year.

Table 1 of the OEB LRAMVA work form also shows the lost revenue in each year due to CDM activities accounted for in PUC's 2013 load forecast. The impact on PUC's revenue is the variance between what is calculated from final CDM program results and CDM results already accounted for in the load forecast.

Carrying charges

The monthly carrying charges by rate class on PUC's lost revenue variance are shown in Table 6 of the OEB LRAMVA work form. The carrying charges are reported monthly, from the time the lost revenues resulted, through to April 30, 2018.

Conclusions

The LRAMVA balance at the end of December 2016 for PUC that includes results from 2011 – 2016 CDM programs and adjustments to 2011 to 2015 results in 2013 – 2016 is $463094.51. The total carrying charges on this LRAMVA balance accumulated to April 30, 2018 are $12,582.02. These balances are attributable to individual rate classes according to the following table:

Rate class	LRAMVA	Carrying charges	Total
Residential	$67,238	$188	$67,426
GS < 50 kW	$255,590	$9,166	$264,755
GS 50 to 4,999 kW	$82,129	$2,509	$84,638
Unmetered Scattered Load	-$1,397	-$53	-$1,450
Sentinel Lighting	-$1,051	-$40	-$1,091
Street Lighting	$60,586	$812	$61,398
Total	**$463,095**	**$12,582**	**$475,677**

NOTE: There are no LRAMVA or carrying charge values associated with rate classes not included in this table.

Where negative values are shown, that indicates that the actual reduction in load from CDM programs was less than the LRAMVA amount associated with the load forecast.

providing environmental and energy consulting
to private, public and non-governmental organizations

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APPENDIX 8

PUC Distribution Inc Tax Returns 2012-2016

KPMG LLP
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PRIVATE AND CONFIDENTIAL

Terry Greco
Vice-President
PUC Distribution Inc.
765 Queen Street East
P.o. Box 9000
Sault Ste Marie, ON
P6A 6P2

June 26, 2013

Dear Terry:

Corporate Income Tax Returns

We have prepared the returns of PUC Distribution Inc. (the "Company") for the period ended December 31, 2012 and the related schedule "Corporate Income Tax Filing Instructions". Both the returns and the schedule are attached.

Please review the enclosed filing instructions. All returns must be filed (electronically or in paper format) with the respective taxing authorities by the due date (as set out in the attached filing instructions) if late filing penalties are to be avoided or if losses are carried back to a prior taxation year.

If you have any questions concerning these returns, or if we may be of any further assistance, please do not hesitate to contact us.

Yours truly,

KPMG LLP

Enclosures

PUC Distribution Inc.

Corporate Income Tax Filing Instructions

2012 Taxation Year

We enclose the following income tax returns of PUC Distribution Inc. (the "Company") for the period ended December 31, 2012:

☑ T183CORP – *Information Return for Corporations Filing Electronically* (Federal)

☑ One copy of the federal and any applicable provincial return(s) for your files

☑ Instalment Schedules

We have prepared these returns based on our understanding of the information provided to us by the Company and we recommend that you review the returns to ensure that all of the relevant facts are properly disclosed.When you are satisfied that the returns are in order, one copy of each return should be retained for your records (the copy stamped "Client Copy").

T2 - CORPORATION INCOME TAX RETURN (FEDERAL)

Federal corporate income tax returns can now be electronically transmitted to the Canada Revenue Agency (CRA). In fact, for taxation years ending after 2009, electronic filing of T2 corporate tax returns will be mandatory for most corporations with gross revenues in excess of $1 million. The penalty for non-compliance is $1,000 effective for taxation years that end after 2010. However, the CRA said it would apply the penalty on a gradual basis and that no penalty would be applied for tax years ending before 2012. For tax years ending in 2012, the penalty for non-compliance would be $500.

In order for us to electronically file the Company's corporate income tax return, a signed copy of Form T183CORP - *Information Return for Corporations Filing Electronically* must be returned to us. Please note that we will not electronically file the Company's corporate income tax return until we receive the signed Form T183CORP.

Signature

✍ Form T183CORP – *Information Return for Corporations Filing Electronically*, should be completed and signed.

Mailing

☒ One copy of the signed Form T183CORP should be returned to us in the self-addressed envelope no later than June 30, 2013 in order to have the Company's corporate income tax return filed on or before the due date for filing. Alternatively, you can fax it at **(705) 949-0911**.

Refund

A refund of **$67,882** is claimed and therefore no amount is payable for the **2012** taxation year.

FEDERAL/ONTARIO CORPORATE TAX HARMONIZATION

Ontario corporate income taxes were once again calculated this year using the harmonized federal/Ontario T2 Corporation Income Tax Return. You may recall that, under the harmonization legislation, Ontario tax attributes balances had to be adjusted to their federal balances to determine whether a transitional debit (payable) or credit (receivable) exists as a result of the harmonization.

In the case of PUC Distribution Inc., the harmonization of federal and Ontario corporate income taxes resulted in a transitional balance of $Nil at harmonization. The corporation's nil Ontario transitional balance indicates there was no difference between the various federal and Ontario tax attribute balances at harmonization. As a result, the federal/Ontario corporate tax harmonization has resulted in no tax cost or savings to the corporation.

PROPOSED TAX CHANGES

The corporation's tax return(s) have been prepared taking into account certain proposals to amend the federal and provincial tax statutes which have been publicly announced to date in budgets and other government releases as being applicable to the corporation's current taxation year, even though the proposals may not yet be enacted. If the proposed amendments are not enacted as announced, these tax returns could be reassessed and may result in an underpayment of tax, and possible interest and penalties. If you receive an assessment or reassessment for these tax returns that does not agree with the returns filed, it is important that you notify us so that we can determine if any action needs to be taken.

INSTALMENTS

We have prepared and enclose an estimate of tax instalments as applicable for the Company for the taxation year ending on December 31, 2013. These include instalments for federal income tax and for provincial income and capital taxes. The amounts were computed with reference to the Company's taxable income, taxable capital and income taxes payable for prior years. If during the year it is evident that the taxable income or taxable capital for the current year will be substantially less than for the previous taxation year, your instalments may be recalculated. Overpaid instalments may, in certain circumstances, be transferred to other accounts or applied to other liabilities such as payroll withholdings. Please call your KPMG advisor in order that we may determine what course of action should be taken.

As a consequence of the Ontario/federal corporate tax harmonization, the combined Ontario and federal corporation tax instalment payments for the taxation years ending in 2009 or later must be sent to the CRA.

In order to avoid interest charges, the tax authorities must receive the instalment payments no later than the date indicated on the attached schedule.

NOTICES OF ASSESSMENT

If your Company receives a Notice of Assessment which does not agree with a return as prepared by us, please contact us so that we can determine whether any action should be taken. The Company has only a limited number of days (90 days in the case of federal and Ontario) from the date of mailing of the Assessment in which to object. Failure to respond within the prescribed time limit will cause the Company to lose its right to object to the Assessment.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2013-12-31

Business number 86709 6778 RC0001

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

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

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

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2013-01-31	33,213				33,213
2013-02-28	33,213				33,213
2013-03-31	33,213				33,213
2013-04-30	33,213				33,213
2013-05-31	33,213				33,213
2013-06-30	33,213				33,213
2013-07-31	33,213				33,213
2013-08-31	33,213				33,213
2013-09-30	33,213				33,213
2013-10-31	33,213				33,213
2013-11-30	33,213				33,213
2013-12-31	33,212				33,212
Totals	398,555				398,555

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

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

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

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

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

Identification

Business number (BN) 001 86709 6778 RC0001

Corporation's name
002 PUC Distribution Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 765 Queen Street East
012 P.o. Box 9000
City: 015 Sault Ste Marie
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 P6A 6P2

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

Location of books and records
Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 765 Queen Street E
032
City: 035 Sault Ste. Marie
Province,territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 P6A 6P2

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 [X] Other corporation (specify, below) Electrity Act

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

To which tax year does this return apply?
Tax year start 060 2012-01-01 (YYYY MM DD)
Tax year-end 061 2012-12-31 (YYYY MM DD)

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

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

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

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

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

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

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

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

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

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

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

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

Do not use this area
095 | 096

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	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	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	X	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207	X	7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	———
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

	Line	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

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

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

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.

Line	Product or service	Line	%
284	Electrical distributor	285	100.000 %
286		287	%
288		289	%

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

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible **294** ________ YYYY MM DD

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

Taxable income

	Line	Amount	Total	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		1,598,019	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")			1,598,019	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		1,598,019	
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)			1,598,019	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	1,579,257	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	1,598,019	B
Business limit (see notes 1 and 2 below)	410	356,000	C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C 356,000 x 415 ***** 109,344 D / 11,250 = 3,460,130 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*		1,598,019	A
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		B	
Amount QQ from Part 13 of Schedule 27		C	
Personal service business income**	432	D	
Amount used to calculate the credit union deduction from Schedule 17		E	
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least		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")		1,598,019	I

Amount I	1,598,019	x	Number of days in the tax year before January 1, 2011 / Number of days in the tax year	/ 366	x	10 %	=	J
Amount I	1,598,019	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	/ 366	x	11.5 %	=	K
Amount I	1,598,019	x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	366 / 366	x	13 %	= 207,742	L

General tax reduction for Canadian-controlled private corporations – Total of amounts J to L ..... 207,742 M
Enter amount M on line 638 on page 7.

* For tax years ending after October 31, 2011, line 360 or amount Z, whichever applies.
** For tax years beginning after October 31, 2011.
*** Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)			N
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		O	
Amount QQ from Part 13 of Schedule 27		P	
Personal service business income*	434	Q	
Amount used to calculate the credit union deduction from Schedule 17		R	
Total of amounts O to R		▶	S
Amount N **minus** amount S (if negative, enter "0")			T

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

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

* For tax years beginning after October 31, 2011.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

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

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

Deduct:
Foreign investment income from Schedule 7 . . . . **445** ________ x 9 1 / 3 % = ________
(if negative, enter "0") ________ ► ________ B

Amount A **minus** amount B (if negative, enter "0") . . . . ________ C

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

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

Foreign non-business income tax credit from line 632 on page 7 . . . ________ x 25/9* 100 / 35 = ________

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

________ ► ________

x 26 2 / 3 % = ________ D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . ________ E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least . . . . **450** ________ F

* 100/35 for tax years beginning after October 31, 2011.
** General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year . . . . **460** ________
Deduct: Dividend refund for the previous tax year . . . . **465** ________
________ ► ________ G

Add the total of:
Refundable portion of Part I tax from line 450 above . . . . ________
Total Part IV tax payable from Schedule 3 . . . . ________
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation . . . . **480** ________
________ ► ________ H

Refundable dividend tax on hand at the end of the tax year – Amount G **plus** amount H . . . . **485** ________

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 . . . . ________ x 1 / 3 ________ I

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . ________ J

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

Part I tax

Base amount of Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %		550	607,247	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)		607,247	D

Deduct:

Small business deduction from line 430 on page 4			1
Federal tax abatement	608	159,802	
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624			
Additional deduction – credit unions from Schedule 17	628		
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount M on page 5	638	207,742	
General tax reduction from amount X on page 5	639		
Federal logging tax credit from Schedule 21	640		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652		
Subtotal		367,544 ▶	367,544 E

Part I tax payable – Amount D **minus** amount E	239,703	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	239,703
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		239,703

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	158,852	
Provincial tax on large corporations (Nova Scotia Schedule 342)	765		
(The Nova Scotia tax on large corporations is eliminated effective July 2012.)		158,852 ▶	158,852
Total tax payable	770		398,555 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from page 6	784		
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Canadian film or video production tax credit refund (Form T1131)	796		
Film or video production services tax credit refund (Form T1177)	797		
Tax withheld at source	800		
Total payments on which tax has been withheld 801			
Provincial and territorial capital gains refund from Schedule 18	808		
Provincial and territorial refundable tax credits from Schedule 5	812		
Tax instalments paid	840	466,437	
Total credits	890	466,437 ▶	466,437 B

Refund code 894 1 Overpayment 67,882

Balance (amount A **minus** amount B) -67,882

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 A5001

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

Certification

I, 950 Greco (Last name (print)) 951 Terry (First name (print)) 954 Vice-President (Position, office, or rank),

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

955 2013-06-26 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (705) 759-6566 Telephone number

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

958 ______ Name (print) 959 ______ Telephone number

Language of correspondence – Langue de correspondance

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

Privacy Act, Personal Information Bank number CRA PPU 047

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	18,064,907	23,757,779
	Total tangible capital assets	2008	+	128,112,006	96,776,288
	Total accumulated amortization of tangible capital assets	2009	–	51,975,297	48,231,553
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	2,300,000	6,463,372
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	96,501,616	78,765,886
	Liabilities				
	Total current liabilities	3139	+	15,400,286	17,950,884
	Total long-term liabilities	3450	+	56,749,532	38,169,549
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	72,149,818	56,120,433
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	24,351,798	22,645,453
	Total liabilities and shareholder equity	3640	=	96,501,616	78,765,886
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	4,289,691	2,583,346

* Generic item

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

Canada Revenue Agency — Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

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	+	78,026,469	74,564,085
	Cost of sales	8518	–	60,573,316	60,116,743
	Gross profit/loss	8519	=	17,453,153	14,447,342
	Cost of sales	8518	+	60,573,316	60,116,743
	Total operating expenses	9367	+	17,388,822	14,092,898
	Total expenses (mandatory field)	9368	=	77,962,138	74,209,641
	Total revenue (mandatory field)	8299	+	80,091,958	76,732,947
	Total expenses (mandatory field)	9368	–	77,962,138	74,209,641
	Net non-farming income	9369	=	2,129,820	2,523,306
	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	=	2,129,820	2,523,306
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	423,475	466,500
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	1,706,345	2,056,806

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Schedule 141

Notes checklist

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. 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

		1 Yes	2 No
Does the accountant have a professional designation?	095	X	
Is the accountant connected* with the corporation?	097		X

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

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

Part 2 – Type of involvement with the financial statements

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

Completed an auditor's report	1	X
Completed a review engagement report	2	
Conducted a compilation engagement	3	

Part 3 – Reservations

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

		1 Yes	2 No
Has the accountant expressed a reservation?	099		X

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: 110

Prepared the tax return (financial statements prepared by client)	1	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	

		1 Yes	2 No
Were notes to the financial statements prepared?	101	X	

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

		1 Yes	2 No
Are subsequent events mentioned in the notes?	104		X
Is re-evaluation of asset information mentioned in the notes?	105		X
Is contingent liability information mentioned in the notes?	106		X
Is information regarding commitments mentioned in the notes?	107		X
Does the corporation have investments in joint venture(s) or partnership(s)?	108		X

Part 4 – Other information (continued)

Impairment and fair value changes

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

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

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . **250** 1 Yes [ ] 2 No [X]

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

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

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . **265** 1 Yes [ ] 2 No [X]

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

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

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

Amount calculated on line 9999 from Schedule 125			1,706,345	A
Add:				
Provision for income taxes – current	101	423,475		
Amortization of tangible assets	104	4,320,787		
Taxable capital gains from Schedule 6	113	18,762		
Subtotal of additions		4,763,024 ►	4,763,024	
Other additions:				
Miscellaneous other additions:				
604				
Total	294			
Subtotal of other additions	199	0 ►	0	
Total additions	500	4,763,024 ►	4,763,024	B
Amount A **plus** amount B			6,469,369	
Deduct:				
Gain on disposal of assets per financial statements	401	22,253		
Capital cost allowance from Schedule 8	403	4,597,224		
Cumulative eligible capital deduction from Schedule 10	405	251,873		
Subtotal of deductions		4,871,350 ►	4,871,350	
Other deductions:				
Miscellaneous other deductions:				
704				
Total	394			
Subtotal of other deductions	499	0 ►	0	
Total deductions	510	4,871,350 ►	4,871,350	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			1,598,019	

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Schedule 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

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

Part 1 – Allocation of taxable income

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

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

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
1,598,019		1,598,019	158,852

Description	Line	Amount		Total	
Ontario basic income tax (from Schedule 500)	270	183,772			
Deduct: Ontario small business deduction (from Schedule 500)	402	24,920			
Subtotal		158,852	▶	158,852	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)				158,852	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")				158,852	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")				158,852	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")				158,852	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)				158,852	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452				
Ontario apprenticeship training tax credit (from Schedule 552)	454				
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Other Ontario tax credits					
Subtotal			▶		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	158,852	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** 158,852

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

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SCHEDULE 6

SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

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

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

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

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

Part 1 – Shares

No. of shares 100	Name of corporation 105	Class of shares 106	Date of acquisition YYYY/MM/DD 110	Proceeds of disposition 120	Adjusted cost base 130	Outlays and expenses (dispositions) 140	Gain (or loss) (column 120 **minus** cols. 130 and 140) 150	Foreign source
			Totals					

Total adjustment under subsection 112(3) of the Act to all losses identified in Part 1 . . . . 160 ______

Actual gain or loss from the disposition of shares (total of line 150 **plus** line 160) . . . . ______ A

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

	Municipal address 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code 200	Date of acquisition YYYY/MM/DD 210	Proceeds of disposition 220	Adjusted cost base 230	Outlays and expenses (dispositions) 240	Gain (or loss) (column 220 **minus** cols. 230 and 240) 250	Foreign source
1			39,150	607	1,020	37,523	
		Totals	39,150	607	1,020	37,523	B

Part 3 – Bonds

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

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

Description 400	Date of acquisition YYYY/MM/DD 410	Proceeds of disposition 420	Adjusted cost base 430	Outlays and expenses (dispositions) 440	Gain (or loss) (column 420 **minus** cols. 430 and 440) 450	Foreign source
	Totals					D

Note:
Other property includes capital debts established as bad debts, as well as amounts that arise from foreign currency transactions.

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

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

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

Part 6 – Listed personal property

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

Subtract: Unapplied listed personal property losses from other years 655 ______

Net gains (or losses) ______ F

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

Part 7 – Determining allowable business investment losses

Property qualifying for and resulting in an allowable business investment loss

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

ABILs . . . . Amount G ______ x 50.0000 % = ______ H
(enter amount H on line 406 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*)
Note:
Properties listed in Part 7 should not be included in any other parts of Schedule 6.

Part 8 – Determining capital gains or losses

Total of amounts A to F (do not include F if the amount is a loss)		37,523	I
Add:			Foreign source
Capital gains dividend received in the year	875		J
Capital gains reserve opening balance (from Schedule 13)	880		K
Subtotal (**add** amounts I, J, and K)		37,523	L
Deduct:			
Capital gains reserve closing balance (from Schedule 13)	885		M
Capital gains or losses, excluding ABILs (amount L **minus** amount M)	890	37,523	

Part 9 – Determining taxable capital gains and total capital losses

Capital gains or losses, excluding ABILs (amount from line 890 above) . . . 37,523 N

Deduct the following gains that are included in amount N:

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

realized before May 2, 2006	______	x 50.0000 % =	______	O	Foreign source ☐
realized after May 1, 2006			______	P	Foreign source ☐
		Subtotal (O **plus** P) **895**	______		

Gain on donation of ecologically sensitive land

realized before May 2, 2006	______	x 50.0000 % =	______	Q	Foreign source ☐
realized after May 1, 2006			______	R	Foreign source ☐
		Subtotal (Q **plus** R) **896**	______		

Exempt portion of the gain on the donation of securities arising from the exchange of a partnership interest under paragraph 38(*a.3*) . . . ______ R-2 Foreign source ☐

Total (line 895 **plus** line 896 **plus** line R-2) ______ S

Total capital gains or losses (amount N **minus** amount S) 37,523 T

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

Taxable capital gains: If amount T is a gain, enter it on this line and **multiply** . . . 37,523 x 50.0000 % = 18,762 U
(Enter amount U on line 113 of Schedule 1.)

T2 SCH 6 E (10)

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Schedule 7

Aggregate Investment Income and Active Business Income

Corporation's name	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

- This schedule is for the use of Canadian-controlled private corporations to calculate:
  - aggregate investment income and foreign investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the *Income Tax Act;*
  - specified partnership income for members of one or more partnership(s); and
  - income from an active business carried on in Canada for the small business deduction.
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part I Tax" in Guide T4012, *T2 Corporation – Income Tax Guide.*

Part 1 – Aggregate investment income

The aggregate investment income is the aggregate **world** source income.

The eligible portion of taxable capital gains included in income for the year	002			18,762	A
Deduct:					
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	012		a		
Net capital losses of other years claimed on line 332 on the T2 return	022		b		
Amount a **plus** amount b					B
Amount A **minus** amount B (if negative, enter "0")				18,762	C
Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada)	032		c		
Deduct:					
Exempt income	042		1		
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year	052		2		
Taxable dividends deductible (total of Column F on Schedule 3)	062		3		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072		4		
Total of amounts 1 to 4			d		
Subtotal (amount c **minus** amount d)					D
Amount C **plus** amount D				18,762	E
Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	082				F
Amount E **minus** amount F (if negative, enter "0")	092			18,762	G

Enter amount G on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13	18,762	1.1		
Reserve's eligible portion (addition/deduction)		1.2		
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1 and 1.2)	18,762		18,762	1a
Deduct:				
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		2a		
Net capital losses of other years claimed on line 332 on the T2 return		3a		
Total of amounts 2a and 3a				4a
Amount 1a **minus** amount 4a (if negative, enter "0")			18,762	5a

Part 2A – Canadian investment income calculation (continued)

Taxable dividends		6.1		
Real estate rental properties (under regulation 1100(11))		6.2		
Other property income		6.3		
Total income from property from a source **Canadian**		▶		6a
Deduct:				
Exempt income		7a		
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year		8a		
Taxable dividends deductible (total of Column F on Schedule 3)		9a		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)		10a		
Total of amounts 7a to 10a		▶		11a
Amount 6a **minus** amount 11a				12a
Amount 5a **plus** amount 12a			18,762	13a
Losses from rental properties (under regulation 1100(11))		14.1		
Other losses from property		14.2		
Total losses from property from a source **Canadian**		▶		14a
Amount 13a **minus** amount 14a (if negative, enter "0")			18,762	15a

Part 2 – Foreign investment income

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

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13				H1		
Reserve's eligible portion (addition/deduction)				H2		
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts H1 and H2)				▶ 001		H
Eligible portion of allowable capital losses for the year (including allowable business investment losses)				009		I
Subtotal (amount H **minus** amount I) (if negative, enter "0")						J
Taxable dividends		e1				
Real estate rental properties (under regulation 1100(11))		e2				
Other property income		e3				
Total income from property from a source **outside Canada**		▶ 019		e		
Deduct:						
Exempt income	029	5				
Taxable dividends deductible (total of Column F on Schedule 3)	049	6				
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059	7				
Total of amounts 5 to 7		▶		f		
Subtotal (amount e **minus** amount f)				▶		K
Amount J **plus** amount K						L
Losses from rental properties (under regulation 1100(11))				M1		
Other losses from property				M2		
Total losses from property from a source **outside Canada**				▶ 069		M
Amount L **minus** amount M (if negative, enter "0") (enter amount N on line 445 of the T2 return)				079		N

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

Part 3 – Specified partnership income

A	B	C
Partnership name 200	Total income (loss) of partnership from an active business 300	Corporation's share of amount in column B 310

D	E	F	G	H	I
Adjustments (add or deduct the prorated amounts calculated under section 34.2* and deduct expenses incurred by the corporation to earn partnership income) 315	Corporation's income (loss) of the partnership (column C **plus** column D) 320	Number of days in the partnership's fiscal period 325	Prorated business limit (column C ÷ column B) x [$500,000 x (column F ÷ 365)] (if column C is negative, enter "0")** 330	Column E **minus** column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0") 340
Total	350		Total	385	360

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

Specified partnership loss of the corporation for the year – enter as a positive amount (total of all negative amounts in column E) . . . . **380** ______ h

Subtotal (amount g **plus** amount h) ______ i

Amount at line 385 or amount i, whichever is less . . . . **390** ______ O

Specified partnership income (line 360 **plus** amount O) . . . . **400** ______ P

Enter amount P at line T in Part 4.

* In general, amounts included or deducted under subsections 34.2(2), 34.2(3), 34.2(4), 34.2(11), and 34.2(12) are deemed to have the **same character** and be in the **same proportions** as the partnership income to which they relate. For example, if a corporation receives $100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of $40,000 of active business income, $30,000 of income from property, and $30,000 as a taxable capital gain, the corporation's adjusted stub period accrual (ASPA) in respect of the partnership would be 40% active business income, 30% property income, and 30% taxable capital gains. Add or deduct **only the proportion** of the following amounts that is deemed under subsection 34.2(5) to be **active business income**:

add:

- the ASPA under subsection 34.2(2) (column 4 of Schedule 73);
- the income inclusion for a new corporate member of a partnership under subsection 34.2(3) (column 6 of Schedule 73);
- the previous-year transitional reserve under subsection 34.2(12) (column 12 of Schedule 73);

deduct:

- the previous-year ASPA under subsection 34.2(4) (column 5 of Schedule 73);
- the previous-year income inclusion for a new corporate member of a partnership under subsection 34.2(4) (column 7 of Schedule 73); and
- the current-year transitional reserve under subsection 34.2(11) (column 11 of Schedule 73).

** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income for the purpose of calculating the prorated business limit in column G. Enter on line h the total of all loss from column E.

Part 4 – Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses – from line 350 in Part 3 (if the net amount is negative, enter "0" on line U)			Q
Specified partnership loss (from amount h in Part 3)			R
Subtotal (amount Q **plus** amount R)			S
Deduct:			
Specified partnership income (from amount P in Part 3)			T
Partnership income (amount S **minus** amount T) (enter on line p in Part 5)	450		U

Part 5 – Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return		1,598,019	j		
Plus:					
Allowable business investment loss from line 406 of Schedule 1			k		
Subtotal (amount j **plus** amount k)		1,598,019	▶	1,598,019	V
Deduct:					
Foreign business income after deducting related expenses*	500		l		
Taxable capital gains **minus** allowable capital loss (amount A **minus** amount a* in Part 1)**		18,762	m		
Net property income [amount c **minus** (amounts 1, 2, and F* in Part 1)]			n		
Personal services business income and other income after deducting related expenses*	520		o		
Total of amounts l to o		18,762	▶	18,762	W
Net amount (amount V **minus** amount W)				1,579,257	X
Deduct:					
Partnership income (amount U in Part 4)			p		
Income allocated to the corporation under subsection 96(1.1)			q		
Subtotal (amount p **plus** amount q)			▶		Y
Income from active business carried on in Canada (amount X **minus** amount Y) (enter amount Z on line 400 of the T2 return - if negative, enter "0")				1,579,257	Z

* If negative, enter amount in brackets, and **add** instead of **subtracting**.

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

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

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

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes [ ] 2 No [X]

	1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate % ****	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) *****	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11)
	200		201	203	205	207	211		212	213	215	217	220
1.	1		28,330,725			0		28,330,725	4	0	0	1,133,229	27,197,496
2.	47		23,404,225	6,493,082		0	3,246,541	26,650,766	8	0	0	2,132,061	27,765,246
3.	8	Smart meters	3,680,320	882,065		0	441,033	4,121,352	20	0	0	824,270	3,738,115
4.	12	Software	49,334			0		49,334	100	0	0	49,334	
5.	1	New Building		22,916,497		0	11,458,249	11,458,248	4	0	0	458,330	22,458,167
		Totals	55,464,604	30,291,644			15,145,823	70,610,425				4,597,224	81,159,024

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 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.

***** 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)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

- 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.	PUC Inc		89839 7518 RC0001	1	8,612	100.000			20,062,107
2.	PUC Services Inc		87626 3526 RC0002	3					
3.	PUC TELECOM INC.		88614 1811 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
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")			200	3,598,179 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	3,598,179 F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242	G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244	H		
Other adjustments	246	I		
(add amounts G,H, and I)		x 3 / 4 =	248	J
Cumulative eligible capital balance (amount F minus amount J)				3,598,179 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)				
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business		249		
amount K	3,598,179			
less amount from line 249				
Current year deduction	3,598,179 x 7.00 % =	250	251,873 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			251,873 ▶	251,873 L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300	3,346,306 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 2012

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

	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	PUC Distribution Inc.	86709 6778 RC0001	1	500,000	71.2000	356,000	
2	PUC Inc	89839 7518 RC0001	1	500,000	28.8000	144,000	
3	PUC Services Inc	87626 3526 RC0002	1	500,000			
4	PUC TELECOM INC.	88614 1811 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
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

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

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder: Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	PUC Inc	89839 7518 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2012-12-31

- 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	____ / 366	x	12.00 %	=	%	A1
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	366 / 366	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 *	1,598,019	B
Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A3 from Part 1)	183,772	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)	1,579,257	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	1,598,019	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	356,000	3
Enter the least of amounts 1, 2, and 3	356,000	D

Ontario domestic factor: $\frac{\text{Ontario taxable income *}}{\text{Taxable income earned in all provinces and territories **}}$ $\frac{1,598,019.00}{1,598,019}$ = 1.00000 E

Amount D x factor E	356,000	a
Ontario taxable income (amount B from Part 2)	1,598,019	b

Ontario small business income (lesser of amount a and amount b) ... 356,000 F

$\frac{\text{Number of days in the tax year before July 1, 2011}}{\text{Number of days in the tax year}}$ $\frac{\quad}{366}$ x 7.50 % = % G1

$\frac{\text{Number of days in the tax year after June 30, 2011}}{\text{Number of days in the tax year}}$ $\frac{366}{366}$ 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) ... 24,920 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) ... 356,000 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.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2014-12-31

Business number 86709 6778 RC0001

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

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

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

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2014-01-31	8,238				8,238
2014-02-28	8,238				8,238
2014-03-31	8,238				8,238
2014-04-30	8,238				8,238
2014-05-31	8,238				8,238
2014-06-30	8,238				8,238
2014-07-31	8,238				8,238
2014-08-31	8,238				8,238
2014-09-30	8,238				8,238
2014-10-31	8,238				8,238
2014-11-30	8,238				8,238
2014-12-31	8,235				8,235
Totals	98,853				98,853

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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*. 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 86709 6778 RC0001

Corporation's name
002 PUC Distribution Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 500 Second Line East
012

City: 015 Sault Ste Marie
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 P6A 4K1

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o
022
023

City: 025
Province, territory, or state: 026
Country (other than Canada): 027
Postal code/Zip code: 028

Location of books and records
Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 500 Second Line East
032

City: 035 Sault Ste Marie
Province,territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 P6A 4K1

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 [X] Other corporation (specify, below) Electrity Act

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 [X]

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

Is the date on line 061 a deemed tax year-end in according to subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

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

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

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

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

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

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

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

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

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

Do not use this area

095 096

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202		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	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256		T1134
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

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

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

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	Electrical distributor	285	100.000 %
286		287	%
288		289	%

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

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 ______ YYYY MM DD

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

Taxable income

	Line	Amount		
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		272,580	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")			272,580	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		272,580	
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)			272,580	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**	272,580	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**	272,580	B
Business limit (see notes 1 and 2 below)	**410**	360,000	C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C 360,000 x **415** **** 111,537 / 11,250 D = 3,569,184 E

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

Small business deduction

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

Enter amount G on line 1 on page 7.

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

** General rate reduction percentage for the tax year. It has to be pro-rated 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 page 3 (line 360 or amount Z, whichever applies)			272,580	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")			272,580	I

Amount I 272,580 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 272,580 x (Number of days in the tax year after December 31, 2011 365 / Number of days in the tax year 365) x 13 % = 35,435 K

General tax reduction for Canadian-controlled private corporations – Amount J **plus** amount K .... 35,435 L

Enter amount L 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)				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.

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 $\frac{1}{(0.38 - X^*)}$ 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

* 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 Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %		550	103,580	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)		103,580	D

Deduct:

Small business deduction from line 430 on page 4			1		
Federal tax abatement	608	27,258			
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	35,435			
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		62,693	▶	62,693	E

Part I tax payable – Amount D **minus** amount E	40,887	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	40,887
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		40,887

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	57,966	
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		57,966 ▶	57,966
Total tax payable	770		98,853 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	398,555
Total credits	890	398,555 ▶ 398,555 B

Refund code 894 1 Overpayment 299,702

Balance (amount A **minus** amount B) -299,702

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 D4481

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

Certification

I, 950 Greco (Last name (print)) 951 Terry (First name (print)) 954 Vice-President (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 2014-06-23 Date (yyyy/mm/dd) ____ Signature of the authorized signing officer of the corporation 956 (705) 759-6566 Telephone number

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

958 ____ Name (print) 959 ____ Telephone number

Language of correspondence – Langue de correspondance

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

Privacy Act, personal information bank number CRA PPU 047

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2013-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	22,630,687	18,064,907
	Total tangible capital assets	2008	+	134,063,688	128,112,006
	Total accumulated amortization of tangible capital assets	2009	–	52,595,690	51,975,297
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	1,990,924	2,300,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	106,089,609	96,501,616
	Liabilities				
	Total current liabilities	3139	+	24,470,755	15,400,286
	Total long-term liabilities	3450	+	55,156,091	56,749,532
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	79,626,846	72,149,818
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	26,462,763	24,351,798
	Total liabilities and shareholder equity	3640	=	106,089,609	96,501,616
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	6,400,656	4,289,691

***** Generic item

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2013-12-31

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	+	85,504,200	78,026,469
	Cost of sales	8518	–	68,769,142	60,573,316
	Gross profit/loss	8519	=	16,735,058	17,453,153
	Cost of sales	8518	+	68,769,142	60,573,316
	Total operating expenses	9367	+	19,501,783	17,388,822
	Total expenses (mandatory field)	9368	=	88,270,925	77,962,138
	Total revenue (mandatory field)	8299	+	90,417,815	80,091,958
	Total expenses (mandatory field)	9368	–	88,270,925	77,962,138
	Net non-farming income	9369	=	2,146,890	2,129,820
	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	=	2,146,890	2,129,820
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	35,925	423,475
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	2,110,965	1,706,345

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

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes checklist

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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 [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . . **097** 1 Yes [ ] 2 No [X]

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

Note

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

Part 2 – Type of involvement with the financial statements

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

Completed an auditor's report . . . . 1 [X]

Completed a review engagement report . . . . 2 [ ]

Conducted a compilation engagement . . . . 3 [ ]

Part 3 – Reservations

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

Has the accountant expressed a reservation? . . . . **099** 1 Yes [ ] 2 No [X]

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client) . . . . 1 [ ]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . 2 [ ]

Were notes to the financial statements prepared? . . . . **101** 1 Yes [X] 2 No [ ]

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

Are subsequent events mentioned in the notes? . . . . **104** 1 Yes [ ] 2 No [X]

Is re-evaluation of asset information mentioned in the notes? . . . . **105** 1 Yes [ ] 2 No [X]

Is contingent liability information mentioned in the notes? . . . . **106** 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . **107** 1 Yes [ ] 2 No [X]

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

Part 4 – Other information (continued)

Impairment and fair value changes

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

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

		In net income 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 [X]

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

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

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . **265** 1 Yes [ ] 2 No [X]

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

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 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			2,110,965	A
Add:				
Provision for income taxes – current	101	35,925		
Amortization of tangible assets	104	3,538,651		
Loss on disposal of assets	111	110,632		
Non-deductible meals and entertainment expenses	121	1,595		
Subtotal of additions		3,686,803	3,686,803	
Other additions:				
Miscellaneous other additions:				
604				
Total	294			
Subtotal of other additions	199	0	0	
Total additions	500	3,686,803	3,686,803	B
Amount A **plus** amount B			5,797,768	
Deduct:				
Capital cost allowance from Schedule 8	403	5,290,947		
Cumulative eligible capital deduction from Schedule 10	405	234,241		
Subtotal of deductions		5,525,188	5,525,188	
Other deductions:				
Miscellaneous other deductions:				
704				
Total	394			
Subtotal of other deductions	499	0	0	
Total deductions	510	5,525,188	5,525,188	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			272,580	

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Canada

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Schedule 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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
272,580		272,580	12,266

Ontario basic income tax (from Schedule 500)	270	31,347		
Deduct: Ontario small business deduction (from Schedule 500)	402	19,081		
Subtotal		12,266	12,266	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)			12,266	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			
Other Ontario non-refundable credits				
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			12,266	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")			12,266	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")			12,266	G6
Add:				
Ontario corporate minimum tax (from Schedule 510)	278	45,700		
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal		45,700	45,700	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			57,966	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452			
Ontario apprenticeship training tax credit (from Schedule 552)	454			
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario sound recording tax credit (from Schedule 562)	464			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Subtotal				J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.	290		57,966	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	57,966

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
PUC Distribution Inc.	86709 6778 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 (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		27,197,496			0		27,197,496	4	0	0	1,087,900	26,109,596
2.	47		27,765,246	8,314,475		1,460,189	3,427,143	31,192,389	8	0	0	2,495,391	32,124,141
3.	8	Smart meters	3,738,115	244,768		0	122,384	3,860,499	20	0	0	772,100	3,210,783
4.	1	New Building	22,458,167	1,861,467		0	930,734	23,388,900	4	0	0	935,556	23,384,078
		Totals	81,159,024	10,420,710		1,460,189	4,480,261	85,639,284				5,290,947	84,828,598

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:
– Amounts transferred under section 85, or transferred on amalgamation and winding-up of a subsidiary.
Items that **reduce** the undepreciated capital cost:
– 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
PUC Distribution Inc.	86709 6778 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	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.	PUC Inc		89839 7518 RC0001	1					
2.	PUC Services Inc		87626 3526 RC0002	3					
3.	PUC TELECOM INC.		88614 1811 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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Canada

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2013-12-31

- 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	3,346,306	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	3,346,306	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242			G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244			H
Other adjustments	246			I
(add amounts G,H, and I)		x 3 / 4 = 248		J
Cumulative eligible capital balance (amount F minus amount J)			3,346,306	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)				
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249			
amount K	3,346,306			
less amount from line 249				
Current year deduction	3,346,306 x 7.00 % =	250	234,241 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		234,241 ▶	234,241	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")		300	3,112,065	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 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 [X]

	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	PUC Distribution Inc.	86709 6778 RC0001	1	500,000	72.0000	360,000
2	PUC Inc	89839 7518 RC0001	1	500,000	28.0000	140,000
3	PUC Services Inc	87626 3526 RC0002	1	500,000		
4	PUC TELECOM INC.	88614 1811 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
PUC Distribution Inc.	86709 6778 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.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
		Provide only one number per shareholder				
	100	200	300	350	400	500
1	PUC Inc	89839 7518 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2013-12-31

- 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 * . . . . . 272,580 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A3 from Part 1) . . . . . 31,347 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)	272,580	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	272,580	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	360,000	3
Enter the least of amounts 1, 2, and 3	272,580	D

Ontario domestic factor: Ontario taxable income * / Taxable income earned in all provinces and territories ** = 272,580.00 / 272,580 = 1.00000 E

Amount D x factor E 272,580 a

Ontario taxable income (amount B from Part 2) 272,580 b

Ontario small business income (lesser of amount a and amount b) 272,580 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) 19,081 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) 272,580 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
PUC Distribution Inc.	86709 6778 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	106,089,609
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	94,265,955
Total assets (total of lines 112 to 116)		200,355,564
Total revenue of the corporation for the tax year **	142	90,417,815
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	18,620,692
Total revenue (total of lines 142 to 146)		109,038,507

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

	Line	Amount	Line	Amount	
Net income/loss per financial statements *			210	2,110,965	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	35,925			
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		35,925		35,925	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	2,146,890	

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	2,146,890		
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	2,146,890		

Amount from line 520: 2,146,890 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: 2,146,890 x (Number of days in the tax year after June 30, 2010: 365 / Number of days in the tax year: 365) x 2.7 % = 57,966 2

Subtotal (amount 1 **plus** amount 2) . . . 57,966 3

Gross CMT: amount on line 3 above x OAF **	540	57,966	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		57,966	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		12,266	
Net CMT payable (if negative, enter "0")		45,700	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)		45,700		
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal		45,700	45,700	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)	670		45,700	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)			12,266	1		
For a corporation that is not a life insurance corporation:						
CMT after foreign tax credit deduction (amount D from Part 3)	57,966	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:			57,966	6		
Subtotal (if negative, enter "0")						N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			12,266			
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")			12,266		12,266	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
PUC Distribution Inc.	86709 6778 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	PUC Inc	89839 7518 RC0001	62,788,693	2,413,471
2	PUC Services Inc	87626 3526 RC0002	27,308,411	16,115,375
3	PUC TELECOM INC.	88614 1811 RC0001	4,168,851	91,846
		Total	450 94,265,955	550 18,620,692

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
PUC Distribution Inc.	86709 6778 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)
PUC Distribution Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2000-02-18	1800173

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
765	Queen Street	

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

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Sault Ste Marie	ON	CA	P6A 6P2

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 Greco (Last name) **451** Terry (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 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

T2 Corporation Income Tax Return

200

055 Do not use this area

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

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

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

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

Identification

Business number (BN) 001 86709 6778 RC0001

Corporation's name
002 PUC Distribution Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 500 Second Line East
012
City: 015 Sault Ste Marie
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 P6B 4K1

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

Location of books and records (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 [X]
(If **yes**, complete lines 031 to 038.)
031 500 Second Line East
032
City: 035 Sault Ste Marie
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 P6B 4K1

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 [X] Other corporation (specify, below)
Electrity Act

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 [X]
If **yes**, provide the date control was acquired . . . . 065 ________ YYYY MM DD

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

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

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

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

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

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

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

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

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

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

Do not use this area
095 096 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the 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	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202		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	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

	Line	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

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

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

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.

Line	Product or service	Line	%
284	Electrical power distribution	285	100.000 %
286		287	%
288		289	%

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

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 ______ YYYY MM DD

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

Taxable income

		Line	Amount		
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.		300		-1,149,357	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** *** 206,748 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	23,460
Total tax payable	770	23,460 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	199,278
Total credits	890	199,278 ▶ 199,278 B

Refund code 894 1 Overpayment 175,818

Balance (amount A **minus** amount B) -175,818

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 D4481

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

Certification

I, 950 Greco (Last name (print)) 951 Terry (First name (print)) 954 Vice-President (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 2015-06-19 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (705) 759-6566 Telephone number

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

958 ______ Name (print) 959 ______ Telephone number

Language of correspondence – Langue de correspondance

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

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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 T4012, *T2 Corporation – Income Tax Guide.*
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

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

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

Is the accountant connected* with the corporation? . . . . . 097 1 Yes [ ] 2 No [X]

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 [X]

Completed a review engagement report . . . . . 2 [ ]

Conducted a compilation engagement . . . . . 3 [ ]

Part 3 – Reservations

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

Has the accountant expressed a reservation? . . . . . 099 1 Yes [ ] 2 No [X]

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: 110

Prepared the tax return (financial statements prepared by client) . . . . . 1 [ ]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 [ ]

Were notes to the financial statements prepared? . . . . . 101 1 Yes [X] 2 No [ ]

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

Are subsequent events mentioned in the notes? . . . . . 104 1 Yes [ ] 2 No [X]

Is re-evaluation of asset information mentioned in the notes? . . . . . 105 1 Yes [ ] 2 No [X]

Is contingent liability information mentioned in the notes? . . . . . 106 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . 107 1 Yes [ ] 2 No [X]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . 108 1 Yes [ ] 2 No [X]

Part 4 – Other information (continued)

Impairment and fair value changes

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

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

		In net income 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 [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 1 Yes [ ] 2 No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . 265 1 Yes [ ] 2 No [X]

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

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2014-12-31

Assets – lines 1000 to 2599

1000	4,118,664	1060	7,544,347	1062	10,004,921
1120	1,614,472	1480	28,521	1483	497,819
1484	62,200	1599	23,870,944	1600	852,393
1680	26,327,087	1681	-1,731,553	1740	29,570,082
1741	-14,092,945	1785	83,906,624	1786	-40,267,974
2008	140,656,186	2009	-56,092,472	2420	1,482,115
2421	1,403,460	2589	2,885,575	2599	111,320,233

Liabilities – lines 2600 to 3499

2620	10,791,840	2770	563,782	2860	1,945,721
2920	16,905,879	2961	854,761	3139	31,061,983
3145	24,631,520	3260	26,534,040	3320	1,482,458
3450	52,648,018	3499	83,710,001		

Shareholder equity – lines 3500 to 3640

3500	20,062,107	3600	7,548,125	3620	27,610,232
3640	111,320,233				

Retained earnings – lines 3660 to 3849

3660	6,400,656	3680	1,147,469	3849	7,548,125

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SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2014-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	86,859,902	8089	86,859,902	8090	7,555
8230	4,143,950	8299	91,011,407		

Cost of sales – lines 8300 to 8519

8320	70,473,134	8518	70,473,134	8519	16,386,768

Operating expenses – lines 8520 to 9369

8523	4,070	8670	3,657,061	8710	259,935
8714	2,756,657	8717	1,373,301	9270	2,516,075
9273	5,773,407	9284	3,328,861	9367	19,669,367
9368	90,142,501	9369	868,906		

Extraordinary items and taxes – lines 9970 to 9999

9970	868,906	9990	-278,563	9999	1,147,469

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

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
PUC Distribution Inc.	86709 6778 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			1,147,469	A
Add:				
Provision for income taxes – current	101	-278,563		
Amortization of tangible assets	104	3,657,061		
Non-deductible meals and entertainment expenses	121	2,035		
Subtotal of additions		3,380,533 ▶	3,380,533	
Other additions:				
Miscellaneous other additions:				
604				
Total	294			
Subtotal of other additions	199	0 ▶	0	
Total additions	500	3,380,533 ▶	3,380,533	B
Amount A **plus** amount B			4,528,002	
Deduct:				
Capital cost allowance from Schedule 8	403	5,459,514		
Cumulative eligible capital deduction from Schedule 10	405	217,845		
Subtotal of deductions		5,677,359 ▶	5,677,359	
Other deductions:				
Miscellaneous other deductions:				
704				
Total	394			
Subtotal of other deductions	499	0 ▶	0	
Total deductions	510	5,677,359 ▶	5,677,359	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			-1,149,357	

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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			-1,149,357	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")			-1,149,357	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)			-1,149,357	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")			-1,149,357	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e	
Deduct: Non-capital loss expired*	**100**		f	
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	**102**		▶	H
Add:				
Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	**105**		g	
Current-year non-capital loss (from amount G)	**110**	1,149,357	h	
Subtotal (amount g **plus** amount h)		1,149,357	▶ 1,149,357	I
Subtotal (amount H **plus** amount I)			1,149,357	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)				1,149,357	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	1,149,357	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)		1,149,357	▶	1,149,357	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	37,523	952		i		
Third previous tax year	62,000	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.

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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

	Line	Amount		Total	
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	23,460			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal		23,460	►	23,460	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)				23,460	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452				
Ontario apprenticeship training tax credit (from Schedule 552)	454				
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Subtotal			►		J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.				290 23,460	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** 23,460

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
PUC Distribution Inc.	86709 6778 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 [X]

	1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Adjustments and transfers**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate % ****	9 Recapture of capital cost allowance***** (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ******	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11)
	200		201	203	205	207	211		212	213	215	217	220
1.	1		26,109,596			0		26,109,596	4	0	0	1,044,384	25,065,212
2.	47		32,124,141	6,302,637		0	3,151,319	35,275,459	8	0	0	2,822,037	35,604,741
3.	8	Smart meters	3,210,783	106,760		0	53,380	3,264,163	20	0	0	652,833	2,664,710
4.	1	New Building	23,384,078	244,855		0	122,428	23,506,505	4	0	0	940,260	22,688,673
		Totals	84,828,598	6,654,252			3,327,127	88,155,723				5,459,514	86,023,336

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
PUC Distribution Inc.	86709 6778 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.	PUC Inc		89839 7518 RC0001	1					
2.	PUC Services Inc		87626 3526 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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2014-12-31

- 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	3,112,065	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	3,112,065	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242			G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244			H
Other adjustments	246			I
(add amounts G,H, and I)		x 3 / 4 = 248		J
Cumulative eligible capital balance (amount F minus amount J)			3,112,065	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)				
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business		249		
amount K	3,112,065			
less amount from line 249				
Current year deduction	3,112,065 x 7.00 % =	250	217,845 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		217,845 ▶	217,845	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")		300	2,894,220	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 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 [X]

	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	PUC Distribution Inc.	86709 6778 RC0001	1	500,000		
2	PUC Inc	89839 7518 RC0001	1	500,000	100.0000	500,000
3	PUC Services Inc	87626 3526 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.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2014-12-31

- 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:

	Line	Amount		Total	
Reserves that have not been deducted in computing income for the year under Part I	101				
Capital stock (or members' contributions if incorporated without share capital)	103	20,062,107			
Retained earnings	104	7,548,125			
Contributed surplus	105				
Any other surpluses	106				
Deferred unrealized foreign exchange gains	107				
All loans and advances to the corporation	108	1,918,747			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	66,917,609			
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 an amount under paragraph 181.2(3)(g) for 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)		96,446,588	▶	96,446,588	A

Deduct the following amounts:

	Line	Amount		Total	
Deferred tax debit balance at the end of the year	121				
Any deficit deducted in computing 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				
Any amount deducted under subsection 135(1) in computing income under Part I for the year, as long as the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123				
Deferred unrealized foreign exchange losses at the end of the year	124				
Subtotal (**add** lines 121 to 124)			▶		B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190			96,446,588	

Note: Line 112 is determined as follows:

- An amount for a partnership is the proportion of the amount, if any, by which the total of those amounts—for the partnership's last fiscal period that ends at or before the tax year-end of the corporation—that would be determined for lines 101, 107, 108, 109, and 111 as if they apply to the partnership in the same way that they apply to corporations exceed the partnership's deferred unrealized foreign exchange losses at the end of the fiscal period.
- In determining an amount for a partnership, do not include amounts owing by the partnership
  - to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership.
  - to any partnership in which a corporation described above held a membership interest either directly or indirectly through another partnership.
- The proportion of an amount for a partnership is determined by the amount that the corporation's share of the partnership's income or loss for the fiscal period—to which the corporation is entitled either directly or indirectly through another partnership—is of the partnership's income or loss for the period.

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1).	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, refer to to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		96,446,588	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	96,446,588	

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) 96,446,588 x $\frac{\text{Taxable income earned in Canada} \quad \mathbf{610} \quad 1{,}000}{\text{Taxable income} \quad 1{,}000}$ = **Taxable capital employed in Canada** **690** 96,446,588

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 (line 690 or 790, whichever applies)		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 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 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) 100	Provide only one number per shareholder: 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	PUC Inc	89839 7518 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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	111,320,233
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	88,036,121
Total assets (total of lines 112 to 116)		199,356,354
Total revenue of the corporation for the tax year **	142	91,011,407
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	18,686,464
Total revenue (total of lines 142 to 146)		109,697,871

The corporation is subject to CMT if:

– for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.

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

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

* **Rules for total assets**

– Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.

– Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

– The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.

– A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.

– If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.

– The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

– A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	1,147,469
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	278,563		
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		278,563		278,563 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	868,906

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	868,906	
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	868,906	

Amount from line 520	868,906	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	868,906	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	365 / 365	x 2.7 % =	23,460	2
			Subtotal (amount 1 **plus** amount 2)			23,460	3

Gross CMT: amount on line 3 above x OAF **	540	23,460	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		23,460	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		23,460	E

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

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

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

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

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

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

$$\frac{\text{Ontario taxable income ****}}{\text{Taxable income *****}} \quad \_\_\_\_ = \_\_\_\_$$

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 *		45,700	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		45,700	► 620	45,700	
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)				45,700	H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)				45,700	J
Add:					
Net CMT payable (amount E from Part 3)		23,460			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		23,460	►	23,460	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	69,160	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)				45,700	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)	23,460	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:		23,460	6		
Subtotal (if negative, enter "0")			►		N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)					
Deduct:					
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)					
Subtotal (if negative, enter "0")			►		O
CMT credit deducted in the current tax year (least of amounts M, N, and O)					P

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

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

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
PUC Distribution Inc.	86709 6778 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	PUC Inc	89839 7518 RC0001	63,409,164	2,408,252
2	PUC Services Inc	87626 3526 RC0002	24,626,957	16,278,212
		Total	450 88,036,121	550 18,686,464

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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)
PUC Distribution Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2000-02-18	1800173

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
765	Queen Street	

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

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Sault Ste Marie	ON	CA	P6A 6P2

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 Greco (Last name) **451** Terry (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 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.

Financial Statements of

PUC DISTRIBUTION INC.

Year ended December 31, 2014

KPMG LLP
111 Elgin Street, PO Box 578
Sault Ste. Marie ON P6A 5M6

Telephone (705) 949-5811
Fax (705) 949-0911
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholder of PUC Distribution Inc.

We have audited the accompanying financial statements of PUC Distribution Inc., which comprise the balance sheet as at December 31, 2014 and the statements of earnings and comprehensive earnings and retained earnings 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 Canadian 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 PUC Distribution Inc. as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 15, 2015
Sault Ste. Marie, Canada

PUC DISTRIBUTION INC.

Balance Sheet

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	$ 4,118,664	$ 314,787
Accounts receivable	7,544,347	7,886,094
Unbilled revenue	10,004,921	11,572,951
Payment in lieu of taxes recoverable	497,819	343,139
Inventories	1,614,472	1,675,485
Prepaid expenses and deposits	62,200	66,520
Current portion of regulatory assets (note 3)	28,521	771,711
	23,870,944	22,630,687
Property, plant and equipment (note 2)	140,656,186	134,063,688
Less accumulated amortization	56,092,472	52,595,690
	84,563,714	81,467,998
Regulatory assets (note 3)	1,482,115	50,924
Future taxes (note 7)	1,403,460	1,940,000
	$ 111,320,233	$ 106,089,609

	2014	2013

Liabilities and Shareholder's Equity

	2014	2013
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,791,840	$ 10,702,293
Customer deposits	854,761	712,536
Deferred revenue	563,782	1,227,075
Payable to PUC Services Inc. (note 5)	1,945,721	8,054,961
Current portion of long-term debt (note 4)	15,752,049	720,470
Current portion of regulatory liabilities (note 3)	1,153,830	3,053,420
	31,061,983	24,470,755
Regulatory liabilities (note 3)	1,482,458	3,238,482
Long-term debt (note 4)	51,165,560	51,917,609
	83,710,001	79,626,846
Shareholder's equity:		
Share capital:		
Authorized:		
Unlimited special shares, non-voting, non-cumulative, redeemable at $10,000 per share		
10,000 Common shares		
Issued and outstanding:		
8,612 Common shares	20,062,107	20,062,107
Retained earnings	7,548,125	6,400,656
	27,610,232	26,462,763
Contingent liability (note 6)		
	$ 111,320,233	$ 106,089,609

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

PUC DISTRIBUTION INC.

Statement of Earnings, Comprehensive Earnings and Retained Earnings

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Distribution	16,386,768	16,735,058
Energy charges	70,473,134	68,769,142
Other related charges	148,327	149,806
Other	3,995,623	4,832,457
	91,003,852	90,486,463
Cost of power	70,473,134	68,769,142
Gross profit	20,530,718	21,717,321
Investment income	7,555	41,984
	20,538,273	21,759,305
Expenses:		
Distribution and transmission	5,773,407	5,992,121
Amortization of property, plant and equipment	3,657,061	3,538,651
Administration	3,332,931	4,438,267
Interest on long-term debt	2,756,657	2,184,394
Community relations	2,516,075	1,882,536
Billing and collecting	1,373,301	1,274,108
Other interest	259,935	191,706
	19,669,367	19,501,783
Earnings before the undernoted	868,906	2,257,522
Loss on sale of equipment	-	(110,632)
Earnings before provision for payment in lieu of taxes	868,906	2,146,890
Current income taxes (recovery) (note 7)	(278,563)	35,925
Net earnings and comprehensive earnings	1,147,469	2,110,965
Retained earnings, beginning of year	6,400,656	4,289,691
Retained earnings, end of year	$ 7,548,125	$ 6,400,656

See accompanying notes to financial statements.

PUC DISTRIBUTION INC.
Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash flows from operating activities:		
Net earnings and comprehensive earnings	$ 1,147,469	$ 2,110,965
Items not involving cash:		
Amortization of property, plant and equipment	3,657,061	3,538,651
Loss on sale of equipment	-	110,632
	4,804,530	5,760,248
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	341,747	(1,392,977)
Decrease (increase) in unbilled revenue	1,568,030	(2,339,540)
Increase (decrease) payment in lieu of taxes recoverable	(154,680)	118,345
Decrease (increase) in inventories	61,013	(400,633)
Decrease (increase) in prepaid expenses and deposits	4,320	(2,594)
Increase (decrease) in accounts payable and accrued liabilities	89,546	(637,565)
Increase (decrease) in customer deposits	142,225	(19,046)
Increase (decrease) in deferred revenue	(663,293)	461,585
	6,193,438	1,547,823
Cash flows from financing activities:		
Increase in long-term debt	15,000,000	3,709,069
Repayment of long-term debt	(720,470)	(75,960)
Decrease regulatory liabilities	(3,119,074)	(1,092,660)
Contributions in aid of construction	1,045,731	1,376,260
	12,206,187	3,916,709
Cash flows from investing activities:		
Increase in regulatory assets	(688,001)	(822,635)
Loss from sale of equipment	-	1,440,693
Increase (decrease) in payable to PUC Services	(6,109,240)	5,491,605
Purchase of property, plant and equipment	(7,798,507)	(11,797,525)
	(14,595,748)	(5,687,862)
Increase (decrease) in cash	3,803,877	(223,330)
Cash, beginning of year	314,787	538,117
Cash, end of year	$ 4,118,664	$ 314,787
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	$ 2,756,657	$ 2,184,394
Payments in lieu of taxes	199,278	398,555

See accompanying notes to financial statements.

PUC Distribution Inc. (the "Company") is incorporated under the Business Corporations Act (Ontario) and as a wholly-owned subsidiary of PUC Inc., is the electric distribution utility for residents of the City of Sault Ste. Marie.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with the Canadian generally accepted accounting principles for rate regulated entities.

(b) Regulation:

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA") conferred on the Ontario Energy Board ("OEB") increased powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to electricity distributors which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that may differ from Canadian generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

The following regulatory treatments have resulted in accounting treatments that differ from Canadian generally accepted accounting principles ("GAAP") for enterprises operating in a non-regulated environment:

i) Regulatory assets and liabilities:

Regulatory assets represent costs that have been deferred because it is probable that they will be recovered from customers in future periods through the rate-making process. Regulatory liabilities represent future reduction in revenues associated with amounts that are expected to be refunded to customers through the rate-making process.

1. Significant accounting policies (continued):

(b) Regulation (continued):

ii) Payment in lieu of taxes:

As a municipally owned utility, the Company is exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Pursuant to the Electricity Act ("EA"), 1998, the Company is required to make payments in lieu of taxes under the ITA and OCTA and remit such amounts to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the ITA and the OCTA as modified by the Electricity Act, 1998, and related regulations.

The Company applies the asset and liability method of accounting for payments in lieu of income taxes. Under the asset and liability method, future tax assets and liabilities are recognized, to the extent such are determined likely to be realized, for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Future income taxes recoverable have been recorded in the accounts and a corresponding regulatory liability has been set up as future income taxes are recovered through future rate increases/decreases.

(c) Inventories:

Inventories consist of parts, supplies and materials held for the future capital expansion and are valued at the lower of cost and net realizable value and items considered major spare parts are recorded as capital assets.

(d) Revenue recognition:

The Company recognizes energy charges revenue on the accrual basis and includes an estimate of unbilled revenue for electricity consumed since the date of each customer's last meter reading.

1. Significant accounting policies (continued):

(e) Financial instruments:

The Company accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

The Company has classified its financial instruments as follows:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Unbilled revenue	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Customer deposits	Other liabilities
Payable from PUC Services Inc.	Other liabilities
Long-term debt	Other liabilities

Comprehensive earnings:

In the event that the Company has any financial instruments that would impact other comprehensive earnings, a statement of comprehensive earnings would be included in the financial statements displaying the effects of the current period net income plus the impact on other comprehensive earnings resulting from these financial instruments.

1. Significant accounting policies (continued):

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost and include contracted services, materials, labour, engineering costs and overheads. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions, whether in cash or in-kind, be offset against the related asset cost. Contributions in-kind are valued at their fair market values at the date of their contribution.

Amortization of property, plant and equipment is charged to operations on a straight-line basis using the following rates:

Asset	Rate
Building	2% to 4%
Machinery and equipment	2.5% to 20%
Transmission and distribution	1.67% to 6.67%

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

When identifiable assets, such as buildings, distribution station equipment and equipment and furniture are retired or otherwise disposed of, their original cost and accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated amortization of grouped assets such as transmission and distribution facilities is removed from the accounts at the end of their estimated service life.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

1. Significant accounting policies (continued):

(g) Asset retirement obligations:

The Company recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

Some of the Company's transmission and distribution assets may have asset retirement obligations. As the Company expects to use the majority of its installed assets for an indefinite period, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time. If, at some future date, it becomes possible to estimate the fair value cost of removing assets that the Company is legally required to remove, an asset retirement obligation will be recognized at that time.

1. Significant accounting policies (continued):

(h) Customer deposits:

Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as customer deposits, which are held in trust by PUC Services Inc. Interest is paid on customer balances at rates established from time to time by the Company in accordance with regulation.

(i) Measurement of uncertainty:

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and note disclosures related thereto. Due to the inherent uncertainty in making estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future regulatory decisions.

Accounts receivable and regulatory assets are stated after evaluation of amounts expected to be collected and an appropriate allowance for doubtful accounts. Inventory is recorded net of provisions for obsolescence. Amounts recorded for amortization of property, plant and equipment are based on estimates of useful service life.

(j) Adoption of new accounting standards:

i) Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ["IFRS"] in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board has granted a series of deferrals for IFRS adoption for entities subject to rate regulation. The Company has elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its financial statements in accordance with Canadian GAAP in Part V of the CPA Canada Handbook - Accounting.

1. Significant accounting policies (continued):

(j) Adoption of new accounting standards (continued):

ii) The International Accounting Standards Board ("IASB") issued IFRS 14 Regulatory Deferral Accounts in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosures will be required to enable users of the financial statements to understand the features and nature of and risks associated with rate regulation and the effect of rate regulation on the Company's financial position, performance and cash flows.

2. Property, plant and equipment:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 852,393	$ -	$ 852,393	$ 845,595
Building	26,327,087	1,731,553	24,595,534	24,878,626
Machinery and equipment	29,570,082	14,092,945	15,477,137	14,176,817
Transmission and distribution	83,906,624	40,267,974	43,638,650	41,560,172
Construction in progress	-	-	-	6,788
	$ 140,656,186	$ 56,092,472	$ 84,563,714	$ 81,467,998

3. Regulatory assets and liabilities:

Regulatory assets and liabilities arise as a result of the rate-making process and consist of the following:

		2014		2013
Regulatory assets consist of the following:				
Current portion of regulatory assets				
Stranded Meters	$	4,015	$	717,645
LRAMVA		24,506		54,066
	$	28,521	$	771,711
Long-term portion of regulatory assets				
Settlement Variances	$	1,415,937	$	-
Smart Meter Entity (SME) Charges		23,889		23,891
LRAMVA		12,253		27,033
Regulatory asset recovery account - Phase 6		30,036		-
Total long-term regulatory assets	$	1,482,115	$	50,924
Current portion of regulatory liabilities:				
Settlement Variances	$	-	$	(1,352,526)
Regulatory asset recovery account - Phase 4		-		(19,736)
Regulatory asset recovery account - Phase 6		-		(1,608,282)
Regulatory asset recovery account - Phase 7		(1,080,955)		-
CGAAP Accounting Changes		(72,875)		(72,876)
	$	(1,153,830)	$	(3,053,420)
Long-term portion of regulatory liabilities				
Settlement Variances	$	-	$	(1,113,278)
Future Taxes		(1,380,000)		(1,940,000)
Regulatory asset recovery account - Phase 4		-		(9,868)
Regulatory asset recovery account - Phase 5		(29,584)		(29,586)
CGAAP Accounting Changes		(72,874)		(145,750)
Total long-term regulatory liabilities	$	(1,482,458)	$	(3,238,482)

3. Regulatory assets and liabilities (continued):

The regulatory assets and liabilities balances of the Company are defined as follows:

(a) Regulatory liability recovery account - Phase 4:

Through a 2011 rate application, the OEB approved the disposition of regulatory liability Group 1 accounts of $1,020,945 to be returned to customers over a one year period. The balance at December 31, 2014 was $Nil (2013 - $29,603). Carrying charges, which amounted to $8,644 at December 31, 2014 (2013 - $7,231) are calculated monthly on the opening balance of the variance account using specific interest rates as outlined by the OEB.

(b) Regulatory liability recovery account - Phase 5:

Through a 2012 rate application, the OEB approved the disposition of regulatory liability accounts of $851,587 to be returned to customers over a one year period. The balance at December 31, 2014 was $29,584 (2013 - $29,586). Carrying charges, which amounted to $8,860 at December 31, 2014 (2013 - $8,510) are calculated monthly on the opening balance of the variance account using specific interest rates as outlined by the OEB.

(c) Regulatory asset recovery account - Phase 6:

Through a 2013 rate application, the OEB approved the disposition of regulatory liability accounts of $2,638,187 to be returned to customers over a one year period. The balance at December 31, 2014 was $30,036 (2013 - ($1,608,283)). Carrying charges, which amounted to $16,836 at December 31, 2014 (2013 - $($12,998)) are calculated monthly on the opening balance of the variance account using specific interest rates as outlined by the OEB.

(d) Regulatory liability recovery account - Phase 7:

Through a 2014 rate application, the OEB approved the disposition of regulatory liability accounts of $2,058,392 to be returned to customers over a one year period. The balance at December 31, 2014 was $1,080,954 (2013 - $Nil). Carrying charges, which amounted to $16,314 at December 31, 2014 (2013 - $Nil) are calculated monthly on the opening balance of the variance account using specific interest rates as outlined by the OEB.

3. Regulatory assets and liabilities (continued):

(e) Canadian GAAP accounting changes:

The Board has approved a new variance account for distributors to record the financial differences arising as a result of the election to make accounting changes under Canadian GAAP in 2012 (or to make these changes as mandated by the Board in 2013, if applicable). The accounting changes include changes to depreciation rates and capitalization policies while still under Canadian GAAP in 2012. The Company has elected to make both of the aforementioned accounting changes in 2012, resulting in $145,750 at December 31, 2014 (2013 - $218,626) being recorded in regulatory liabilities.

(f) Settlement variances:

Settlement variances represent the differences between the amounts charged by the Company to its customers based on regulated rates and the corresponding cost incurred by the LDC in the wholesale market administered by the IESO. The settlement variances relate primarily to carrying charges, non-competitive electricity charges, imported power charges and the global adjustment. Accordingly, the Company has deferred these recoveries in accordance with the criteria set out in the Accounting Procedures Handbook.

Carrying charges are calculated monthly on the opening balance of the applicable settlement variance account using a specific interest rate as outlined by the OEB.

On November 19, 2010, the Company made an application to the OEB to return to customers settlement variances as of December 31, 2009 totaling $1,020,945. The OEB approved the disposition of the settlement variances over a one year period commencing May 1, 2011.

On November 10, 2011, the Company made an application to the OEB to return to the customers settlement variances as of December 31, 2010 totaling $851,587. The OEB approved the disposition of the settlement variances over a one year period commencing May 1, 2012.

On November 6, 2012, the Company made an application to the OEB to return to the customers settlement variances as of December 31, 2011. The OEB approved the disposition of settlement variances over a 10 month period of $2,638,187 commencing July 1, 2013.

On October 11, 2013, the Company made an application to the OEB to return to the customers settlement variance of $2,058,392 at December 31, 2013. The OEB approved the disposition settlement variances over a one year period commencing May 1, 2014.

The balance of $1,415,937 at December 31, 2014 (2013 - ($2,465,804)) is deferred in a regulatory asset (liability) account.

3. Regulatory assets and liabilities (continued):

(g) Lost Revenue Adjustment Mechanism Variance Account (LRMVA)

For Conservation and Demand Management (CDM) programs delivered within the 2011-2014 period, the OEB established a LRAMVA to capture the variance between the OEB approved CDM forecast and the actual results. The total received for CDM losses is $36,758 at December 31, 2014 (2013 - $81,098).

(h) Stranded Meters Variance Account

Through a 2013 rate application, the OEB approved the disposition of the Company's stranded meters resulting from the deployment of Smart Meters for an amount of $1,349,557. The balance at December 31, 2014 was $4,015 (2013 - $717,645). Carrying charges, which amounts to $9,498 at December 31, 2014 (2013 - $6,758) are calculated monthly on the opening balance of the variance account using specific interest rates as outlines by the OEB.

(i) Smart Meter Entity (SME) Charge Variance Account:

In its role as the SME, the IESO is managing the development of the meter data management/repository (MDM/R) to collect, manage, store and retrieve information related to the metering of customers' use of electricity in Ontario. Effective May 1, 2013, the SME charge is levied and collected by licensed distributors (LDC's) from customers at $0.79 per month until October 31, 2018. The LDC's will incur SME charges monthly from the IESO. A variance account will be used to track the difference between SME revenues and expenses. The balance at December 31, 2014 was $23,889 (2013 - $23,891) are calculated monthly on the opening balance of the variance account using specific interest rates as outline by the OEB.

(j) Regulatory future income tax asset and liability:

Future 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 which correspond to future taxes that flow through the rate-making 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 not be regulatory accounts set up for taxes to be recovered through future rates. As a result, the provision for PILs would have been higher by approximately $560,000 (2013 - $360,000) including the impact of a change in substantively enacted tax rates.

3. Regulatory assets and liabilities (continued):

(k) Fair value of regulatory assets (liabilities):

For certain regulatory items identified above, the expected recovery or settlement period or likelihood of recovery or settlement, is affected by risks and uncertainties related to the ultimate authority of the OEB in determining the asset's treatment for rate setting purposes.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered possible, the amounts would be charged to the results of operations in the period the assessment is made.

4. Long-term debt:

	2014	2013
Note payable to parent company, PUC Inc.	$ 26,534,040	$ 26,534,040
Ontario Infrastructure and Lands Corporation loan payable #1	4,747,620	5,000,000
Ontario Infrastructure and Lands Corporation loan payable #2	20,635,949	21,104,039
Ontario Infrastructure and Lands Corporation loan payable #3	15,000,000	-
	66,917,609	52,638,079
Current portion of long-term debt	15,752,049	720,470
	$ 51,165,560	$ 51,917,609

Principal repayments are due as follows:

2015	$ 15,752,049
2016	785,022
2017	819,453
2018	855,405
2019	892,946
	$ 19,104,875

The unsecured note payable to parent company, PUC Inc., bears interest payable quarterly at rates periodically negotiated and principal payable one year after demand. The average interest rate for 2014 was 6.1% (2013 - 6.1%).

4. Long-term debt (continued):

The loan payable #1 to Ontario Infrastructure and Lands Corporation ("OILC"), for the Smart Meter deployment project, secured by a second ranking general security agreement, bears interest payable monthly at an interest rate of 3.82% and repayable by blended semi - annual principal and interest payments of $220,496, maturing July 17, 2028.

The loan payable #2 to Ontario Infrastructure and Lands Corporation was for the construction of the new administration and operation facility, bears interest at a rate of 4.61%. The loan will be repayable over 25 years by a blended monthly principal and interest payments of $118,568 and matures on October 1, 2038. The loan is secured by a mortgage on the land and building and a third ranking general security agreement .

The loan payable #3 to Ontario Infrastructure and Lands Corporation was for the construction of electric distribution infrastructure, secured by a fourth ranking general security agreement. The construction loan is expected to be converted to long term debt in 2015, repayable over 25 years by a blended monthly principal and interest payment at an interest rate to be determined. The loan is secured by a guarantee and assignment of shares from the company's shareholder, PUC Inc. and a general security agreement. The floating interest rate is determined by OILC based on OILC's cost of funds plus OILC's prevailing spread assigned to the borrower's sector for program delivery costs and risks. The average interest rate for 2014 was 1.84%.

5. Related party transactions:

The following entities are related parties of the Company:

The Corporation of the City of Sault Ste. Marie (City)	- 100% shareholder of PUC Inc.
PUC Inc. (Inc.)	- sole shareholder of the Company
PUC Services Inc. (Services)	- 100% owned by the Corporation of the City of Sault Ste. Marie
Public Utilities Commission of the City of Sault Ste. Marie (Utility)	- 100% owned by the Corporation of the City of Sault Ste. Marie

The Company has a management, operation and maintenance agreement with PUC Services Inc., which has been extended to November 30, 2017, under which Services manages, controls, administers and operates the business of the Company. Management fees were charged by Services in the amount of $4,818,382 (2013 - $5,902,657) for an allocation of joint administrative and other expenses.

The Company pays interest on its payable balance to Services at the OEB prescribed short-term borrowing rate on its average monthly balance. Interest of $237,053 (2013 - $94,644) was paid during the year.

5. Related party transactions (continued):

The Company provides electricity to the City which is the shareholder of the parent corporation, PUC Inc. Electrical energy is sold to the City at the same prices and terms as other electricity customers. The amount charged to the City for electricity consumed by streetlights is $1,679,625 (2013 - $1,544,632) and for other electricity consumption is $3,804,361 (2013 - $3,847,668).

Occupancy fees were charged by the Utility in the amount of $Nil (2013 - $98,651)

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration agreed to by the related parties.

6. Contingent liability:

Purchasers of electricity in Ontario are required to provide security to the IESO to mitigate the risk of their default based on their expected activity in the market. The IESO could draw on these guarantees if PUC Distribution Inc. fails to make a payment required by a default notice issued by the IESO. In this regard, the Company has posted a letter of guarantee, secured by a first ranking general security agreement, as security in the amount of $5,000,000 underwritten by the Company's bank.

7. Income taxes:

The provision for the payment in lieu of corporate income taxes (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:

Current taxes		2014		2013
Earnings before provision for payment in lieu of taxes	$	868,906	$	2,146,890
Tax at statutory rate of 26.5% (2013 - 26.5%)	$	230,260	$	568,926
Tax effect on disposition of assets		-		29,317
Amortization timing differences		(535,379)		(526,432)
Other		1,078		405
Prior year over provision		25,478		(19,491)
Provincial small business rate		-		(16,800)
	$	(278,563)	$	35,925

7. Income taxes (continued):

The tax effects of temporary differences that give rise to significant portions of the future payment in lieu of taxes are presented below utilizing the substantively enacted Federal and Ontario combined future rate of 26.5%.

Future taxes	2014	2013
Property, plant and equipment - differences in net book value and unamortized capital cost	$ 1,380,000	$ 1,940,000
Other corporate minimum tax credit	23,460	-
	$ 1,403,460	$ 1,940,000

8. Capital disclosures:

The Company's objective with respect to its capital structure is to maintain effective access to capital on an ongoing basis at reasonable rates while achieving appropriate rates of financial return for its shareholder.

The Company considers its capital structure to consist of shareholder's equity and notes payable held by the Company's shareholder which has been outlined below.

	2014	2013
Note payable to PUC Inc. - 6.1%	$ 26,534,040	$ 26,534,040
Common shares	20,062,107	20,062,107
Retained earnings	7,548,125	6,400,656
	$ 54,144,272	$ 52,996,803

The Company is subject to a shareholder's agreement which has restrictive covenants typically associated with such an agreement. At December 31, 2014, the Company is in compliance with all of the covenants and restrictions.

PUC Distribution Inc. is a Company regulated by the Ontario Energy Board. The regulator has prescribed a capital structure of 60% debt and 40% equity. For rate setting purposes the Company has complied with these requirements.

9. Credit risk and financial instruments:

(a) Financial instruments:

The carrying values of accounts receivable, payable to PUC Services Inc., customer deposits and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

It is not practicable to determine the fair value of the notes payable as there are no principal repayment terms.

(b) Credit risk and concentrations of credit risk:

Financial assets held by the Company expose it to credit risk. As at December 31, 2014, there were no significant concentrations of credit risk with respect to any class of financial assets.

The Company earns its revenue from a broad base of customers located principally in Sault Ste. Marie. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

(c) Interest rate risk:

The Company pays interest on its payable to PUC Services Inc. balance at the OEB prescribed short term debt rate. As a result, the Company is exposed to interest rate risk due to fluctuations in the OEB prescribed short term debt rate. These fluctuations could affect the level of interest expense of the Company.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2016-12-31

Business number 86709 6778 RC0001

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

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

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

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2016-01-31	5,558				5,558
2016-02-29	5,558				5,558
2016-03-31	5,558				5,558
2016-04-30	5,558				5,558
2016-05-31	5,558				5,558
2016-06-30	5,558				5,558
2016-07-31	5,558				5,558
2016-08-31	5,558				5,558
2016-09-30	5,558				5,558
2016-10-31	5,558				5,558
2016-11-30	5,558				5,558
2016-12-31	5,551				5,551
Totals	66,689				66,689

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

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

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

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

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

Identification

Business number (BN) 001 86709 6778 RC0001

Corporation's name
002 PUC Distribution Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 500 Second Line East
012
City: 015 Sault Ste Marie
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 P6B 4K1

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

Location of books and records (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 [X]
(If **yes**, complete lines 031 to 038.)
031 500 Second Line East
032
City: 035 Sault Ste Marie
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 P6B 4K1

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 [X] Other corporation (specify, below)
Electrity Act

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 2015-12-31 (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 [X]
If **yes**, provide the date control was acquired . . . . 065 ______ YYYY MM DD

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

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

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

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

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

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

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

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

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

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

Do not use this area
095 | 096 | 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the *Income Tax Regulations*?	170		29
Did the corporation have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202		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	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

	Line	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

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

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

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.

Line	Product or service	Line	%
284	Electrical power distribution	285	100.000 %
286		287	%
288		289	%

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

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 ______ YYYY MM DD

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

Taxable income

		Line	Amount	Line	Amount	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.				300	-682,792	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** *** 235,479 / 11,250 D = ... ______ 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) 365 / 365 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) ______ / 365 x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount G on line I on page 7) **430** ______ G

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

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

***** Large corporations**

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)				A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27			B	
Amount K13 from Part 13 of Schedule 27			C	
Personal service business income	432		D	
Amount used to calculate the credit union deduction (amount F from Schedule 17)			E	
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least			F	
Aggregate investment income from line 440 on page 6*			G	
Subtotal (**add** amounts B to G)			►	H
Amount A **minus** amount H (if negative, enter "0")				I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				J

Enter amount J on line 638 on page 7.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)				K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27			L	
Amount K13 from Part 13 of Schedule 27			M	
Personal service business income	434		N	
Amount used to calculate the credit union deduction (amount F from Schedule 17)			O	
Subtotal (**add** amounts L to O)			►	P
Amount K **minus** amount P (if negative, enter "0")				Q
General tax reduction – Amount Q **multiplied** by 13 %				R

Enter amount R on line 639 on page 7.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ________ x (26 2 / 3 + 4 x (Number of days in the tax year after 2015) ______ / 365 (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) ______ / 365 (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

x (26 2 / 3 + 4 x Number of days in the tax year after 2015 ______ / Number of days in the tax year 365) % = ________ 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) ______ / 365 (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	A
Recapture of investment tax credit from Schedule 31			602	B

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

Aggregate investment income from line 440 on page 6		C
Taxable income from line 360 on page 3	D	
Deduct:		
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least	E	
Net amount (amount D **minus** amount E)	▶	F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x ____ (Number of days in the tax year after 2015) / 365 (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) ____ H

Deduct:

Small business deduction from line 430 on page 4			I
Federal tax abatement	608		
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624			
Additional deduction – credit unions from Schedule 17	628		
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount J on page 5	638		
General tax reduction from amount R on page 5	639		
Federal logging tax credit from Schedule 21	640		
Eligible Canadian bank deduction under section 125.21	641		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652		
Subtotal		▶	J

Part I tax payable – Amount H **minus** amount J .... K
Enter amount K on line 700 on page 8.

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

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

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta)	760	66,689
Total tax payable	770	66,689 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	49,428
Total credits	890	49,428 ▶ 49,428 B

Refund code 894 Overpayment

Balance (amount A **minus** amount B) 17,261

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 17,261

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 D4481

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

Certification

I, 950 Greco (Last name (print)) 951 Terry (First name (print)) 954 Vice-President (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 2016-05-27 Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (705) 759-6566 Telephone number

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

958 Name (print) 959 Telephone number

Language of correspondence – Langue de correspondance

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

Schedule of Instalment Remittances

Name of corporation contact

Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalments	49,428

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 49,428 **A**

Total instalments credited to the taxation year per T9 49,428 **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
PUC Distribution Inc.	86709 6778 RC0001	2015-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
Assets					
	Total current assets	1599	+	22,442,698	23,870,944
	Total tangible capital assets	2008	+	95,032,119	140,656,186
	Total accumulated amortization of tangible capital assets	2009	–	7,722,548	56,377,657
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	1,523,643	2,885,575
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	111,275,912	111,035,048
Liabilities					
	Total current liabilities	3139	+	24,894,625	31,061,983
	Total long-term liabilities	3450	+	58,168,239	52,648,018
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	83,062,864	83,710,001
Shareholder equity					
	Total shareholder equity (mandatory field)	3620	+	28,213,048	27,610,232
	Total liabilities and shareholder equity	3640	=	111,275,912	111,320,233
Retained earnings					
	Retained earnings/deficit – end (mandatory field)	3849	=	8,150,941	7,548,125

* Generic item

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2015-12-31

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	+	95,999,589	86,859,902
	Cost of sales	8518	–	73,275,057	70,473,134
	Gross profit/loss	8519	=	22,724,532	16,386,768
	Cost of sales	8518	+	73,275,057	70,473,134
	Total operating expenses	9367	+	19,280,154	19,669,367
	Total expenses (mandatory field)	9368	=	92,555,211	90,142,501
	Total revenue (mandatory field)	8299	+	99,666,851	91,011,407
	Total expenses (mandatory field)	9368	–	92,555,211	90,142,501
	Net non-farming income	9369	=	7,111,640	868,906
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	7,111,640	868,906
	Total other comprehensive income	9998	=	-4,641,680	
	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	–	1,285,959	-278,563
	Future (deferred) income tax provision	9995	–	296,000	
	Total – Other comprehensive income	9998	+	-4,641,680	
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	888,001	1,147,469

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Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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 [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . **097** 1 Yes [ ] 2 No [X]

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 [X]
- Completed a review engagement report . . . 2 [ ]
- Conducted a compilation engagement . . . 3 [ ]

Part 3 – Reservations

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

Has the accountant expressed a reservation? . . . **099** 1 Yes [ ] 2 No [X]

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: . . . **110**

- Prepared the tax return (financial statements prepared by client) . . . 1 [ ]
- Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . 2 [ ]

Were notes to the financial statements prepared? . . . **101** 1 Yes [X] 2 No [ ]

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

- Are subsequent events mentioned in the notes? . . . **104** 1 Yes [ ] 2 No [X]
- Is re-evaluation of asset information mentioned in the notes? . . . **105** 1 Yes [ ] 2 No [X]
- Is contingent liability information mentioned in the notes? . . . **106** 1 Yes [X] 2 No [ ]
- Is information regarding commitments mentioned in the notes? . . . **107** 1 Yes [ ] 2 No [X]

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

Part 4 – Other information (continued)

Impairment and fair value changes

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

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

		In net income 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 [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 1 Yes [ ] 2 No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . 265 1 Yes [X] 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
PUC Distribution Inc.	86709 6778 RC0001	2015-12-31

Assets – lines 1000 to 2599

1000	3,084,294	1060	5,900,335	1062	10,862,168
1120	1,493,197	1400	436,883	1483	603,021
1484	62,800	1599	22,442,698	1600	858,085
1680	25,018,700	1681	-1,303,872	1740	16,843,342
1741	-1,198,845	1785	52,311,992	1786	-5,219,831
2008	95,032,119	2009	-7,722,548	2420	439,643
2421	1,084,000	2589	1,523,643	2599	111,275,912

Liabilities – lines 2600 to 3499

2620	7,958,726	2770	228,455	2920	15,785,022
2961	922,422	3139	24,894,625	3145	23,846,498
3220	1,119,671	3260	26,534,040	3320	6,668,030
3450	58,168,239	3499	83,062,864		

Shareholder equity – lines 3500 to 3640

3500	20,062,107	3600	8,150,941	3620	28,213,048
3640	111,275,912				

Retained earnings – lines 3660 to 3849

3660	7,548,125	3680	5,529,681	3720	-285,185
3740	-4,641,680	3849	8,150,941		

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SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2015-12-31

Description

Sequence number 0003 01

Other comprehensive income – lines 7000 to 7020

7020	-4,641,680

Revenue – lines 8000 to 8299

8000	95,999,589	8089	95,999,589	8090	26,460
8230	3,640,802	8299	99,666,851		

Cost of sales – lines 8300 to 8519

8320	73,275,057	8518	73,275,057	8519	22,724,532

Operating expenses – lines 8520 to 9369

8523	6,324	8670	4,139,746	8714	3,003,913
8717	1,417,758	9270	1,529,216	9273	5,977,598
9284	3,205,599	9367	19,280,154	9368	92,555,211
9369	7,111,640				

Extraordinary items and taxes – lines 9970 to 9999

9970	7,111,640	9990	1,285,959	9995	296,000
9998	-4,641,680	9999	888,001		

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

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 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			888,001	A
Add:				
Provision for income taxes – current	101	1,285,959		
Provision for income taxes – deferred	102	296,000		
Amortization of tangible assets	104	4,139,746		
Loss on disposal of assets	111	242,287		
Non-deductible meals and entertainment expenses	121	3,162		
Subtotal of additions		5,967,154 ▶	5,967,154	
Other additions:				
Taxable/non-deductible other comprehensive income items	239	4,641,680		
Miscellaneous other additions:				
604				
Total	294			
Subtotal of other additions	199	4,641,680 ▶	4,641,680	
Total additions	500	10,608,834 ▶	10,608,834	B
Amount A **plus** amount B			11,496,835	
Deduct:				
Capital cost allowance from Schedule 8	403	5,543,995		
Cumulative eligible capital deduction from Schedule 10	405	202,595		
Subtotal of deductions		5,746,590 ▶	5,746,590	
Other deductions:				
Miscellaneous other deductions:				
700 Regulatory charges deferred for accounting purposes	390	6,433,037		
704				
Total	394			
Subtotal of other deductions	499	6,433,037 ▶	6,433,037	
Total deductions	510	12,179,627 ▶	12,179,627	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			-682,792	

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2015-12-31

- 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				-682,792	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")				-682,792	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)				-682,792	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")				-682,792	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

	Line	Amount		Total	
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	682,792	h		
Subtotal (amount g **plus** amount h)		682,792		682,792	I
Subtotal (amount H **plus** amount I)				682,792	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:

	Line	Amount			
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)				682,792	L

Deduct – Request to carry back non-capital loss to:

	Line	Amount			
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	682,792	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)		682,792	▶	682,792	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

	Line	Amount			
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	37,523	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	Tax year ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** 6)
600	602	604	606	608		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	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	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)
630	632	634	636	638		650

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

1	2	3	4	5	6
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (cannot be more than line 650)	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)
660	662	664	670	675	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	682,792		682,792	N/A		
1st preceding taxation year 2014-12-31		N/A		N/A			
2nd preceding taxation year 2013-12-31		N/A		N/A			
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		N/A		N/A			
17th preceding taxation year		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		682,792		682,792			

* **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
PUC Distribution Inc.	86709 6778 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).

** 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

	Line	Amount		Total	
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	66,689			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal		66,689	►	66,689	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)				66,689	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452				
Ontario apprenticeship training tax credit (from Schedule 552)	454				
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Subtotal			►		J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.			290	66,689	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** 66,689

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
PUC Distribution Inc.	86709 6778 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 [X]

	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		25,065,212			0		25,065,212	4	0	0	1,002,608	24,062,604
2.	1	New Building	22,688,673			0		22,688,673	4	0	0	907,547	21,781,126
3.	8	Smart meters	2,664,710	52,944		0	26,472	2,691,182	20	0	0	538,236	2,179,418
4.	47		35,604,741	6,130,722		0	3,065,361	38,670,102	8	0	0	3,093,608	38,641,855
5.	1b	New Building Additions		66,532		0	33,266	33,266	6	0	0	1,996	64,536
		Totals	86,023,336	6,250,198			3,125,099	89,148,435				5,543,995	86,729,539

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.

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		6,250,198		
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	+			
Other (specify):				
Deferred revenue reclassed to liabilities for FS purposes	+	1,119,671		
Topside adjustment to depreciation	+	110,389		
Rounding	+	2		
Total additions per books	=	7,480,260	▶	7,480,260
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):				
IFRS adjustment to accumulated amortization	+	285,186		
Account 1576 accounting adjustment	+	72,876		
Total proceeds per books	=	358,062	▶ –	358,062
Depreciation and amortization per accounts – Schedule 1			–	4,139,746
Loss on disposal of fixed assets per accounts			–	242,287
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	2,740,165

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		86,451,486
Opening net book value	–	83,711,321
Net change per financial statements	=	2,740,165

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
PUC Distribution Inc.	86709 6778 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 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.	PUC Inc		89839 7518 RC0001	1					
2.	PUC Services Inc		87626 3526 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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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	2,894,220	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	2,894,220	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)				2,894,220	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	2,894,220				
less amount from line 249					
Current year deduction	2,894,220 x 7.00 %	= 250	202,595 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			202,595 ▶	202,595	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300	2,691,625	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	Calendar year	Acceptable range
2006	maximum $300,000	2008	maximum $400,000
2007	$300,001 to $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	PUC Distribution Inc.	86709 6778 RC0001	1	500,000		
2	PUC Inc	89839 7518 RC0001	1	500,000		
3	PUC Services Inc	87626 3526 RC0002	1	500,000	100.0000	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 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	20,062,107		
Retained earnings	104	8,150,941		
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	66,165,560		
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)		94,378,608 ▶	94,378,608	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)			94,378,608	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	1,084,000		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		1,084,000 ▶	1,084,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		93,294,608	

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	436,883
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	436,883

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)		93,294,608	C
Deduct: Investment allowance for the year (line 490)		436,883	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	92,857,725	

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) 92,857,725 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 92,857,725

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 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 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.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
		Provide only one number per shareholder				
1	PUC Inc	89839 7518 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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	111,275,912
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	94,073,207
Total assets (total of lines 112 to 116)		205,349,119
Total revenue of the corporation for the tax year **	142	99,666,851
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	18,910,417
Total revenue (total of lines 142 to 146)		118,577,268

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	888,001
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	1,285,959		
Provision for deferred income taxes (debits)/cost of future income taxes	222	296,000		
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		1,581,959 ▶		1,581,959 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	2,469,960

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	2,469,960		
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	2,469,960		

Amount from line 520	2,469,960 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	2,469,960 x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	365 / 365	x	2.7 % =	66,689	2
		Subtotal (amount 1 **plus** amount 2)				66,689	3

Gross CMT: amount on line 3 above x OAF **	540	66,689	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		66,689	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		66,689	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 *		69,160	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		69,160	▶	620	69,160
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)					69,160 H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					69,160 J
Add:					
Net CMT payable (amount E from Part 3)		66,689			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		66,689	▶		66,689 K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	135,849 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)				69,160 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)	66,689	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:			66,689 6	
Subtotal (if negative, enter "0")			▶	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)				
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)				
Subtotal (if negative, enter "0")			▶	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

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

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

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * 700

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

Add:

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

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

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

Subtotal (if negative, enter "0") S

Add:

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

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

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

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

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

Complete this part if:

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

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

Canada Revenue Agency | Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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	PUC Inc	89839 7518 RC0001	63,530,870	2,298,227
2	PUC Services Inc	87626 3526 RC0002	30,542,337	16,612,190
		Total	450 94,073,207	550 18,910,417

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
PUC Distribution Inc.	86709 6778 RC0001	2015-12-31

- 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)
PUC Distribution Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2000-02-18	1800173

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
765	Queen Street	

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

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Sault Ste Marie	ON	CA	P6A 6P2

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 Greco (Last name) **451** Terry (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 ☐ 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.

Corporate Taxpayer Summary

Corporate information

Corporation's name: PUC Distribution Inc.

Taxation Year: 2015-01-01 to 2015-12-31

Jurisdiction: Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
				X											

Corporation is associated: Y

Corporation is related: Y

Number of associated corporations: 2

Type of corporation: Other Corporation

Total amount due (refund) federal and provincial*: 17,261

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income	-682,792
Taxable income	
Donations	
Calculation of income from an active business carried on in Canada	
Dividends paid	
Dividends paid – Regular	
Dividends paid – Eligible	
Balance of the low rate income pool at the end of the previous year	
Balance of the low rate income pool at the end of the year	
Balance of the general rate income pool at the end of the previous year	
Balance of the general rate income pool at the end of the year	
Part I tax (base amount)	

Credits against part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I		ITC refund	
M&P deduction		Part IV		Dividends refund	
Foreign tax credit		Part III.1		Instalments	49,428
Investment tax credits		Other*		Surtax credit	
Abatement/Other*		Provincial or territorial tax	66,689	Other*	

Balance due/refund (–) 17,261

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryback amounts

Non-capital losses: 682,792

Carryforward balances

Cumulative eligible capital: 2,691,625

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	-682,792		
Taxable income			
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	66,689		
Instalments and refundable credits			
Balance due/Refund (-)	66,689		
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

Other carryforward amounts

Ontario

Corporate minimum tax credit that can be carried forward over 20 years – Schedule 510 . . . 135,849

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
PUC Distribution Inc.	96,446,588	96,446,588	92,857,725	92,857,725
PUC Inc			31,808,758	31,808,758
PUC Services Inc	18,210,836	18,210,836	760,875	760,875
Total	114,657,424	114,657,424	125,427,358	125,427,358

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
Total			

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Net income	-682,792	-1,149,357	272,580	1,598,019	1,651,227
Taxable income			272,580	1,598,019	1,651,227
Active business income			272,580	1,579,257	1,620,227
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)	17,261	-175,818	-299,702	-67,882	10,857
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Taxable income before loss carrybacks	N/A	N/A	272,580	1,598,019	1,651,227
Non-capital losses	N/A	N/A			1,149,357
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			1,149,357
Adjusted taxable income after loss carrybacks	N/A	N/A	272,580	1,598,019	501,870

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Adjusted taxable income before current year loss carrybacks*	N/A		272,580	1,598,019	N/A
Non-capital losses	N/A			682,792	N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A			682,792	N/A
Adjusted taxable income after loss carrybacks	N/A		272,580	915,227	N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part IV tax multiplied by 3 before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by 3 after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part IV tax multiplied by 3 before current year loss carrybacks**	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by 3 after loss carrybacks	N/A				N/A

** The adjusted Part IV tax multiplied by 3 before current year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by 3 to help you identify the amount of the loss that is needed to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part I			40,887	239,703	272,452
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against part I tax

Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other*			62,693	367,544	355,014

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
ITC refund					
Dividend refund					
Instalments	49,428	199,278	398,555	466,437	455,580
Surtax credit					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Net income	-682,792	-1,149,357	272,580	1,598,019	1,651,227
Taxable income			272,580	1,598,019	1,651,227
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income			272,580	1,598,019	1,651,227
Surtax					
Income tax payable before deduction			31,347	183,772	193,985
Income tax deductions /credits			19,081	24,920	
Net income tax payable			12,266	158,852	193,985
Taxable capital					
Capital tax payable					
Total tax payable*	66,689	23,460	57,966	158,852	193,985
Instalments and refundable credits					
Balance due/refund**	66,689	23,460	57,966	158,852	193,985

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

Canada Revenue Agency | Agence du revenu du Canada

Information Return for Corporations Filing Electronically

- You have to complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed to the Canada Revenue Agency (CRA) on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- **Do not submit** this form to the CRA unless we ask for it.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

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

Part 1 – Identification

Corporation's name	Business number
PUC Distribution Inc.	86709 6778 RC0001

Tax year ▶	From (Y M D)	To (Y M D)	Is this an amended return?	Yes	No
	2016-01-01	2016-12-31		☐	X

Part 2 – Declaration

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

Net income (or loss) for income tax purposes from Schedule 1, financial statements, or GIFI (line 300)	-1,935,479
Part I tax payable (line 700)	
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

I, Greco (Last name), Terry (First name), Vice-President (Position, office, or rank),

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

I authorize the transmitter identified in Part 4 to electronically file the corporation income tax return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number
		(705) 759-6566

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Name of person or firm	Electronic filer number
KPMG LLP	D4481

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.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 **Do not use this area**

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

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

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

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

Identification

Business number (BN) 001 86709 6778 RC0001

Corporation's name
002 PUC Distribution Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 500 Second Line East
012
City: 015 Sault Ste Marie
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 P6B 4K1

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

Location of books and records (if different from head office address)
Has this address changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 500 Second Line East
032
City: 035 Sault Ste Marie
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 P6B 4K1

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 [X] Other corporation (specify, below) Electrity Act

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 060 Year Month Day 2016-01-01
Tax year-end 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 [X]

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 [X]

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

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

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

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

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

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

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

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

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

Do not use this area
095 096 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the *Income Tax Regulations*?	170		29
Did the corporation have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts 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	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, 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	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

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

Additional information

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

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

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.

Line	Product or service	Line	%
284	Electrical power distribution	285	100.000 %
286		287	%
288		289	%

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

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 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

Description	Line	Amount	Total	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		-1,935,479	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** *** 226,565 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) (amount O below)			G
Amount F **minus** amount G			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)

	J Name of corporation receiving the income and assigned amount	K Business number of the corporation	L Income for the small business deduction given to the corporation identified in column J [under clause 125(1)(a)(i)(B)] [3]	M Business limit assigned to corporation identified in column J [4]
1.				
			Total ______ N	Total ______ O

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 cannot be greater than the amount in column L.

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 amount H 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 ; 100 / 38.6667 = ... ______ I

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

Deduct:

Amount from line 400, 405, 410, or amount H 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 the total of:

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**

▶ 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 / Number of days in the tax year) 366 / 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

Personal services business income tax (section 123.5)

Taxable income from a personal services business **555** ____ x (Number of days in the tax year after December 31, 2015 366 / Number of days in the taxation year 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 amount H on page 4, whichever is the least ____ F

Net amount (amount E **minus** amount F) ____ ► ____ G

Amount D or G, whichever is less ____ x (Number of days in the tax year before January 1, 2016 ____ / Number of days in the tax year 366) x 6 2 / 3 % = ____ 1

Amount D or G, whichever is less ____ x (Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 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		
Tax instalments paid	840	66,690	
Total credits	890	66,690	66,690 B

Refund code 894 1 Overpayment 66,690

Balance (amount A **minus** amount B) -66,690

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.

Direct deposit request

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

☐ Start ☐ Change information

910 Branch number

914 Institution number

918 Account number

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

If this return was prepared by a tax preparer for a fee, provide their EFILE number . . . 920 D4481

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Certification

I, 950 Greco (Last name) 951 Terry (First name) 954 Vice-President (Position, office, or rank),

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

955 Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (705) 759-6566 Telephone number

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

958 Name of other authorized person — 959 Telephone number

Language of correspondence – Langue de correspondance

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

990 1

Schedule of Instalment Remittances

Name of corporation contact ______

Telephone number ______

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalments	66,690

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 66,690 **A**

Total instalments credited to the taxation year per T9 66,690 **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
PUC Distribution Inc.	86709 6778 RC0001	2016-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	22,895,859	22,442,698
	Total tangible capital assets	2008	+	101,485,749	95,032,119
	Total accumulated amortization of tangible capital assets	2009	–	12,072,523	7,722,548
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	2,169,439	1,523,643
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	114,478,524	111,275,912
	Liabilities				
	Total current liabilities	3139	+	16,173,162	24,894,625
	Total long-term liabilities	3450	+	70,412,751	58,168,239
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	86,585,913	83,062,864
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	27,892,611	28,213,048
	Total liabilities and shareholder equity	3640	=	114,478,524	111,275,912
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	7,830,504	8,150,941

***** Generic item

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 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	+	98,260,140	95,999,589
	Cost of sales	8518	–	81,410,411	73,275,057
	Gross profit/loss	8519	=	16,849,729	22,724,532
	Cost of sales	8518	+	81,410,411	73,275,057
	Total operating expenses	9367	+	19,387,446	19,280,154
	Total expenses (mandatory field)	9368	=	100,797,857	92,555,211
	Total revenue (mandatory field)	8299	+	101,787,208	99,666,851
	Total expenses (mandatory field)	9368	–	100,797,857	92,555,211
	Net non-farming income	9369	=	989,351	7,111,640
	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	=	989,351	7,111,640
	Total other comprehensive income	9998	=	-1,350,788	-4,641,680
	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	–	-44,000	1,285,959
	Future (deferred) income tax provision	9995	–	3,000	296,000
	Total – Other comprehensive income	9998	+	-1,350,788	-4,641,680
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-320,437	888,001

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Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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 [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . . . **097** 1 Yes [ ] 2 No [X]

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 [X]

Completed a review engagement report . . . . . 2 [ ]

Conducted a compilation engagement . . . . . 3 [ ]

Part 3 – Reservations

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

Has the accountant expressed a reservation? . . . . . **099** 1 Yes [ ] 2 No [X]

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client) . . . . . 1 [ ]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 [ ]

Were notes to the financial statements prepared? . . . . . **101** 1 Yes [X] 2 No [ ]

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

Are subsequent events mentioned in the notes? . . . . . **104** 1 Yes [ ] 2 No [X]

Is re-evaluation of asset information mentioned in the notes? . . . . . **105** 1 Yes [ ] 2 No [X]

Is contingent liability information mentioned in the notes? . . . . . **106** 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . **107** 1 Yes [ ] 2 No [X]

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

Part 4 – Other information (continued)

Impairment and fair value changes

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

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
PUC Distribution Inc.	86709 6778 RC0001	2016-12-31

Assets – lines 1000 to 2599

1000	3,899,721	1060	6,620,270	1062	10,175,782
1120	1,486,453	1400	100,201	1483	550,032
1484	63,400	1599	22,895,859	1600	865,150
1680	25,127,001	1681	-1,989,504	1740	17,691,102
1741	-2,365,780	1785	57,802,496	1786	-7,717,239
2008	101,485,749	2009	-12,072,523	2420	1,088,439
2421	1,081,000	2589	2,169,439	2599	114,478,524

Liabilities – lines 2600 to 3499

2620	13,766,613	2770	207,980	2920	1,211,084
2961	987,485	3139	16,173,162	3145	37,413,151
3220	1,847,591	3260	26,534,040	3320	4,617,969
3450	70,412,751	3499	86,585,913		

Shareholder equity – lines 3500 to 3640

3500	20,062,107	3600	7,830,504	3620	27,892,611
3640	114,478,524				

Retained earnings – lines 3660 to 3849

3660	8,150,941	3680	1,030,351	3740	-1,350,788
3849	7,830,504				

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SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2016-12-31

Description

Sequence number 0003 01

Other comprehensive income – lines 7000 to 7020

7020	-1,350,788

Revenue – lines 8000 to 8299

8000	98,260,140	8089	98,260,140	8090	33,313
8230	3,493,755	8299	101,787,208		

Cost of sales – lines 8300 to 8519

8320	81,410,411	8518	81,410,411	8519	16,849,729

Operating expenses – lines 8520 to 9369

8670	4,202,174	8714	3,058,063	8717	1,572,173
9270	1,388,930	9273	5,977,871	9284	3,188,235
9367	19,387,446	9368	100,797,857	9369	989,351

Extraordinary items and taxes – lines 9970 to 9999

9970	989,351	9990	-44,000	9995	3,000
9998	-1,350,788	9999	-320,437		

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

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
PUC Distribution Inc.	86709 6778 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			-320,437	A
Add:				
Provision for income taxes – current	101	-44,000		
Provision for income taxes – deferred	102	3,000		
Amortization of tangible assets	104	4,202,174		
Non-deductible meals and entertainment expenses	121	3,105		
Subtotal of additions		4,164,279 ▶	4,164,279	
Other additions:				
Taxable/non-deductible other comprehensive income items	239	1,350,788		

Miscellaneous other additions:

1 Description 605	2 Amount 295

Total of column 2	▶ 296			
Subtotal of other additions	199	1,350,788 ▶	1,350,788	
Total additions	500	5,515,067 ▶	5,515,067	B
Amount A **plus** amount B			5,194,630	C
Deduct:				
Capital cost allowance from Schedule 8	403	5,587,907		
Cumulative eligible capital deduction from Schedule 10	405	188,414		
Subtotal of deductions		5,776,321 ▶	5,776,321	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Regulatory charges deferred for accounting purposes	1,353,788

Total of column 2	1,353,788 ▶ 396	1,353,788		
Subtotal of other deductions	499	1,353,788 ▶	1,353,788	
Total deductions	510	7,130,109 ▶	7,130,109	D
Net income (loss) for income tax purposes (amount C **minus** amount D)			-1,935,479	E

Enter amount E on line 300 of the T2 return.

T2 SCH 1 E (16)

Canada

Canada Revenue Agency / Agence du revenu du Canada

Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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				-1,935,479	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")				-1,935,479	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)				-1,935,479	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")				-1,935,479	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	1,935,479	h		
Subtotal (amount g **plus** amount h)		1,935,479	▶	1,935,479	I
Subtotal (amount H **plus** amount I)				1,935,479	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)				1,935,479	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	272,580	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)		272,580	▶	272,580	M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180			1,662,899	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	Tax year ending yyyy/mm/dd	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 **minus** column 6)
	600	602	604	606	608		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	Tax year ending yyyy/mm/dd	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	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	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)
	630	632	634	636	638		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	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (must be equal to or less than line 650)	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)
	660	662	664	670	675	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	1,935,479		272,580	N/A		1,662,899
1st preceding taxation year 2015-12-31		N/A		N/A			
2nd preceding taxation year 2014-12-31		N/A		N/A			
3rd preceding taxation year 2013-12-31		N/A		N/A			
4th preceding taxation year 2012-12-31		N/A		N/A			
5th preceding taxation year 2011-12-31		N/A		N/A			
6th preceding taxation year 2010-12-31		N/A		N/A			
7th preceding taxation year 2009-12-31		N/A		N/A			
8th preceding taxation year 2008-12-31		N/A		N/A			
9th preceding taxation year 2007-12-31		N/A		N/A			
10th preceding taxation year 2006-12-31		N/A		N/A			
11th preceding taxation year 2005-12-31		N/A		N/A			
12th preceding taxation year 2004-12-31		N/A		N/A			
13th preceding taxation year 2003-12-31		N/A		N/A			
14th preceding taxation year 2002-12-31		N/A		N/A			
15th preceding taxation year 2001-12-31		N/A		N/A			
16th preceding taxation year 2000-12-31		N/A		N/A			
17th preceding taxation year		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		1,935,479		272,580			1,662,899

* **This balance expires this year and will not be available next year.**

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 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 [X]

	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		24,062,604			0		24,062,604	4	0	0	962,504	23,100,100
2.	1	New Building	21,781,126			0		21,781,126	4	0	0	871,245	20,909,881
3.	1b	New Building Additions	64,536	82,630		0	41,315	105,851	6	0	0	6,351	140,815
4.	8	Smart meters	2,179,418	83,653		0	41,827	2,221,244	20	0	0	444,249	1,818,822
5.	47		38,641,855	5,305,233		0	2,652,617	41,294,471	8	0	0	3,303,558	40,643,530
		Totals	86,729,539	5,471,516			2,735,759	89,465,296				5,587,907	86,613,148

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.

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		5,471,516		
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	+			
Other (specify):				
Adjustement for contributed capital	+	450,272		
Transformer inventory adjustment	+	59,774		
Rounding	+			
Total additions per books	=	5,981,562	▶	5,981,562
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):				
Rounding	+	1		
Total proceeds per books	=	1	▶ –	1
Depreciation and amortization per accounts – Schedule 1			–	4,202,174
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	1,779,387

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		88,548,076
Opening net book value	–	86,768,689
Net change per financial statements	=	1,779,387

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
PUC Distribution Inc.	86709 6778 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 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.	PUC Inc		89839 7518 RC0001	1					
2.	PUC Services Inc		87626 3526 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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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	2,691,625	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	2,691,625	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)			2,691,625	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	2,691,625			
less amount from line 249				
Current year deduction	2,691,625	x 7.00 % = 250	188,414 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			188,414 ▶ 188,414	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")		300	2,503,211	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* 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 from the list below 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.

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 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 2016

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

	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	PUC Distribution Inc.	86709 6778 RC0001	1	500,000			
2	PUC Inc	89839 7518 RC0001	1	500,000	100.0000	500,000	
3	PUC Services Inc	87626 3526 RC0002	1	500,000			
				Total	100.0000	500,000	A

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

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. The amount at line 415 is determined using the formula 0.225% x (D - $10,000,000). Details of this formula and variable D are in subsection 125(5.1) of the Act.

* 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 for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year, whichever is less.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	20,062,107		
Retained earnings	104	7,830,504		
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	65,159,275		
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)		93,051,886	93,051,886	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)			93,051,886	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	1,081,000		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		1,081,000 ▶	1,081,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		91,970,886	

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	100,201
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	100,201

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)		91,970,886	C
Deduct: Investment allowance for the year (line 490)		100,201	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	91,870,685	

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) 91,870,685 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 91,870,685

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 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
PUC Distribution Inc.	86709 6778 RC0001	2016-12-31

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

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Provide only one number per shareholder: 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	PUC Inc	89839 7518 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
PUC Distribution Inc.	86709 6778 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	114,478,524
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	97,312,067
Total assets (total of lines 112 to 116)		211,790,591
Total revenue of the corporation for the tax year **	142	101,787,208
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	19,000,127
Total revenue (total of lines 142 to 146)		120,787,335

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	-320,437
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	3,000		
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		3,000 ▶		3,000 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320	44,000		
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		44,000 ▶		44,000 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	-361,437

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 366) x 4 % = ______ 1

Amount from line 520 ______ x (Number of days in the tax year after June 30, 2010 366 / Number of days in the tax year 366) 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 *		135,849 G		
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)		135,849 ▶	620	135,849
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)				135,849 H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				I
Subtotal (amount H **minus** amount I)				135,849 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	135,849 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)			135,849 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)			
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	361,437	
CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760)		770	361,437	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
PUC Distribution Inc.	86709 6778 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	PUC Inc	89839 7518 RC0001	62,413,637	2,230,074
2	PUC Services Inc	87626 3526 RC0002	34,898,430	16,770,053
		Total	450 97,312,067	550 19,000,127

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.

– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.

– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.

– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.

– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.

– Include the associated corporation's share of the total revenue of partnerships and joint ventures.

– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511

Canada

Corporate Taxpayer Summary

Corporate information

Corporation's name	PUC Distribution Inc.
Taxation Year	2016-01-01 to 2016-12-31
Jurisdiction	Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
				X											

Corporation is associated	Y
Corporation is related	Y
Number of associated corporations	2
Type of corporation	Other Corporation
Total amount due (refund) federal and provincial*	-66,690

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income	-1,935,479
Taxable income	
Donations	
Calculation of income from an active business carried on in Canada	
Dividends paid	
Dividends paid – Regular	
Dividends paid – Eligible	
Balance of the low rate income pool at the end of the previous year	
Balance of the low rate income pool at the end of the year	
Balance of the general rate income pool at the end of the previous year	
Balance of the general rate income pool at the end of the year	
Part I tax (base amount)	

Credits against part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I		ITC refund	
M&P deduction		Part IV		Dividends refund	
Foreign tax credit		Part III.1		Instalments	66,690
Investment tax credits		Other*		Surtax credit	
Abatement/Other*		Provincial or territorial tax		Other*	
				Balance due/refund (–)	-66,690

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryback amounts

Non-capital losses	272,580

Carryforward balances

Non-capital losses that can be carried forward over 20 years	1,662,899
Cumulative eligible capital	2,503,211

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	-1,935,479		
Taxable income			
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

Other carryforward amounts

Ontario

Corporate minimum tax credit that can be carried forward over 20 years – Schedule 510	135,849
Corporate minimum tax loss that can be carried forward over 20 years – Schedule 510	361,437

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
PUC Distribution Inc.	92,857,725	92,857,725	91,870,685	91,870,685
PUC Inc	73,640	73,640	30,688,870	30,688,870
PUC Services Inc	17,764,362	17,764,362	898,619	898,619
Total	110,695,727	110,695,727	123,458,174	123,458,174

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
Total			

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Net income	-1,935,479	-682,792	-1,149,357	272,580	1,598,019
Taxable income				272,580	1,598,019
Active business income				272,580	1,579,257
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)	-66,690	17,261	-175,818	-299,702	-67,882
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Taxable income before loss carrybacks	N/A	N/A		272,580	1,598,019
Non-capital losses	N/A	N/A			682,792
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			682,792
Adjusted taxable income after loss carrybacks	N/A	N/A		272,580	915,227

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Adjusted taxable income before current year loss carrybacks*	N/A			272,580	N/A
Non-capital losses	N/A			272,580	N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A			272,580	N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Part I				40,887	239,703
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against part I tax

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*				62,693	367,544

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
ITC refund					
Dividend refund					
Instalments	66,690	49,428	199,278	398,555	466,437
Surtax credit					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Net income	-1,935,479	-682,792	-1,149,357	272,580	1,598,019
Taxable income				272,580	1,598,019
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income				272,580	1,598,019
Surtax					
Income tax payable before deduction				31,347	183,772
Income tax deductions /credits				19,081	24,920
Net income tax payable				12,266	158,852
Taxable capital					
Capital tax payable					
Total tax payable*		66,689	23,460	57,966	158,852
Instalments and refundable credits					
Balance due/refund**		66,689	23,460	57,966	158,852

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

Attached Notes – Summary

Name of the cell Federal – Additions – (1/2 year rule) Form Sch. 8 - Capital cost allowance (CCA) workchart

SS-3

sbibeau - 2017-04-04 Keep this note when rolling forward the file

Name of the cell Federal – Additions – (1/2 year rule) Form Sch. 8 - Capital cost allowance (CCA) workchart

SS-3

sbibeau - 2017-04-04 Keep this note when rolling forward the file

Name of the cell Federal – Additions – (1/2 year rule) Form Sch. 8 - Capital cost allowance (CCA) workchart

SS-3

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APPENDIX 9

RDI Full Absorption Cost Allocation

PUC Services Inc.

Full Absorption Cost Allocation Report

Prepared By:

Jim Hopeson

RDI Consulting Inc.
London, Ontario

2007 09 20

rdi consulting inc.

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Executive Summary

RDI Consulting Inc. was engaged by PUC Services Inc. to review and make recommendations regarding current processes related to the:

- Allocation of Customer Service costs to Water and Electric
- Allocation of Administrative and General (A&G) costs to all affiliates
- Split of allocated A&G costs between operating costs and capital expenditures of each company
- Split of directly charged A&G costs between operating costs and capital expenditures of each company
- Types of costs included in the current asset use charge
- Allocation of the asset charge to affiliates
- Split of asset charge between operating costs and capital expenditures of each company

The recommendations primarily involve changes in the way the existing pie of costs is sliced between companies and operating and capital activities within the companies.

The recommendations reflect:

- Refinements in the determination of allocation bases used to allocate individual costs, and
- Direction contained in the Accounting Procedures Handbook for regulated Distribution Companies which advocates a fully allocated cost allocation approach (means all businesses and activities should bear a fair share of the indirect costs not able to be specifically charged to a business or an activity)

RDI is recommending that the current asset charge which recovers depreciation only be increased to include the cost of capital related to the investment in the assets used to provide services to all affiliates.

The net effect of all the recommendations results in:

- Operating costs are lower for all businesses except PUC Energies

- Lower operating costs are driven by the following factors
    - Minor change in determination of customer services costs for electric and water
    - Change in allocation of PUC Services A&G costs for all businesses
    - Movement to capital of allocated A&G costs
    - Movement to capital of directly charged A&G costs

    - Change in allocation of existing asset charge recovering depreciation only
    - Increased cost to all businesses resulting from new cost of capital charges as part of the asset use charge

- Lower operating costs for Services primarily driven by new cost of capital revenue source offset by increase in allocated (retained) A&G costs

- Increase in capital costs for all businesses representing the offset to the reduction in Operating expenses

RDI recommends implementing the recommendations in this report effective with the January 1, 2008 fiscal year.

Financial plans and budgets for 2008 as well as the PUC Distribution Inc. 2008 rate rebasing application should be prepared reflecting these recommendations as well.

Introduction

RDI Consulting Inc. was engaged by PUC Services Inc. to review and make recommendations regarding the current processes related to the charging of Customer Service and Administrative and General (A&G) costs to its affiliates. The review also looks at the issue of splitting A&G costs between operating costs and capital expenditures.

In addition the review looks at the current method of charging for the use of vehicles, equipment, and other miscellaneous assets (computers, office furniture, buildings, etc.) required to conduct business.

The treatment of other overhead type expenditures (labour burdens, materials management overheads, vehicle operating costs, engineering, operations supervision) was not part of the scope of the review as Management and RDI agreed that the current processes appropriately allocate costs to individual businesses and operating and capital activities within these businesses.

Fiscal year 2006 financial results were used to assess the directional impact of implementing the recommended changes for all the PUC businesses.

A contributing factor to undertaking the review is the current PUC Distribution Inc. 2008 rate rebasing process. The intent is to apply the recommendations contained in this report to the determination of LDC costs on a forward test year (2008) basis.

Overview of Current Costing Processes

PUC Services Inc. provides financial and accounting services to all affiliates and serves as the gatekeeper in ensuring costs are properly charged to and amongst affiliates.

All transactions occur on a cost pass through basis with no mark-ups.

The Ontario Energy Board prescribed chart of accounts (USOA accounts) is utilized to track costs.

There are 3 different types of costs that are part of the scope of this review and the current treatment is summarized as follows:

Direct Costs

Costs that can be directly identified with a specific business are directly charged. These could be either Customer Service costs or Administrative and General Costs.

Administrative and General Costs are retained as operating costs with no current allocation to capital.

Direct costs using 2006 actuals are set out in Appendix A.

Allocated Costs

Costs that cannot be directly identified with a specific business are allocated to all businesses on a USOA account by account basis using an allocation base that reflects cost drivers or contribution to expenditure. These could be either Customer Service costs or Administrative and General Costs.

Again, Administrative and General Costs are retained as operating costs with no current allocation to capital.

Appendix J provides the current basis for these allocations and the allocation percentages by business stream.

Asset Charge

PUC Services currently allocates depreciation related to Services owned assets (vehicles, equipment, computers, office furniture, buildings, etc.) to all businesses based on their usage of the assets as determined by administration percentages.

Costs are split between operations and capital. The portion related to capital projects is distributed to the projects based on trucking dollars.

No rate of return on invested capital is currently charged.

No depreciation or rate of return is charged on the Queen Street facility as it is a Water owned asset with no book value.

Guidance from Ontario Energy Board Accounting Procedures Handbook

Article 340 of the Accounting Procedures Handbook titled Allocation of Costs and Transfer Pricing provides direction to LDC's regarding cost allocation and charges between affiliated companies.

Some key references from this document are:

The general method for charging indirect costs should be on a fully allocated cost basis.

All costs shall be classified to lines of business, services or products that are regulated, non-regulated, or common to both.

When costs are fully allocated to services and products, the fully allocated cost of the services and products include their direct cost plus a proportional share of indirect costs. Note that fully allocated cost and the term "absorption cost" have the same meaning.

Indirect costs are costs that cannot be identified with a specific unit of product or service or with a specific operation or cost centre. Indirect costs include but are not limited to overhead costs, administrative and general expenses and taxes. Indirect costs are fixed costs that can remain unchanged in total for a given time despite wide fluctuations in activity.

Where an electric utility incurs costs (e.g. general administration, office staff salaries, and rent) jointly with another utility or with its local municipality, the method of splitting the joint costs should be calculated in accordance with some reasonable method of determining a fair and equitable split.

The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, shall be identified and used to allocate the cost between regulated and non-regulated lines of business, products or services.

The methods used in the allocation of costs should be documented and reviewed on a regular basis. If necessary, the cost methods should be revised in order to reflect changes in cost relationships and the related cost allocators. Any changes in the allocation method or the cost allocators used, including the supporting rationale, should be documented and the documentation should be available for Board review.

Where a fair market value is not available for any product, resource or service, a utility shall charge no less than a cost-based price, and shall pay no more than a cost-based price. A cost-based price shall reflect the costs of producing the service or product, including a return on invested capital. The return component shall be the higher of the utility's approved rate of return or the bank prime rate.

Utilities typically charge vehicles/equipment, payroll burdens, and materials management expenses to the key distribution activities that use these resources.

Utilities incur general administration costs that are in support of all business activities:

- Operations
- Maintenance
- Customer billing and collecting
- Construction of capital assets
- Provision of third party services

Under the accounting guidelines these costs should be charged to distribution activities so they absorb their fair share of costs. Proper categorization of operating and capital costs occurs.

Review and Recommendations Re: Costing Processes

Appendix J provides the current basis for and percentages by business stream and Appendix K provides the recommended processes. They are discussed in more detail below.

Direct Charges

Customer Service

Meter Reading USOA account 5310 costs are currently direct charged between Electric and Water on the basis of the relative number of meters (63% electric / 37% Water).

It is recommended that these costs be split on the basis of relative number of meter reads. An analysis of the meter reading contractor bills for 2006 yielded a 57% Electric and 43% Water split.

Administrative and General Costs

It is recommended that all Administrative and General costs directly charged to a specific business be allocated between operations and capital following a review to assess any costs that are not applicable to capital. Net applicable overhead costs should be allocated between operating and capital activities on the relative basis of labour effort incurred. An analysis has been completed for electricity only in determining the impact of this recommendation. Excluded directly incurred A&G costs for PUC Distribution Inc. are set out in Appendix L.

It has been assumed for impact purposes in this document that 100% of directly incurred A&G costs for the other businesses are to be allocated between operations and capital.

Allocated Costs

Customer Service

All the remaining Customer Service USOA accounts (5315 to 5410) are currently split between Electric and Water on the basis of the relative number of customers (56% electric / 44% Water).

This is still a reasonable basis of allocation for all accounts with the exception of the 5321 Account which collects the costs related to the collections group. The existing relative customer count remains at the 56/44 % split.

It is recommended that the cost of the collections group accumulated in USOA 5321 Collections Arrears be allocated between Electric and Water on the basis of the relative bad debt write-offs (76% Electric and 24% Water).

Administrative and General Costs

All Administration and General accounts with the exception of USOA 5675 are currently allocated between the businesses on the basis of an historical FTE work effort review.

The allocation of the 5675 Maintenance of General Plant account is very similar with the exception that no charges are allocated to Telecom as they do not utilize any of the 3 facilities creating slight allocation changes in allocation percentages for the other companies.

All A&G costs allocated to each business remain as operating costs with no allocations to capital.

RDI recommends a similar labour effort based approach utilizing recent work effort data be used to allocate costs to the respective businesses. Appendix I summarizes total work effort data for a recent 12 month period. It is principally comprised of:

- Direct labour hours of bargaining unit employees
- Budgeted labour hours for Management staff
- Estimates of externally contracted labour hours

Collectively it forms a prorate base of total relative effort spent by business unit on both operating and capital activities regardless of the source of the labour effort.

It is also recommended that all Administrative and General costs charged to a specific business be allocated between operations and capital of that business unit using the applicable operating / capital split shown in Appendix I.

Asset Charge

Existing

PUC Services currently allocates depreciation related to Services owned assets (vehicles, equipment, computers, office furniture, buildings, etc.) to all businesses based on their usage of the assets as determined by administration percentages.

Costs are split between operations and capital. The portion related to capital projects is distributed to the projects based on trucking dollars.

Two alternative options were developed for consideration which varied only in the way vehicle and equipment depreciation was allocated:

- Option 1- depreciation on vehicles allocated on the basis of trucking hours and depreciation on other assets allocated on the basis of direct labour hours
- Option 2- depreciation on vehicles allocated on the basis of direct labour hours and depreciation on other assets allocated on the basis of direct labour hours

Appendix G details the results of these options. The results show there is little difference between these 2 options.

It is recommended that Option 1 be used on a go forward basis as it very accurately tracks vehicle and equipment depreciation to the specific activities these assets were used for. In addition, the depreciation on the other assets used to support all business unit operating and capital activities would be allocated on the basis of relative labour effort similar to the recommended approach for Administration and General Costs.

Rate of Return

Currently only depreciation related to PUC Services owned assets is recovered from the users of these assets.

The cost of capital (COC) used to finance the purchase of these assets is not reflected in the recovery by Services. The cost of capital is generally determined based on the financing practices of the business entity (debt / equity split) and the rates of return for both debt and equity.

The Ontario Energy Board which regulates PUC Distribution Inc. allows a rate of return on invested capital to be included in rates and recovered from customers. It is a legitimate part of the full cost of doing business.

Similarly as seen in the APH Section 340 references:

> Where a fair market value is not available for any product, resource or service, a utility shall charge no less than a cost-based price, and shall pay no more than a cost-based price. A cost-based price shall reflect the costs of producing the service or product, including a return on invested capital. The return component shall be the higher of the utility's approved rate of return or the bank prime rate.

RDI recommends that Services recover a cost of capital charge from all the users of the assets that it owns using the LDC deemed weighted average pre-tax cost of capital. As a proxy to assess the impact, a weighted average cost of capital of 7.67% was applied to the December 31, 2006 net book value of Services owned assets. The resulting amounts were allocated using the 2 options discussed above and outlined in Appendix H. This generated an increased recovery amount of $449,833 to be recovered from all businesses. PUC Services use of the assets under Option 1 results in Services retaining $44,817 of costs for a net beneficial impact of $405,016.

The cost of capital for 2006 impact illustration purposes uses the deemed 2008 capital split of 53.3% debt and 46.6 % equity and uses 2006 approved rates of return (debt – 6.35% and equity of 9%)

- 53.3% X 6.35% + 46.7% X 9% = 7.67%
- *Note – after tax return on equity was not grossed up by the tax rate to obtain the pre-tax cost as the income tax rate in the approved 2006 rate application was zero.*

The preparation of 2008 budgets and the forward test year rate application for all PUC corporations should utilize the following calculation of pre-tax cost of capital based on inputs for the 2008 PUC Distribution Inc. rate application:

COC Component	% of Capital Structure	Rate of Return	
Short term debt	4%	4.77%	Pre tax
Long term debt	49.33%	5.82%	Pre tax
Equity	46.67%	8.69%	After tax
Income Tax Rate	36%		

Pre – Tax COC = (4% x 4.77%) + (49.33% x 5.82%) + ((46.67% X (8.69% / 1-.36)

= 9.40%

It is recommended that Option 1 be used to allocate these cost of capital recoveries to be consistent with the recommendation above regarding the allocation of depreciation costs.

Third Party Work Charge-out Rates

RDI recommends that existing charge-out rates for third party work performed by PUC resources be reviewed to ensure alignment with the cost allocation recommendations. Outside parties should also pay their fair share of A&G costs used to support the direct work.

Summary of Impacts

The impacts of all the recommendations for all the PUC businesses using 2006 data are summarized in Appendix M.

The net effect of all the recommendations results in:

- Operating costs are lower for all businesses except PUC Energies

- Lower operating costs are driven by the following factors
    - Minor change in determination of customer services costs for electric and water
    - Change in allocation of Services A&G costs for all businesses
    - Movement to capital of allocated A&G costs
    - Movement to capital of directly charged A&G costs
    - Change in allocation of existing asset charge recovering depreciation only
    - Increased cost to all businesses resulting from new cost of capital charges

- Lower operating costs for Services primarily driven by new cost of capital revenue source offset by increase in allocated (retained) A&G costs

- Increase in capital costs for all businesses representing the offset to the reduction in Operating expenses

Proposed Implementation

RDI recommends implementing the recommendations in this report effective with the January 1, 2008 fiscal year.

Financial plans and budgets for 2008 as well as the PUC Distribution Inc. 2008 rate rebasing application should be prepared reflecting these recommendations as well.

Future Refinement Opportunities

During the course of this review the following allocation process improvement opportunities were identified:

1. No depreciation recoveries or rate of return recoveries on Water owned assets have been identified as asset values are currently not recorded for municipal expenditures.

   The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has approved revisions to standard PS3150 which requires municipalities to identify, value, and record all their assets on the municipal balance sheet effective 2009.

   The recovery of municipally owned assets should be reassessed at this point in time.

2. USOA account 5410 records the costs associated with the PUC Customer Services Department. PUC will assess the potential to change the Department call tracking process to get better data to more accurately allocate these costs.

3. The determination of total labour effort utilized budgeted time allocations for all Management staff. PUC will assess the implementation of an actual Management staff time tracking process to better allocate costs.

4. The determination of total labour effort also utilized Management estimates of time associated with external contracted services. PUC will assess options to improve resource identification to better allocate costs.

Appendix A
Direct Charges to Businesses ($ 2006)

USOA Account	Account Description	PUC Distribution Inc.	Water	Telecom	Energies
Customer Service Accounts					
5310	Meter Reading	192,047	111,997	0	0
5315	Billing	162,087	0	0	0
5320	Collections	0	0	0	0
5321	Collections Arrears (Bad Debts)	5,263	0	0	0
5325	Collecting - Cash Over/Short	313			
5335	Bad Debt Expense	64,744	22,799	395	
5405	Community Relations Supervision (Call Centre)	0	0	0	0
5410	Community Relations (Call Centre)	63,825	4,089	81,464	0
		488,278	138,885	81,860	0
LDC Only					
5415	Energy Conservation	37,289	0	0	0
5420	Community Safety Program	27,472	0	0	0
		64,762	0	0	0
Business Development					
5510	Business Development	0	0	56,683	11,554
Administration and General Accounts					
5605	Executive Salaries and Expenses	77,411	58,189	6,731	
5610	Management Salaries and Expenses	3,206	8,697	6,467	0
5615	General Administrative Salaries and Expenses	47,841	0	0	
5620	Office Supplies and Expenses	36,148	0	2,680	0
5630	Outside Services Employed	102,382	7,765	6,830	5,813
5635	Property Insurance	51,711	55,224	1,645	870
5645	Pensions and Benefits	(349,831)			
5655	Regulatory Expenses	88,765	0	0	0
5665	Miscellaneous General Expenses	173,610	0	0	0
5675	Maintenance of General Plant	0		36,010	0
		231,244	129,875	60,364	6,683
	Totals	784,284	268,759	198,907	18,236

Appendix B
PUC Services Allocation to PUC Distribution Inc. ($ 2006)

USOA Account	Account Description	PUC Services Costs to be Allocated	Current Percent	Current Dollars	Proposed Percent	Proposed Dollars
Customer Service Accounts						
5310	Meter Reading	304,043	63.00%	191,547	57.48%	174,764
5315	Billing	623,842	56.14%	350,225	56.00%	349,351
5320	Collections	187,339	56.14%	105,172	56.00%	104,910
5321	Collections Arrears (Bad Debts)	163,212	56.14%	91,627	74.00%	120,777
5325	Collecting - Cash Over/Short	(87)	56.14%	(49)	56.00%	(49)
5405	Community Relations Supervision (Call Centre)	39,176	56.14%	21,993	56.00%	21,939
5410	Community Relations (Call Centre)	495,284	56.14%	278,052	56.00%	277,359
		1,812,808		1,038,568		1,049,051
Administration and General Accounts						
5605	Executive Salaries and Expenses	185,402	51.39%	95,278	43.83%	81,262
5610	Management Salaries and Expenses	238,430	51.39%	122,529	43.83%	104,504
5615	General Administrative Salaries and Expenses	660,921	51.39%	339,647	43.83%	289,681
5620	Office Supplies and Expenses	416,726	51.39%	214,156	43.83%	182,651
5630	Outside Services Employed	71,376	51.39%	36,680	43.83%	31,284
5635	Property Insurance	43,469	51.39%	22,339	43.83%	19,053
5665	Miscellaneous General Expenses	7,533	51.39%	3,871	43.83%	3,302
5675	Maintenance of General Plant - Queen St. Facility (water owned)	269,611	51.70%	139,389	43.83%	118,171
5675	Maintenance of General Plant - Services Centre/Trbovich Centre	622,459	51.70%	321,812	43.83%	272,824
		2,515,928		1,295,701		1,102,731
	Totals	4,328,736		2,334,269		2,151,782
			Total Dollar Impact		(182,487)	

Breakdown of Impact

	OM&A	Capital	Total
Increase in Customer Services Costs	10,483		10,483
Reversal of A&G Costs previously charged 100% to Operations	(1,295,701)		(1,295,701)
Allocation of Revised A&G Costs to O&M and Capital (69% O&M and 31% Capital)	760,885	341,847	1,102,731
	(524,333)	341,847	(182,487)
	Decrease	**Increase**	**Decrease**

Appendix C
PUC Services Allocation to Water ($ 2006)

USOA Account	Account Description	PUC Services Costs to be Allocated	Current Percent	Current Dollars	Proposed Percent	Proposed Dollars
Customer Service Accounts						
5310	Meter Reading	304,043	37.00%	112,496	42.52%	129,279
5315	Billing	623,842	43.86%	273,617	44.00%	274,490
5320	Collections	187,339	43.86%	82,167	44.00%	82,429
5321	Collections Arrears (Bad Debts)	163,212	43.86%	71,585	26.00%	42,435
5325	Collecting - Cash Over/Short	(87)	43.86%	(38)	44.00%	(38)
5405	Community Relations Supervision (Call Centre)	39,176	43.86%	17,183	44.00%	17,237
5410	Community Relations (Call Centre)	495,284	43.86%	217,231	44.00%	217,925
		1,812,808		774,240		763,758
Administration and General Accounts						
5605	Executive Salaries and Expenses	185,402	39.20%	72,678	39.97%	74,105
5610	Management Salaries and Expenses	238,430	39.20%	93,464	39.97%	95,300
5615	General Administrative Salaries and Expenses	660,921	39.20%	259,081	39.97%	264,170
5620	Office Supplies and Expenses	416,726	39.20%	163,357	39.97%	166,566
5630	Outside Services Employed	71,376	39.20%	27,979	39.97%	28,529
5635	Property Insurance	43,469	39.20%	17,040	39.97%	17,375
5665	Miscellaneous General Expenses	7,533	39.20%	2,953	39.97%	3,011
5675	Maintenance of General Plant - Queen St. Facility (water owned)	269,611	39.43%	106,308	39.97%	107,764
5675	Maintenance of General Plant - Services Centre/Trbovich Centre	622,459	39.43%	245,436	39.97%	248,797
		2,515,928		988,296		1,005,616
	Totals	4,328,736		1,762,536		1,769,374
			Total Dollar Impact		6,838	

Breakdown of Impact

	OM&A	Capital	Total
Decrease in Customer Services Costs	(10,483)		(10,483)
Reversal of A&G Costs previously charged 100% to Operations	(988,296)		(988,296)
Allocation of Revised A&G Costs to O&M and Capital (70% O&M and 30% Capital)	703,931	301,685	1,005,616
	(294,847)	301,685	6,838
	Decrease	**Increase**	**Increase**

Appendix D
PUC Services Allocation to Telecom ($ 2006)

USOA Account	Account Description	PUC Services Costs to be Allocated	Current Percent	Current Dollars	Proposed Percent	Proposed Dollars
Administration and General Accounts						
5605	Executive Salaries and Expenses	185,402	0.59%	1,094	0.67%	1,242
5610	Management Salaries and Expenses	238,430	0.59%	1,407	0.67%	1,597
5615	General Administrative Salaries and Expenses	660,921	0.59%	3,899	0.67%	4,428
5620	Office Supplies and Expenses	416,726	0.59%	2,459	0.67%	2,792
5630	Outside Services Employed	71,376	0.59%	421	0.67%	478
5635	Property Insurance	43,469	0.59%	256	0.67%	291
5665	Miscellaneous General Expenses	7,533	0.59%	44	0.67%	50
5675	Maintenance of General Plant - Queen St. Facility (water owned)	269,611	0.00%	-	0.67%	1,806
5675	Maintenance of General Plant - Services Centre/Trbovich Centre	622,459	0.00%	-	0.67%	4,170
		2,515,928		9,581		16,857

Total Dollar Impact 7,276

Breakdown of Impact

	OM&A	Capital	Total
Reversal of A&G Costs previously charged 100% to Operations	(9,581)		(9,581)
Allocation of Revised A&G Costs to O&M and Capital (63% O&M and 37% Capital)	10,620	6,237	16,857
	1,039	6,237	7,276
	Increase	**Increase**	**Increase**

Appendix E
PUC Services Allocation to Energies ($ 2006)

USOA Account	Account Description	PUC Services Costs to be Allocated	Current Percent	Current Dollars	Proposed Percent	Proposed Dollars
Administration and General Accounts						
5605	Executive Salaries and Expenses	185,402	0.00%	-	0.17%	315
5610	Management Salaries and Expenses	238,430	0.00%	-	0.17%	405
5615	General Administrative Salaries and Expenses	660,921	0.00%	-	0.17%	1,124
5620	Office Supplies and Expenses	416,726	0.00%	-	0.17%	708
5630	Outside Services Employed	71,376	0.00%	-	0.17%	121
5635	Property Insurance	43,469	0.00%	-	0.17%	74
5665	Miscellaneous General Expenses	7,533	0.00%	-	0.17%	13
5675	Maintenance of General Plant - Queen St. Facility (water owned)	269,611	0.00%	-	0.17%	458
5675	Maintenance of General Plant - Services Centre/Trbovich Centre	622,459	0.00%	-	0.17%	1,058
		2,515,928		-		4,277

Total Dollar Impact 4,277

Breakdown of Impact

	OM&A	Capital	Total
Reversal of A&G Costs previously charged 100% to Operations	0		0
Allocation of Revised A&G Costs to O&M and Capital (83% O&M and 17% Capital)	3,550	727	4,277
	3,550	727	4,277
	Increase	**Increase**	**Increase**

Appendix F
PUC Services Administration and General Costs Retained ($ 2006)

USOA Account	Account Description	PUC Services Costs to be Allocated	Current Percent	Current Dollars	Proposed Percent	Proposed Dollars
Administration and General Accounts						
5605	Executive Salaries and Expenses	185,402	8.82%	16,352	15.37%	28,496
5610	Management Salaries and Expenses	238,430	8.82%	21,029	15.37%	36,647
5615	General Administrative Salaries and Expenses	660,921	8.82%	58,293	15.37%	101,583
5620	Office Supplies and Expenses	416,726	8.82%	36,755	15.37%	64,051
5630	Outside Services Employed	71,376	8.82%	6,295	15.37%	10,970
5635	Property Insurance	43,469	8.82%	3,834	15.37%	6,681
5665	Miscellaneous General Expenses	7,533	8.82%	664	15.37%	1,158
5675	Maintenance of General Plant - Queen St. Facility (water owned)	269,611	8.82%	23,780	15.37%	41,439
5675	Maintenance of General Plant - Services Centre/Trbovich Centre	622,459	8.82%	54,901	15.37%	95,672
		2,515,928		221,905		386,698

Total Dollar Impact 164,793

Breakdown of Impact

	OM&A	Capital	Total
Reversal of A&G Costs previously charged 100% to Operations	(221,905)		(221,905)
Allocation of Revised A&G Costs to O&M and Capital (96% O&M and 4% Capital)	371,230	15,468	386,698
	149,325	15,468	164,793
	Increase	**Increase**	**Increase**

Appendix G
Analysis of Asset Ccharge

			Electric Capital	Electric Expense	Water Capital	Water Expense	Services Capital	Services Admn	Services Expense	Services Third Party	Telecom Capital	Telecom Expense	Energies Capital	Energies Expense		TOTAL
In 2006 allocated			**$ 120,123.57**	**$ 286,015.24**	**$ 21,995.63**	**$ 291,585.52**	**$ 6,386.79**		**$ 70,793.36**		**$ 322.46**					**$ 797,222.57**
If using Vehicle hours & General Allocations		veh hr	$ 241,541.77	$ 198,279.47	$ 47,482.07	$ 200,917.08	$ 11,388.10	$ 17,201.18	$ 5,992.35	$ 71,570.25	$ 810.00	$ 41.65	$ 292.23	$ 1,706.42		$ 797,222.57
		Gen														
Effect of change	Increase to Capital		$ 121,418.20		$ 25,486.44		$ 5,001.31			$ 71,570.25	$ 487.54		$ 292.23			
	Decrease to Expense			$ (87,735.77)		$ (90,668.44)			$ (64,801.02)							
	Increase to Expense							$ 17,201.18				$ 41.65		$ 1,706.42		
If using DL hours & General Allocations		DL hr	$ 244,873.72	$ 201,486.47	$ 49,689.49	$ 209,663.45	$ 12,179.44	$ -	$ 161.44	$ 75,651.88	$ 643.40	$ -	$ 458.83	$ 2,414.46		$ 797,222.57
		Gen														
Effect of change	Increase to Capital		$ 124,750.15		$ 27,693.86		$ 5,792.65				$ 320.94		$ 458.83			
	Decrease to Expense			$ (84,528.77)		$ (81,922.07)			$ (70,631.93)							
	Increase to Expense									$ 75,651.88				$ 2,414.46		

Analysis of Vehicles--Asset charge

	Electric Capital	Electric Expense	Water Capital	Water Expense	Services Capital	Services Admn	Services Expense	Services Third Party	Telecom Capital	Telecom Expense	Energies Capital	Energies Expense	
Method 1													
By Trucking hours	27.28%	23.38%	6.44%	27.07%	1.28%	4.13%	1.42%	8.76%	0.12%	0.01%	0.01%	0.10%	100.00%
Method 2													
By direct labour	28.08%	24.15%	6.97%	29.17%	1.47%	0%	0.02%	9.74%	0.08%	0%	0.05%	0.27%	100.00%
Total Vehicle depreciation for 2006	$ 416,493.55												
Method 1													
$ by trucking hours	$ 113,619.44	$ 97,376.19	$ 26,822.18	$ 112,744.80	$ 5,331.12	$ 17,201.18	$ 5,914.21	$ 36,484.83	$ 499.79	$ 41.65	$ 41.65	$ 416.49	$ 416,493.55
Allocate Servcies admn $17,201.18	$ 3,182.22	$ 4,695.92	$ 774.05	$ 5,143.15	$ 172.01	$ (17,201.18)	$ -	$ 3,147.82	$ 51.60	$ -	$ -	$ 34.40	$ (0.00)
	$ 116,801.66	$ 102,072.12	$ 27,596.24	$ 117,887.96	$ 5,503.13	$ -	$ 5,914.21	$ 39,632.65	$ 551.40	$ 41.65	$ 41.65	$ 450.90	$ 416,493.55
Method 2													
$ by direct lab hours	$ 116,951.39	$ 100,583.19	$ 29,029.60	$ 121,491.17	$ 6,122.46	$ -	$ 83.30	$ 40,566.47	$ 333.19	$ -	$ 208.25	$ 1,124.53	$ 416,493.55

Other Services assets	2006 depreciation	Allocator	Electric Capital	Electric Expense	Water Capital	Water Expense	Services Capital	Services Admn	Services Expense	Services Third Party	Telecom Capital	Telecom Expense	Energies Capital	Energies Expense	
Major tools & Equipment (Electric)	$ 79,909.20	Line dept DL	$ 41,933.69	$ 28,561.56	$ 7.70	$ 151.20	$ 1,672.84		$ 19.26	$ 6,941.76	$ 75.12	$ -	$ 93.42	$ 452.64	$ 79,909.20
Major tools & Equipment (Water)	$ 5,370.69	Water Dept DL	$ 23.37	$ 42.06	$ 861.15	$ 4,440.03				$ 4.09					$ 5,370.69
Communications Equipment	$ 26,433.34	Pooled %	$ 7,422.48	$ 6,383.65	$ 1,842.40	$ 7,710.61	$ 388.57	$ -	$ 5.29	$ 2,574.61	$ 21.15	$ -	$ 13.22	$ 71.37	$ 26,433.34
Radio /Pager equipment (Water)	$ 948.43	Water Dept DL	$ 4.13	$ 7.43	$ 152.07	$ 784.08				$ 0.72					$ 948.43
System Supervisory	$ 1,031.92	Pooled %	$ 289.76	$ 249.21	$ 71.92	$ 301.01	$ 15.17	$ -	$ 0.21	$ 100.51	$ 0.83	$ -	$ 0.52	$ 2.79	$ 1,031.92
General Office Equipment (Electric)	$ 17,607.19	Line dept DL	$ 9,239.67	$ 6,293.25	$ 1.70	$ 33.32	$ 368.59		$ 4.24	$ 1,529.55	$ 16.55	$ -	$ 20.58	$ 99.73	$ 17,607.19
General Office Equipment (Water)	$ 3,726.66	Water Dept DL	$ 16.22	$ 29.18	$ 597.54	$ 3,080.88				$ 2.84					$ 3,726.66
Computer Hardware	$ 104,002.38	Pooled %	$ 29,203.87	$ 25,116.57	$ 7,248.97	$ 30,337.49	$ 1,528.83	$ -	$ 20.80	$ 10,129.83	$ 83.20	$ -	$ 52.00	$ 280.81	$ 104,002.38
Computer Software	$ 71,468.76	Pooled %	$ 20,068.43	$ 17,259.71	$ 4,981.37	$ 20,847.44	$ 1,050.59	$ -	$ 14.29	$ 6,961.06	$ 57.18	$ -	$ 35.73	$ 192.97	$ 71,468.76
Stores equipment	$ 20,907.41	Pooled %	$ 5,870.80	$ 5,049.14	$ 1,457.25	$ 6,098.69	$ 307.34	$ -	$ 4.18	$ 2,036.38	$ 16.73	$ -	$ 10.45	$ 56.45	$ 20,907.41
Service Centre	$ 49,323.04	Pooled %	$ 13,849.91	$ 11,911.51	$ 3,437.82	$ 14,387.53	$ 725.05	$ -	$ 9.86	$ 4,804.06	$ 39.46	$ -	$ 24.66	$ 133.17	$ 49,323.04
	$ 380,729.02	**TOTAL**	**$ 127,922.33**	**$ 100,903.28**	**$ 20,659.89**	**$ 88,172.28**	**$ 6,056.99**	**$ -**	**$ 78.14**	**$ 35,085.41**	**$ 310.20**	**$ -**	**$ 250.58**	**$ 1,289.92**	**$ 380,729.02**

Total depreciation in Services to be allocated in 2006			
Vehicles		$ 416,493.55	
Other assets (above)		$ 380,729.02	
		$ 797,222.57	
In 2006 the asset charge was allocated as follows:			
First			
Distribution (expense)	51.69%	$ 412,084.35	
Water (expense)	39.43%	$ 314,344.86	
Servcies (expense)	8.88%	$ 70,793.36	
		$ 797,222.57	
Then re-distributed to capital and the final result was:			
Electric capital		$ 120,123.57	15.07%
Electric expense		$ 286,015.24	35.88%
Water capital		$ 21,995.63	2.76%
Water expense		$ 291,585.52	36.58%
Services capital		$ 6,386.79	0.80%
Services expense		$ 70,793.36	8.88%
Telecom capital		$ 322.46	0.04%
Telecom expense		$ -	
Energies capital		$ -	
Energies expense		$ -	
		$ 797,222.57	100.00%

Appendix H
Analysis of Rate of Return Calculation

		Electric Capital	Electric Expense	Water Capital	Water Expense	Services Capital	Services Admn	Services Expense	Services Third Party	Telecom Capital	Telecom Expense	Energies Capital	Energies Expense	TOTAL
In 2006 allocated		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0**	**$ -**	**0**	**$ -**	**0**	**0**	**0**	**$ -**
If using Vehicle hours & General Allocations		$ 141,508.31	$ 119,119.81	$ 27,268.65	$ 108,616.47	$ 6,817.55	$ 4,024.45	$ 2,170.39	$ 38,622.48	$ 277.81	$ 3.05	$ 200.08	$ 1,204.01	$ 449,833.05
Effect of change	Increase to Capital	$ 141,508.31		$ 27,268.65		$ 6,817.55			$ 38,622.48	$ 277.81		$ 200.08		
	Increase to Expense		$ 119,119.81		$ 108,616.47			$ 2,170.39						
	Increase to Expense						$ 4,024.45				$ 3.05		$ 1,204.01	
If using DL hours & General Allocations		$ 138,803.07	$ 113,854.31	$ 27,872.27	$ 117,823.89	$ 6,878.33	$ -	$ 90.99	$ 42,515.73	$ 362.55	$ -	$ 260.97	$ 1,370.92	$ 449,833.05
Effect of change	Increase to Capital	$ 138,803.07		$ 27,872.27		$ 6,878.33				$ 362.55		$ 260.97		
	Increase to Expense		$ 113,854.31		$ 117,823.89			$ 90.99						
	Increase to Expense								$ 42,515.73				$ 1,370.92	

Additional revenue to Services

If using Vehicle hours & General Allocations

Total rate of return	$ 449,833.05
Less: Services keeps	$ 44,817.32
	$ 405,015.73

If using DL hours & General Allocations

Total rate of return	$ 449,833.05
Less: Services keeps	$ 42,606.72
	$ 407,226.33

Analysis of Vehicles--Rate of return on assets

	Electric Capital	Electric Expense	Water Capital	Water Expense	Services Capital	Services Admn	Services Expense	Services Third Party	Telecom Capital	Telecom Expense	Energies Capital	Energies Expense	
Method 1													
By Trucking hours	29.81%	27.52%	6.58%	23.28%	1.43%	2.57%	1.35%	7.25%	0.03%	0.00200%	0.01%	0.16%	100.00%
Method 2													
By direct labour	28.08%	24.15%	6.97%	29.17%	1.47%	0%	0.02%	9.74%	0.08%	0%	0.05%	0.27%	100.00%
NBV of vehicles Jan 1 2006	2,039,573.25												
Apply rate of return @ 7.67%	156,435.27												
Method 1													
$ by trucking hours	46,632.26	43,044.62	10,299.92	36,424.75	2,238.81	4,024.45	2,110.68	11,343.55	40.40	3.05	17.32	255.46	156,435.27
Allocate Servcies admn $17,201.18	744.52	1,098.67	181.10	1,203.31	40.24	(4,024.45)	-	736.47	12.07	-	-	8.05	(0.00)
	47,376.78	44,143.29	10,481.02	37,628.06	2,279.05	-	2,110.68	12,080.02	52.47	3.05	17.32	263.51	156,435.27
Method 2													
$ by direct lab hours	43,927.02	37,779.12	10,903.54	45,632.17	2,299.60	-	31.29	15,236.80	125.15	-	78.22	422.38	156,435.27

Other Services assets	Opening NBV Jan 1 2006	7.67% Rate of return	Allocator	Electric Capital	Electric Expense	Water Capital	Water Expense	Services Capital	Services Admn	Services Expense	Services Third Party	Telecom Capital	Telecom Expense	Energies Capital	Energies Expense	
Major tools & Equipment (Electric)	506,185.69	38,824.44	Line dept DL	20,373.78	13,876.83	3.74	73.46	812.76		9.36	3,372.70	36.50	-	45.39	219.92	38,824.44
Major tools & Equipment (Water)	32,659.05	2,504.95	Water Dept DL	10.90	19.62	401.65	2,070.88				1.91					2,504.95
Communications Equipment	212,454.01	16,295.22	Pooled %	4,575.70	3,935.30	1,135.78	4,753.32	239.54	-	3.26	1,587.15	13.04	-	8.15	44.00	16,295.22
Radio /Pager equipment (Water)	2,425.08	186.00	Water Dept DL	0.81	1.46	29.82	153.77				0.14					186.00
System Supervisory	9,279.51	711.74	Pooled %	199.86	171.88	49.61	207.61	10.46	-	0.14	69.32	0.57	-	0.36	1.92	711.74
General Office Equipment (Electric)	264,564.70	20,292.11	Line dept DL	10,648.63	7,252.91	1.96	38.40	424.80		4.89	1,762.79	19.08	-	23.72	114.94	20,292.11
General Office Equipment (Water)	56,057.06	4,299.58	Water Dept DL	18.71	33.67	689.40	3,554.52				3.28					4,299.58
Computer Hardware	530,434.13	40,684.30	Pooled %	11,424.15	9,825.26	2,835.70	11,867.61	598.06	-	8.14	3,962.65	32.55	-	20.34	109.85	40,684.30
Computer Software	163,222.26	12,519.15	Pooled %	3,515.38	3,023.37	872.58	3,651.84	184.03	-	2.50	1,219.36	10.02	-	6.26	33.80	12,519.15
Stores equipment	225,790.74	17,318.15	Pooled %	4,862.94	4,182.33	1,207.08	5,051.70	254.58	-	3.46	1,686.79	13.85	-	8.66	46.76	17,318.15
Service Centre	1,822,192.17	139,762.14	Pooled %	39,245.21	33,752.56	9,741.42	40,768.62	2,054.50	-	27.95	13,612.83	111.81	-	69.88	377.36	139,762.14
	3,825,264.40	**293,397.78**	**TOTAL**	**94,876.05**	**76,075.19**	**16,968.73**	**72,191.72**	**4,578.74**	**-**	**59.71**	**27,278.93**	**237.41**	**-**	**182.76**	**948.55**	**293,397.78**

Appendix I
PUC Labour Hours Summary

	Direct Labour	Mgt Labour (Indirect)	Customer Service Direct	Customer Service Allocated	Externally Contracted Services	Total	Work Activity %	O&M/ Capital Split	Total Business %	
Water Capital	6,802.50	2,646.00			21,166.00	30,614.50	12.01%	30%	39.97%	*Water*
Water Operating & Mtce	44,876.75	10,049.80	257.00	9,082.20	6,991.00	71,256.75	27.96%	70%		
PUC Distribution- Capital & CDM	27,613.00	5,024.97			2,350.00	34,987.97	13.73%	31%	43.83%	*LDC*
PUC Distribution Operating & Mtce	41,035.75	6,026.80	1,869.50	11,625.05	16,160.00	76,717.10	30.10%	69%		
PUC Services - Capital	1,489.00				109.00	1,598.00	0.63%	4%		
PUC Servcies Operating & Mtce	74.50					74.50	0.03%		15.37%	*Services*
PUC Services - Contract Work	27,476.00	6,643.44			3,374.00	37,493.44	14.71%	96%		
Telecom Operating & Mtce	73.00	293.80			711.00	1,077.80	0.42%	63%	0.67%	*Telecom*
PUC Telecom capital	377.00				246.00	623.00	0.24%	37%		
PUC Energies Capital	71.50				-	71.50	0.03%	17%	0.17%	*Energies*
PUC Energies Operating & Mtce	300.50	61.10			-	361.60	0.14%	83%		
	150,189.50	**30,745.91**	**2,126.50**	**20,707.25**	**51,107.00**	**254,876.16**	**100%**		**100%**	

Appendix J
Current Allocation Factors (Services Costs Not Able To Be Directly Charged)

USOA Account	Account Description	PUC Distribution Inc.	Water	Telecom	Energies	Services	Total	Allocation Basis
Customer Service Accounts								
5310	Meter Reading	63.00%	37.00%				100%	Relative number of meters
5315	Billing	56.14%	43.86%				100%	Relative number of customers
5320	Collections	56.14%	43.86%				100%	Relative number of customers
5321	Collections Arrears (Bad Debts)	56.14%	43.86%				100%	Relative number of customers
5325	Collecting - Cash Over/Short	56.14%	43.86%				100%	Relative number of customers
5405	Community Relations Supervision (Call Centre)	56.14%	43.86%				100%	Relative number of customers
5410	Community Relations (Call Centre)	56.14%	43.86%				100%	Relative number of customers
Administration and General Accounts								
5605	Executive Salaries and Expenses	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5610	Management Salaries and Expenses	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5615	General Administrative Salaries and Expenses	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5620	Office Supplies and Expenses	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5630	Outside Services Employed	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5635	Property Insurance	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5645	Pensions and Benefits	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5655	Regulatory Expenses	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5665	Miscellaneous General Expenses	51.39%	39.20%	0.59%	0.00%	8.82%	100%	Relative FTEs identified by business
5675	Maintenance of General Plant	51.70%	39.43%	0.00%	0.00%	8.82%	100%	Relative FTEs identified by business modified by removing Telecom as they do not use any of the facilites

Appendix K
Proposed Allocation Factors (Services Costs Not Able To Be Directly Charged)

USOA Account	Account Description	PUC Distn. Inc.	Water	Telecom	Energies	Services	Total	Allocation Basis
Customer Service Accounts								
5310	Meter Reading	57.48%	42.52%				100%	Option 1 - Relative number of meter reads per 2006 contractor billings
		56.00%	44.00%					Option 2 - Relative number of customers at December 31, 2006
5315	Billing	56.00%	44.00%				100%	Relative number of customers at December 31, 2006
5320	Collections	56.00%	44.00%				100%	Relative number of customers at December 31, 2006
5321	Collections Arrears (Bad Debts)	74.00%	26.00%				100%	Option 1 - Relative bad debt expense (3 yr average)
		56.00%	44.00%					Option 2 - Relative number of customers at December 31, 2006
5325	Collecting - Cash Over/Short	56.00%	44.00%				100%	Relative number of customers at December 31, 2006
5405	Community Relations Supervision (Ca	56.00%	44.00%				100%	Relative number of customers at December 31, 2006
5410	Community Relations (Call Centre)	56.00%	44.00%				100%	Relative number of customers at December 31, 2006
Administration and General Accounts								
5605	Executive Salaries and Expenses	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5610	Management Salaries and Expenses	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5615	General Administrative Salaries and E	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5620	Office Supplies and Expenses	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5630	Outside Services Employed	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5635	Property Insurance	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5645	Pensions and Benefits	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5655	Regulatory Expenses	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5665	Miscellaneous General Expenses	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours
5675	Maintenance of General Plant	43.83%	39.97%	0.67%	0.17%	15.37%	100%	Relative Work Effort Identified By Labour Hours

Appendix L
PUC Distribution Inc.
Administrative and General Costs Excluded From Allocation to Capital

Account #	Description	2006 Actual	2006 exclusions
01.5605.1000.01.0003	Adm & Gen Exec Indir Lab	$ 53,859.80	$ -
01.5605.1000.01.0004	Admin & Gen Exec Lab OH	$ 11,925.80	$ -
01.5605.1000.04.0110	Admin & Gen Exec Registrt	$ 2,065.00	$ 2,065.00
01.5605.1000.04.0111	Admin & Gen Exec Transpor	$ 4,641.11	$ 4,641.11
01.5605.1000.04.0112	Admin & Gen Exec Meals	$ 407.26	$ 407.26
01.5605.1000.04.0113	Admin & Gen Exec Accomodt	$ 920.88	$ 920.88
01.5605.1000.04.0999	Admin & Gen Exec Misc	$ (69.00)	$ (69.00)
01.5605.1049.04.0111	Admin & Gen Exec Travel	$ 1,844.00	$ 1,844.00
01.5605.1100.01.0005	Board Salaries	$ 1,158.33	$ -
01.5605.2000.04.0110	Admn & Gen Exec Regist	$ 625.00	$ 625.00
01.5605.2000.04.0111	Admin & Gen Exec Travel	$ 32.71	$ 32.71
01.5610.2200.04.0112	Adm Mgmt Sal/Exp Meals	$ 38.76	$ 38.76
01.5610.3000.01.0003	Adm Mgmt Salary Indir Lab	$ 56.50	$ 56.50
01.5610.3000.01.0004	Admin Mgmt Salary Lab OH	$ 12.51	$ 12.51
01.5610.3000.04.0999	Adm Mgmt Sal/Exp Misc	$ 10.00	$ 10.00
01.5610.4000.04.0111	Admn Mgmt Sal Travel	$ 617.06	$ 617.06
01.5610.4044.04.0110	Adm Mgmt Sal/Exp Registrt	$ 313.00	$ 313.00
01.5610.5000.04.0111	Adm Mgmt Sal/Exp Travel	$ 1,330.08	$ 1,330.08
01.5610.5000.04.0112	Adm Mgmt Sal/Exp Meals	$ 74.51	$ 74.51
01.5610.5044.04.0110	Adm Mgmt Sal/Exp Registrt	$ 250.00	$ 250.00
01.5610.5144.04.0112	Adm Mgmt Sal/Exp Meals	$ 39.62	$ 39.62
01.5610.5144.04.0113	Adm Mgmt Accommodations	$ 463.58	$ 463.58
01.5615.1000.01.0003	Adm Gen Sal/Exp Indir Lab	$ 23,734.28	$ -
01.5615.1000.01.0004	Admin Gen Sal/Exp Lab OH	$ 5,255.36	$ -
01.5615.4100.01.0002	Admin Gen Salary Lab OH	$ 18,851.54	$ 18,851.54
01.5620.4100.04.0175	Adm Office Bank Charges	$ 37,500.00	$ 37,500.00
01.5620.4100.04.0999	Admin Office Misc	$ (1,351.78)	
01.5630.1000.04.0111	Admin Outside Serv Travel	$ 26.49	$ 26.49
01.5630.1000.04.0112	Admin Outside Serv Meals	$ 17.23	$ 17.23
01.5630.1000.04.0113	Admin O/S Serv Accomodatn	$ 368.68	$ 368.68
01.5630.1000.04.0405	Admin O/S Serv Legal Fees	$ 875.00	$ 875.00
01.5630.1000.04.0410	Admin O/S Serv Consulting	$ 24,050.00	$ 24,050.00
01.5630.1000.04.0999	Admin Outside Serv Misc	$ 453.07	
01.5630.4000.04.0410	Admin O/S Tax Consult	$ 5,920.00	
01.5630.4000.04.0405	Admin O/S Serv Legal Fees	$ 68,485.58	$ 68,485.58
01.5630.4100.04.0999	Adm Outside Serv Misc	$ 1,150.00	
01.5630.5000.04.0410	Admin O/S Serv Consulting	$ 800.00	
01.5630.5100.04.0405	Adm O/S Serv Legal Fees	$ 235.00	
01.5635.3400.04.0600	Admin Property Insurance	$ 51,711.49	$ 51,711.49
01.5655.1000.04.0111	Adm Regulatory Exp Travel	$ 618.00	
01.5655.1000.04.0999	Admin Regulatory Expenses	$ 60,364.25	
01.5655.2100.01.0001	Adm Regulatory Ex Dir Lab	$ 1,085.84	
01.5655.2100.01.0002	Adm Regulatory Exp Lab OH	$ 433.41	
01.5655.2100.03.0001	Adm Regulatory Exp Truck	$ 70.81	
01.5655.3098.04.0410	Admin Reg Exp Consulting	$ 7,861.88	$ 7,861.88
01.5655.3400.04.0105	Adm Regulatory Stationary	$ 1,507.68	
01.5655.3400.04.0260	Adm Regulatory Sault Star	$ 2,493.30	
01.5655.3400.04.0263	Adm Regulatory Alrick	$ 722.10	
01.5655.4000.04.0111	Admn regulatory Travel	$ 707.73	
01.5655.4000.04.0405	Adm Regulatory Legal	$ 1,320.01	
01.5655.4000.04.0410	Adm Regulatory Consulting	$ 5,500.00	
01.5655.4000.04.0999	Adm Regulatory Misc	$ 5,646.78	$ 1,000.00
01.5655.5100.01.0001	Adm Regulatory Ex Dir Lab	$ 431.65	
01.5655.5100.01.0002	Adm Regulatory Exp Lab OH	$ 1.78	
01.5665.1000.04.0330	Adm Misc Indust Assn Dues	$ 44,100.00	
01.5665.3100.01.0003	Adm Mis Gen Exp Indir Lab	$ 9,164.03	$ 9,164.03
01.5665.3100.01.0004	Admin Misc Gen Exp Lab OH	$ 2,029.15	$ 2,029.15
01.5665.4000.01.0003	Adm Mis Gen Exp Indir Lab	$ 92,774.68	
01.5665.4000.01.0004	Admin Misc Gen Exp Lab OH	$ 20,542.51	
01.5665.5100.04.0321	Admin Misc Exp Co Mmbrshp	$ 5,000.00	
		$ 581,074.04	$ 235,613.65

Appendix M
Summary of Costing Changes

	LDC	Water	Telecom	Energies	Services
Operating , Maintenance and Administration Expenses					
Change in Allocation of Customer Service Costs and A&G Costs (Appendices B to F)	(524,333)	(294,847)	1,039	3,550	149,325
Change in Allocation of Existing Asset Charge (no rate of return) - Appendix G					
Option 1 - Vehicle hrs for vehicles and general allocations (direct labour hours) for other assets	(87,736)	(90,668)	42	1,706	(47,600)
Option 2 - Direct Labour hrs for vehicles and general allocations (direct labour hours) for other assets	(84,529)	(81,922)		2,414	5,020
Introduction of Rate of Return in Allocation of Asset Charge - Appendix H					
Option 1 - Vehicle hrs for vehicles and general allocations (direct labour hours) for other assets	119,120	108,616	3	1,204	44,816
Option 2 - Direct Labour hrs for vehicles and general allocations (direct labour hours) for other assets	113,854	117,824		1,371	42,607
Revenue Increase to Services - Rate of Return Charge					(449,833)
Eligible Directly Charged Administrative and General Expenses Allocated to Capital (LDC - gross expenditures of $581,074 less excluded expenses of $235,614 (per Appendix L) X 31%	(107,093)	(38,963)	(22,335)	(1,136)	0
(other businesses - direct A&G expenses X capital proportion per Appendix I)					
Total - Option 1	(600,042)	(315,862)	(21,251)	5,324	(303,292)
Total - Option 2	(602,101)	(297,908)	(21,296)	6,199	(252,881)
Capital Expenses					
Change in Allocation of A&G Costs (Appendices B to F)	341,847	301,685	6,237	727	15,468
Change in Allocation of Existing Asset Charge (no rate of return) - Appendix G					
Option 1 - Vehicle hrs for vehicles and general allocations (direct labour hours) for other assets	121,418	25,486	488	292	76,571
Option 2 - Direct Labour hrs for vehicles and general allocations (direct labour hours) for other assets	124,750	27,694	321	459	5,793
Introduction of Rate of Return in Allocation of Asset Charge - Appendix H					
Option 1 - Vehicle hrs for vehicles and general allocations (direct labour hours) for other assets	141,508	27,269	278	200	6,818
Option 2 - Direct Labour hrs for vehicles and general allocations (direct labour hours) for other assets	138,803	27,872	363	261	6,878
LDC - Eligible Directly Charged Administrative and General Expenses Allocated to Capital (gross expenditures of $581,074 less excluded expenses of $235,614 (per Appendix L) X 31%	107,093	38,963	22,335	1,136	0
(other businesses - direct A&G expenses X capital proportion per Appendix I)					
Total - Option 1	711,866	393,403	29,338	2,355	98,857
Total - Option 2	712,493	396,214	29,256	2,583	28,139

APPENDIX 10

2018 Test Year Income Tax PILs Workform

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Version 1.00

Utility Name	PUC Distribution Inc.
Assigned EB Number	EB-2017-0071
Name and Title	Andrew Belsito, Rates and Regulatory Affairs Officer
Phone Number	705-759-3009
Email Address	andrew.belsito@ssmpuc.com
Date	1-May
Last COS Re-based Year	2013

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

Instructions

Purpose
The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Data Input Sheet of the Revenue Requirement Workform.

Tab S1 Integrity Checks must be completed after the completion of the PILS calculation in this workbook.

Methodology
To calculate the PILs for the Test Year:

1) input the balances from the income tax return of the Historical Year in tabs H1 to H13.
2) input the balances for the Bridge Year and the Test Year.
Inputs should include:
- non-deductible expenses (Schedule 1 - B1 and T1)
- loss carryforward (Schedule 4 - B4 and T4)
- capital cost allowance (Schedule 8 - B8 and T8)
- non-deductible reserves (Schedule 13 - B13 and T13)

3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes
Tabs H1 to H13 relate to the Historical Year.
Tabs B1 to B13 relate to the Bridge Year.
Tabs T1 to T13 relate to the Test Year.

The amounts on tabs H1 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference	
Adjustments required to arrive at taxable income	as below	**-2,569,412**
Test Year - Payments in Lieu of Taxes (PILs)	T0	**269,325**
Test Year - Grossed-up PILs	T0	**366,429**
Effective Federal Tax Rate	T0	**15.0%**
Effective Ontario Tax Rate	T0	**11.5%**

Calculation of Adjustments required to arrive at Taxable Income			
Regulatory Income (before income taxes)	T1	3,585,733	
Taxable Income	T1	1,016,321	
Difference	calculated	-2,569,412	as above

Income Tax/PILs Workform for 2018 Filers

Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this is the case in the table below, or provide an explanation if this is not the case:

	Item	Utility Confirmation (Y/N)	Notes
1	The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application	Y	
2	The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y	
3	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non- distribution tax amounts on Schedule 8.	Y	
4	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the UCC schedules for the same years filed in the application	Y	
5	Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application	Y	
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	Y	
7	CCA is maximized even if there are tax loss carry-forwards	Y	
8	Accounting OPEB and pension amounts added back on Schedule 1 to reconcile accounting income to net income for tax purposes, must agree with the OM&A analysis for compensation. The amounts deducted must be reasonable when compared with the notes in the audited financial statements, FSCO reports, and the actuarial valuations.	N/A	
9	The income tax rate used to calculate the tax expense must be consistent with the utility's actual tax facts and evidence filed in the application.	Y	

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

			Test Year	Bridge Year
Rate Base		S	**$ 99,603,703**	**$ 101,960,588**

Return on Ratebase

Deemed ShortTerm Debt %	2.29%	T	$ 2,280,925	*W = S * T*	
Deemed Long Term Debt %	4.12%	U	$ 4,103,673	*X = S * U*	
Deemed Equity %	9.00%	V	$ 8,964,333	*Y = S * V*	
Short Term Interest Rate	4.00%	Z	$ 91,237	*AC = W * Z*	
Long Term Interest	56.00%	AA	$ 2,298,057	*AD = X * AA*	
Return on Equity (Regulatory Income)	40.00%	AB	**$ 3,585,733**	*AE = Y * AB*	T1
Return on Rate Base			**$ 5,975,027**	*AF = AC + AD + AE*	

Questions that must be answered

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

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Tax Rates Federal & Provincial As of May 16, 2016	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018
Federal income tax						
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business						
Federal small business threshold	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	10.50%	10.50%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

Notes

1. The Ontario Energy Board's proxy for taxable capital is rate base.
2. Regarding the small business deduction, if applicable,
   a. If taxable capital exceeds $15 million, the small business rate will not be applicable.
   b. If taxable capital is below $10 million, the small business rate would be applicable.
   c. If taxable capital is between $10 million and $15 million, the appropriate small business rate will be calculated.

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

PILs Tax Provision - Historical Year

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

					Wires Only	
Regulatory Taxable Income				H1	$ 364,437	**A**
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	15.00%	**B**			
	Federal tax rate (Maximum 15%)	11.50%	**C**			
	Combined tax rate (Maximum 26.5%)				26.50%	**D = B+C**
Total Income Taxes					**$ 96,576**	**E = A * D**
Investment Tax Credits						**F**
Miscellaneous Tax Credits						**G**
Total Tax Credits					**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Historical Year					**$ 96,576**	**I = E - H**

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A			0
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	4,202,174		4,202,174
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110	1,935,479		1,935,479
Loss on disposal of assets	111			0
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	3,105		3,105
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**6,140,758**	**0**	**6,140,758**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	5,587,907		5,587,907
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	188,414		188,414
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**5,776,321**	**0**	**5,776,321**
Net Income for Tax Purposes		**364,437**	**0**	**364,437**
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)*	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		**364,437**	**0**	**364,437**

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical	-203,910		-203,910	B4

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical			0	B4

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	###########		############
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 140,815.00		$ 140,815.00
2	Distribution System - pre 1988			$ -
8	General Office/Stores Equip	$1,818,822.00		$ 1,818,822.00
10	Computer Hardware/ Vehicles			$ -
10.1	Certain Automobiles			$ -
12	Computer Software			$ -
13_1	Lease # 1			$ -
13_2	Lease #2			$ -
13_3	Lease # 3			$ -
13_4	Lease # 4			$ -
14	Franchise			$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			$ -
42	Fibre Optic Cable			$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment			$ -
43.2	Certain Clean Energy Generation Equipment			$ -
45	Computers & Systems Software acq'd post Mar 22/04			$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -
47	Distribution System - post February 2005	###########		############
50	Data Network Infrastructure Equipment - post Mar 2007			$ -
52	Computer Hardware and system software			$ -
95	CWIP			$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				0
	SUB-TOTAL - UCC	86,613,148	0	86,613,148

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**2,691,625**
Additions				
Cost of Eligible Capital Property Acquired during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
			0	**0**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**2,691,625**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**2,691,625**
Current Year Deduction		**2,691,625**	**x 7% =**	**188,414**
Cumulative Eligible Capital - Closing Balance				**#########**

Ontario Energy Board

Income Tax/PILs Workform for 20

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

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

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

PILS Tax Provision - Bridge Year

						Reference	Wires Only	
Regulatory Taxable Income						B1	-$ 840,365	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	11.5%	-$ 96,642	11.5%	B			
Federal (Max 15%)	15.0%	15.0%	-$ 126,055	15.0%	C			
Combined effective tax rate (Max 26.5%)							26.50%	D = B + C
Total Income Taxes							$ -	E = A * D
Investment Tax Credits								F
Miscellaneous Tax Credits								G
Total Tax Credits							$ -	H = F + G
Corporate PILs/Income Tax Provision for Bridge Year							$ -	I = E - H

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	A		1,242,551
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		3,663,582
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	0
Reserves from financial statements- balance at end of year	126	B13	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
Other Additions			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Adjusted Taxable Income - Bridge Year

Total Additions			**3,663,582**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	5,746,499
Terminal loss from Schedule 8	404		
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			
Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**5,746,499**
Net Income for Tax Purposes		calculated	**-840,365**
Charitable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	B4	0
Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)*	332	B4	0
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME		calculated	**-840,365**

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	-203,910	
Amount to be used in Bridge Year	B1	0	
Loss Carry Forward Generated in Bridge Year (if any)	B1	840,365	
Other Adjustments			
Balance available for use post Bridge Year	calculated	636,455	T4

Net Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Amount to be used in Bridge Year			
Loss Carry Forward Generated in Bridge Year (if any)	B1		
Other Adjustments			
Balance available for use post Bridge Year	calculated	0	T4

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year
1	Distribution System - post 1987	H8	$ 44,009,981.00			$ 44,009,981	$ -	$ 44,009,981	4%	$ 1,760,399		$ 42,249,582
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	H8	$ 140,815.00			$ 140,815	$ -	$ 140,815	6%	$ 8,449		$ 132,366
2	Distribution System - pre 1988	H8				$ -	$ -	$ -	6%	$ -		$ -
8	General Office/Stores Equip	H8	$ 1,818,822.00			$ 1,818,822	$ -	$ 1,818,822	20%	$ 363,764		$ 1,455,058
10	Computer Hardware/ Vehicles	H8				$ -	$ -	$ -	30%	$ -		$ -
10.1	Certain Automobiles	H8				$ -	$ -	$ -	30%	$ -		$ -
12	Computer Software	H8				$ -	$ -	$ -	100%	$ -		$ -
13 1	Lease # 1	H8				$ -	$ -	$ -		$ -		$ -
13 2	Lease #2	H8				$ -	$ -	$ -		$ -		$ -
13 3	Lease # 3	H8				$ -	$ -	$ -		$ -		$ -
13 4	Lease # 4	H8				$ -	$ -	$ -		$ -		$ -
14	Franchise	H8				$ -	$ -	$ -		$ -		$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H8				$ -	$ -	$ -	8%	$ -		$ -
42	Fibre Optic Cable	H8				$ -	$ -	$ -	12%	$ -		$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	H8				$ -	$ -	$ -	30%	$ -		$ -
43.2	Certain Clean Energy Generation Equipment	H8				$ -	$ -	$ -	50%	$ -		$ -
45	Computers & Systems Software acq'd post Mar 22/04	H8				$ -	$ -	$ -	45%	$ -		$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8				$ -	$ -	$ -	30%	$ -		$ -
47	Distribution System - post February 2005	H8	$ 40,643,530.00	$ 4,679,475		$ 45,323,005	$ 2,339,738	$ 42,983,268	8%	$ 3,438,661		$ 41,884,344
50	Data Network Infrastructure Equipment - post Mar 2007	H8				$ -	$ -	$ -	55%	$ -		$ -
52	Computer Hardware and system software	H8				$ -	$ -	$ -	100%	$ -		$ -
95	CWIP	H8				$ -	$ -	$ -	0%	$ -		$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)[1]	H10	$ 2,503,211.25			$ 2,503,211	$ -	$ 2,503,211	7%	$ 175,225		$ 2,327,986
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)[1]		$ -			$ -	$ -	$ -	5%	$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
						$ -	$ -	$ -		$ -		$ -
	TOTAL		$ 89,116,359	$ 4,679,475	$ -	$ 93,795,834	$ 2,339,738	$ 91,456,097		$ 5,746,499	B1	$ 88,049,336

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Bridge Year Adjustments: Additions	Bridge Year Adjustments: Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	H13	0		0				0	T13	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	H13	0		0				0	T13	0	
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0				0	T13	0	
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0				0	T13	0	
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0				0	T13	0	
Other tax reserves	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	B1	**0**	**0**	**0**	B1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0				0	T13	0	
General reserve for bad debts	H13	0		0				0	T13	0	
Accrued Employee Future Benefits:	H13	0		0				0	T13	0	
- Medical and Life Insurance	H13	0		0				0	T13	0	
-Short & Long-term Disability	H13	0		0				0	T13	0	
-Accmulated Sick Leave	H13	0		0				0	T13	0	
- Termination Cost	H13	0		0				0	T13	0	
- Other Post-Employment Benefits	H13	0		0				0	T13	0	
Provision for Environmental Costs	H13	0		0				0	T13	0	
Restructuring Costs	H13	0		0				0	T13	0	
Accrued Contingent Litigation Costs	H13	0		0				0	T13	0	
Accrued Self-Insurance Costs	H13	0		0				0	T13	0	
Other Contingent Liabilities	H13	0		0				0	T13	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0				0	T13	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0				0	T13	0	
Other	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	B1	**0**	**0**	**0**	B1	**0**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

PILs Tax Provision - Test Year

								Wires Only	
Regulatory Taxable Income							T1	$ 1,016,321	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate					
Ontario (Max 11.5%)	11.5%	11.5%	$ 116,877	11.5%	B				
Federal (Max 15%)	15.0%	15.0%	$ 152,448	15.0%	C				
Combined effective tax rate (Max 26.5%)								26.50%	D = B + C
Total Income Taxes								**$ 269,325**	**E = A * D**
Investment Tax Credits									F
Miscellaneous Tax Credits									G
Total Tax Credits								**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Test Year								**$ 269,325**	**I = E - H** S. Su
Corporate PILs/Income Tax Provision Gross Up [1]						73.50%	**J = 1-D**	**$ 97,104**	**K = I/J-I**
Income Tax (grossed-up)								**$ 366,429**	**L = K + I** S. Su

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Taxable Income - Test Year

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	3,585,733
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		3,783,956
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	0
Reserves from financial statements- balance at end of year	126	T13	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
Other Additions: (please explain in detail the nature of the item)			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
	296		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			

Total Additions			**3,783,956**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	5,716,913
Terminal loss from Schedule 8	404		
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			
Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
	395		
	396		
	397		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**5,716,913**
NET INCOME FOR TAX PURPOSES		calculated	**1,652,776**
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	T4	636,455
Net-capital losses of preceding taxation years (Please show calculation)	332	T4	0
Limited partnership losses of preceding taxation years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	**1,016,321**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	**Working Paper Reference**	**Total**	**Non-Distribution Portion**	**Utility Balance**
Actual/Estimated Bridge Year Carried Forward	B4	636,455		636,455
Amount to be used in Test Year and Price Cap Years	T1	636,455		636,455
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	calculated	636,455		636,455
Loss Carry Forward Generated in Test Year (if any)	T1	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	0		0

Net Capital Loss Carry Forward Deduction		**Total**	**Non-Distribution Portion**	**Utility Balance**
Actual/Estimated Bridge Year Carried Forward	B4	0		0
Amount to be used in Test Year and Price Cap Years				0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	T1	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		0		0

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	B8	$ 42,249,582			$ 42,249,582	$ -	$ 42,249,582	4%	$ 1,689,983		$ 40,559,598
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	$ 132,366			$ 132,366	$ -	$ 132,366	6%	$ 7,942		$ 124,424
2	Distribution System - pre 1988	B8	$ -			$ -	$ -	$ -	6%	$ -		$ -
8	General Office/Stores Equip	B8	$ 1,455,058			$ 1,455,058	$ -	$ 1,455,058	20%	$ 291,012		$ 1,164,046
10	Computer Hardware/ Vehicles	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
10.1	Certain Automobiles	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
12	Computer Software	B8	$ -			$ -	$ -	$ -	100%	$ -		$ -
13 1	Lease # 1	B8	$ -			$ -	$ -	$ -		$ -		$ -
13 2	Lease #2	B8	$ -			$ -	$ -	$ -		$ -		$ -
13 3	Lease # 3	B8	$ -			$ -	$ -	$ -		$ -		$ -
13 4	Lease # 4	B8	$ -			$ -	$ -	$ -		$ -		$ -
14	Franchise	B8	$ -			$ -	$ -	$ -		$ -		$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	B8	$ -			$ -	$ -	$ -	8%	$ -		$ -
42	Fibre Optic Cable	B8	$ -			$ -	$ -	$ -	12%	$ -		$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
43.2	Certain Clean Energy Generation Equipment	B8	$ -			$ -	$ -	$ -	50%	$ -		$ -
45	Computers & Systems Software acq'd post Mar 22/04	B8	$ -			$ -	$ -	$ -	45%	$ -		$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
47	Distribution System - post February 2005	B8	$ 41,884,344	5,356,734		$ 47,241,078	$ 2,678,367	$ 44,562,711	8%	$ 3,565,017		$ 43,676,061
50	Data Network Infrastructure Equipment - post Mar 2007	B8	$ -			$ -	$ -	$ -	55%	$ -		$ -
52	Computer Hardware and system software	B8	$ -			$ -	$ -	$ -	100%	$ -		$ -
95	CWIP	B8	$ -			$ -	$ -	$ -	0%	$ -		$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)1	B8	$ 2,327,986			$ 2,327,986	$ -	$ 2,327,986	7%	$ 162,959		$ 2,165,027
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)1	B8	$ -			$ -	$ -	$ -	5%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
	TOTAL		$ 88,049,336	$ 5,356,734	$ -	$ 93,406,070	$ 2,678,367	$ 90,727,703		$ 5,716,913	T1	$ 87,689,157

1. New CCA class 14.1 effective January 1, 2017. The class includes property that was eligible capital property immediately before January 1, 2017. For tax years that end prior to 2027, transitional rules apply to class 14.1 that were acquired before January 1, 2017

Ontario Energy Board

Income Tax/PILs Workform for 2018 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Test Year Adjustments: Additions	Test Year Adjustments: Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0		0				0		0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0		0	0	0		0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0		0	
General reserve for bad debts	B13	0		0				0		0	
Accrued Employee Future Benefits:	B13	0		0				0		0	
- Medical and Life Insurance	B13	0		0				0		0	
-Short & Long-term Disability	B13	0		0				0		0	
-Accmulated Sick Leave	B13	0		0				0		0	
- Termination Cost	B13	0		0				0		0	
- Other Post-Employment Benefits	B13	0		0				0		0	
Provision for Environmental Costs	B13	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0		0	
Accrued Self-Insurance Costs	B13	0		0				0		0	
Other Contingent Liabilities	B13	0		0				0		0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0		0	
Other	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1	**0**	**0**

APPENDIX 11

2015 Actuarial Valuation for PUC Services Inc.

2017 Actuarial Valuation for PUC Services Inc

COLLINS BARROW TORONTO
ACTUARIAL SERVICES

SAULT STE. MARIE PUC SERVICES INC.

Report on the Actuarial Valuation of Post-Retirement Non-Pension Benefits

As at December 31, 2015

March 8, 2016 – Draft

Collins Barrow

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EXECUTIVE SUMMARY

PURPOSE

Collins Barrow Toronto Actuarial Services Inc. was engaged by Sault Ste. Marie PUC Services Inc. (the "Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2015. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards (the "IFRS") guidelines for post-retirement non-pension benefits as outlined in the amendments to the International Accounting Standard 19 – Employee Benefits ("IAS 19") issued in June 2011. The Corporation began reporting on the basis of IFRS for the fiscal year beginning January 1, 2015. Prior to this date, the valuation of the Corporation's post-retirement non-pension benefits was prepared in accordance with the Canadian Institute of Chartered Accountants ("CICA") guidelines outlined in Employee Future Benefits, Section 3461 of the CICA Handbook-Accounting ("CICA 3461").

The most recent full valuation was prepared as at January 1, 2013 based on the then appropriate assumptions and in accordance with CICA 3461.

The purpose of this valuation is threefold:

i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2015;

ii) To determine the expense to be recognized in the income statement for fiscal year 2016; and

iii) To provide all other pertinent information necessary for compliance with IAS 19.

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

SUMMARY OF KEY RESULTS

The key results of this actuarial valuation as at December 31, 2015 with comparative results from the previous valuation as at January 1, 2013 are shown below, in thousands of dollars:

	January 1, 2013 (CICA 3461)	**December 31, 2015 (IAS 19)**
Present Value of Defined Benefit Obligation (PV DBO)		
a) People in Receipt of Benefits	365	337
b) Fully Eligible Actives	452	647
c) Not Fully Eligible Actives	856	863
Total PV DBO	**1,673**	**1,847**

	CY 2013 (CICA 3461)	**CY 2016 (IAS 19)**
Current Service Cost	89	104
Interest Cost	67	73
Recognition of Past Service Cost	16	n/a
Recognition of Actuarial (Gains)/Losses	(98)	n/a
Defined Benefit Cost Recognized in Income Statement	**74**	**177**

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Sault Ste. Marie PUC Services Inc. (the "Corporation") as at December 31, 2015, for the purposes described in this report.

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

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after December 31, 2015 that would have a significant effect on our valuation.

The latest date on which the next actuarial valuation should be performed is December 31, 2018. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

COLLINS BARROW TORONTO ACTUARIAL SERVICES INC.

Stanley Caravaggio, FSA FCIA
Senior Manager

Jamie Wong
Actuarial Analyst

Toronto, Ontario

March 8, 2016

SECTION A— VALUATION RESULTS

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

Table A - 2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown a change to the assumed retirement age from age 59 to 57, an increase/decrease in the health claims cost trend rates by 1% per annum, and an increase/decrease in the discount rate by 1% per annum.

Table A - 3 presents the reconciliation of changes in the present value of defined benefit obligation at December 31, 2015.

VALUATION RESULTS

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

	January 1, 2013 (CICA 3461)	December 31, 2015 (IAS 19)
Present Value of Defined Benefit Obligation (PV DBO)		
a) People in Receipt of Benefits	365	337
b) Fully Eligible Actives	452	647
c) Not Fully Eligible Actives	856	863
Total PV DBO	**1,673**	**1,847**

	CY 2013 (CICA 3461)	CY 2016 (IAS 19)
Current Service Cost	89	104
Interest Cost	67	73
Recognition of Past Service Cost	16	n/a
Recognition of Actuarial (Gains)/Losses	(98)	n/a
Defined Benefit Cost Recognized in Income Statement	**74**	**177**
Actuarial (Gains)/Losses	n/a	-
Defined Benefit Cost Recognized in Other Comprehensive Income	**n/a**	**-**
Total Defined Benefit Cost	**74**	**177**
Expected Benefit Payments	**56**	**121**

The benefit payments for CY 2016 are based on the estimated payments to be made for those expected to be eligible for benefits.

SENSITIVITY ANALYSIS

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

	PV DBO at December 31, 2015				CY 2016	
	People in Receipt of Benefits	Fully Eligible Actives	Not Fully Eligible Actives	Total PV DBO	Current Service Cost	Interest Cost
Valuation Results	337	647	863	**1,847**	104	73
Retirement Age 57	337	743	1,139	**2,219**	137	88
Cost Trends +1%	343	669	1,005	**2,017**	124	80
Cost Trends -1%	332	626	744	**1,702**	87	67
Discount Rate 3.1%	358	684	1,024	**2,066**	126	62
Discount Rate 5.1%	319	615	733	**1,667**	87	82

RECONCILIATION OF CHANGES IN THE DEFINED BENEFIT OBLIGATION

Table A.3—Reconciliation of Changes in the Present Value of Defined Benefit Obligation (in thousands of dollars)

PV DBO at December 31, 2014 (IAS 19)	1,804
2015 Current Service Cost	94
2015 Benefit Payments	(60)
2015 Interest Cost	69
Expected PV DBO at December 31, 2015	**1,907**
Actuarial (Gain)/Loss at December 31, 2015	(60)
PV DBO at December 31, 2015	**1,847**

The decrease indicated above of $60,000 in the PV DBO from the expected PV DBO at December 31, 2015 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

- A change in the claims cost trend rate assumption (an increase of approximately $35,000)
- A change in the mortality improvement assumption (an increase of approximately $7,000)
- A change in the discount rate assumption (an decrease of approximately $40,000)
- A change in the health benefit cost level assumptions (a decrease of approximately $75,000)
- Deviations from the expected demographic changes of the valued groups due to factors such as the difference between expected and actual group experience, changes in coverage type, changes in employee status, and new hires (an increase of approximately $13,000)

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2015 based on the changes in the assumptions and experience is recognized as an adjustment to other comprehensive income.

SECTION B— PLAN PARTICIPANTS

Table B – 1 sets out the summary information with respect to the plan participants valued in the report, along with comparisons to the participants in the previous valuation with data as of January 1, 2013.

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

PARTICIPANT DATA

Table B.1—Participant Data

Membership data as at December 31, 2015 was received from the Corporation via e-mail and included information such as name, sex, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

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

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

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

Active Employees

	January 1, 2013			December 31, 2015		
	Male	Female	Total	Male	Female	Total
Number of Employees	122	45	167	140	47	187
Avg. Length of Service	12.5	12.3	12.4	12.2	12.2	12.2

Count as of December 31, 2015

	Active Lives - Not Fully Eligible			Active Lives - Fully Eligible		
Age Band	Male	Female	Total	Male	Female	Total
Less than 30	15	3	18	-	-	-
30 - 35	26	8	34	-	-	-
36 - 40	21	8	29	-	-	-
41 - 45	16	5	21	-	-	-
46 - 50	10	6	16	-	-	-
51 - 55	16	6	22	6	2	8
56 - 60	-	-	-	21	5	26
61 - 65	-	-	-	7	4	11
66 - 70	-	-	-	2	-	2
71 - 75	-	-	-	-	-	-
Greater than 75	-	-	-	-	-	-
Total	**104**	**36**	**140**	**36**	**11**	**47**

Average Service as of December 31, 2015

	Active Lives - Not Fully Eligible			Active Lives - Fully Eligible		
Age Band	Male	Female	Total	Male	Female	Total
Less than 30	3.1	3.3	3.2	-	-	-
30 - 35	5.8	5.7	5.8	-	-	-
36 - 40	7.7	8.2	7.8	-	-	-
41 - 45	8.7	9.6	8.9	-	-	-
46 - 50	11.1	14.5	12.4	-	-	-
51 - 55	19.3	16.0	18.4	23.0	14.1	20.8
56 - 60	-	-	-	22.8	23.8	23.0
61 - 65	-	-	-	19.2	18.5	18.9
66 - 70	-	-	-	16.2	-	16.2
71 - 75	-	-	-	-	-	-
Greater than 75	-	-	-	-	-	-
Total	**8.8**	**9.8**	**9.1**	**21.8**	**20.1**	**21.4**

People in Receipt of Benefits (includes people on LTD)

	January 1, 2013			December 31, 2015		
	Male	Female	Total	Male	Female	Total
Number of Members	69	21	90	62	19	81

Expected Annual Benefit Payments for CY 2016 (For Current Retirees Only)

Age Band	Male	Female	Total
Less than 30	-	-	-
30 - 35	-	-	-
36 - 40	-	-	-
41 - 45	-	-	-
46 - 50	-	-	-
51 - 55	3,690	-	3,690
56 - 60	8,460	12,696	21,155
61 - 65	23,631	4,427	28,058
66 - 70	244	36	279
71 - 75	242	99	341
Greater than 75	4,491	564	5,055
Total	**40,757**	**17,821**	**58,577**

PARTICIPATION RECONCILIATION

Table B.2—Participation Reconciliation

Participant Reconciliation

	Actives	Disabled	Retired
As at Jan. 1, 2013	**167**	**4**	**86**
New Entrants	32	-	-
Active	-	1	8
LTD	(1)	-	1
Terminated	(3)	-	-
Deceased	-	-	(3)
Retired	(8)	(1)	-
Corrections to Data	-	-	(15) [1/]
As at Dec. 31, 2015	**187**	**4**	**77**

[1/] 15 retirees which were included in the previous database were indicated in the current valuation as not receiving post-retirement benefits and were therefore excluded from the current valuation.

SECTION C— SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

ACTUARIAL METHOD

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

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

The Present Value of the Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19 when future salary levels or cost escalation affect the amount of the employee's future benefits. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to post-retirement non-pension benefits under the plan and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

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

For health benefits, the Corporation has selected the funding levels charged to retirees as management's best estimate of the benefits costs to be incurred. The total monthly premium rates, inclusive of premium taxes, used are as follows:

Effective Date	Health Single	Health Family
Mar 1, 2015 – Feb 28, 2016	$ 89.08	$ 225.55
Mar 1, 2016 – Feb 28, 2017	$ 86.85	$ 219.91

The above premium rates were provided by the Corporation and represent the rates at 100%, prior to any cost-sharing provisions. A blended cost level for the period January 1, 2016 to December 31, 2016 was calculated based on the time-weighted average of the above rates and used in the valuation.

The PV DBO at December 31, 2015 is based on membership data and management's best estimate assumptions as at December 31, 2015.

MANAGEMENT'S BEST ESTIMATE ASSUMPTIONS

The following are management's best estimate economic and demographic assumptions as at December 31, 2015.

ECONOMIC ASSUMPTIONS

Consumer Price Index

The consumer price index is assumed to be 2.00% per annum, which remains unchanged from the previous valuation.

Discount Rate

The rate used to discount future benefits is assumed to be 4.10% per annum as at December 31, 2015. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at December 31, 2015.

The assumption used in the previous valuation was 3.85% per annum as at January 1, 2013, which was subsequently updated to 3.90% per annum as at December 31, 2014.

Claims Cost Trend Rate

The rates used to project health benefit costs into the future are assumed to be as follows:

End of Year	Current Valuation	Previous Valuation
2016	6.50%	6.10%
2017	6.25%	5.80%
2018	6.00%	5.50%
2019	5.75%	5.20%
2020	5.50%	4.90%
2021	5.25%	4.60%
2022	5.00%	4.60%
2023	4.75%	4.60%
2024 and Thereafter	4.50%	4.60%

DEMOGRAPHIC ASSUMPTIONS

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon CPM Improvement Scale B-2014.

Mortality rates are applied on a sex-distinct basis.

The assumption used in the previous valuation was 1994 Uninsured Pensioner Mortality (UP-94) table, with a generational projection of mortality improvements based upon Project Scale AA. It was subsequently updated at December 31, 2014 to the above-noted CPM Table, along with the one-dimensional version of the corresponding mortality improvement table, CPM Improvement Scale B1-2014.

Rates of Withdrawal

Termination of employment is assumed to be 0.5% per annum prior to age 55.

This assumption remains unchanged from the previous valuation.

Retirement Age

All active employees are assumed to retire at age 59 (or immediately if currently over age 59), which was based on the Corporation's retirement experience as well as a seven year retirement experience study on a group of local distribution companies for which data was available.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability.

This assumption remains unchanged from the previous valuation.

Family/Single Coverage

It is assumed that the coverage type as at December 31, 2015, as provided by the Corporation, will remain the same until the employee reaches the assumed retirement age. For family coverage, it is assumed that the retiree has a spouse of opposite gender and no other dependents. Male spouses are assumed to be three years older than female spouses.

These assumptions remain unchanged from the previous valuation.

Life and Extended Health Benefits

Upon retirement, it is assumed that 100% of eligible retirees will opt to continue with the life insurance benefit, with 50% of the cost of extending benefits funded by the Corporation. In regards to the extended health benefit it is assumed that 100% of eligible retirees will receive extended health benefits until age 65, with 100% of the cost funded by the Corporation.

This assumption remains unchanged from the previous valuation.

Expenses and Taxes

We have assumed 10% of benefits is required for the cost of sponsoring the program for life insurance. We have assumed taxes and expenses are included in the premium rates for health benefits.

These assumptions remain unchanged from the previous valuation.

SECTION D— SUMMARY OF POST-RETIREMENT BENEFITS

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

GOVERNING DOCUMENTS

The program is governed by the following documents:

- Labour Agreement between PUC Services Inc. and the Power Workers' Union CUPE Local 1000 Outside Workers, effective May 1, 2014 to April 30, 2018
- Group Booklet for All Eligible Retired Salaried Employees (Life flat $2,000) of PUC Services Inc. (Group Number 91653-002), issued May 1, 2014
- Group Booklet for All Eligible Retired Salaried Employees of PUC Services Inc. (Group Number 91653-002), issued May 1, 2014
- Group Booklet for Retired Inside Workers (Life flat $2,000) of PUC Services Inc. (Group Number 91653-055), issued May 1, 2014
- Group Booklet for Retired Inside Workers of PUC Services Inc. (Group Number 91653-055), issued May 1, 2014
- Group Booklet for Retired Outside Workers (Life flat $2,000) of PUC Services Inc. (Group Number 91653-033), issued May 1, 2014
- Group Booklet for Retired Outside Workers of PUC Services Inc. (Group Number 91653-033), issued May 1, 2014

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

ELIGIBILITY

All employees who retire from the Corporation have the option to sign up for post-retirement life insurance benefits and extended health coverage.

PARTICIPANT CONTRIBUTIONS

The Corporation shall pay 50% of the cost of life insurance benefits for all retirees if they choose to sign up for life insurance, except for the retirees with coverage amount of $2,000, of which 100% of the cost will be paid. The Corporation shall pay 100% of the cost of the extended health care until 65 for all retirees if they choose to keep the benefit.

PAST SERVICE

Past service is defined as continuous service prior to joining the plan if the participant was employed by another local distribution company prior to joining the Corporation.

LENGTH OF SERVICE

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

SUMMARY OF BENEFITS

Life Insurance

All eligible early retirees who choose to sign up for post-retirement life insurance are entitled to lifetime post-retirement life insurance with a flat benefit coverage amount of $5,000, with the exception of a few retirees with a flat benefit coverage amount of $2,000.

Health and Dental Benefits

All eligible employees are entitled to receive post-retirement health benefits to age 65.

A detailed description of the health benefits covered under the post-retirement non-pension benefits can be found in the above-noted governing document.

SECTION E— EMPLOYER CERTIFICATION

**Post-Retirement Non-Pension Benefit Plan
of Sault Ste. Marie PUC Services Inc.
Actuarial Valuation as at December 31, 2015**

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

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

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

iii) the summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2015.

SAULT STE. MARIE PUC SERVICES INC.

______________________	______________________
Date	Signature
______________________	______________________
Name	Title

RSM

Sault Ste. Marie PUC Services
Estimated Benefit Expense (IAS 19)
Total
FINAL

	Actuals CY 2017 *
Discount Rate at January 1	3.90%
Discount Rate at December 31	3.40%
Health Benefit Cost Trend Rate at December 31	
Initial Trend Rate	6.25%
Ultimate Rate	4.50%
Year Ultimate Rate Reached	2024
Dental Benefit Cost Trend Rate at December 31	4.50%
Assumed Increase in Employer Contributions	actuals

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	2,002,449
Defined Benefit Cost Recognized in Income Statement	184,040
Defined Benefit Cost Recognized in Other Comprehensive Income	127,674
Benefits Paid by the Employer	(73,754)
Net Defined Benefit Liability/(Asset) as at December 31	2,240,409

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	107,382
Interest Cost	76,657
Defined Benefit Cost Recognized in Income Statement	184,040

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	127,674
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-
Change in Effect of Asset Ceiling	-
Defined Benefit Cost Recognized in Other Comprehensive Income	127,674
Total Defined Benefit Cost	311,713

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	2,002,449
Current Service Cost	107,382
Interest Cost	76,657
Benefits Paid	(73,754)
Net Actuarial Loss/(Gain)	127,674
Present Value of Defined Benefit Obligation as at December 31	2,240,409

* The CY 2017 defined benefit cost and expected December 31, 2017 PV DBO are calculated based on membership data at December 31, 2015 and management's best estimate assumptions at December 31, 2016.

1/24/2018

RSM

Sault Ste. Marie PUC Services

Estimated Benefit Expense (IAS 19)

Total

FINAL

	Actuals CY 2017 *
Discount Rate at January 1	3.90%
Discount Rate at December 31	3.40%
Health Benefit Cost Trend Rate at December 31	
Initial Trend Rate	6.25%
Ultimate Rate	4.50%
Year Ultimate Rate Reached	2024
Dental Benefit Cost Trend Rate at December 31	4.50%
Assumed Increase in Employer Contributions	actuals

D. Calculation of Component Items

Interest Cost	
Present Value of Defined Benefit Obligation as at January 1	2,002,449
Benefits Paid	(36,877)
Accrued Benefits	1,965,573
Interest Cost	76,657
Expected Present Value of Defined Benefit Obligation as at December 31	
Present Value of Defined Benefit Obligation as at January 1	2,002,449
Current Service Cost	107,382
Benefits Paid	(73,754)
Interest Cost	76,657
Expected Present Value of Defined Benefit Obligation as at December 31	2,112,735

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31	
Expected Present Value of Defined Benefit Obligation	2,112,735
Actual Present Value of Defined Benefit Obligation	2,240,409
Net Actuarial Loss/(Gain) as at December 31	127,674

* The CY 2017 defined benefit cost and expected December 31, 2017 PV DBO are calculated based on membership data at December 31, 2015 and management's best estimate assumptions at December 31, 2016.