G-Staff-1

Customer Engagement

Reference(s): Innovative Research Group – PowerStream Rate Zone
Innovative Research Group – Enersource Rate Zone

In both customer engagement reports customers were surveyed between middle to end of May 2018. The reports were prepared for Alectra Utilities at the end of May 2018. Alectra Utilities filed its application on June 7, 2018.

a) Between receiving the results of the Innovative Report and filing its application, a span of approximately one week passed. Please explain why Alectra Utilities believes this time span is sufficient to factor in results from its customer engagement for a meaningful assessment of its proposed spending.

Response:

a) Alectra Utilities maintains an ongoing dialogue with customers. Alectra Utilities found it prudent not to begin customer engagement specifically related to this Application until it received further direction and clarity from the Board related to the utility's 2018 ICM Application. Alectra Utilities received its Decision and Order on April 5, 2018, at which point preparation and planning for this customer engagement had already begun. Below are the key Customer Engagement timelines as part of this Application.

Decision: April 5, 2018
Customer Engagement preparation and planning: March 2018 – May 8, 2018
Customer focus groups: May 8, 2018
Telephone surveys: May 10 – 29, 2018
Partial survey results: May 15, 2018
Partial survey results May 23, 2018
Large Use online survey: May 17-29, 2018
Final report: May 29, 2018
Application filed: June 7, 2018

Alectra Utilities considered the partial and final survey results against the list of proposed projects and revised its capital expenditure plans. There was more than sufficient time to undertake this consideration, given Alectra Utilities' pre-existing dialogue with customers including the customer consultation for these rate zones that had been completed for the 2018 IRM and ICM application, and given the nature of the issues: consideration of the Enersource and PowerStream RZ ICM funding.

G-Staff-2

Reference(s): Financial Statements for Rate Zones in Stub Period(s)

Please confirm if any audited financial statements exist for the stub periods of January 1 to January 31, 2017 for PRZ, HRZ and ERZ, and for January 1 to February 28, 2017 for BRZ. If not, please provide the unaudited financial statements for the stub periods of each rate zone referenced above.

Response:

The audited financial statements for January 1, 2017 to January 31, 2017 for the PRZ, HRZ and ERZ and for January 1 to February 27, 2018 for the BRZ are provided as: G-Staff-2 - Attachment 1 - ERZ FS-redacted; G-Staff-2 - Attachment 2 - HRZ FS-redacted; G-Staff-2 - Attachment 3 - PRZ FS-redacted; and G-Staff-2 - Attachment 4 - BRZ FS-redacted.

G-STAFF 2 ATTACHMENT 1
ERZ FS - REDACTED

Financial Statements of

ENERSOURCE HYDRO MISSISSAUGA INC.

Periods ended January 31, 2017 and December 31, 2016

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Enersource Hydro Mississauga Inc.

We have audited the accompanying financial statements of Enersource Hydro Mississauga Inc., which comprise the statement of financial position as at January 31, 2017, the statement of comprehensive income, changes in equity and cash flows for the period 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 International Financial Reporting Standards, 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 in our audit 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 Enersource Hydro Mississauga Inc. as at January 31, 2017, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
May 26, 2017
Toronto, Canada

ENERSOURCE HYDRO MISSISSAUGA INC.

Statement of Financial Position

(In thousands of Canadian dollars)

As at January 31, 2017 and December 31, 2016

	Notes	**January 31, 2017**	**December 31, 2016**
Assets			
Current assets:			
Accounts receivable	5	$ 95,283	$ 84,913
Unbilled revenue		73,103	90,742
Income taxes receivable		2,440	2,546
Inventories	6	4,545	4,663
Prepaid expenses		2,206	1,935
Customer deposits	7	24,277	24,538
Total current assets		201,854	209,337
Non-current assets:			
Property, plant and equipment	8	645,522	645,156
Intangible assets	9	53,763	54,079
Deferred tax assets	11	540	-
Total non-current assets		699,825	699,235
Total assets		**$ 901,679**	**$ 908,572**
Liabilities and Shareholder's Equity			
Current liabilities:			
Bank overdraft	12	$ 63,413	$ 56,203
Accounts payable and accrued liabilities	13	115,039	114,811
Current portion of Loans and borrowings	14	59,976	59,968
Advance payments		3,900	3,720
[redacted]	[redacted]	[redacted]	[redacted]
Customer deposits	7	24,277	24,538
Current portion of environmental provision	20	603	566
Total current liabilities		270,930	275,277
Non-current liabilities:			
Loans and borrowings	14	318,350	318,341
Deferred contributions	15	25,087	24,729
Post-employment benefits	16	6,372	5,446
Deferred tax liability	11	-	386
Total non-current liabilities		349,809	348,902
Total liabilities		620,739	624,179
Shareholder's equity:			
Share capital	17	154,400	155,629
Accumulated other comprehensive income		1,058	1,058
Retained earnings		125,482	127,706
Total shareholder's equity		280,940	284,393
Total liabilities and shareholder's equity		**$ 901,679**	**$ 908,572**

The accompanying notes are an integral part of the financial statements

On behalf of the Board of Directors:

Gerry Beasley Director

Norm Loberg Director

ENERSOURCE HYDRO MISSISSAUGA INC.

Statement of Comprehensive Income

(In thousands of Canadian dollars)

Periods ended January 31, 2017 and December 31, 2016

	Notes	January 31, 2017	December 31, 2016
Revenue:			
Energy sales	22	$ 70,863	$ 938,145
Distribution	22	10,607	140,144
Other revenue	23	1,394	22,671
		82,864	1,100,960
Operating expenses:			
Energy purchases	22	74,559	932,308
Employee salaries and benefits		2,616	28,437
Materials and transportation		364	4,567
Contract labour		365	6,028
Other expenses		765	8,926
Corporate cost allocation		1,935	14,690
Conservation and demand management	23	892	16,467
Depreciation of property, plant and equipment	8	2,444	28,883
Amortization of intangible assets	9	390	4,925
		84,330	1,045,231
Results from operating activities		(1,466)	55,729
Non-operating revenue (expense):			
Financial income		8	124
Financial expense		(1,548)	(17,567)
Interest expense on post-employment benefits	16	(18)	(250)
		(1,558)	(17,693)
Profit/(loss) before income tax (expense)/recovery		(3,024)	38,036
Income tax (expense)/recovery	10	800	(10,228)
Profit/(loss) for the period		(2,224)	27,808
Other comprehensive income, net of income tax:			
Remeasurements of the defined benefit obligation	16	-	846
Income tax (expense)/recovery		-	(204)
		-	642
Total comprehensive income (loss) for the period		**$ (2,224)**	**$ 28,450**

The accompanying notes are an integral part of the financial statements.

ENERSOURCE HYDRO MISSISSAUGA INC.

Statement of Cash Flows

(In thousands of Canadian dollars)

Periods ended January 31, 2017 and December 31, 2016

	Notes	January 31, 2017	December 31, 2016
Cash flows from operating activities:			
Comprehensive income/(loss) for the period		$ (2,224)	$ 28,450
Adjustments for:			
Depreciation of property, plant and equipment		2,444	28,883
Amortization of intangible assets		390	4,925
Amortization of deferred contributions	15	(53)	(575)
Loss/(gain) on disposals of property, plant and equipment		14	(104)
Post-employment benefits		926	(627)
Environmental provision	20	13	1,711
Income tax expense/(recovery)		(800)	10,432
Financial income		(8)	(124)
Financial expense		1,548	17,567
Environmental expenditures		24	(2,988)
Income tax paid		(20)	(1,183)
Change in working capital	18	(5,905)	(29,338)
Net cash from operating activities		(3,651)	57,029
Cash flows from investing activities:			
Customer deposits		261	759
Interest received		2	142
Additions to property, plant and equipment		(3,659)	(72,363)
Additions to intangible assets		(149)	(2,012)
Additions to deferred contributions	15	411	4,235
Proceeds from sales of property, plant and equipment		6	110
Cash used in investing activities		(3,128)	(69,129)
Cash flows from financing activities:			
Customer deposits		(261)	(759)
Dividends paid	17	-	(13,823)
Interest paid		(170)	(17,803)
Cash used in financing activities		(431)	(32,385)
Change in cash and cash equivalents during the period		(7,210)	(44,485)
Cash and cash equivalents, beginning of period		(56,203)	(11,718)
Cash and cash equivalents, end of period		$ (63,413)	$ (56,203)

The accompanying notes are an integral part of the financial statements.

ENERSOURCE HYDRO MISSISSAUGA INC.

Statement of Changes in Equity
(In thousands of Canadian dollars)
Periods ended January 31, 2017 and December 31, 2016

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
Balance at January 1, 2017	$ 155,629	$ 1,058	$ 127,706	$ 284,393
Loss for the period	-	-	(2,224)	(2,224)
Contributed capital (Note 17)	(1,229)	-	-	(1,229)
Balance at January 31, 2017	$ 154,400	$ 1,058	$ 125,482	$ 280,940

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
Balance at January 1, 2016	$ 155,629	$ 416	$ 113,721	$ 269,766
Profit for the period	-	-	27,808	27,808
Other comprehensive income, net of tax	-	642	-	642
Dividends paid	-	-	(13,823)	(13,823)
Balance at December 31, 2016	$ 155,629	$ 1,058	$ 127,706	$ 284,393

The accompanying notes are an integral part of the financial statements.

1. General Information

a) Corporate Information

Enersource Hydro Mississauga Inc. (the "Corporation"), is a wholly owned subsidiary of Enersource Holdings Inc. which was incorporated on October 10, 2016 under the Ontario Business Corporations Act, and is wholly owned by Enersource Corporation. Enersource Corporation is owned 90% by the City of Mississauga (the "City") and 10% by BPC Energy Corporation ("Borealis"), a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS").

Enersource Holdings Inc. was established as a holding company for the Corporation. On January 31, 2017, Enersource Holdings Inc. purchased all the shares of Enersource Hydro Mississauga Inc. from Enersource Corporation, including the majority of Enersource Corporation's assets and liabilities in exchange for shares of Enersource Holdings Inc. In addition, all employees and their related assets and liabilities were transferred from Enersource Corporation to the Corporation in exchange for shares of Enersource Hydro Mississauga Inc.(see Note 17).

On January 31, 2017, Enersource Holdings Inc. amalgamated with PowerStream Holdings Inc. and Horizon Holdings Inc. to form Alectra Inc. On February 28, 2017, Alectra Utilities Corporation, a subsidiary of Alectra Inc., purchased Hydro One Brampton Networks for a purchase price of $607,000 plus any closing adjustments. Alectra Inc. serves almost one million customers in Peel Region, Hamilton, St. Catharines, York Region and Simcoe County. Alectra Inc. is owned by six shareholders, Enersource Corporation, Barrie Hydro Holdings Inc., Hamilton Utilities Corporation, Markham Enterprises Corporation, St. Catharines Hydro Inc. and Vaughan Holdings Inc.. Enersource Corporation will own 31% of Alectra Inc., following the amalgamation. The transaction will enable a larger utility to use its collective resources to reduce upward pressure on distribution rates and deliver more efficient services and innovative technologies for customers, while providing significant benefits for communities and shareholders.

The Corporation's equity is not traded in a public market. The Corporation's registered office is located at 2185 Derry Road West in Mississauga, Ontario, L5N 7A6.

The Corporation's audited financial statements are presented in thousands of Canadian dollars, which is the Corporation's functional currency.

b) Nature of operations

The Corporation provides electricity distribution services to businesses and residences in the City of Mississauga, Ontario.

2. Basis of Preparation

a) Statement of compliance

The accompanying annual financial statements have been prepared in accordance with *International Financial Reporting Standards (“IFRS”)* as issued by the *International Accounting Standards Board (“IASB”).*

These financial statements have been approved by the Corporation’s Board of Directors on May 19, 2017.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, with the exception of post-employment benefits, which are measured at present value.

c) Rate setting

The Corporation, as an electricity distributor, is both licensed and regulated by the Ontario Energy Board (“OEB”), which has a legislative mandate to oversee various aspects of the electricity industry as set out by the OEB Act, 1998. The OEB’s mission is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services that are cost effective.

The OEB exercises statutory authority through setting or approving all rates charged by Enersource Hydro and establishing standards of service for Enersource Hydro’s customers.

The OEB’s regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates the electricity rates for distributors using a combination of cost-based and formula-based rate setting mechanisms. Currently there are three specific rate-setting methods available to electricity distributors: Price Cap Incentive Rate-setting, Custom Incentive Rate-setting, and the Annual Incentive Rate-setting Index.

The Price Cap Incentive Rate-setting method establishes rates on a single forward test-year cost of service basis and indexed for four subsequent years through a formulaic adjustment. Under this method, the Incremental Capital Module (“ICM”) is available to address any incremental capital investment needs that may arise during the term.

The Custom Incentive Rate-setting method establishes rates for a period of five years, typically on a forward test-year cost of service basis with subsequent annual adjustments determined by the OEB on a case-by-case basis.

The Annual Incentive Rate-setting Index method sets a distributor’s rates through an annual adjustment mechanism.

2. Basis of Preparation (continued)

Under each method, actual operating conditions may vary from forecasts and therefore actual returns achieved can differ from approved returns.

On August 15, 2016, Enersource Hydro submitted an annual Price Cap Incentive Rate application for distribution rates effective January 1, 2017 to December 31, 2017. The application was approved by the OEB on December 22, 2016 with an effective and implementation date of January 1, 2017.

On August 17, 2015, Enersource Hydro submitted an annual Price Cap Incentive Rate application for distribution rates effective January 1, 2016 to December 31, 2016. The application was approved by the OEB on March 3, 2016 for rates implemented on April 1, 2016 and effective as of January 1, 2016. Enersource Hydro also submitted an ICM application for incremental capital funding as part of the Price Cap Incentive Rate application. The ICM rates relating to a capital contribution payment to Hydro One were approved by the OEB on April 7, 2016 with an effective and implementation date of May 1, 2016.

3. Key Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and amounts reported and disclosed in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty and judgements at the end of the reporting period that could have a significant impact on the financial statements, relate to the following:

a) Useful lives of depreciable assets

The Corporation relies on a third party independent study to componentize and determine the estimated useful lives of its distribution system assets. The useful life values from the study were derived from industrial statistics, research studies, reports and past utility experience. Actual lives of assets may vary from estimated useful lives.

b) Post-employment benefits other than pensions

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation incorporates estimates about discount rates, any expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

c) Accounts receivable impairment

In determining the allowance for doubtful accounts, the Corporation considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

3. Key Accounting Judgements, Estimates and Assumptions (continued)

d) Unbilled revenue

Unbilled revenue is based on either the actual usage at the end of the period or an estimate of unbilled electricity distribution services supplied to customers between the date of the last meter reading and the period ending date. The Corporation applies judgement to the measurement of the estimated consumption and to the valuation of that consumption.

e) Connection and cost recovery agreements

The Corporation is party to connection and cost recovery agreements ("CCRA") with Hydro One Networks Inc. ("Hydro One") as regulated by the OEB under the Transmission System Code ("TSC"). The economic evaluation methodology, as described within the TSC, determines the capital contribution amount which represents the difference between the total capital cost of constructing and operating the transmission facility and the future revenues earned by Hydro One through such facility. Management estimates the future electricity consumption through the facility, which in turn impacts the economic evaluation and the resulting capital contribution. Periodic true-up calculations are carried at the end of each of the fifth, tenth and possibly the fifteenth year of operation of the facility. Actual electricity consumption could significantly impact the outcome of these true-ups.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Financial instruments

All financial assets of the Corporation are classified as loans and receivables and all financial liabilities are classified as other financial liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently they are accounted for based on their classification as following:

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less any provision for impairment.

Financial assets are assessed at each reporting period to determine whether there is any objective evidence that they are impaired. Impairment provisions are recognized when there is objective evidence that the Corporation will be unable to collect all of the amounts due under the terms receivable. The impairment loss is calculated as the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. All impairment losses are recognized in net income.

4. Significant Accounting Policies (continued)

Loans and receivables are comprised of accounts receivable, unbilled revenue and customer deposits.

ii) Other financial liabilities

Financial liabilities are classified as other liabilities. They are initially recognized at fair value plus transaction costs that are directly attributable to their issue, and are subsequently carried at amortized cost using the effective interest rate method. Financial liabilities are further classified as current or non-current depending on whether they are due within twelve months of the reporting date.

Other financial liabilities are comprised of accounts payable and accrued liabilities, bank overdraft, amounts due to related parties, loans and borrowings and deposits payable.

b) Inventories

Inventories consist of parts and supplies acquired for internal construction, consumption or recoverable work. The Corporation accounts for major spare parts and standby equipment as property, plant and equipment.

Inventory is carried at the lower of cost and net realizable value, with cost determined on a weighted average cost basis net of a provision for obsolescence. Cost is comprised of the purchase price and other directly attributable expenditures to bring the inventories to their present condition and location.

c) Customer deposits

Customers may be required to post security to obtain electricity or other services, which are interest bearing and refundable on demand. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded as customer deposits and are reported separately from the Corporation's own cash and cash equivalents.

d) Property, plant and equipment ("PP&E")

PP&E is measured at cost less accumulated depreciation and impairment losses. Cost includes all directly attributable expenditures to acquire and bring the asset into operation including labour, employee benefits, materials and transportation costs, contracted services and borrowing costs where applicable. Subsequent expenditures are included in an asset's carrying amount or recognized as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. All other subsequent expenditures, including the costs of day-to-day servicing, repairs and maintenance, are expensed as incurred. Major spare parts and standby equipment are accounted for as PP&E since they support the Corporation's distribution system reliability.

4. Significant Accounting Policies (continued)

An asset is derecognized at its carrying value when it is disposed of or when no future economic benefits are expected from its use. The gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the proceeds from sale and the carrying amount of the asset, and is recognized in the statement of comprehensive income.

Depreciation of PP&E is recorded in the statement of comprehensive income on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives for the main categories of PP&E are shown in the table below:

Distribution system	10 - 55 years
Distribution station equipment	40 years
Other PP&E	3 - 25 years
Buildings and fixtures	20 - 60 years
Land	Indefinite life

Assets under construction and spare parts and standby equipment accounted as PP&E, which are not available for use, are not depreciated.

During the construction period of qualifying assets, borrowing costs are capitalized as a component of the cost of self-constructed assets. The capitalization rate used is the Corporation’s weighted average cost of borrowings.

e) Intangible assets

Intangible assets include easements, capital contributions and computer software.

Easements are measured at cost and are held in perpetuity. Since there is no foreseeable limit to the period over which these easements are expected to provide benefit to the Corporation, they have been assessed as having indefinite useful lives and are not amortized.

Capital contributions represent payments made to Hydro One Networks Inc. (“Hydro One”) for building dedicated infrastructure to accommodate the Corporation’s distribution system requirements. The contributions are measured at cost less accumulated amortization.

4. Significant Accounting Policies (continued)

Computer software is measured at cost less accumulated amortization and impairment losses. Cost includes expenditures associated with the initial acquisition or development and other directly attributable expenditures to prepare the asset for its intended use.

Computer software and capital contributions are amortized on a straight line basis over the estimated useful life of the related asset from the date that they are available for use. The estimated useful lives and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Software in development and contributions for work in progress are not amortized.

Estimated useful lives for intangible assets are shown in the table below:

Easements	Indefinite
Capital contributions	45 years
Computer software	2 - 10 years

f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is tested and assessed.

PP&E and intangible assets with finite lives are tested for recoverability at the cash-generating unit ("CGU") level (or groups of CGUs), which is the smallest identifiable group of assets that generates independent cash inflows. An impairment of PP&E and intangible assets with finite lives are recognized in the statement of comprehensive income when the asset's carrying value exceeds its estimated recoverable amount. The recoverable amount is the higher of its value in use and fair value less costs to sell. Where fair value less costs to sell is not reliably available, value in use is used as the recoverable amount. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset, CGU or group of CGUs.

The Corporation evaluates intangible assets with indefinite life for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For purposes of such an evaluation, the fair value estimate is compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in the statement of comprehensive income.

4. Significant Accounting Policies (continued)

g) Regulatory accounting

On January 30, 2014, the IASB issued interim standard *IFRS 14, Regulatory Deferral Accounts*. This standard allows first-time adopters of IFRS to apply previous Generally Accepted Accounting Principles to account for rate-regulated assets and liabilities. As the Corporation is not a first-time adopter, it does not recognize assets and liabilities arising from rate regulated activities. Instead, the Corporation records revenues in accordance with its revenue recognition policy and expenses as operating costs when incurred. Regulatory balances that have an effect on comprehensive income under IFRS are disclosed in Note 22.

h) Revenue recognition

The Corporation's principal sources of revenue are:

i) Energy sales and distribution revenue

Energy sales and distribution revenue are recorded on the basis of cyclical billings based on electricity usage and include unbilled revenue for electricity consumed but not yet billed. The unbilled revenue accrual for the period is based on actual usage or an estimate of energy consumption. Energy sales are recognized based on OEB and Independent Electricity System Operator's ("IESO") prevailing energy rates and electricity consumed by customers. Distribution revenue attributable to the delivery of electricity is recognized based upon OEB-approved distribution rates and estimated electricity consumed by the customers.

ii) Other revenue

Other revenue includes government grants under Conservation and Demand Management ("CDM") programs, amortization of customer contributions and other general revenue.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all related conditions will be met. Local distribution companies ("LDC") can receive full cost recovery and pay-for-performance grants for CDM programs. Grants under full cost recovery funding are recognized as income on a systematic basis over the period to match to the costs they are intended to compensate. CDM performance incentives under full cost recovery funding are recognized when it is probable that future economic benefits will flow to the Corporation, and the amount can be measured reliably. Grants under pay-for-performance funding are recognized as income on a systematic basis over the period to match the costs they are intended to compensate and provide the LDC with a maximum internal rate of return, prescribed by IESO.

4. Significant Accounting Policies (continued)

The Corporation receives customer contributions to construct certain items of PP&E. These customer contributions are recorded as deferred contributions and amortized into income over the life of the related asset.

Other general revenues are recognized as the services are rendered.

i) Deferred debt issue costs

Deferred debt issue costs represent the cost of the issuance of the loans and borrowings. The Corporation's deferred debt issuance costs, net of accumulated amortization, are included in the carrying value of loans and borrowings. All the loans and borrowings are accreted back to their face amount using the effective interest rate method over the remaining period to maturity.

j) Employee benefits

i) Short-term employee benefits

The Corporation provides short-term employee benefits such as salaries, employment insurance, short-term compensated absences, health and dental care. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided. Short-term employee benefits are recognized as an expense unless they qualify for capitalization as part of an item of PP&E or intangible asset.

ii) Defined benefit pension plan

The Corporation's current pension plan is administered by OMERS and is a multi-employer public sector defined benefit pension plan funded by equal contributions from participating employers and employees as well as by investment earnings of the plan. Pension contributions received from all OMERS employers and members are combined and used jointly to purchase investments. Under OMERS' funding and investment structure, investment and actuarial evaluations are determined on a commingled basis across all employers and as a result, information for individual employers is unavailable.

As the Corporation does not have the information to account for its proportionate share of the defined benefit obligation and plan assets, the Corporation accounts for its participation in OMERS as a defined contribution plan, and all contributions to the plan are recognized as an expense. The Corporation is not responsible for any other contractual obligations other than the contributions.

iii) Post-employment benefits

The Corporation provides post-employment life, health, and dental benefits to its employees. An actuary determines the cost of these benefits as well as measures the plan obligation. The actuary uses the projected unit credit method, prorated on service and based on management's best estimate and assumptions. Under this method, the projected post-employment benefit is deemed to be earned

4. Significant Accounting Policies (continued)

on a pro rata basis over the years of service in the attribution period, and ends at the earliest age the employee could retire and qualify for benefits.

Remeasurements of the net defined benefit liability, which are comprised of actuarial gains and losses, are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income. Current service costs are recognized in the statement of comprehensive income under employee salaries and benefits and net interest expense on accrued post-employment benefits are presented as a separate line in the statement of comprehensive income. The Corporation accumulates remeasurements of the defined benefit obligation and transfers them to retained earnings upon OEB's review and approval.

k) Deferred customer contributions

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements.

Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions from customers are classified as deferred contributions and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

l) Income taxes

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada), the Taxation Act, 2007 (Ontario), as modified by the Electricity Act, 1998, and related regulations. References in these financial statements to income taxes are with respect to PILs.

The Corporation recognizes deferred tax using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are probable. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax liabilities are generally recognized on all taxable temporary differences.

4. Significant Accounting Policies (continued)

Current taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statement of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Both current and deferred taxes are included as part of income tax expense in the statement of comprehensive income.

m) Foreign currency translation

Transactions in foreign currencies are translated to Canadian dollars at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing period-end rates. Exchange gains or losses are recognized as income in the period in which they arise.

n) Leases

Leases are classified as finance leases, whenever terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

Operating leases payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

o) Provisions and contingencies

The Corporation recognizes provisions if, as a result of a past event, there is a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The evaluation of the likelihood of the contingent events requires judgement by management as to the probability of exposure to potential gain or loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

4. Significant Accounting Policies (continued)

p) New standards and interpretations not yet adopted

The Corporation did not adopt any new standards, interpretations and amendments, effective for the first time on or after January 1, 2017, that had a material effect on the interim financial statements. The standards that the Corporation anticipates might have an impact on its financial statements or note disclosures are described below.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 15 is available for early adoption. The purpose of this standard is to remove inconsistencies and weaknesses in previous revenue requirements, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, and to simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. The Corporation has determined that current accounting judgements, estimates and assumptions are acceptable under the revenue recognition criteria outlined under IFRS 15. The Corporation does not anticipate any significant changes to its revenue recognition policy, however the Corporation would be required to provide additional information to meet the new disclosure requirements.

In July 2014, the IASB issued IFRS 9 *Financial Instruments* ("IFRS 9") which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard provides revised guidance on the classification and measurement of financial assets, including impairment, and supplements the new hedge accounting principles published in 2013 as part of IFRS 9. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 9 is available for early adoption. The Corporation is currently evaluating the impact of the new standard.

In January 2016, the IASB issued IFRS 16 *Leases "IFRS 16")*, which replaces the IAS 17 *Leases* and related interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for leases under a single model, eliminating the distinction between operating and finance leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. The Corporation is currently evaluating the impact of the new standard.

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(In thousands of Canadian dollars)

5. Accounts Receivable

The components of accounts receivable are as follows:

	January 31, 2017	December 31, 2016
Trade receivables	$72,982	$68,031
Less: allowance for doubtful accounts	(2,044)	(2,126)
Trade receivables, net	$ 70,938	$ 65,905
Receivables due from related parties (Note 19)	1,334	2,330
Other receivables	23,011	16,678
Total accounts receivable, net	$ 95,283	$ 84,913
Of which:		
Not yet due (less than 16 days)	$ 82,740	$ 61,071
Past due 1 day but not more than 14	5,202	17,597
Past due 15 days but not more than 44	6,037	5,314
Past due 45 days but not more than 74	1,453	1,594
Past due 75 days but not more than 104	783	859
Past due more than 104 days	1,112	604
Less: allowance for doubtful accounts	(2,044)	(2,126)
Total accounts receivable, net	$ 95,283	$ 84,913

The allowance for doubtful accounts as at January 31, 2017 was 2.1% (December 31, 2016 – 2.4%) of the total accounts receivable which includes accounts receivable that are not yet due or past due, that the Corporation has deemed to be impaired.

6. Inventories

The amount of inventory consumed by the Corporation and recognized as an expense during 2017 was $160 (2016 – $2,164). The amount of inventory that was written down due to obsolescence in 2017 was $nil (2016 - $nil).

(In thousands of Canadian dollars)

7. Deposits and Guarantees

The following outlines the deposits and letters of credit/guarantees of the Corporation posted as security. The amounts are comprised of cash and cash equivalents in the form of deposits and letters of credit/letters of guarantee, under which the Corporation is contingently liable.

	January 31, 2017	December 31, 2016
Customer deposits (a)	$ 24,277	$ 24,538
Security with the IESO (b)	11,450	11,450
	$ 35,727	$ 35,988

a) Customer deposits

The Corporation collects cash as deposits from certain customers to reduce credit risk.

b) Security with the IESO

Entities that purchase electricity in Ontario through the IESO are required to post security to mitigate the risk of their default on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required by a default notice issued by the IESO. The Corporation has posted a letter of credit as security in the amount of $11,450 as at January 31, 2017 (December 31, 2016 - $11,450).

8. Property, Plant and Equipment ("PP&E")

PP&E consists of the following as at January 31, 2017:

	December 31, 2016	Additions/ Depreciation	Disposals/ Retirements	January 31, 2017
Cost				
Distribution system	$ 561,254	$ 2,163	$ (208)	$ 563,209
Distribution station equipment	75,651	188	-	75,839
Other PP&E	82,093	403	(42)	82,454
Buildings and fixtures	42,573	(31)	-	42,542
Land	9,862	-	-	9,862
Construction in progress	7,554	106	-	7,660
Subtotal	$778,987	$ 2,829	$ (250)	$781,566
Accumulated depreciation				
Distribution system	$ (83,848)	$ (1,406)	$ 48	$ (85,206)
Distribution station equipment	(11,310)	(191)	-	(11,501)
Other PP&E	(32,009)	(561)	22	(32,548)
Buildings and fixtures	(6,664)	(125)	-	(6,789)
Land	-	-	-	-
Subtotal	$ (133,831)	$ (2,283)	$ 70	$ (136,044)
Carrying amount	$ 645,156	$ 546	$ (180)	$ 645,522

(In thousands of Canadian dollars)

8. PP&E (continued)

PP&E consists of the following as at December 31, 2016:

	December 31, 2015	Additions/ Depreciation	Disposals/ Retirements	December 31, 2016
Cost				
Distribution system	$ 509,483	$ 53,485	$ (1,714)	$ 561,254
Distribution station equipment	67,352	8,299	-	75,651
Other PP&E	79,940	5,286	(3,133)	82,093
Buildings and fixtures	40,750	1,823	-	42,573
Land	9,853	9	-	9,862
Construction in progress	8,756	(1,202)	-	7,554
Subtotal	$ 716,134	$ 67,700	$ (4,847)	$778,987
Accumulated depreciation				
Distribution system	$ (67,998)	$ (16,357)	$ 507	$ (83,848)
Distribution station equipment	(9,127)	(2,183)	-	(11,310)
Other PP&E	(27,485)	(7,142)	2,618	(32,009)
Buildings and fixtures	(5,179)	(1,485)	-	(6,664)
Land	-	-	-	-
Subtotal	$ (109,789)	$ (27,167)	$ 3,125	$ (133,831)
Carrying amount	$ 606,345	$ 40,533	$ (1,722)	$ 645,156

The carrying amount of PP&E, that have been derecognized before the end of their estimated useful lives and have been recorded as depreciation expense in the statement of comprehensive income, was $161 in 2017 (2016 - $1,716).

As at January 31, 2017, major spare parts and standby equipment, included as PP&E, were $8,647 (December 31, 2016 – $8,905).

During the period, borrowing costs of $11 (2016 - $414) were capitalized to PP&E and recorded as an offset to interest expense, with an average capitalization rate of 4.484% (2016 – 4.490%). During the period, the Corporation has included a decrease of $841 (2016 – $5,077) of accrued liabilities in the additions to PP&E.

PP&E purchase commitments outstanding as at January 31, 2017 were $11,245 (December 31, 2016 - $9,588).

(In thousands of Canadian dollars)

9. Intangible Assets

Intangible assets consist of the following as at January 31, 2017:

	December 31, 2016	Additions/ Amortization	Disposals/ Retirements	January 31, 2017
Cost				
Computer software	$ 29,019	$ 132	$ -	$ 29,151
Easements	759	-	-	759
Capital contributions	40,479	-	-	40,479
Software in development	864	(59)	-	805
Subtotal	$ 71,121	$ 73	$ -	$ 71,194
Accumulated amortization				
Computer software	$ (15,524)	$ (305)	$ -	$ (15,829)
Easements	-	-	-	-
Capital contributions	(1,518)	(84)	-	(1,602)
Software in development	-	-	-	-
Subtotal	$ (17,042)	$ (389)	$ -	$ (17,431)
Carrying amount	$ 54,079	$ (316)	$ -	$ 53,763

Intangible assets consist of the following as at December 31, 2016:

	December 31, 2015	Additions/ Amortization	Disposals/ Retirements	December 31, 2016
Cost				
Computer software	$ 31,028	$ 1,394	$ (3,403)	$ 29,019
Easements	741	18	-	759
Capital contributions	40,479	-	-	40,479
Software in development	620	244	-	864
Subtotal	$ 72,868	$ 1,656	$ (3,403)	$ 71,121
Accumulated amortization				
Computer software	$ (15,014)	$ (3,913)	$ 3,403	$ (15,524)
Easements	-	-	-	-
Capital contributions	(506)	(1,012)	-	(1,518)
Software in development	-	-	-	-
Subtotal	$ (15,520)	$ (4,925)	$ 3,403	$ (17,042)
Carrying amount	$ 57,348	$ (3,269)	$ -	$ 54,079

During the period, borrowing costs of $1 (2016 - $2) were capitalized to intangible assets and recorded as an offset to interest expense, with an average capitalization rate of 4.484% (2016 – 4.490%). During 2017, the Corporation has included a decrease of $77 (2016 – $358) of accrued liabilities in the additions to intangible assets.

Intangible asset purchase commitments outstanding as at January 31, 2017 were $337 (December 31, 2016 - $273).

(In thousands of Canadian dollars)

10. Income Taxes

The components of income tax expense for the periods ended January 31, 2017 and December 31, 2016 were as follows:

	January 31, 2017	December 31, 2016
Current income tax expense (recovery):		
Expense for the period	$ 126	$ 659
Utilization of future timing differences in the current period	-	(507)
Total current Income tax expense	126	152
Deferred income tax expense (recovery):		
Reversal of temporary differences	(926)	9,541
Reduction of future timing differences	-	535
Total deferred Income tax expense (recovery)	(926)	10,076
Total income tax expense (recovery)	$ (800)	$ 10,228

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

	January 31, 2017	December 31, 2016
Federal and Ontario statutory income tax rate	26.50%	26.50%
Profit (Loss) before provision for income taxes	$ (3,024)	$ 38,036
Provision for income taxes at statutory rate:	(801)	10,080
Increase/(decrease) resulting from:		
Other differences between accounting net income and net income for tax purposes	1	148
Provision for income taxes	$ (800)	$ 10,228
Effective income tax rate	26.46%	26.89%

11. Deferred Tax Assets & Liabilities

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax assets and liabilities consist of the following:

	January 31, 2017	December 31, 2016
PP&E and intangible assets	$ 2,359	$ 2,609
Energy variances	(3,291)	(4,343)
Post-employment benefits	1,689	1,578
Other temporary differences	(217)	(230)
Net deferred income tax assets / (liabilities)	$ 540	$ (386)

(In thousands of Canadian dollars)

12. Bank Overdraft

Cash and cash equivalents include cash at the bank, cash on hand and short term investments with a maturity of 90 days or less from the date of purchase. In addition, to manage its short-term working capital requirements, the Corporation has established a $90,000 prime-based line of credit.

As at January 31, 2017, the Corporation had a bank overdraft of $63,413 (December 31, 2016 – $56,203).

13. Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities are as follows:

	January 31, 2017	December 31, 2016
Amounts due to the IESO for energy purchases	$ 77,417	$ 83,840
Trade payables due to related parties (Note 19)	3	232
Other trade payables	9,346	1,263
Accrued expenses	15,311	16,421
Other non-trade payables	12,962	13,055
Total accounts payable and accrued liabilities	$ 115,039	$ 114,811

14. Loans and Borrowings

a) Debentures Payable

	January 31, 2017	December 31, 2016
4.52 % Series A Debentures due April 29, 2021	$ 110,000	$ 110,000
Deferred debt issue cost (net of accumulated amortization of $412) (December 31, 2016 - $405)	(379)	(386)
5.30 % Series B Debentures due April 29, 2041	210,000	210,000
Deferred debt issue cost (net of accumulated amortization of $131) (December 31, 2016 - $129)	(1,271)	(1,273)
Net debentures payable	$ 318,350	$ 318,341

Interest expenses, relating to the debentures, during the period were $1,367 (2016 - $16,097). During the period, the amortization of the debt issue cost was $9 (2016 - $105).

(In thousands of Canadian dollars)

14. Loans and Borrowings (continued)

At any time prior to the respective maturity dates set out in the table, the debentures are redeemable at the Corporation's option, on not fewer than 30 and not more than 60 days' prior notice. The redemption price is equal to the greater of par and the Canada Yield Price (as determined by the terms of the debenture), plus all accrued and unpaid interest up to but excluding the redemption date.

The debentures contain customary covenants and events of default that restrict the ability of the Corporation to create security interests, limit additional indebtedness or dispose of all or substantially all of their assets. The Corporation is limited to not issue, incur or become liable for obligations that exceed 75% of the total consolidated capitalization. As at January 31, 2017 the Corporation is in compliance with all debenture agreement covenants and limitations.

b) Bank Loan

	January 31, 2017	December 31, 2016
Current	$ 59,976	$ 59,968
Bank loan	$ 59,976	$ 59,968

The Corporation is a party to a credit facility agreement with a Canadian chartered bank and utilized the full amount of $60,000 in the third quarter of 2015. This credit facility has a maturity date of April 29, 2017 and bears a variable interest rate based on the Canadian Dollar Offered Rate ("CDOR") plus a margin. The weighted average interest rate for the period was 1.24% (2016 – 1.28%).

Interest expenses, relating to this loan during the period were $61 (December 31, 2016 - $693). The amortization of the loan cost during the period was $8 (December 31, 2016 - $100).

The credit facility contains customary representations, warranties and covenants, including maintaining at all times a ratio of consolidated debt to total capital of not greater than 0.75:1, calculated at the end of each financial quarter on a rolling four quarter basis. As at January 31, 2017 the Corporation is in compliance with all credit agreement covenants and limitations.

15. Deferred Contributions

The continuity of deferred contributions is as follows:

	January 31, 2017	December 31, 2016
Deferred contributions, net, beginning of period	$ 24,729	$ 21,069
Additions to deferred contributions	411	4,235
Contributions recognized as revenue	(53)	(575)
Deferred contributions, net, end of period	$ 25,087	$ 24,729

(In thousands of Canadian dollars)

16. Post-employment Benefits

The Corporation's retirement plan is comprised of a defined contribution plan. In addition, the Corporation provides other post-employment benefits such as primarily life insurance, health and dental coverage, on a shared basis.

a) OMERS pension plan

The most recently available OMERS annual report is for the year ended December 31, 2016 which reported that the plan was 93.4% (December 31, 2015 – 91.5%) funded, with a fund deficit of $5,720,000 and on track to be fully funded by 2025. This fund deficit is likely to result in future payments by the participating employers. The Corporation shares in the actuarial risks of other participants in the plan and therefore its future contributions could increase due to their actuarial losses. In addition, the Corporation's contributions may also increase if other entities withdraw from the plan.

The Corporation's contributions to OMERS were $224 during the year (2016 – $3,523).

b) Post-employment benefits other than pension

Post-employment benefits other than pension are subject to annual actuarial valuations. A valuation of the post-employment benefits was performed as of December 31, 2016.

A reconciliation of the defined benefit obligation is as following:

	January 31, 2017	December 31, 2016
Accrued benefit obligation, beginning of period	$ 5,446	$ 6,073
Net liabilities assumed from Enersource Corporation	903	-
Current service cost	24	105
Interest on accrued benefit obligation	18	250
Benefits paid	(19)	(212)
Re-measurements recognized in other comprehensive income	-	(770)
Accrued benefit obligation, end of period	$ 6,372	$ 5,446

Total expense recognized in profit or loss	January 31, 2017	December 31, 2016
Current service costs	$ 24	$ 105
Interest on obligation	18	250
Total expense for the period	$ 42	$ 355

(In thousands of Canadian dollars)

16. Post-employment Benefits (continued)

The significant actuarial assumptions used to determine the present value of the obligation are as follows:

Actuarial assumptions	January 31, 2017	December 31, 2016
Discount rate (beginning of period)	3.75%	4.00%
Discount rate (end of period)	3.75%	3.75%
Health care cost increases	7.50%	7.50%
Dental cost increases	3.00%	3.00%
Rate of compensation increase	3.00%	3.00%

Based on the actuarial valuation, the Corporation is expected to contribute $299 towards post-employment benefits in 2017.

A one percentage point change in the assumed discount rate would have the following effects at January 31, 2017:

	1% higher	1% lower
Increase/(Decrease) on the defined benefit obligation (at 3.75%)	$ (726)	$ 923

A one percentage point change in the assumed health and dental cost trend rates would have the following effects at January 31, 2017:

	1% higher	1% lower
Increase/(Decrease) on the total service and interest cost (at 4.00%)	$ 98	$ (81)
Increase/(Decrease) on the defined benefit obligation (at 3.75%)	$ 348	$ (297)

17. Share Capital

On January 31, 2017, all employees and their related assets and liabilities of Enersource Corporation were transferred to Enersource Hydro in exchange for one share of Enersource Hydro.

The following table summarizes the book values of liabilities assumed and the related impact in share capital as a result of this transfer.

Liabilities	
Accounts payable and accrued liabilities	326
Post-employment benefits	903
Equity	
Share capital	(1,229)

(In thousands of Canadian dollars)

	January 31, 2017	December 31, 2016
Authorized:		
Unlimited common shares		
Issued:		
40 common shares	$ 154,400	$ 155,629

Dividends may be declared by the Board of Directors through a resolution. In 2017, a dividend of $nil (2016 - $13,823) was declared and paid to the Shareholder of the Corporation.

18. Change in Working Capital

	January 31, 2017	December 31, 2016
Accounts receivable	$ (10,370)	$ (23,264)
Unbilled revenue	17,639	(12,687)
Inventories	118	8
Prepaid expenses	(271)	(441)
Amount due to/from related parties, net	(11,749)	140
Accounts payable	(2,370)	1,879
Advance payments	180	(408)
Accrued PP&E and intangible assets	918	5,435
Increase (decrease) in working capital	$ (5,905)	$ (29,338)

19. Related Party Transactions

The Corporation's operations include the provision of electricity and services to its principal shareholder, the City. Electricity is billed to the City at the prices and terms as any other Enersource Hydro customer not with an electricity retailer. Street lighting maintenance and construction services are provided at an exchange amount, as agreed to by the parties. A summary of amounts charged by the Corporation to the City is as follows:

	January 31, 2017	December 31, 2016
Electrical energy	$ 1,873	$ 13,524
Street lighting energy	621	4,106
Road projects	20	299

As at January 31, 2017, accounts payable and accrued liabilities include $3 (December 31, 2016 - 232) due to the City. Accounts receivable include $1,334 (December 31, 2016 - $2,330) due from the City.

During the year, the Corporation incurred $111 (2016 - $1,263) for property taxes to the City.

(In thousands of Canadian dollars)

19. Related Party Transactions (continued)

The Corporation charged Borealis $1 in 2017 (2016 - $9) for an access agreement. These transactions were recorded at the exchange amount, agreed to by the parties.

[redacted]

[redacted]

[redacted]

No Director had, during or at the end of the period, any material interest in any contract of significance in relation to the Corporation's business.

The following compensation has been provided to the key management personnel of the Corporation and members of the Board of Directors, who have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

	January 31, 2017	December 31, 2016
Salaries and short term employee benefits	$ 287	$ 684
Retirement OMERS contributions	19	72
Other compensation	1	18
	$ 307	$ 774

20. Contingencies, Provisions, Commitments and Guarantees

a) Contingencies

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Current liability coverage is provided to a level of $24,000 per occurrence. The Corporation has also obtained additional general liability insurance of $10,000 per occurrence through Mearie Insurance Services Inc.

The Corporation has been jointly named as a defendant in several actions. No provision has been made for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

(In thousands of Canadian dollars)

20. Contingencies, Provisions, Commitments and Guarantees (continued)

b) Environmental provision

The Corporation is subject to Canadian federal, provincial and municipal environmental regulations. As part of the Corporation's risk mitigation strategy, environmental assessments and remediation are underway at various sites. The Corporation records a liability for the estimated future expenditures associated with testing and remediation of contaminated lands, caused by leaking transformers. Actual environmental expenditures may vary from these estimates. These estimates are reviewed at the end of each reporting period and adjusted to reflect the current best estimate at that point of time. As at January 31, 2017, the Corporation provided $603 (December 31, 2016 - $566) for testing and future site remediation. Based on the latest estimates and the remediation work plan, the entire provision is expected to be settled within twelve months of the reporting date.

	January 31, 2017	December 31, 2016
Environmental provision, beginning of period	$ 566	$ 1,905
Addition	13	1,649
Utilized in the period	24	(2,988)
Environmental provision, end of period	$ 603	$ 566

c) Commitments

(i) The Corporation has entered into two commercial operating lease arrangements which are recognized and reported as part of other costs in the statement of comprehensive income. For the period ended January 31, 2017, the Corporation recognized minimum lease payments of $13 (December 31, 2016 - $156) in the statement of comprehensive income.

The first lease has a life of one year with yearly renewal options. There are no restrictions placed upon the Corporation by entering into this lease. As at January 31, 2017, the Corporation’s committed future minimum annual lease payments under this operating lease are $143 for the remainder of 2017. The future minimum lease commitments would change depending on the decision to renew the agreement.

The second lease has a life of ten years and shall be automatically extended on an annual basis. As at January 31, 2017, the Corporation’s committed future minimum annual lease payments under this operating lease are $22 for 2017.

(ii) The Corporation has numerous cancellable operating leases which are predominantly in the form of encroachment permits required to place distribution infrastructure assets on a rights-of-way or private property. The lease terms are between one and twenty years, and the amounts of these leases are immaterial and have been included in other costs in the statement of comprehensive income.

20. Contingencies, Provisions, Commitments and Guarantees (continued)

d) Guarantees

In the normal course of operations, the Corporation executes agreements that provide for indemnification to third parties in transactions such as service agreements, leases and purchases of goods. Under these agreements, the Corporation agrees to indemnify the counterparty against loss or liability arising from the acts or omissions of the Corporation in relation to the agreement.

21. Financial Instruments and Risk Management

Financial instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

Level 1 – inputs are unadjusted quoted prices for identical instruments in active markets,

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the instrument, either directly or indirectly, and

Level 3 – inputs that are not based on observable market data.

The fair values of accounts receivable, unbilled revenue, amounts due to and from related parties, accounts payable and accrued liabilities approximate their carrying values due to the immediate or short maturity of these financial instruments. The fair values of bank loan, customer deposits and deposits payable approximate their carrying values taking into account interest accrued on the outstanding balance.

The Corporation’s debentures have a principal amount of $320,000 as at January 31, 2017 (December 31, 2016 - $320,000) and have a fair value of $378,358 (December 31, 2016 - $379,793). The fair value has been calculated using level 3 inputs. The valuation techniques used took into consideration accrued interest, Government of Canada benchmark yields and statistical data.

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

a) Market Risk

Market risk refers primarily to risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates.

The Corporation does not have a commodity risk as a result of changes in the market price of electricity, due to the flow through nature of the electricity purchases.

The Corporation’s foreign exchange risk is not considered material since the exposure is limited to U.S. dollar cash and cash equivalents holdings of $189 as at January 31, 2017 (December 31, 2016 - $195).

21. Financial Instruments and Risk Management (continued)

The Corporation is exposed to short-term interest rate risk on its bank loan and its net cash and cash equivalent balances. The Corporation is also exposed to fluctuations in interest rates for the valuation of its post-retirement benefit obligations. The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

b) Credit Risk

The Corporation is exposed to credit risk as a result of counterparties failing to discharge an obligation.

The Corporation manages counterparties credit risk through various techniques including, limiting total exposure levels with individual counterparties consistent with the Corporation's policies, assessing and monitoring the credit exposures of counterparties. Short-term investments held as at January 31, 2017, met the credit exposure limits specified under the Corporation's Investment Policy.

The Corporation's distribution revenue is earned on a broad base of customers principally located in Mississauga. As a result, the Corporation did not earn a significant amount of revenue from any individual customer. As at January 31, 2017, there were no significant balances of accounts receivable due from any single customer.

Management believes that the credit risk of accounts receivable is not significant due to the following reasons:

(i) There is a broad base of customers with no single customer that accounts for revenue or an accounts receivable balance in excess of 10% of the respective balance in either year.

(ii) The Corporation, as permitted by the OEB's Retail Settlement and Distribution System Code, may obtain a security deposit or letter of credit from customers to mitigate risk of payment default.

(iii) The percentage of accounts receivable that is past due for more than 75 days is approximately 2.0% (2016 – 1.7%) of the total gross accounts receivable (See note 5).

(iv) The Corporation included an amount for accounts receivable write-offs within operating expense for rate setting purposes.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, as well as an established $90,000 banking line of credit. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The Corporation has contractual obligations in the normal course of business; future minimum undiscounted contractual maturities are as follows:

(In thousands of Canadian dollars)

21. Financial Instruments and Risk Management (continued)

Financial Liabilities	Due within 1 year	Due between 1 and 5 years	Due past 5 years
Bank overdraft	$ 63,413	$ -	$ -
Accounts payable and accrued liabilities	115,039	-	-
[redacted]	[redacted]	-	-
Debentures payable (interest and principal)	16,097	185,089	420,405
Bank loan (interest and principal)	60,197	-	-
Total	$ 258,468	$ 185,089	$ 420,405

22. Regulatory assets and liabilities

IFRS 14 Regulatory Deferral Accounts was issued by the IASB on January 30, 2014 and permits first time adopters of IFRS to use previous Generally Accepted Accounting Principles to account for regulatory deferral account balances. As the Corporation is not a first time adopter, the Corporation does not recognize assets and liabilities arising from rate regulated activities.

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's Board of Directors, as well as members of key management having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This group is determined to be the Chief Operating Decision Maker and it assesses operating performance principally on the basis of earnings adjusted for regulatory items as shown below.

(In thousands of Canadian dollars)

22. Regulatory assets and liabilities (continued)

Statement of Comprehensive Income for the period ended January 31, 2017

	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
Energy sales	$ 70,863	$ -	$ 70,863
Distribution	11,098	(491)	10,607
Other revenue	1,394	-	1,394
	83,355	(491)	82,864
Energy purchases	(70,863)	(3,696)	(74,559)
Operating expenses	(6,924)	(13)	(6,937)
Depreciation and amortization	(2,833)	(1)	(2,834)
Financial income	22	(14)	8
Financial expense	(1,590)	24	(1,566)
Profit before income tax expense	1,167	(4,191)	(3,024)
Income tax expense	(175)	975	800
Other comprehensive loss, net of tax	-	-	-
Comprehensive income/(loss) for period ended January 31, 2017	$ 992	$ (3,216)	$ (2,224)

Statement of Comprehensive Income for the period ended December 31, 2016

	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
Energy sales	$ 938,145	$ -	$ 938,145
Distribution	130,281	9,863	140,144
Other revenue	22,671	-	22,671
	1,091,097	9,863	1,100,960
Energy purchases	(938,145)	5,837	(932,308)
Operating expenses	(78,957)	(158)	(79,115)
Depreciation and amortization	(33,363)	(445)	(33,808)
Financial income	414	(290)	124
Financial expense	(18,077)	260	(17,817)
Profit before income tax expense	22,969	15,067	38,036
Income tax expense	(1,298)	(8,930)	(10,228)
Other comprehensive income, net of tax	-	642	642
Comprehensive income for period ended December 31, 2016	$ 21,671	$ 6,779	$ 28,450

(In thousands of Canadian dollars)

22. Regulatory assets and liabilities (continued)

Statement of Financial Position as at January 31, 2017

	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
Assets			
Current assets:			
Accounts receivable	$ 95,283	$ -	$ 95,283
Unbilled revenue	73,103	-	73,103
Income taxes receivable	2,440	-	2,440
Inventory	4,545	-	4,545
Prepaid expenses	2,206	-	2,206
Customer Deposits	24,277	-	24,277
Total current assets	201,854	-	201,854
Non-current assets:			
Property, plant & equipment	645,522	-	645,522
Intangible assets	53,763	-	53,763
Deferred tax assets	540	-	540
Total non-current assets	699,825	-	699,825
Total assets	**$ 901,679**	**$ -**	**$ 901,679**
Liabilities & Shareholder's Equity			
Current liabilities:			
Bank overdraft	$ 63,413	$ -	$ 63,413
Accounts payable and accrued liabilities	115,039	-	115,039
Current portion of loans and borrowings	59,976	-	59,976
Advance payments	3,900	-	3,900
[redacted]	[redacted]	[redacted]	[redacted]
Customer deposits	24,277	-	24,277
Current portion of environmental provision	603	-	603
Total current liabilities	270,930	-	270,930
Non-current liabilities:			
Loans and borrowings	318,350	-	318,350
Deferred contributions	25,087	-	25,087
Post-employment benefits	6,372	-	6,372
Deferred tax liability	4,737	(4,737)	-
Regulatory liability	8,528	(8,528)	-
Total non-current liabilities	363,074	(13,265)	349,809
Total liabilities	634,004	(13,265)	620,739
Shareholder's equity :			
Share capital	154,400	-	154,400
Accumulated other comprehensive income	1,058	-	1,058
Retained earnings	112,217	13,265	125,482
Total shareholder's equity	267,675	13,265	280,940
Total liabilities and shareholder's equity	**$ 901,679**	**$ -**	**$ 901,679**

(In thousands of Canadian dollars)

22. Regulatory assets and liabilities (continued)

Statement of Financial Position as at December 31, 2016

	Enersource Hydro Regulated	Regulatory Adjustments	Enersource Hydro IFRS
Assets			
Current assets:			
Accounts receivable	$ 84,913	$ -	$ 84,913
Unbilled revenue	90,742	-	90,742
Income taxes receivable	2,546	-	2,546
Inventory	4,663	-	4,663
Prepaid expenses	1,935	-	1,935
Customer Deposits	24,538	-	24,538
Total Current assets	209,337	-	209,337
Non-current assets:			
Property, plant & equipment	645,156	-	645,156
Intangible assets	54,079	-	54,079
Deferred tax assets	-	-	-
Total Non-current assets	699,235	-	699,235
Total Assets	**$ 908,572**	**$ -**	**$ 908,572**
Liabilities & Shareholder's Equity			
Current liabilities:			
Bank overdraft	$ 56,203	$ -	$ 56,203
Accounts payable and accrued liabilities	114,811	-	114,811
Current portion of loans and borrowings	59,968	-	59,968
Advance payments	3,720	-	3,720
[redacted]	[redacted]	[redacted]	[redacted]
Customer deposits	24,538	-	24,538
Current portion of environmental provision	566	-	566
Total Current liabilities	275,277	-	275,277
Non-current liabilities:			
Loans and borrowings	318,341	-	318,341
Deferred contributions	24,729	-	24,729
Post-employment benefits	5,446	-	5,446
Deferred tax liability	4,148	(3,762)	386
Regulatory liability	12,719	(12,719)	-
Total non-current liabilities	365,383	(16,481)	348,902
Total Liabilities	640,660	(16,481)	624,179
Shareholder's equity :			
Share capital	155,629	-	155,629
Accumulated other comprehensive income	1,058	-	1,058
Retained earnings	111,225	16,481	127,706
Total Shareholder's equity	267,912	16,481	284,393
Total Liabilities and shareholder's equity	**$ 908,572**	**$ -**	**$ 908,572**

22. Regulatory assets and liabilities (continued)

The most significant regulatory activities included in the regulatory adjustments are:

(i) Retail settlement variances are caused by the difference between the actual price of the electricity commodity throughput and the prices set by the OEB. Specifically, these amounts include variances between the amounts charged by Hydro One and the IESO for the operation of the electricity markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates. Under regulatory accounting, the Corporation would have adjusted energy purchases for these variances. Under IFRS, the Corporation recognizes these differences in future periods as an increase or decrease to distribution revenue.

(ii) The OEB approved a variance account to record lost revenues associated with the delivery of CDM programs. The variance account tracks the difference between the results of actual, verified impacts of CDM activities and the level of CDM program activities included in the distributor's load forecast. The Corporation may recover or refund this revenue through future distribution rates.

(iii) The OEB requires the Corporation to track the difference between revenue and costs associated with providing retailers with customer settlement services as retail cost variance account deferrals. Under IFRS, the Corporation recognizes these differences as an increase or decrease to distribution revenue when incurred and will recover or refund these differences through future distribution rates.

(iv) The OEB approved four deferral accounts to record qualifying incremental capital investments, operating, maintenance and administration expenses and funding adders approved by the OEB related to the connection of renewable generation or the development of smart grid. Under IFRS, the Corporation capitalizes or expenses these items as incurred and recognizes revenue in accordance with the Corporation's revenue recognition policy.

(v) The OEB approved a deferral account to record costs associated with replacing interval meters for its large commercial customers in order to meet amendments made to its Distribution System Code. Under IFRS, the Corporation capitalizes or expenses the amounts in the period they were incurred.

(vi) The OEB requires the Corporation to accrue interest on regulatory assets and liabilities balances. Under IFRS, the Corporation recognizes the net interest on these balances in future periods as an increase or decrease to distribution revenue once approved for recovery or refund by the OEB.

(vii) The OEB approved a deferral account to record any re-measurements of the post-employment net defined liability including actuarial gains or losses. Under IFRS, the Corporation recognizes any re-measurements of the post-employment net defined liability in other comprehensive income.

(viii) The OEB established a variance account for electricity distributors to record any material differences between OEB cost assessments currently built into rates and cost assessments that will result from the application of a new cost assessment model effective April 1, 2016. Under IFRS, the Corporation recognizes these costs under operating expenses in the period they were incurred.

22. Regulatory assets and liabilities (continued)

(ix) The OEB established a deferral account to record the Energy East Pipeline Project consultation costs allocated by the OEB to rate-regulated electricity distributors. Under IFRS, the Corporation recognizes these costs under operating expenses in the period they were incurred.

To the extent that the OEB's future actions are different from the Corporation's expectations, the timing and amount of recovery or settlement of amounts included in the adjustment for regulatory activities could be significantly different from the amounts that are eventually recovered or settled through distribution rates in the future.

23. Conservation and Demand Management

During the period, the Corporation recognized $954 (2016 - $17,790) of IESO funding in other revenue, $896 (2016 - $16,492) of IESO costs of which $892 (2016 - $16,467) are recorded as operating expenses and $4 (2016 - $25) as amortization of intangible assets. The Corporation currently has no unfilled obligations relating to the government grants received by the IESO.

G-STAFF 2 ATTACHMENT 2
HRZ FS - REDACTED

Horizon Utilities Corporation

Auditors' Report to the Shareholder

and Consolidated Financial Statements

One Month Ended January 31, 2017 and

Year Ended December 31, 2016

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Horizon Utilities Corporation

We have audited the accompanying consolidated financial statements of Horizon Utilities Corporation, which comprise the consolidated statement of financial position as at January 31, 2017, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the one month then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Horizon Utilities Corporation as at January 31, 2017 and its consolidated financial performance and its consolidated cash flows for the one month then ended in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 26, 2017
Hamilton, Canada

Horizon Utilities Corporation

Table of Contents to Consolidated Financial Statements

As at and for the month ended January 31, 2017

Horizon Utilities Corporation

Consolidated Statement of Financial Position

As at January 31, 2017

(stated in thousands of Canadian dollars)

	Note	January 31, 2017	December 31, 2016
Assets			
Current assets			
Accounts receivable		117,414	122,086
Accounts receivable from corporations under common control	20	378	264
Inventory	5	9,716	9,412
Other assets		3,452	3,033
		130,960	134,795
Non-current assets			
Property, plant and equipment	6	466,162	465,090
Deferred payments in lieu of income taxes	9	10,303	9,408
Intangible assets	7	19,808	19,922
Goodwill	8	18,923	18,923
		515,196	513,343
Total assets		646,156	648,138
Liabilities			
Current liabilities			
Bank indebtedness	4	31,310	7,085
Accounts payable and accrued liabilities		65,129	73,247
Accounts payable to corporations under common control	20	14,563	18,361
Current portion of long term borrowings	11	143	143
Current portion of obligations under capital cost recovery agreements	12	—	7,101
Credit support for service delivery	10	23,201	22,671
Reimbursements from Independent Electricity System Operator ("IESO")	22	4,117	4,320
		138,463	132,928
Non-current liabilities			
Long term borrowings	11	189,689	189,694
Employee future benefits	13	29,952	29,897
Deferred revenue		36,425	36,453
		256,066	256,044
Total liabilities		394,529	388,972
Shareholder's equity			
Share capital	15	123,593	123,593
Contributed surplus		15,218	15,218
Accumulated other comprehensive loss		(6,011)	(6,011)
Retained earnings		118,827	126,366
Total shareholder's equity		251,627	259,166
Total liabilities and shareholder's equity		646,156	648,138

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

Director, Gerry Beasley

Director, Norm Loberg

Horizon Utilities Corporation
Consolidated Statement of Loss and Comprehensive Loss

For the one month ended January 31, 2017
(stated in thousands of Canadian dollars)

	Note	One month ended January 31, 2017	Year ended December 31, 2016
Sale of energy		48,167	619,396
Distribution revenue	16	8,906	124,522
Other income from operations	17	1,049	13,560
Total revenues		58,122	757,478
Expenses:			
Cost of power purchased		50,454	612,377
Operating expenses		6,203	66,538
Depreciation and amortization		2,135	25,248
		58,792	704,163
(Loss) income from operating activities		(670)	53,315
Loss on sale and disposal of property, plant and equipment		(49)	(2,115)
Finance income	18	6	147
Finance charges	18	(633)	(7,385)
(Loss) income before payments in lieu of income taxes		(1,346)	43,962
Provision for payments in lieu of income taxes	9	(395)	11,686
Net (loss) income		(951)	32,276
Items that will not be reclassified to net income, net of tax			
Remeasurements of the net employee future benefit liability		—	452
Other comprehensive income		—	452
Total comprehensive (loss) income, net of tax		(951)	32,728

The accompanying notes are an integral part of these consolidated financial statements.

Horizon Utilities Corporation
Consolidated Statement of Changes in Equity

For the one month ended January 31, 2017
(stated in thousands of Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income	Total
Balance at January 1, 2017	123,593	15,218	126,366	(6,011)	259,166
Net loss	—	—	(951)	—	(951)
Other comprehensive income	—	—	—	—	—
Dividends	—	—	(6,588)	—	(6,588)
Balance at January 31, 2017	123,593	15,218	118,827	(6,011)	251,627
Balance at January 1, 2016	123,593	15,218	105,181	(6,463)	237,529
Net income	—	—	32,276	—	32,276
Other comprehensive income	—	—	—	452	452
Dividends	—	—	(11,091)	—	(11,091)
Balance at December 31, 2016	123,593	15,218	126,366	(6,011)	259,166

The accompanying notes are an integral part of these consolidated financial statements.

Horizon Utilities Corporation
Consolidated Statement of Cash Flows

For the one month ended January 31, 2017
(stated in thousands of Canadian dollars)

	Note	One month ended January 31, 2017	Year ended December 31, 2016
OPERATING ACTIVITIES			
Net (loss) income		(951)	32,276
Adjustments to reconcile net income to cash provided by (used in) operations:			
Depreciation and amortization	6,7	2,135	25,248
Loss on sale and disposal of property, plant and equipment		49	2,115
Provisions for payments in lieu of income taxes	9	499	5,680
Deferred payments in lieu of income taxes	9	(894)	6,006
Amortization of deferred revenue		(88)	(933)
Finance income		(6)	(147)
Finance charges		633	7,385
Change in employee future benefits		55	752
Change in other assets and liabilities	19	(8,139)	(9,414)
		(6,707)	68,968
Finance charges paid		(679)	(7,458)
Finance charges received		5	148
Payments in lieu of income taxes paid		(401)	(5,201)
Cash (used in) from operating activities		(7,782)	56,457
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(3,171)	(51,636)
Proceeds from sale of property, plant and equipment		29	551
Cash used in investing activities		(3,142)	(51,085)
FINANCING ACTIVITIES			
Proceeds of credit support for service delivery		530	1,217
Reductions of reimbursements from IESO		(203)	(191)
Contributions received from customers		73	7,649
Obligations under capital cost recovery agreements		(7,101)	(9,021)
Finance lease payments		(12)	(144)
Dividends paid		(6,588)	(11,091)
Cash used in financing activities		(13,301)	(11,581)
Increase in bank indebtedness		(24,225)	(6,209)
Bank indebtedness, beginning of period		(7,085)	(876)
Bank indebtedness, end of period		(31,310)	(7,085)

The accompanying notes are an integral part of these consolidated financial statements.

Horizon Utilities Corporation
Table of Contents to the Consolidated Financial Statement Notes

For the one month ended January 31, 2017
(stated in thousands of Canadian dollars)

1. REPORTING ENTITY

Horizon Utilities Corporation (the "Corporation") is one of Ontario's largest municipally owned electricity distribution companies, delivering electricity and related utility services to more than 246,000 residential and commercial customers in Hamilton and St. Catharines. The address of the Corporation's registered office is 55 John Street North, Hamilton, Ontario, Canada.

[redacted]

The Corporation is 100% owned by Horizon Holdings Inc. ("HHI"). HHI is 78.9% owned by Hamilton Utilities Corporation ("HUC") and 21.1% owned by St. Catharines Hydro Inc. ("SCHI").

On January 31, 2017, HHI amalgamated with PowerStream Holdings Inc. and Enersource Holdings Inc. to form Alectra Inc. Coincidently on that date, the Corporation amalgamated with Powerstream Inc. and Enersource Hydro Mississauga Inc. to form Alectra Utilities Corporation. Alectra Utilities Corporation is 100% owned by Alectra Inc. The cities of Hamilton and St. Catharines collectively have an indirect 23% ownership interest in Alectra Utilities Corporation. On February 28, 2017, Alectra Utilities Corporation acquired 100% of the shares of Hydro One Brampton Networks Inc. for proceeds of $607,000, subject to purchase price adjustments.

These consolidated financial statements have been prepared immediately prior to the completion of the aforementioned transactions. The accounting and valuation for the amalgamation and share purchase transaction has not been finalized. Consequently, as at the date the financial statements are available to be issued, specific disclosures relating to the final share purchase price and acquired assets and liabilities are not available.

2. BASIS OF PREPARATION

a. Statement of Compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

b. Approval of the financial statements

The financial statements were approved by the Alectra Inc. Board of Directors on May 26, 2017.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

d. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

e. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (Continued)

e. Use of estimates and judgements (Continued)

In particular, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

(i) Note 6 - Property, plant and equipment: estimation of useful lives

(ii) Note 7 - Intangible assets: estimation of useful lives

(iii) Note 8 - Goodwill: key assumptions underlying recoverable amount for goodwill impairment testing

(iv) Note 12 - Obligations under capital cost recovery agreements: estimation of capital contribution shortfalls and corresponding intangible assets

(v) Note 13 - Employee future benefits: key actuarial assumptions

(vi) Note 21 - Financial instruments and risk management: estimation of allowance for impairment of accounts receivable

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

(i) Note 3 - Revenue: whether the Corporation is a principal or agent for sale of energy

(ii) Note 11 - Long term borrowings: lease classification

(iii) Note 22 - Commitments and contingencies: whether a contingency is a liability

f. Regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The OEB's regulatory accounting treatments require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS and, as a result, these regulatory assets and liabilities have not been recorded in these IFRS financial statements.

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA") conferred on the OEB 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 residential 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 local distribution companies ("LDCs"), such as the Corporation, which may include, among other things: record keeping; regulatory accounting principles; separation of accounts for distinct business; and filing and process requirements for rate setting purposes.

Rate setting

The electricity distribution rates and other regulated charges of the Corporation are determined in a manner that provides shareholders with opportunity to earn a regulated Maximum Allowable Return on Equity ("MARE") on the amount of shareholder's equity supporting the business of electricity distribution, which is also determined by regulation.

Rate Applications

The OEB regulates the electricity distribution rates charged by LDCs, such as the Corporation, through periodic rate applications to the OEB and its ongoing monitoring and reporting requirements. At present, LDCs may apply to the OEB for electricity distribution rates under options specified in its Report of the Board - A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach ("RRFE"). The three rate-setting methods available to LDCs under the RRFE are: Price Cap Incentive Rate-setting ("Price Cap IR"); Custom Incentive Rate-setting ("Custom IR"); or Annual Incentive Rate-setting Index.

2. BASIS OF PREPARATION (Continued)

f. Regulation (Continued)

Rate Applications (Continued)

On April 16, 2014, the Corporation submitted its 2015 Custom IR application to the OEB to adjust the electricity distribution rates charged to customers in each of the years 2015 to 2019 inclusive. As part of the application, the Corporation submitted a Distribution System Plan providing for the modernization, expansion and maintenance of the distribution system.

On December 11, 2014, the OEB issued its Decision and Order on this application. Based on the Decision and Order, the resulting change to the distribution portion of the bill for a typical residential customer consuming 800 kWh per month will be, approximately: 5.40% increase in 2015; 3.73% increase in 2016; 0.79% increase in 2017; 0.03% decrease in 2018; and 2.35% increase in 2019. Management expects that the increases to its revenues resulting from this Decision and Order will support sustainable investment and maintenance of the distribution system through the effective period of this application from 2015 to 2019.

On August 11, 2016, the Corporation submitted its second Annual Filing (the "Filing") to its five year Custom IR Application for electricity distribution rates effective January 1, 2017. The Filing incorporated annual adjustments provided in the Decision to the Custom IR Application. In this Filing, the Corporation adopted and implemented the following policy changes issued by the OEB corresponding to: (i) rate design for residential electricity customers; (ii) cost allocation policy for street lighting rate class; and (iii) implemented the Ontario Electricity Support Program ("OESP").

On January 12, 2017, the OEB issued its Decision and Order on the Filing resulting in a change to the distribution portion of the bill for a typical residential customer consuming 750 kWh per month of approximately (1.65%) decrease in 2017.

Application for approval to amalgamate

On April 18, 2016, the Corporation, PowerStream Inc., and Enersource Hydro Mississauga Inc. submitted a Mergers, Acquisitions, Amalgamations and Divestitures Application ("MAADs Application") to the OEB requesting approval to amalgamate to form a new corporation. It also sought approval for the new corporation to purchase the shares of and amalgamate with Hydro One Brampton Networks Inc. under section 86 of the *Ontario Energy Board Act, 1998* ("Act"). Section 86 of the Act requires that the OEB review applications for a merger, acquisition of shares, amalgamation or divestiture that result in a change of ownership or control of an electricity transmitter or distributor and approve applications which are in the public interest.

As part of the MAADs Application, approval was requested for: (i) transfer of the distribution licenses and rate orders for each of the applicants and Hydro One Brampton to the new corporation under section 86 of the Act; (ii) an electricity distributor license for the new corporation under section 60 of the Act; and (iii) temporary exemptions from section 2.6.1A of the Distribution Service Code under section 74 of the Act.

In reviewing the MAADs Application, the OEB applied its No Harm Test which considered whether the proposed transaction would have an adverse effect on the attainment of the OEB's statutory objectives as set out in section 1 of the Act. In order to receive OEB approval of the MAADs Application, the proposed transaction must result in a positive or neutral effect on the attainment of these objectives.

On December 8, 2016, the OEB issued its Decision and Order on this application. The OEB found the proposed amalgamation met the No Harm Test and approved the transaction.

2. BASIS OF PREPARATION (Continued)

f. Regulation (Continued)

Select Energy Policies and Regulation Affecting the Corporation

A New Distribution Rate Design for Residential Electricity Customers

On April 2, 2015, the OEB issued a policy providing for fully fixed distribution charges for residential electricity customers. The implementation of this New Distribution Rate Design for residential electricity customers will be phased in over a four year period commencing January 2016. This policy is focused on only the distribution rate component of electricity charges. Distribution rates are designed to recover the costs for the poles, wires, meters, transformer stations, trucks and computer systems that convey electricity from the high voltage transmission system to individual homes. Under the new policy, electricity distributors will structure residential rates so that all the costs for distribution service are collected through a fully fixed monthly charge. Current distribution rate design is a combination of a fixed monthly rate and a separate usage (i.e., variable) rate. Electricity charges corresponding to the electricity generation, transmission and system operations are not affected by this policy.

Monthly Billing Requirement for Electricity Distributors in Ontario

On April 15, 2015, the OEB announced that, by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis. This policy change incorporates an expectation that distributors will issue bills based on actual meter reads rather than estimates, at least 98% of the time. The amendments regarding estimated billing and billing accuracy came into force on April 15, 2015. The amendment regarding monthly billing came into force on December 31, 2016. As part of the OEB's decision on the MAADs Application , the OEB approved an extension for the Corporation to implement monthly billing on or before June 30, 2017.

New Cost Allocation Policy for Street Lighting Rate Class

On June 12, 2015, the OEB issued a letter outlining a new cost allocation policy for the Street Lighting customer class: one-device-per-connection (1:1) system; and multiple-device-per-connection (or daisy-chain) systems. The new cost allocation policy for Street Lighting introduces a "Street Lighting adjustment factor" that will be used to allocate costs to the Street Lighting class for the allocation of costs related to primary and line transformer assets. The Street Lighting adjustment factor replaces the "number of connections" allocator in the cost allocation model. Based on the Decision to the Custom IR Application, the OEB directed the Corporation to update the methodology for cost allocation related to Street Lighting pending the outcome of this initiative. The OEB's new cost allocation policy was incorporated into rates in 2016.

Defining Ontario's Typical Electricity Customer

On April 14, 2016, the OEB announced that the standard used for reporting the monthly electricity consumption of a typical residential customer be updated as 750kWh per month, which is lower than the former standard of 800kWh. Recent review indicates that average residential consumption has declined significantly since the former standard was last established in late 2009.

2. BASIS OF PREPARATION (Continued)

f. Regulation (Continued)

Select Energy Policies and Regulation Affecting the Corporation (Continued)

New 2015-2020 Conservation and Demand Management Framework

On March 26, 2014, the Minister of Energy issued a directive to the OEB to amend the licences of electricity distributors with new requirements to: deliver Conservation and Demand Management ("CDM") programs available to customers that are designed to achieve energy reductions; meet CDM requirements through either the IESO (formerly the Ontario Power Authority "OPA") programs, LDC programs, or a combination of the two; and make the results of local programs available to other distributors on request. The coordination and integration of CDM and Demand Side Management ("DSM") activities is intended to achieve energy efficiencies and deliver convenient integrated programs for electricity and natural gas customers. The OEB issued the amendments to LDC licenses on December 18, 2014.

On March 31, 2014, the Minister of Energy issued a directive to the IESO to coordinate, support and fund the delivery of CDM programs through electricity distributors to achieve a total of 7 Terawatt Hours ("TWh") of reductions in electricity consumption between January 1, 2015 and December 31, 2020. The IESO has allocated a target of 330,680 MWh savings over the years 2015-2020 to the Corporation. A joint CDM plan with another LDC was prepared outlining the programs to achieve the targeted savings. The IESO approved the joint CDM plan on May 29, 2015.

Prior 2011-2014 Conservation and Demand Management Framework

The Corporation achieved 107.49% of its energy target and 80.85% of its peak demand target. The Corporation qualified for performance incentive payments from the OEB since it exceeded 80% of both its demand reduction and consumption reduction targets.

Low-Income Assistance Strategy Review

On March 26, 2015, the Minister of Energy announced the Ontario Electricity Support Program ("OESP"), a support program for low-income electricity consumers in Ontario. The OEB recommended that the program offer ongoing, and on-bill, rate assistance to customers with limited financial resources. The OESP will be funded by all ratepayer classes. On November 19, 2015, the OEB set a rate of $0.0011 per kWh to fund the OESP, effective January 1, 2016.

Other Matters

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and possible future consultations between the OEB and interested stakeholders, may affect future electricity distribution rates and other permitted regulatory recoveries of the Corporation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a. Basis of consolidation

These consolidated financial statements include the accounts of Horizon Utilities Corporation [redacted]

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it has power over, exposure or rights to investee variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date of which control ceases.

When the Corporation ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any other components of equity. Any resulting gain or loss is recognized in income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All significant inter-company accounts and transactions have been eliminated.

b. Financial instruments

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities.

These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in Note 3(g).

The Corporation does not enter into derivative instruments. Hedge accounting has not been used in the preparation of these financial statements.

c. Inventory

Inventory, comprising material and supplies, the majority of which is consumed by the Corporation in the provision of its services, is measured at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average basis and includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing them to their existing location and condition.

d. Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at historical cost or deemed cost, less accumulated depreciation and accumulated impairment losses, if any. Where an item is transferred from customers, it is measured at fair value at the date of transfer less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation, direct labour, directly attributable overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset using the weighted average cost of debt incurred on the Corporation's external borrowings. Qualifying assets are considered to be those that take more than twelve months to construct.

In circumstances where parts of an item of PP&E have different useful lives, such are accounted for as separate items (major components) of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Property, plant and equipment (Continued)

The cost of replacing part of an item of PP&E is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PP&E are recognized in net income as incurred.

Depreciation is recognized in net income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E.

Land is not depreciated.

Construction-work-in-progress assets are not amortized until the project is complete and available for use. The estimated useful lives for the current and comparative year are as follows:

Buildings	30 - 40 years
Distribution system equipment	15 - 70 years
Other PP&E	3 - 15 years

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

Other PP&E includes vehicles, office, and computer equipment.

Gains and losses on disposal of an item of PP&E are recognized in income and determined by the difference between proceeds from disposal and the carrying amount of PP&E.

Depreciation methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted prospectively.

e. Intangible assets

Intangible assets include computer software and capital contributions paid under capital cost recovery agreements.

Intangible assets are measured at historical or deemed cost less accumulated amortization.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives of intangible assets are as follows:

Computer software	2 - 5 years
Capital contributions under capital cost recovery agreements	16 - 25 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively.

f. Goodwill

Goodwill arising on the acquisition of subsidiaries or on amalgamation is measured at cost less accumulated impairment losses and is not amortized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount.

All impairment losses are recognized in net income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in net income.

ii. Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of income taxes assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the recoverable amount of the asset is estimated. The recoverable amount of goodwill is estimated as at January 31, 2017.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use and, further, that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, net of tax, that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h. Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate, net of tax, that corresponds to current market assessments of the time value of money and the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Employee future benefits

i. Pension Plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

ii. Other than pension

The Corporation provides its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. These benefits are provided through a group defined benefit plan. The Corporation is the legal sponsor of the Plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has incorporated its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting such to determine its present value. Any unrecognized past service costs are deducted. The discount rate is the interest yield, at the reporting date, on high quality debt instruments with duration similar to the duration of the plan.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligation and the current service costs are actuarially determined by applying the projected unit credit method and incorporate management's best estimate of certain underlying assumptions. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings. When the benefits of a plan are improved, these increases are recognized immediately in net income.

j. Credit support for service delivery

Credit support for service delivery represents cash deposits from electricity distribution customers as well as construction deposits.

Deposits from electricity distribution customers are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their electricity distribution service. In accordance with OEB regulations, customer deposits are also refundable to residential electricity distribution customers demonstrating an acceptable level of credit risk, as determined by the Corporation.

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. Cash contributions are initially recorded as credit support for service delivery, a current liability. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to deferred revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Deferred revenue and assets transferred from customers

Assets received as capital contributions are initially recognized at fair value, with the corresponding value of capital contribution recognized as deferred revenue.

Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity, and is amortized to income on a straight-line basis, as a component of other income from operations, over the terms of the agreements with respective customers or the economic useful life of the acquired or contributed assets, which represents the period of ongoing service to customers.

l. Revenue

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for electricity distribution and therefore has presented the electricity revenues on a gross basis.

Revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges, and any other regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Electricity revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the period. Revenue is measured at the fair value of the consideration received or receivable, net of sales tax.

Customer billings for Ontario debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation (“OEFC”) once each year.

Performance incentive payments under CDM programs are recognized by the Corporation when there is reasonable assurance that the program conditions have been satisfied and the incentive payments will be received.

[redacted]

All other revenues are recorded on a gross basis and are recognized when services are rendered.

m. Leased assets

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation’s Statement of Financial Position. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Finance income and finance charges

Finance income is recognized as it accrues in net income and comprises interest earned on cash and cash equivalents.

Finance charges are calculated using the effective interest rate method and are recognized as an expense unless they are capitalized as part of the cost of qualifying assets. Finance charges comprise: interest on borrowings; interest on credit support for service delivery; interest and penalties on income tax payments; and letter of credit and standby fees.

o. Payments in lieu of income taxes

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts").

Pursuant to the Electricity Act, 1998 (Ontario) ("EA"), and as a consequence of its exemption from income taxes under the Tax Acts, the Corporation is required to make payments in lieu of income taxes ("PILs") to the OEFC. These payments are calculated in accordance with the Tax Acts. These amounts are applied to reduce certain debt obligations of the former Ontario Hydro continuing in OEFC.

PILs comprises current and deferred payments in lieu of income tax. PILs is recognized in income and loss except to the extent that it relates to items recognized directly in either comprehensive income or in equity, in which case, it is recognized in comprehensive income or in equity.

Current PILs is the expected amount of cash taxes payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred PILs comprise the net tax effects of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred PILs assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred PILs 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.

A deferred PILs asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred PILs assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

p. Set-off and reporting on a net basis

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. Offsetting is permitted for financial assets and financial liabilities when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Future changes in accounting policy and disclosures

The Corporation is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

Revenue Recognition

In April 2016, the IASB issued amendments to IFRS 15 *Revenue from Contracts with Customers ("*IFRS 15*")*, which was originally issued in May 2015. These amendments do not change the underlying principles of the standard but clarify how those principles should be applied. IFRS 15 replaces all existing revenue requirements in IFRS, including IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 15 *Agreements for Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC 31 *Revenue - Barter Transactions* and applies to all revenues arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 *Leases.* The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is assessing the impact of IFRS 15 on its results of operations, financial position, and disclosures.

Financial Instruments

In July 2014, the IASB issued a new standard, IFRS 9 *Financial Instruments* ("IFRS 9"), which will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 . IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. The Corporation is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

Leases

In January 2016, IASB issued IFRS 16 *Leases* ("IFRS 16"), which replaces IAS 17 *Leases* ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Corporation does not expect a significant impact of IFRS 16 on its results of operations, financial positions, and disclosures.

4. BANK INDEBTEDNESS

Bank indebtedness represents an overdraft on the Corporation's bank balances at the period-end.

5. INVENTORY

During fiscal period 2017, an amount of $nil (2016 - $13) was recorded as an expense for the write-down of obsolete or damaged inventory to net realizable value.

The amount of inventory consumed by the Corporation and recognized as an expense during fiscal period 2017 was $44 (2016 - $491).

(stated in thousands of Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Other distribution system equipment	Other PP&E	Construction work-in-progress	Total
Cost or deemed cost					
Balance at January 1, 2017	34,450	498,040	34,834	4,862	572,186
Additions	5	1,313	64	1,645	3,027
Disposals	—	(95)	—	—	(95)
Balance at January 31, 2017	34,455	499,258	34,898	6,507	575,118
Balance at January 1, 2016	31,116	454,604	32,829	5,723	524,272
Additions	3,334	46,757	2,005	(861)	51,235
Disposals	—	(3,321)	—	—	(3,321)
Balance at December 31, 2016	34,450	498,040	34,834	4,862	572,186
Accumulated amortization					
Balance at January 1, 2017	7,060	77,726	22,310	—	107,096
Additions	106	1,472	299	—	1,877
Disposals	—	(17)	—	—	(17)
Balance at January 31, 2017	7,166	79,181	22,609	—	108,956
Balance at January 1, 2016	5,825	61,426	18,575	—	85,826
Additions	1,235	16,957	3,735	—	21,927
Disposals	—	(657)	—	—	(657)
Balance at December 31, 2016	7,060	77,726	22,310	—	107,096
Carrying amounts					
January 31, 2017	27,289	420,077	12,289	6,507	466,162
December 31, 2016	27,390	420,314	12,524	4,862	465,090

During the period, borrowing costs of $nil (2016 - $69) were capitalized as part of the cost of property, plant and equipment. A capitalization rate of 3.36% (2016 - 3.36%) was used to determine the amount of borrowing costs to be capitalized.

The net carrying amount of leased equipment is $301 (2016 - $314).

(stated in thousands of Canadian dollars)

7. INTANGIBLE ASSETS

	Capital contributions under CCRA	Computer software	Total
Cost or deemed cost			
Balance at January 1, 2017	18,542	16,119	34,661
Other additions	—	144	144
Balance at January 31, 2017	18,542	16,263	34,805
Balance at January 1, 2016	19,046	15,651	34,697
Other additions	(504)	468	(36)
Balance at December 31, 2016	18,542	16,119	34,661
Accumulated amortization			
Balance at January 1, 2017	3,238	11,501	14,739
Other additions	84	174	258
Balance at January 31, 2017	3,322	11,675	14,997
Balance at January 1, 2016	2,253	9,165	11,418
Other additions	985	2,336	3,321
Balance at December 31, 2016	3,238	11,501	14,739
Carrying amounts			
January 31, 2017	15,220	4,588	19,808
December 31, 2016	15,304	4,618	19,922

8. GOODWILL

Management has determined that the Corporation's rate-regulated operations are one cash-generating unit. As the goodwill corresponds to the rate-regulated operations, the goodwill was allocated to that cash-generating unit. The Corporation performed an impairment test as at January 31, 2017 based on an estimate of the Corporation's fair value less selling costs. Fair value less selling costs was determined using a multiple of regulated rate base approach and was based on the following key assumptions:

- The multiple of rate base approach is a valuation technique used in the industry for purchase and sale transactions. A multiple is applied to the rate base of regulated assets to determine the value of the utility;
- The multiple of rate base is a key assumption in the determination of fair value less selling costs. Management utilized a range of multiples in the analysis to determine the recoverable amount of goodwill;

  The multiple of rate base used ranged from 1.35 to 1.45;
- Management obtained information regarding multiples used for recent purchase and sale transactions within the industry; and
- The fair value estimate is categorized as a Level 2 input.

The recoverable amount of goodwill determined in the analysis was greater than the carrying value and no impairment was recorded.

(stated in thousands of Canadian dollars)

9. PAYMENTS IN LIEU OF INCOME TAXES

The provision for payments in lieu of income taxes recognized in income is as follows:

	2017	2016
Current PILs:		
Current period	499	5,680
Deferred PILs:		
Origination and reversal of temporary differences	(894)	6,006
Provision for payments in lieu of income taxes	(395)	11,686

Reconciliation of effective tax rate

PILs varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2017	2016
Basic rate applied to income before payments in lieu of income taxes	26.5%	26.5%
Increase in PILs resulting from:		
Adjustment for future income tax	2.3 %	—%
Items not deductible for tax purposes and other	0.5%	0.2%
Effective rate applied to income before payments in lieu of income taxes	29.3%	26.7%

Deferred payments in lieu of income taxes balances

Significant components of the Corporation's deferred payments in lieu of income taxes balances are as follows:

	2017	2016
Deferred PILs assets:		
Property, plant and equipment and intangibles	4,333	2,978
Non-deductible reserves	9,128	9,133
Obligations under capital cost recovery agreement	—	2,015
Deferred PILs liabilities:		
Bond issuance costs	(124)	(125)
Regulatory liabilities	(3,034)	(4,593)
Net deferred PILs assets	10,303	9,408

(stated in thousands of Canadian dollars)

10. CREDIT SUPPORT FOR SERVICE DELIVERY

Credit support for service delivery represents cash deposits from electricity distribution customers and retailers, as well as construction deposits. These customer deposits bear interest at Canada's Prime Business rate less 2.0%, which is 0.7% per annum as of January 31, 2017.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Corporation in compliance with policies set by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

	2017	2016
Customer deposits	13,322	13,239
Construction deposits	9,879	9,432
Total credit support for service delivery	23,201	22,671

11. LONG TERM BORROWINGS

Long term borrowings comprise promissory notes and finance lease liability.

	2017	2016
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]

(stated in thousands of Canadian dollars)

11. LONG TERM BORROWINGS (Continued)

[redacted]

[redacted]

[redacted]

[redacted]

Finance lease liability is payable as follows:

	Future minimum payments	Interest	Present value of minimum payments
Less than one year	144	1	143
Total	302	1	301

12. OBLIGATIONS UNDER CAPITAL COST RECOVERY AGREEMENTS

The Corporation is party to five connection and cost recovery agreements ("CCRA(s)") with HONI. Such agreements provide for the construction by HONI of transformer stations ("TS(s)") to the distribution system for the purpose of serving the Corporation's customers, including anticipated electricity load growth.

Under the CCRAs, the Corporation is required to provide HONI with an initial capital contribution ("Initial Capital Contribution") based on the difference (the "Difference") between the total capital cost of constructing the TS and a projection of transformation revenue ("HONI Revenue") earned on the conveyance of electricity through such TS. The Difference represents a debt obligation of the Corporation based on the extent that historical actual and forecast HONI Revenue through the CCRA term is less than the amount of HONI revenue projected as a basis for the determination of the Initial Capital Contribution. Conversely, the Corporation is entitled to a rebate of the Initial Capital Contribution based on the extent that historical actual and forecast HONI Revenue through the CCRA term is greater than the amount of HONI revenue projected as a basis for the determination of the Initial Capital Contribution.

In 2015 the Corporation received and accepted a settlement proposal from HONI in respect of three of the aforementioned CCRAs in the amount of $9,022. The related payment of this settlement occurred on February 19, 2016. In 2016, the Corporation received and accepted a settlement proposal from HONI in respect of the remaining two aforementioned CCRAs in the amount of $7,101. The related payment of this settlement occurred on January 19, 2017.

The Corporation's obligations for three projects have been fulfilled, and no further future settlements between the Corporation and HONI will be required for these projects. Management estimates that there are no liabilities associated with the remaining two projects as at January 31, 2017. Potential liabilities corresponding to the remaining projects will be reviewed and estimated annually.

In general terms, investments in regulated electricity distribution assets are recoverable from ratepayers in future rate applications based on the rate-making policies of the OEB.

(stated in thousands of Canadian dollars)

13. EMPLOYEE FUTURE BENEFITS

The Corporation provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. There is a policy in place to allocate the net defined benefit cost to the entities participating in the group plan. The allocation is based on the obligation attributable to the plan participants. The Corporation has reported its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements. The accrued benefit liability and the expense for one month ended January 31, 2017 and year ended December 31, 2016 were based on results and assumptions determined by actuarial valuation as at January 31, 2017 and December 31, 2016, respectively.

The group defined benefit plan as a whole provides benefits to eligible retirees of the Corporation and HUC. Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:

Entire Plan

	2017	**2016**
Defined benefit obligation, beginning of period	30,158	29,952
Current service costs	151	1,857
Benefits paid during the period	(95)	(1,112)
Actuarial gains recognized in other comprehensive income	—	(539)
Defined benefit obligation, end of period	30,214	30,158

Corporation

	2017	**2016**
Defined benefit obligation, beginning of period	29,897	29,760
Current service costs	149	1,849
Benefits paid during the period	(94)	(1,098)
Actuarial gains recognized in other comprehensive income	—	(614)
Defined benefit obligation, end of period	29,952	29,897

The main actuarial assumptions underlying the valuation are as follows:

a. General inflation

The health care cost trend for prescription drugs is estimated to increase at a declining rate from 6.33% to 4.00% over four years. Other medical and dental expenses are assumed to increase at 4% per year.

The approximate effect on the accrued benefit obligation (“ABO”) and the estimated net benefit expense if the health care trend rate assumption was increased or decreased by 1% is as follows:

	1% increase	**1% decrease**
Effect on period benefit costs	326	(256)
Effect on ABO	3,847	(3,110)

(stated in thousands of Canadian dollars)

13. EMPLOYEE FUTURE BENEFITS (Continued)

b. Discount (interest) rate

The obligation at the period end and the present value of future liabilities were determined using a discount rate of 3.90% (2016 - 3.90%) representing an estimate of the yield on high quality corporate bonds as at the valuation date.

The approximate effect on the ABO if the discount rate assumption was increased or decreased by 1% is as follows:

	1% increase	**1% decrease**
Effect on ABO	(4,354)	5,599

c. Salary levels

Future general salary and wage levels were assumed to increase at 2.50% (2016 - 2.50%) per year.

14. PENSION PLAN

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the employer and its employees. In fiscal period 2017, the Corporation made employer contributions of $304 to OMERS (2016 - $3,827). The Corporation's net benefit expense has been allocated as follows:

i. $50 (2016 - $616) capitalized as part of PP&E; and

ii. $254 (2016 - $3,211) charged to net income.

15. SHARE CAPITAL

	2017	**2016**
Authorized:		
Unlimited Class A Common shares		
Unlimited Class 1 Common shares		
Issued:		
7,890 Class 1 Common shares	91,133	91,133
2,110 Class A Common shares	32,460	32,460
	123,593	123,593

Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid aggregate dividends in the period on common shares of $0.659 per share (2016 - $1.109), which amount to total dividends paid in the period of $6,588 (2016 - $11,091).

(stated in thousands of Canadian dollars)

16. DISTRIBUTION REVENUE

	2017	2016
Gross customer billings	56,453	736,680
Less: pass through charges billed by the Corporation		
Electricity charges paid through to generators	(39,827)	(522,243)
Transmission and miscellaneous charges	(5,543)	(67,909)
Market service charges	(2,177)	(22,006)
Distribution revenue	8,906	124,522

17. OTHER INCOME FROM OPERATIONS

	2017	2016
[redacted]	[redacted]	[redacted]
Miscellaneous	129	1,418
Pole and other rental income	127	1,529
Collection and other service charges	109	1,430
Late payment charges	88	967
Management and other support services	61	736
[redacted]	[redacted]	[redacted]
Scrap sales	32	568
CDM performance incentive revenue	—	441
Other income from operations	1,049	13,560

18. FINANCE INCOME AND CHARGES

	2017	2016
Interest income on bank deposits	6	147
Finance income	6	147
[redacted]	[redacted]	[redacted]
Interest expense	(80)	(880)
Finance charges	(633)	(7,385)
Net finance charges recognized in net income and comprehensive income	(627)	(7,238)

(stated in thousands of Canadian dollars)

19. CASH FLOW INFORMATION

The net change in other assets and liabilities comprises:

	2017	2016
Accounts receivable	4,614	(14,277)
[redacted]	[redacted]	[redacted]
Inventory	(304)	(1,073)
Other assets	(419)	(42)
Accounts payable and accrued liabilities	(8,118)	4,173
[redacted]	[redacted]	[redacted]
	(8,139)	(9,414)

20. RELATED PARTY TRANSACTIONS

a. Parent and ultimate controlling party

The parent of the Corporation is HHI. The ultimate parent of the Corporation is HUC; with an effective and indirect 78.9% interest in the share capital of the Corporation. The ultimate controlling party (sole shareholder of the ultimate parent) is the City of Hamilton, which wholly owns HUC. The City of Hamilton produces financial statements that are available for public use.

b. Entity with significant influence

The City of St. Catharines exercises significant influence over the Corporation through its indirect 21.1% ownership interest in the Corporation's parent HHI.

c. Key management personnel

The key management personnel of the Corporation has been defined as members of its Executive Management team.

Key management compensation:

	2017	2016
Salaries, bonuses and other short-term benefits	1,162	2,715
Employee future benefits	15	24
Other long-term benefits	79	531
	1,256	3,270

The Corporation provides utility services to certain key management personnel. All energy charges of the Corporation to key management personnel were at prices and under terms approved by the OEB.

d. [redacted]

[redacted]

20. RELATED PARTY TRANSACTIONS (Continued)

e. Transactions with entity with significant influence

In the ordinary course of business, the Corporation delivers electricity to the City of St. Catharines. Electricity is billed to the City of St. Catharines at prices and under terms approved by the OEB.

f. [redacted]

[redacted]

[redacted]

g. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurement

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. - as prices) or indirectly (i.e. - derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value disclosure

The carrying values of cash and cash equivalents, accounts receivable, bank and bank indebtedness, accounts payable, accrued liabilities, current portion of obligations under cost recovery agreements, credit support for service delivery and reimbursements from IESO approximate respective fair values because of the short maturity of these instruments. The carrying value of the credit support for service delivery approximates fair value because the amounts are payable on demand.

The fair value of the long term borrowing is $199,200. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk as well as related mitigation strategies are discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

i. Credit risk

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as cash and cash equivalents and accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Hamilton and the City of St. Catharines. One customer, the City of Hamilton, accounts for 3.79% (2016 - 3.78%) of revenue. No other single customer in either period would account for revenue in excess of 1% of the respective reported balances.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously recorded as impaired are credited to net income. The balance of the allowance for impairment as at January 31, 2017 is $1,750 (2016 - $1,750). An impairment loss of $48 was recognized during the period (2016 - $1,058).

The Corporation's credit risk associated with accounts receivable primarily corresponds to payments from distribution customers. At January 31, 2017, approximately $2,000 is considered 60 days past due. The Corporation has approximately 246,000 customers; the majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at January 31, 2017, the Corporation holds security deposits from electricity distribution customers in the amount of $13,322 (2016 - $13,239).

ii. Market risk

Market risk primarily refers to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates during the rate application processes previously described in these notes. A decrease in the forecasted long-term Government of Canada bond yield used in determining the Corporation's rate of return would reduce the Distribution business results of operations at the next rate filing or annual rate adjustment if the bond yield reduction continued to that time.

iii. Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to $95,000 line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The majority of accounts payable, as reported on the Statement of Financial Position, are due within 60 days.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Financial risks (Continued)

iv. Capital disclosures

The main objectives of the Corporation when managing financial capital include:

- ensuring ongoing cost effective access to such to provide adequate investment in support of its regulated electricity distribution and other businesses;
- compliance with covenants within its financial instruments;
- prudently manage its capital structure, with regard for maintaining a high level of creditworthiness;
- recover financing charges permitted by the OEB on its regulated electricity distribution business; and
- deliver reasonable returns on the investments of its shareholders.

The Corporation's definition of capital includes: shareholder's equity; indebtedness under existing credit facilities; and long-term borrowings, which includes the current portion of long term borrowings.

The OEB regulates the amount of interest on debt and MARE that may be recovered by the Corporation, through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits such recoveries on the basis of a deemed capital structure represented by 60% debt and 40% equity. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants typically associated with long-term borrowings. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term borrowings.

22. COMMITMENTS AND CONTINGENCIES

Commitments

Contractual Obligations

Energy Conservation Agreement

On October 31, 2014, the Corporation entered into an Energy Conservation Agreement ("ECA") with the IESO. In accordance with the ECA, the Corporation was required to submit a 2015-2020 CDM Plan outlining the activities and budget by year in accordance with CDM Plan Submission and Review Criteria Rules by May 1, 2015. The Corporation's CDM Plan was submitted to the IESO on April 14, 2015. On May 29, 2015, the Corporation received approval of its 2015-2020 CDM Conservation First Plan for the period July 1, 2015 to December 31, 2020 from the IESO. The most recent amendment of the CDM Plan was approved by the IESO on October 14, 2016.

The Corporation estimates that the total cost of IESO CDM program delivery ending December 31, 2020 will be approximately $84,600. Any program costs incurred by the Corporation in excess of the pre-approved estimates are not recoverable from the IESO. The total cost of IESO CDM program delivery in 2016 was approximately $11,605, of which approximately $4,878 represents administration costs of the Corporation for program delivery. Additionally, the Corporation receives settlement of monthly expenses within 45 days as per the IESO wholesale settlement business process.

22. COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

Contractual Obligations (Continued)

Master Customer Demand Management Agreement

On December 16, 2014, the Corporation entered into an extension of the CDM Agreement (“Amending Agreement”) with the IESO for the period January 1, 2015 to December 31, 2016 to provide funding for the delivery of CDM programs to its customers for the transition period until its 2015-2020 CDM Plan was approved by the IESO. Subject to the terms of the Amending Agreement, all IESO CDM program costs are paid by the IESO. The Corporation effectively acts as a delivery agent for those programs that it participates in under the Amending Agreement. Customer projects initiated under the amending agreement framework also received incentive payments from the Amending Agreement framework. An additional $4,048 in customer incentives were incurred and recovered from the IESO in 2016.

The Corporation is entitled to receive reimbursements of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimates are not recoverable from the IESO. All other program costs incurred by the Corporation, (such as customer incentives and goods and services delivered under the programs) are recoverable from the IESO on an invoiced basis in accordance with the Amending Agreement.

Contingencies

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool, for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to 5 years. As at January 31, 2017, no assessments have been made.

23. CORRECTION OF IMMATERIAL DIFFERENCE

An immaterial difference was corrected impacting the deferred payments in lieu of income taxes balance at December 31, 2015 and retained earnings at January 1, 2016 in the amount of $713.

G-STAFF-2 ATTACHMENT 3
PRZ FS - REDACTED

Financial statements of

PowerStream Inc.

January 31, 2017

PowerStream Inc.
January 31, 2017

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Independent Auditor's Report

To the Shareholder of
PowerStream Inc.

We have audited the accompanying financial statements of PowerStream Inc., which comprise the balance sheet as at January 31, 2017, the statements of income and other comprehensive income, changes in equity and of cash flows for the period ended January 31, 2017, and 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 International Financial Reporting Standards, 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.

Auditor's 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 the auditor's 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, the auditor considers 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 PowerStream Inc. as at January 31, 2017, and its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 26, 2017

PowerStream Inc.

Balance sheet
as at January 31, 2017
(In thousands of dollars)

	January 31, 2017	December 31, 2016
	$	$
Assets		
Current assets		
Cash	**155,688**	13,972
Accounts receivable (Note 17(c))	**125,461**	114,383
Unbilled revenue	**104,614**	117,981
Due from related parties (Note 10)	**23,230**	23,796
Inventories (Note 6)	**3,696**	3,719
Income taxes receivable	**9,192**	8,764
Prepaids and other assets	**5,302**	4,832
	427,183	287,447
Long-term assets		
Property, plant and equipment (Note 7)	**1,198,810**	1,193,101
Intangible assets (Note 8)	**50,470**	50,848
Investment in a joint venture (Note 5)	**8,256**	8,216
Goodwill (Note 8(b))	**42,543**	42,543
	1,727,262	1,582,155
Liabilities		
Current liabilities		
Short-term debt (Note 11(a))	**155,000**	135,000
Infrastructure Ontario financing (Note 11(b))	**74,514**	74,514
Customer deposits	**20,068**	19,711
Accounts payable and accrued liabilities (Note 9)	**138,698**	141,875
Due to related parties (Note 10)	**143,001**	19,925
Liability for subdivision development	**2,087**	2,589
Current portion of finance lease obligation (Note 16)	**384**	384
	533,752	393,998
Long-term liabilities		
Notes payable (Note 12)	**182,430**	182,430
Debentures payable (Note 12)	**347,543**	347,528
Finance lease obligation (Note 16)	**15,681**	15,712
Deferred tax liabilities (Note 20)	**9,426**	8,952
Post-employment benefits obligation (Note 13)	**20,389**	20,295
Deferred revenue	**161,320**	158,386
	736,789	733,303
	1,270,541	1,127,301
Shareholders' equity		
Share capital (Note 14)	**342,184**	342,184
Accumulated other comprehensive income	**547**	547
Retained earnings	**113,990**	112,123
	456,721	454,854
	1,727,262	1,582,155

Approved on behalf of the Board on May 26, 2017

Gerry Beasley **Norm Loberg**

The accompanying notes to the financial statements are an integral part of this financial statement

PowerStream Inc.
Statement of income and other comprehensive income
period ended January 31, 2017
(In thousands of dollars)

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Revenue (Note 10(a))		
Sale of energy	**92,384**	1,148,964
Distribution revenue	**17,333**	171,042
Other revenue (Note 22)	**1,854**	32,501
Total revenue	**111,571**	1,352,507
Cost of power purchased	**92,204**	1,133,771
Operating expenses (Note 19)	**10,671**	98,754
Depreciation and amortization	**4,577**	54,455
	107,452	1,286,980
	4,119	65,527
Loss on derecognition of property, plant and equipment	**(64)**	(1,924)
Share in income from joint venture (Note 5)	**40**	47
Interest income	**48**	414
Interest expense	**(2,229)**	(26,364)
Income before income taxes	**1,914**	37,700
Income tax expense (Note 20)	**47**	12,937
Net income	**1,867**	24,763
Other comprehensive income		
Remeasurement of defined benefit obligation, net of tax of $Nil (2016-$554) (Note 13(b))	**-**	(1,536)
Total income and other comprehensive income for the year	**1,867**	23,227

The accompanying notes to the financial statements are an integral part of this financial statement

PowerStream Inc.
Statement of changes in equity
period ended January 31, 2017
(In thousands of dollars)

	Share capital	Accumulated other comprehensive income	Retained earnings	Total
	$	$	$	$
As at January 1, 2016	342,184	2,083	111,626	455,893
Net income (12 months)	-	-	24,763	24,763
Other comprehensive income (net of tax of $554)	-	(1,536)	-	(1,536)
	-	(1,536)	24,763	23,227
Dividends paid	-	-	(24,266)	(24,266)
Balance at December 31, 2016	342,184	547	112,123	454,854
Net income (1 month)	-	-	1,867	1,867
Other comprehensive income	-	-	-	-
	-	-	1,867	1,867
Dividends paid	-	-	-	-
Balance at January 31, 2017	**342,184**	**547**	**113,990**	**456,721**

The accompanying notes to the financial statements are an integral part of this financial statement

PowerStream Inc.
Statement of cash flows
period ended January 31, 2017
(In thousands of dollars)

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Operating activities		
Net income for the period	**1,867**	24,763
Adjustments to determine cash provided by operating activities		
Share of income from joint venture	**(40)**	(47)
Depreciation of property, plant and equipment	**4,113**	49,098
Amortization of intangible assets	**690**	7,671
Post-employment benefits expense	**160**	543
Loss on disposal of property, plant and equipment	**76**	283
Amortization of deferred revenue	**(335)**	(3,659)
Amortization of debenture issuance costs	**15**	121
Finance costs	**2,181**	25,950
Income tax expense	**47**	12,937
	8,774	117,660
Net change in non-cash operating working capital (Note 21)	**1,868**	(42,401)
Cash generated from operating activities	**10,642**	75,259
Interest paid	**(5,074)**	(25,950)
Income taxes received	**(1)**	4,766
Post-employment benefits payments	**(66)**	(647)
	5,501	53,428
Financing activities		
Dividends paid	**-**	(24,266)
Due to related parties	**123,076**	850
Payments to Infrastructure Ontario financing	**-**	(177)
Proceeds of short-term debt	**20,000**	85,000
Payment of finance lease obligation	**(31)**	(359)
	143,045	61,048
Investing activities		
Proceeds on sale of property, plant and equipment	**-**	128
Contributions received from customers	**3,269**	23,639
Purchase of intangible assets	**(312)**	(5,446)
Purchase of property, plant and equipment	**(9,787)**	(125,684)
	(6,830)	(107,363)
Increase in cash during the period	**141,716**	7,113
Cash beginning of period	**13,972**	6,859
Cash, end of period	**155,688**	13,972

The accompanying notes to the financial statements are an integral part of this financial statement

1. Description of the business

PowerStream Inc. (the “Corporation”) was amalgamated on January 1, 2009, under the Business Corporations Act (Ontario) and is wholly owned by PowerStream Holdings Inc., which in turn is owned by the Corporation of the City of Vaughan (the “City of Vaughan”), through its wholly owned subsidiary, Vaughan Holdings Inc.; the Corporation of the City of Markham (the “City of Markham”), through its wholly owned subsidiary, Markham Enterprises Corporation; and the Corporation of the City of Barrie (the “City of Barrie”), through its wholly owned subsidiary, Barrie Hydro Holdings Inc. PowerStream Holdings Inc. is jointly controlled by these three municipalities. The Corporation is incorporated and domiciled in Canada with its head and registered office located at 161 Cityview Boulevard, Vaughan, ON L4H 0A9.

The principal activity of the Corporation is distribution of electricity in the service areas of Alliston, Aurora, Barrie, Beeton, Bradford, West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham and Vaughan in the Province of Ontario, under a license issued by the Ontario Energy Board (“OEB”). The Corporation is regulated under the OEB and adjustments to the distribution rates require OEB approval. Collingwood PowerStream Utility Services Corp. (“Collus PowerStream”) is a joint venture between the Corporation and the Town of Collingwood. It distributes electricity in Collingwood, Thornbury, Stayner and Creemore.

As a condition of its distribution license, the Corporation is required to meet specified Conservation and Demand Management (“CDM”) targets for reductions in electricity consumption and peak electricity demand. As part of this initiative, the Corporation is delivering Independent Electricity System Operator (“IESO”) funded programs in order to meet its targets.

[redacted].

January 31, 2017 financial statements are being prepared, as noted in Note 25.

2. Basis of preparation

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Presentation currency

The financial statements are presented in Canadian dollars, which is also the Corporation’s functional currency. All financial information has been rounded to the nearest thousand, except when otherwise noted.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the amounts reported and disclosed in the financial statements. Estimates and underlying assumptions are continually reviewed and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Significant sources of estimation uncertainty, assumptions and judgments include the following:

(i) Unbilled revenue

The measurement of unbilled revenue is based on an estimate of the amount of electricity delivered to customers between the date of the last bill and the end of the period.

(ii) Useful lives of depreciable assets

Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. The Corporation estimates the useful lives of its property, plant and equipment and intangible assets based on management's judgment, historical experience and an asset study conducted by an independent consulting firm.

(iii) Cash Generating Units ("CGU")

Determining CGU's for impairment testing is based on Management's judgment. This requires an estimation of the value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

(iv) Valuation of financial instruments

As described in Note 17, the Corporation uses the discounted cash flow model to estimate the fair value of the financial instruments for disclosure purposes.

(v) Other areas

There are a number of other areas in which the Corporation makes estimates; these include accounts receivable, inventories, post-employment benefits and income taxes. These amounts are reported based on the amounts expected to be recovered/refunded and an appropriate allowance has been provided based on the Corporation's best estimate of unrecoverable amounts.

3. Significant accounting policies

The Corporation's financial statements are the representations of management, prepared in accordance with IFRS. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

The financial statements reflect the following significant accounting policies:

(a) Rate regulation

The Ontario Energy Board Act, 1998 gave the Ontario Energy Board ("OEB") increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

The Corporation recognizes revenue when electricity is delivered to customers based on OEB approved rates. Operating costs and expenses are recorded when incurred, unless such costs qualify for recognition as part of an item of property, plant and equipment or as an intangible asset.

3. Significant accounting policies (continued)

(b) Revenue recognition

(i) Electricity distribution and sale

Revenue from the sale and distribution of electricity is recorded on the basis of cyclical billings based on electricity usage and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed. Revenue is generally comprised of the following:

- Electricity Price and Related Rebates. The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- Distribution Rate. The distribution rate is designed to recover the costs incurred by the Corporation in delivering electricity to customers, as well as the ability to earn the OEB allowed rate of return. Distribution charges are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.
- Retail Transmission Rate. The retail transmission rate represents a pass through of costs charged to the Corporation for the transmission of electricity from generating stations to the Corporation’s service area. Retail transmission rates are regulated by the OEB.
- Wholesale Market Service Charge. The wholesale market service charge represents a pass through of various wholesale market support costs charged by the IESO.

(ii) Other revenue

[redacted]

Revenue related to the sale of other services is recognized as services are rendered. [redacted].

Certain items of property, plant and equipment are acquired or constructed with financial assistance in the form of contributions from developers or customers (“customer contributions”). Such contributions, whether in cash or in-kind, are recognized as deferred revenue and amortized into income over the life of the related assets. Contributions in-kind are valued at their fair value at the date of their contribution.

Performance incentive payments under Conservation and Demand Management (“CDM”) programs are recognized by the Corporation when there is reasonable assurance that the program conditions have been satisfied and the incentive payment will be received.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(c) Finance and borrowing costs

Borrowing costs are calculated using the effective interest rate method and are recognized as finance costs, unless they are capitalized as part of the cost of a qualifying asset, which is an asset that takes a substantial period of time to get ready for its intended use.

3. Significant accounting policies (continued)

(d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as loans and receivables or as other liabilities. Transaction costs for financial assets classified as loans and receivables and financial liabilities classified as other liabilities are capitalized as part of the carrying value at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses. Losses are recognized in net income when the loans and receivables are derecognized or impaired.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has had a negative effect on estimated future cash flows of the asset which are reliably measureable.

Loans and receivables are comprised of cash, accounts receivable and amounts due from related parties.

(ii) Other liabilities

All non-derivative financial liabilities are classified as other liabilities. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when either the Corporation is discharged from its obligation, the obligation expires, or the obligation is cancelled or replaced by a new financial liability with substantially modified terms.

Financial liabilities are further classified as current or non-current depending on whether they will fall due within twelve months after the balance sheet date or beyond.

Other liabilities are comprised of short-term debt, Infrastructure Ontario financing, customer deposits, accounts payable and accrued liabilities, amounts due to related parties, notes payable, debentures payable and liability for subdivision development.

(e) Inventories

Inventories, which consist of parts and supplies acquired for internal construction or consumption, are valued at the lower of cost and net realizable value. Cost is determined on a weighted-moving average basis and includes expenditures incurred in acquiring the inventories and other costs to bring the inventories to their existing location and condition.

(f) Property, plant and equipment

Property, plant and equipment (“PP&E”) is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, direct labour and borrowing costs incurred in respect of qualifying assets constructed subsequent to January 1, 2011. When parts of an item of PP&E have different useful lives, they are accounted for as separate components of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E. Property, plant and equipment in the course of construction are carried at cost, cost includes expenditures that are directly attributable to the construction of the asset. These assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use.

(In thousands of dollars)

3. Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal with the carrying amount of the item and is included in net income.

Depreciation of PP&E is recognized on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives for the current and comparative years are as follows:

Land and buildings	
Land	Indefinite
Buildings	10 to 60 years
Distribution and other assets	
Transformer stations	20 to 40 years
Transformers and meters	15 to 40 years
Plant and equipment	3 to 20 years
Other	3 to 37.5 years

Depreciation methods and useful lives are reviewed at each financial year-end and any changes are adjusted prospectively. I[redacted]

(g) Intangible assets

Intangible assets include land rights, computer software and capital contributions. Capital contributions relate to the contributions made to Hydro One for a transformer station that was built outside the City of Barrie.

Land rights held by the Corporation are effective in perpetuity and there is no foreseeable limit to the period over which the rights are expected to provide benefit to the Corporation. Land rights have therefore been assessed as having an indefinite useful life and are not amortized. Land rights are measured at cost.

Computer software and capital contributions are measured at cost less accumulated amortization and accumulated impairment losses.

Computer software and capital contributions are amortized on a straight-line basis over the estimated useful lives from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	4 to 10 years
Capital contributions	17 years

Amortization methods and useful lives are reviewed at each financial year-end and adjusted prospectively.

(h) Goodwill

Goodwill represents the excess of the purchase price over the fair value assigned to the Corporation's interest of the net identifiable assets acquired on the acquisition, by predecessor corporations, of the former Richmond Hill Hydro, Penetanguishene Hydro, Essa Hydro, New Tecumseth Hydro and Bradford West Gwillimbury Hydro.

Goodwill is measured at cost and is not amortized.

3. Significant accounting policies (continued)

(i) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite lives are tested annually for impairment and when circumstances indicate that the carrying value may be impaired. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

[redacted]

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of those from other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in net income. Impairment losses relating to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Employee benefits

The Corporation provides both short-term employee benefits and post-employment benefits. The post-employment benefits are provided through a defined benefit plan.

A defined benefit plan is a post-retirement benefit plan that specifies either the benefits to be received by an employee, or the method of determining those benefits.

(i) Short-term employee benefits

Short-term employee benefit obligations are recognized as the related services are rendered to the Corporation. Short-term employee benefit obligations are measured on an undiscounted basis and recognized as an expense unless the amount qualifies for capitalization as part of the cost of an item of inventory, PP&E or an intangible asset.

(ii) Multi-employer defined benefit pension plan

The Corporation provides a pension plan to its full-time employees through the Ontario Municipal Employees Retirement System ("the OMERS plan"). The OMERS plan is a multi-employer defined benefit plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The OMERS plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund.

3. Significant accounting policies (continued)

(j) Employee benefits (continued)

(ii) Multi-employer defined benefit pension plan (continued)

It is not practicable to determine the present value of the Corporation's obligation or the related current service cost under the OMERS plan as OMERS computes its obligations in accordance with an actuarial valuation in which all the benefit plans are co-mingled and therefore information for individual plans cannot be determined. As a result, the Corporation accounts for the OMERS plan as a defined contribution plan where contributions to the OMERS plan are recognized as an employee benefit expense in the periods during which services are rendered by employees.

(iii) Non-pension defined benefit plans

The Corporation provides certain health, dental and life insurance benefits under unfunded defined benefit plans to its eligible retired employees (the "defined benefit plans").

The Corporation's net obligation in respect of the defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The calculated benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Corporation's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation of the defined benefit obligation is performed by an independent qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which is comprised of actuarial gains and losses, is recognized immediately in the balance sheet with a charge or credit to other comprehensive income in the year in which they occur.

Past service costs arising from plan amendments are recognized immediately in net income at the earlier of the date the plan amendment occurs or when any related restructuring costs or termination benefits are recognized.

(k) Customer deposits

Customer deposits are collections from customers to guarantee the payment of energy bills. Deposits that are refundable to customers on demand are classified as a current liability. Interest is paid on customer deposits.

(l) Leases

Leases in which the Corporation assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments under finance leases are apportioned between interest expense and a reduction of the outstanding liability.

Other leases are operating leases and are not recognized in the Corporation's balance sheet. Payments made under operating leases are recognized as an expense on a straight-line basis over the term of the lease.

3. Significant accounting policies (continued)

(m) Payment in lieu of corporate income taxes ("PILs")

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). The payments in lieu of taxes are calculated on a basis as if the Corporation was a taxable company under the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario).

Income tax expense comprises current and deferred tax and is recognized in net income except to the extent that it relates to items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized.

(n) Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group owns 50% of Collingwood PowerStream Utility Services Corp. ("Collus PowerStream"). This investment is accounted for using the equity method and is recognized initially at cost.

Any excess cost over the acquisition of the Group's share of the net fair value of the identifiable assets and liabilities of Collus PowerStream is recognized as goodwill and included in the carrying value of the investment.

If Collus PowerStream is in a loss position, then when the Group's share of losses in Collus PowerStream equals or exceeds its interest, the Group would discontinue recognizing its share of further losses.

The financial statements include the Corporation's share of the (loss)/income and other comprehensive (loss)/income of Collus PowerStream for the period ended January 31, 2017.

4. Future accounting changes

There are a number of new standards and amendments to standards which are effective for annual periods beginning after 1 February 2017 and earlier application is permitted; however, the Corporation has not early applied the following new or amended standards in preparing these financial statements:

- IFRS 9 *Financial Instruments* - replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Corporation has not yet assessed the impact of this standard on the financial statements.

4. Future accounting changes (continued)

- IFRS 15 *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. IFRS 15 is available for early adoption. The purpose of this standard is to remove inconsistencies and weaknesses in previous revenue requirements, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, and to simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. The Corporation has determined that current accounting judgements, estimates and assumptions are acceptable under the revenue recognition criteria outlined under IFRS 15. Based on a preliminary analysis conducted, the Corporation does not anticipate any significant changes to its policy with respect to revenue recognition; however the Corporation would be required to provide additional information to meet the new disclosure requirements.
- IFRS 16, *Leases* - In January 2016, the IASB issued IFRS 16 *Leases*, which replaces the IAS 17 *Leases* and related interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for leases under a single model, eliminating the distinction between operating and finance leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. The Corporation is currently evaluating the impact of the new standard.

5. Investment in a joint venture

The Corporation owns a 50% interest in Collus PowerStream, a joint venture of which the Corporation has joint control. The cost of the investment includes transaction costs and the share of Collus PowerStream's (loss)/income and other comprehensive (loss)/income since the acquisition. Collus PowerStream is involved in the distribution of electricity in Collingwood, Thornbury, Stayner and Creemore, as well as the provision of other utility services in the service area of Clearview and the Town of The Blue Mountains in the Province of Ontario. Collus PowerStream's principal place of business is the Town of Collingwood.

The following judgments were used in determining that the investment was a joint venture:

- Joint control was established by assessing that both the Corporation and the City of Collingwood have unanimous consent over relevant activities within Collus PowerStream. This was done through the agreements that were signed.
- This classification of the investment in Collus PowerStream as a joint venture was determined through analysis of the rights and obligations of the investment, specifically the legal structure.

(In thousands of dollars)

5. Investment in a joint venture (continued)

Summarized financial information for Collus PowerStream follows. There were no significant restrictions from borrowing arrangements or any commitments incurred on behalf of Collus PowerStream in relation to the Corporation.

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Total assets	**32,243**	32,564
Total liabilities	**22,677**	23,487
Net revenue	**630**	7,368
Total income and other comprehensive income	**80**	94
Share of income and other comprehensive income	**40**	47

6. Inventories

During period January 31, 2017, an amount of $55 (1 month) (December 31, 2016 - $80 (12 months)) was recorded as an expense for the write-down to net realizable value of obsolete or damaged inventory.

7. Property, plant and equipment

	Land and buildings	**Distribution and other assets**	**Work -in-progress**	**Total**
	$	$	$	$
Cost				
Balance at January 1, 2016	78,131	1,191,580	38,063	1,307,774
Additions	165	108,555	16,823	125,543
Disposals	(2)	(3,374)	-	(3,376)
Balance at December 31, 2016	78,294	1,296,761	54,886	1,429,941
Additions	16	7,057	2,825	9,898
Disposals	-	(101)	-	(101)
Balance at January 31, 2017	**78,310**	**1,303,717**	**57,711**	**1,439,738**
Accumulated depreciation				
Balance at January 1, 2016	5,836	182,791	-	188,627
Depreciation expense	1,297	47,801	-	49,098
Disposals	-	(885)	-	(885)
Balance at December 31, 2016	7,133	229,707	-	236,840
Depreciation expense	108	4,005	-	4,113
Disposals	-	(25)	-	(25)
Balance at January 31, 2017	**7,241**	**233,687**	**-**	**240,928**
Carrying amounts				
At December 31, 2016	71,161	1,067,054	54,886	1,193,101
At January 31, 2017	**71,069**	**1,070,030**	**57,711**	**1,198,810**

(In thousands of dollars)

7. Property, plant and equipment (continued)

Included in PP&E costs is $2,032 (1 month) (December 31, 2016 - $18,101 (12 months)) of capitalized overhead and $133 (1 month) (December 31, 2016 - $968 (12 months)) of interest capitalized during the period. Interest costs have been capitalized at a rate of 3.46% (December 31, 2016 - 3.56%) for rate-regulated business [redacted]

The Corporation leases its operations centre under a finance lease agreement. The leased operations centre is secured as collateral against the lease obligation. At January 31, 2017, the net carrying amount of the operations centre was $13,100 (December 31, 2016 - $13,161).

8. Intangible assets and goodwill

(a) Intangible assets

	Land rights	Computer software	Capital contributions	Work in progress	Total
	$	$	$	$	$
Cost					
Balance at January 1, 2016	899	63,476	4,972	-	69,347
Additions	60	4,438	948	-	5,446
Transfers	-	-	-	-	-
Balance at December 31, 2016	959	67,914	5,920	-	74,793
Additions	6	306	-	-	312
Transfers	-	-	-	-	-
Balance at January 31, 2017	**965**	**68,220**	**5,920**	**-**	**75,105**
Accumulated amortization					
Balance at January 1, 2016	-	15,092	1,182	-	16,274
Amortization expense	-	7,365	306	-	7,671
Disposals	-	-	-	-	-
Balance at December 31, 2016	-	22,457	1,488	-	23,945
Amortization expense	-	662	28	-	690
Balance at January 31, 2017	**-**	**23,119**	**1,516**	**-**	**24,635**
Carrying amounts					
At December 31, 2016	959	45,457	4,432	-	50,848
At January 31, 2017	**965**	**45,101**	**4,404**	**-**	**50,470**

Included in intangible assets is $7 (December 31, 2016 - $51) of interest capitalized during the year.

(b) Impairment testing of goodwill and indefinite life intangible assets

For the purpose of impairment testing, goodwill with a carrying amount of $42,543 (December 31, 2016 - $42,543) and land rights with a carrying amount of $965 (December 31, 2016 - $959-) are allocated to the Corporation's rate regulated CGU. The Corporation tested goodwill and land rights for impairment as at January 31, 2017, in accordance with its policy described in Note 3.

The total recoverable amount of $1,368,711 being $1,261,700 [redacted] for the rate regulated [redacted] was determined based on its value-in-use.

The Corporation has used discounted cash flow analysis to determine value-in-use. The value-in-use was determined in a similar manner at January 31, 2017, and December 31, 2016.

(In thousands of dollars)

8. Intangible assets and goodwill (continued)

(b) Impairment testing of goodwill and indefinite life intangible assets (continued)

The calculation of value in use for the rate regulated CGU was based on the following key assumptions:

- Cash flows were projected based on past experience and actual operating results using a 5 year forecast with growth rates of 2.50% (December 31, 2016 - 2.50%) built into the forecast. Growth rates were determined using the Bank of Canada inflation forecast.
- A pre-tax discount rate of 5.59% (December 31, 2016 - 5.60%) and terminal value was used to discount the cash flows; this is derived from the Weighted Average Cost of Capital ("WACC") calculation. A discount rate increase of 0.5% would result in the carrying amount of the regulated CGU exceeding the recoverable amount by $203.

[redacted]

Guidance in IAS 36 Impairment of Assets Appendix A, was applied in determining the WACC which is not asset specific.

9. Accounts payable and accrued liabilities

	January 31, 2017	December 31, 2016
	$	$
Accounts payable - energy purchases	**91,009**	90,779
Debt retirement charge payable - OEFC	**3,219**	2,944
Payroll payable	**6,746**	7,012
Interest payable	**943**	3,836
Commodity taxes payable	**5,720**	89
Customer receivables in credit balances	**4,144**	4,372
Other accounts payable and accrued liabilities	**26,917**	32,843
	138,698	141,875

(In thousands of dollars)

10. Related party balances and transactions

(a) Balances and transactions with jointly controlling shareholders

The amount due to/(from) related parties is comprised of amounts payable to/(receivable from) the City of Vaughan, the City of Markham, the City of Barrie and their wholly-owned subsidiaries.

Components of the amounts due to/(from) related parties are as follows:

	January 31, 2017	December 31, 2016
	$	$
Due from:		
City of Vaughan	**987**	1,008
City of Markham	**769**	964
City of Barrie	**575**	816
	2,331	2,788
Due to:		
City of Vaughan	**(9,487)**	(10,309)
City of Markham	**(8,669)**	(9,195)
City of Barrie	**(122)**	(282)
	(18,278)	(19,786)

Significant related party transactions with the jointly controlling shareholders not otherwise disclosed separately in the financial statements, are summarized below:

	January 31, 2017 (1 month)			December 31, 2016 (12 months)		
	City of Vaughan	**City of Markham**	**City of Barrie**	City of Vaughan	City of Markham	City of Barrie
	$	**$**	**$**	$	$	$
Revenue						
Energy and distribution	**702**	**679**	**619**	7,607	7,195	7,336
Shared services	**157**	**113**	**-**	1,832	1,317	-
Total revenue	**859**	**792**	**619**	9,439	8,512	7,336
Expenses						
Realty taxes	**52**	**45**	**27**	634	567	301
Facilities rental and other	**2**	**6**	**4**	23	78	52
Total	**805**	**741**	**588**	8,782	7,867	6,983

These transactions are in the normal course of operations and are recorded at the exchange amount. [redacted] The current lease expense has been included in the 'Facilities rental and other' line on the table above, and the future operating lease commitments have been disclosed in Note16(b).

10. Related party balances and transactions (continued)

(b) [redacted]

[redacted]

	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[redacted]

	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[redacted]

[redacted]

[redacted]

(In thousands of dollars)

10. Related party balances and transactions (continued)

(d) Key management personnel compensation

Key management personnel are comprised of the Corporation's senior management team. The compensation paid or payable to key management personnel is as follows:

	January 31, 2017	December 31, 2016
	$	$
Short-term employment benefits and salaries	**4,600**	11,372
Post-employment benefits	**292**	1,006
Termination benefits	**-**	314
	4,892	12,692

11. Short-term debt

(a) Credit facilities

On December 17, 2008, the Corporation executed an unsecured credit facility with a Canadian chartered bank. The credit facility is renewable annually. The credit facility agreement provides an extendible 364-day committed revolving credit facility of $75,000, an uncommitted demand facility of $50,000, and uncommitted Letter of Guarantee facilities of $20,000. As of January 31, 2017, the Corporation utilized $Nil (December 31, 2016 - $Nil) of the 364-day committed revolving credit facilities and $50,000 (December 31, 2016 - $30,000) of the uncommitted demand facility.

In addition to the above, the Corporation entered into a second unsecured credit facility agreement with a Canadian Chartered Bank that provided for a committed line of credit of up to $150,000. This committed facility matures on February 24, 2017. As of January 31, 2017, the Corporation utilized $105,000 (December 31, 2016 - $105,000) of this facility.

As at January 31, 2017, the Corporation had utilized $14,999 (December 31, 2016 - $14,999) of the uncommitted Letter of Guarantee facility for a letter of credit that was provided to the IESO to mitigate the risk of default on energy payments. With the opening of Ontario's electricity market to wholesale and retail competition on May 1, 2002 ("Open Access"), the IESO requires all purchasers of electricity in Ontario to provide security to mitigate the risk of their default based on their expected purchases from the IESO administered spot market. The IESO could draw on the letter of credit if the Corporation defaults on its payment. Further, as at January 31, 2017, an additional $546 (December 31, 2016 - $546) of the uncommitted Letter of Guarantee facility was utilized as security for operating projects.

The 364-day committed revolving credit facility can be drawn upon by direct advances, bearing interest at the lower of prime plus 0% or Bankers' Acceptance of a stamping fee plus 95 basis points (0.95% per annum). The uncommitted demand facility bears an interest rate at the lower of prime minus 0.30% or Bankers' Acceptance stamping fee plus 68 basis points (0.68% per annum). The Letter of Guarantee facility bears a charge of 50 basis points (0.50%) per annum.

The second committed credit facility bears an interest rate at Bankers' Acceptance stamping fee plus 70 basis points (0.70% per annum), with commitment fee of 10.5 basis points applied to the unutilized balance.

(In thousands of dollars)

11. Short-term debt (continued)

(a) Credit facilities

The amount of short-term debt drawn on the available credit facilities consists of:

	January 31, 2017	December 31, 2016
	$	$
Uncommitted credit facility	**50,000**	30,000
Committed credit facility	**105,000**	105,000
	155,000	135,000

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(In thousands of dollars)

12. Long-term debt

(a) Debentures payable

	January 31, 2017	December 31, 2016
	$	$
3.958% unsecured Series A debentures due July 30, 2042, interest payable in arrears semi-annually on January 30 and July 30	**198,331**	198,327
3.239% unsecured Series B debentures due November 21, 2024, interest payable in arrears semi-annually on May 21 and November 21	**149,212**	149,201
	347,543	347,528

The debentures rank pari passu *with all of the Corporation's other senior unsubordinated and unsecured obligations.*

Interest expense on these debentures payable was $1,065 (1 month) (December 31, 2016 - $12,774 (12 months)).

The debentures are subject to a financial covenant. This covenant requires that neither the Corporation nor any designated subsidiary may incur any funded obligation (other than non-recourse debt, capital lease obligations, intercompany indebtedness and purchase money obligations) unless the aggregate principal amount of the consolidated funded obligations does not exceed 75% of the total consolidated capitalization. As at December 31, 2016, the Corporation was in compliance with this covenant.

(b) Notes payable

	January 31, 2017	December 31, 2016
	$	$
Promissory note issued to the City of Vaughan	**78,236**	78,236
Deferred interest on promissory note issued to the City of Vaughan	**8,743**	8,743
Promissory note issued to the City of Markham	**67,866**	67,866
Deferred interest on promissory note issued to the City of Markham	**7,585**	7,585
Promissory note issued to the City of Barrie	**20,000**	20,000
Total long term notes payable	**182,430**	182,430

Interest expense on these notes payable was $843 (1 month) (December 31, 2016 - $9,954 (12 months)).

On June 1, 2004, an unsecured 20 year term promissory note was issued to the City of Vaughan in the amount of $78,236. Interest thereon commenced on June 1, 2004, at an annual rate of 5.58%.

On June 1, 2004, an unsecured 20 year term promissory note was issued to the City of Markham in the amount of $67,866. Interest thereon commenced on June 1, 2004, at an annual rate of 5.58%.

On December 31, 2008, an unsecured 16 year term promissory note was issued to the City of Barrie in the amount of $20,000. Interest thereon commenced on January 1, 2009, is at an annual rate of 5.58%.

12. Long-term debt (continued)

(b) Notes payable (continued)

The three promissory notes are repayable 90 days following demand by the City of Vaughan, the City of Markham, and the City of Barrie, with subordination and conditions. As part of the January 31, 2017 amalgamation as disclosed in Note 25, these notes are no longer payable on demand as they must notify the Corporation 366 days in advance if payment is required. At the request of the City of Vaughan and the City of Markham, eight quarters of interest were deferred commencing October 1, 2006, and initially payable October 31, 2013. In 2013, it was agreed that this deferred interest will be repayable in full on October 31, 2018, and is subject to a 4.03% interest rate.

13. Post-employment benefits obligation

(a) Multi-employer defined benefit pension plan

During period ended January 31, 2017, the expense recognized in conjunction with the OMERS plan, which is equal to contributions due for the year was $885 (1 month) (December 31, 2016 - $5,912 (12 months). At January 31, 2017, $1,771 (December 31, 2016 - $1,144) of contributions were payable to the OMERS plan and were included in accounts payable and accrued liabilities on the balance sheet.

As at December 31, 2016, OMERS had approximately 470,000 members, of whom approximately 511 are current employees of the Corporation. The accrued benefit obligation of the OMERS plan as shown in OMERS financial statements as at December 31, 2016 is $86,959 million, with a funding deficit of $5,720 million. The funding deficit will result in future payments by the participating employers.

The Corporation shares in the actuarial risks of the other participating entities in the OMERS plan and its future contributions may therefore be increased due to actuarial losses relating to the other participating entities. In addition, the withdrawal of other participating entities from the OMERS plan may also result in an increase to the Corporation’s future contribution requirements.

(In thousands of dollars)

13. Post-employment benefits obligation (continued)

(b) Non-pension defined benefit plans

A reconciliation of the obligation for the defined benefit plans is as follows:

	January 31, 2017	December 31, 2016
	$	$
Defined benefit obligation, beginning of the period	**20,295**	18,309
Amounts recognized in net income:		
Current service cost	**94**	1,000
Past service cost	**-**	(1,176)
Interest expense	**66**	719
	160	543
Amounts recognized in other comprehensive income:		
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	(27)
Actuarial (gains)/losses arising from changes in financial assumptions	**-**	2,505
Actuarial (gains)/losses arising from experience adjustments	**-**	(388)
	-	2,090
Payments from the plan	**(66)**	(647)
Defined benefit obligation, end of the period	**20,389**	20,295

The obligation for the defined benefit plans is presented in the balance sheet as post-employment benefits.

The significant actuarial assumptions used to determine the present value of the obligation for the defined benefit plans are as follows:

	January 31, 2017	December 31, 2016
	%	%
Discount rate	**3.90**	3.90
Rate of compensation increase	**3.50**	3.50
Medical benefits costs escalation	**6.31**	6.31
Dental benefits costs escalation	**4.60**	4.60

(In thousands of dollars)

14. Share capital

The Corporation's authorized share capital is made up of an unlimited number of common shares, [redacted] all of which are without nominal or par value as follows.

	Common shares		[redacted]		Total
	Shares issued	$	[redacted]	$	$
Balance at January 31, 2017	114,159	282,184	[redacted]	[redacted]	342,184

During period ended January 31, 2017, no additional common shares were issued. There were also no additional common shares issued during 2016.

Dividends

The Corporation has established a dividend policy [redacted], with consideration given to the following:

- Cash position at the beginning of the current year;
- Working capital requirements for the current year; and
- Net capital expenditures required for the current year.

In 2017, the Corporation paid a dividend of $Nil per share (December 31, 2016 - $125.20) on the common shares during the period, amounting to a total dividend of $Nil (1 month) (December 31, 2016 - $14,292 (12 months)). There is no tax effect as the dividends are paid out on an after tax basis.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(In thousands of dollars)

14. Share capital (continued)

- [redacted]

[redacted]

15. Insurance

The Corporation maintains appropriate types and levels of insurance with major insurers. With respect to liability insurance, the Corporation is a member of the Municipal Electricity Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

Insurance premiums charged to each member consist of a levy per thousands of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is $30,000 for liability insurance, $487,533 for property insurance, and $21,000 for vehicle insurance; plus $10,000 excess coverage on top of the regular liability and vehicle coverage.

16. Leases

(a) Finance leases

The Corporation leases its operations centre under a 25 year lease agreement. The lease agreement includes both land and building elements. Upon entering into this lease arrangement, the Corporation classified the building element of the lease as a finance lease since it was determined that substantially all of the benefits and risks incidental to ownership of the operation centre were transferred to the Corporation (the lessee). The component of the annual basic rent related to the land is classified and recorded as an operating lease and the component related to the building is classified as a finance lease.

			January 31, 2017
	Future minimum lease payments (including interest)	**Interest**	**Present value of minimum lease payments**
	$	**$**	**$**
Less than one year	**1,430**	**1,046**	**384**
Between one and five years	**7,440**	**4,771**	**2,669**
More than five years	**18,956**	**5,944**	**13,012**
	27,826	**11,761**	**16,065**

(In thousands of dollars)

16. Leases (continued)

(a) Finance leases (continued)

			December 31, 2016
	Future minimum lease payments (including interest)	Interest	Present value of minimum lease payments
	$	$	$
Less than one year	1,430	1,046	384
Between one and five years	7,471	4,771	2,700
More than five years	18,956	5,944	13,012
	27,857	11,761	16,096

Interest on the lease obligation during the period ended January 31, 2017 amounted to $88 (1 month) (December 31, 2016 - $1,070 (12 months)) based on the rate of 6.57% per annum (2015 - 6.57%). Amortization of the corresponding property, plant and equipment during the period ended January 31, 2017 amounted to $61 (1 month) (December 31, 2016 - $733 (12 months)) based on the straight-line method with a useful life equal to the term of the lease (25 years). The Corporation has the option to purchase within twelve months before the expiry of the original lease in 2034, or an option of three five year lease extensions.

(b) Operating leases

The Corporation is also committed to lease agreements for various vehicles, equipment, [redacted] that have been classified as operating leases. The leases typically run for a period of 5 to 20 years.

The future minimum, non-cancellable annual lease payments (including the land portion of the operating centre lease referred to in (a) above) are as follows:

	January 31, 2017	December 31, 2016
	$	$
Less than one year	**3,156**	3,139
Between one and five years	**15,452**	15,050
More than five years	**28,323**	28,323
	46,931	46,512

During the period ended January 31, 2017, an expense of $279 (1 month)(December 31, 2016 - $3,167 (12 months)) was recognized in net income in respect of operating leases.

(In thousands of dollars)

17. Financial instruments and risk management

(a) Fair value of financial instruments

The Corporation's accounting policies relating to the recognition and measurement of financial instruments are disclosed in Note 3(d).

The carrying amount of cash, accounts receivable, amounts due from related parties, liability for subdivision development, short-term debt, Infrastructure Ontario financing, customer deposits, accounts payable and accrued liabilities and amounts due to related parties approximates fair value because of the short maturity of these instruments. The carrying value and fair value of the Corporation's other financial instruments are as follows:

Description	**Carrying value**	**Fair value**	Carrying value	Fair value
		January 31, 2017		December 31, 2016
	$	**$**	$	$
Liabilities				
Notes payable	**182,430**	**218,887**	182,430	217,820
Debentures payable	**347,543**	**350,329**	347,528	351,052
	529,973	**569,216**	529,958	568,872

The carrying amounts shown in the table are included in the balance sheet under the indicated captions. In addition, the fair value of the $3,818 (December 31, 2016 - $3,818) [redacted]

Financial instruments which are disclosed at fair value are to be classified using a three - level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: inputs for the liabilities that are not based on observable market data (unobservable inputs).

The Corporation's fair value hierarchy is classified as Level 2 for notes and debentures payable. The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument and the market discount rates that reflects the credit risk of counterparties.

(b) Risk factors

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk and liquidity risk as well as related mitigation strategies have been discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

(In thousands of dollars)

17. Financial instruments and risk management (continued)

(c) Credit risk

The Corporation's primary source of credit risk to its accounts receivable result from customers failing to discharge their obligations for electricity consumed and billed.

The Corporation has approximately 366,000 residential and commercial customers. In order to mitigate such potential credit risks, the Corporation has taken various measures in respect of its Energy customers such as collecting security deposits amounting to $21,068 at January 31, 2017 (December 31, 2016 - $21,249) in accordance with OEB guidelines, reviewing Dun & Bradstreet ("D&B") reports for the top 3000 commercial customers with an outstanding balance of $5 or more, in-house collection department as well as external collection agencies. Thus, the Corporation monitors and limits its exposure to such credit risks on an ongoing basis.

Pursuant to their respective terms, accounts receivable are aged as follows:

	January 31, 2017		December 31, 2016	
	Total		Total	
	$	**%**	$	%
Less than 30 days	**103,169**	**80**	87,932	76
30 - 60 days	**13,715**	**11**	16,044	13
61 - 90 days	**4,715**	**4**	6,201	5
Greater than 91 days	**7,158**	**5**	7,528	6
Total outstanding	**128,757**	**100**	117,705	100
Less: allowance for doubtful accounts	**(3,296)**	**(3)**	(3,322)	(3)
	125,461	**97**	114,383	97

As at January 31, 2017, there was no significant concentration of credit risk with respect to any financial assets.

(d) Interest rate risk

The Corporation manages its exposure to interest rate risk by issuing long term fixed rate debt in the form of debentures, promissory notes and bank loans. It also ensures that all payment obligations are met by adopting proper capital planning.

As part of the Corporations' revolving demand operating credit facility, the Corporation may utilize the line of credit for working capital and/or capital expenditure purposes. Such short-term borrowing may expose the Corporation to short-term interest rate fluctuations as follows:

	January 31, 2017	December 31, 2016
[redacted]	[redacted]	[redacted]

Note: PR - Prime Rate, SF* - Stamping Fee*

(In thousands of dollars)

17. Financial instruments and risk management (continued)

(d) Interest rate risk (continued)

A sensitivity analysis was conducted to examine the impact of a change in the prime rate or stamping fee on the short-term debt. [redacted].

Cash balances that are not required for day to day obligations earn an interest of Prime minus 1.7% per annum. Fluctuations in this interest rate could impact the level of interest income earned by the Corporation.

(e) Liquidity risk

Liquidity risks are those risks associated with the Corporation's inability to meet obligations associated with financial liabilities such as repayment of principal or interest payments on debts.

The Corporation monitors its liquidity risks on a regular basis to ensure there is sufficient cash flow to meet the obligations as they fall due as well as minimize the interest expense. Cash flow forecasts are prepared to monitor liquidity risks. Liquidity risks associated with financial liabilities are as follows:

			January 31, 2017			December 31, 2016
Maturity period	**Principal***	**Interest**	**Total**	Principal*	Interest	Total
	$	**$**	**$**	$	$	$
Less than 1 year	**533,368**	**23,297**	**556,665**	393,614	22,977	416,591
1-5 years	**16,327**	**101,178**	**117,505**	16,327	101,228	117,555
6-10 years	**315,315**	**58,163**	**373,478**	315,304	59,167	374,471
Over 10 years	**198,331**	**106,144**	**304,475**	198,327	114,646	312,973
	1,063,341	**288,782**	**1,352,123**	923,572	298,018	1,221,590

* The principal includes $2,457 (December 31, 2016-$2,472) of unamortized deferred issuing cost.

(f) Hedging/derivative risk

The Corporation has a swap and derivative transaction policy to enable the Corporation to enter into agreements such as interest rate swaps where 100% of the floating rate risk is hedged into a fixed rate. This is done for prudent risk management purposes and not speculative purposes.

The Corporation has not entered into any such transactions during the current period or prior periods.

18. Capital structure

The Corporation's main objectives in the management of capital are to:

(i) Ensure that there is access to various funding options at the lowest possible rates for the various capital initiatives and working capital requirements necessary for the rate-regulated business;

(ii) Ensure compliance with various covenants related to its short-term debt, Infrastructure Ontario financing, debentures payable and Infrastructure Ontario debentures;

(iii) Consistently maintain a high credit rating for the Corporation;

(iv) Maintain a split of approximately 60% debt, 40% equity as recommended by the OEB;

(v) Ensure interest rate fluctuations are mitigated primarily by long term borrowings as well as capital planning; and

(vi) Deliver appropriate financial returns to shareholders.

(In thousands of dollars)

18. Capital structure (continued)

The Corporation considers shareholders' equity, long-term debt and certain short-term debt as its capital. The capital structure is as follows:

	January 31, 2017	December 31, 2016
	$	$
Short-term debt		
Short-term debt (Note 11)	**155,000**	135,000
[redacted]	[redacted]	[redacted]
Long-term debt		
Debentures payable (Note 12)	**347,543**	347,528
Notes payable (Note 12)	**182,430**	182,430
Total debt	**759,487**	739,472
Shareholders' equity		
Share capital (Note 14)	**342,184**	342,184
Accumulated other comprehensive income	**547**	547
Retained earnings	**113,990**	112,123
Total equity	**456,721**	454,854
Total	**1,216,208**	1,194,326

The Corporation was in compliance with covenants related to its short-term debt, bank term loan and debentures payable at December 31, 2016, the latest required compliance date. [redacted]

The Corporation is within the debt and equity requirements of the OEB. The Corporation's dividend policy is disclosed in Note 14.

19. Operating expenses

Operating expenses comprise:

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Labour	4,431	50,979
Contract/consulting	1,119	16,651
Materials	199	1,871
Vehicle	103	1,336
Other	4,819	27,917
	10,671	98,754

(In thousands of dollars)

20. Income taxes

(a) Income tax expense

PILs recognized in net income comprise the following:

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Current tax recovery	**(427)**	(3,796)
Deferred tax expense	**474**	16,733
Income tax expense	**47**	12,937

(b) Reconciliation of effective tax rate

The PILs income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Income before taxes	**1,914**	37,700
Statutory Canadian federal and provincial income tax rates	**26.50%**	26.50%
Expected tax provision on income at statutory rates	**507**	9,991
Increase (decrease) in income taxes resulting from:		
Permanent differences	**41**	157
Adjustments in respect of prior years	**(393)**	3,595
Scientific Research & Experimental Development tax credit	**(30)**	(458)
Other	**(78)**	(348)
Total income tax expense (recovery)	**47**	12,937

Statutory Canadian federal and provincial income tax rates for the current year comprise 15% (December 31, 2016 - 15%) for federal corporate tax and a rate of 11.5% (December 31, 2016 - 11.5%) for corporate tax in Ontario. There was no change in the federal and provincial corporate tax rates in 2017 (no change in 2016).

(In thousands of dollars)

20. Income taxes (continued)

(c) Deferred tax balances

Deferred tax assets/(liabilities) are attributable to the following:

	January 31, 2017	December 31, 2016
	$	$
Employee future benefits	**5,401**	5,377
Property, plant and equipment	**(33,470)**	(32,934)
Intangible assets	**1,071**	1,078
Non-capital loss	**14,107**	13,955
Tax credit carryovers	**6,359**	6,321
Other deductible temporary differences	**(2,894)**	(2,749)
	(9,426)	(8,952)

Movement in deferred tax balances during the year were as follows:

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Balance at January 1	**(8,952)**	7,227
Recognized in net income	**(474)**	(16,733)
Recognized in OCI related to employee future benefits	**-**	554
Balance at January 31	**(9,426)**	(8,952)

21. Net change in non-cash operating working capital

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
Accounts receivable	**(11,078)**	(8,820)
Unbilled revenue	**13,367**	(22,945)
Due from related parties	**566**	(10,142)
Inventories	**23**	(493)
Prepaids and other assets	**(470)**	376
Customer deposits	**357**	3,720
Accounts payable and accrued liabilities	**(284)**	(4,087)
Liability for subdivision development	**(502)**	(2,231)
Capital accruals in prior year	**3,045**	5,266
Capital accruals in current period	**(3,156)**	(3,045)
	1,868	(42,401)

(In thousands of dollars)

22. Other revenue

	January 31, 2017 (1 month)	December 31, 2016 (12 months)
	$	$
[redacted]	[redacted]	[redacted]
Other	**1,540**	14,910
	1,854	32,501

23. Contingencies, commitments and guarantees

(a) Contingencies- legal claims

The Corporation has been named as a defendant in several actions. No provision has been recorded in the financial statements for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

(b) Commitments

As at January 31, 2017, the Corporation has entered into agreements for capital projects and is committed to making payments of $14,251 in 2017.

(c) Guarantees

In the normal course of business, the Corporation enters into agreements that meet the definition of a guarantee as follows:

(i) The Corporation has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Corporation agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) Indemnity has been provided to all directors and/or officers of the Corporation for various items including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Corporation. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the Corporation has entered into agreements that include indemnities in favor of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Corporation to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Corporation has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

(In thousands of dollars)

24. Divisional information

[redacted]

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's Board of Directors, Shareholders and regulator as well as Management. The dividends paid out of the regulated business are based on IFRS [redacted]

Period ended January 31, 2017 (1 month)	PowerStream Inc. Regulated	[redacted]	[redacted]	Total
	$	$	$	$
Revenue				
Sale of energy	90,521	[redacted]	[redacted]	92,384
Distribution revenue	16,792	[redacted]	[redacted]	17,333
Other revenue	1,286	[redacted]	[redacted]	1,854
Total revenue	108,599	[redacted]	[redacted]	111,571
Cost of power purchased	90,520	[redacted]	[redacted]	92,204
Operating expenses	10,204	[redacted]	[redacted]	10,671
Depreciation and amortization	4,047	[redacted]	[redacted]	4,577
Total expenses	104,771	[redacted]	[redacted]	107,452
	3,828	[redacted]	[redacted]	4,119
Loss on derecognition of property, plant and equipment	(57)	[redacted]	[redacted]	(64)
Share in income from joint venture	40	[redacted]	[redacted]	40
Interest income	82	[redacted]	[redacted]	48
Interest expense	(2,145)	[redacted]	[redacted]	(2,229)
Income before income taxes	1,748	[redacted]	[redacted]	1,914
Income tax expense (recovery)	(427)	[redacted]	[redacted]	47
Net income	2,175	[redacted]	[redacted]	1,867
Other comprehensive income, net of tax		[redacted]	[redacted]	-
	2,175	[redacted]	[redacted]	1,867

(In thousands of dollars)

24. Divisional information (continued)

Year ended December 31, 2016 (12 months)	PowerStream Inc. Regulated	[redacted]	Total
	$		$
Revenue			
Sale of energy	1,127,362		1,148,964
Distribution revenue	174,492		171,042
Other revenue	14,619		32,501
Total revenue	1,316,473		1,352,507
Cost of power purchased	1,127,362		1,133,771
Operating expenses	91,685		98,754
Depreciation and amortization	48,457		54,455
Total expenses	1,267,504		1,286,980
	48,969		65,527
Loss on derecognition of property, plant and equipment	(1,525)		(1,924)
Share in income from joint venture	350		47
Interest income	728		414
Interest expense	(25,548)		(26,364)
Income before income taxes	22,974		37,700
Income tax expense (recovery)	(6,442)		12,937
Net income	29,416		24,763
Other comprehensive income, net of tax	-		1,536
	29,416		23,227

(In thousands of dollars)

24. Divisional information (continued)

Period ended January 31, 2017	PowerStream Inc. Regulated	[redacted]	Total
	$		$
Current assets			
Cash	145,715		155,688
Accounts receivable	125,461		125,461
Unbilled revenue	104,363		104,614
Due from related parties	24,524		23,230
Inventories	3,696		3,696
Income taxes receivable	9,192		9,192
Prepaids and other assets	5,294		5,302
	418,245		427,183
Long-term assets			
Property, plant and equipment	1,086,022		1,198,810
Regulatory assets	6,231		-
Intangible assets	50,505		50,470
Investment in a joint venture	9,218		8,256
Goodwill	42,543		42,543
	1,194,519		1,300,079
Total assets	1,612,764		1,727,262
Current liabilities			
Short-term debt	155,000		155,000
[redacted]	-		[redacted]
Customer deposits	20,068		20,068
Accounts payable and accrued liabilities	137,643		138,698
Due to related parties	143,001		143,001
Liability for subdivision development	2,087		2,087
Current portion of finance lease obligation	384		384
	458,183		533,752
Long-term liabilities			
Notes payable	182,430		182,430
Debentures payable	347,543		347,543
Regulatory liabilities	5,722		-
Finance lease obligation	15,681		15,681
Deferred tax liabilities	7,273		9,426
Post-employment benefits obligation	20,383		20,389
Deferred revenue	161,068		161,320
	740,100		736,789
Total liabilities	1,198,283		1,270,541
Shareholder's equity			
Share capital	282,184		342,184
Accumulated other comprehensive income	547		547
Retained earnings	131,750		113,990
Income before income taxes	414,481		456,721
	1,612,764		1,727,262

(In thousands of dollars)

24. Divisional information (continued)

Year ended December 31, 2016	PowerStream Inc. Regulated	[redacted]	Total
	$		$
Current assets			
Cash	3,740		13,972
Accounts receivable	114,302		114,383
Unbilled revenue	117,778		117,981
Due from related parties	25,450		23,796
Inventories	3,719		3,719
Income taxes receivable	8,764		8,764
Prepaids and other assets	4,823		4,832
	278,576		287,447
Long-term assets			
Property, plant and equipment	1,072,122		1,193,101
Regulatory assets	13,758		-
Intangible assets	50,824		50,848
Investment in a joint venture	9,178		8,216
Deferred tax assets	-		-
Goodwill	42,543		42,543
	1,188,425		1,294,708
Total assets	1,467,001		1,582,155
Current liabilities			
Short-term debt	135,000		135,000
[redacted]	-		[redacted]
Customer deposits	19,711		19,711
Accounts payable and accrued liabilities	141,076		141,875
Due to related parties	19,925		19,925
Liability for subdivision development	2,589		2,589
Current portion of finance lease obligation	384		384
Notes payable	-		-
	318,685		393,998
Long-term liabilities			
Notes payable	182,430		182,430
Debentures payable	347,528		347,528
Regulatory liabilities	6,347		-
Finance lease obligation	15,712		15,712
Deferred tax liabilities	5,984		8,952
Post-employment benefits obligation	20,289		20,295
Deferred revenue	157,719		158,386
	736,009		733,303
Total liabilities	1,054,694		1,127,301
Shareholder's equity			
Share capital	282,184		342,184
Accumulated other comprehensive income	547		547
Retained earnings	129,576		112,123
Income before income taxes	412,307		454,854
	1,467,001		1,582,155

24. Divisional information (continued)

The Corporation derecognizes all rate-regulated assets and liabilities that do not qualify for recognition under IFRS. Certain items that are presented as rate-regulated assets under Modified International International Reporting Standards ("MIFRS") qualify for recognition as other types of assets under IFRS.

(a) The most significant regulatory activities included in the regulatory adjustments are: retail settlement variances, the difference between the cost of the electricity commodity and the sales revenue at the OEB allowed rates. Specifically, these amounts include variances between the amounts charged by Hydro One and the IESO for the operation of the electricity markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates. Under regulatory accounting, the Corporation would have adjusted energy sales or purchases for these variances and set up a corresponding asset or liability. Under IFRS, the Corporation recognizes these differences in future periods as an increase or decrease to distribution revenue, when these differences are allowed to be billed to customers.

(b) The OEB approved a variance account to record lost revenues associated with the delivery of Conservation and Demand Management ("CDM") programs. The variance account tracks the difference between the results of actual, verified impacts of CDM activities and the level of CDM program activities assumed in the setting of rates. The Corporation may recover or refund this revenue through future distribution rates.

(c) The OEB approved four deferral accounts to record qualifying incremental capital investments, operating, maintenance and administration expenses and funding adders approved by the OEB related to the connection of renewable generation or the development of smart grid. Under IFRS, the Corporation capitalizes or expenses these items as incurred and recognizes revenue in accordance with the Corporation's revenue recognition policy.

(d) The OEB approved a deferral account to record costs associated with replacing interval meters for its large commercial customers in order to meet amendments made to its Distribution System Code. Under IFRS, the Corporation capitalizes or expenses the amounts in the period they were incurred.

(e) The OEB requires the Corporation to accrue interest on regulatory assets and liabilities balances. Under IFRS, the Corporation recognizes the net interest on these balances in future periods as an increase or decrease to distribution revenue once approved for recovery or refund by the OEB.

(f) The OEB approved a deferral account to record any re-measurements of the post-employment net defined liability including actuarial gains or losses. Under IFRS, the Corporation recognizes any remeasurements of the post-employment net defined liability in other comprehensive income.

(g) Deferred income taxes under MIFRS are shown as regulatory liabilities or assets and are not expensed through the statement of income and other comprehensive income as is the case under IFRS.

To the extent that the OEB's future actions are different from the Corporation's expectations, the timing and amount of recovery or settlement of amounts included in the adjustment for regulatory activities could be significantly different from the amounts that are eventually recovered or settled through distribution rates in the future.

25. Subsequent event

On January 31, 2017, PowerStream Holdings Inc. amalgamated with Horizon Holdings Inc. and Enersource Holdings Inc. to form Alectra Inc. The previous Shareholders of the Corporation, the City of Vaughan, City of Markham and City of Barrie own 46% of Alectra. This amalgamation was undertaken in order to improve the reliability of power quality, increase the investment in innovation and technologies and save residential customer money through efficiencies realized.

On February 28, 2017, Alectra Utilities Inc. purchased Hydro One Brampton Networks for a purchase price of $607 million, plus closing adjustments.

The accounting and valuation for the amalgamation and purchase is still being finalized, therefore, disclosures have not been determined.

G-STAFF-2 ATTACHMENT 4
BRZ FS - REDACTED

Hydro One Brampton Networks Inc.

IFRS Financial Statements

As at February 27, 2017 and December 31, 2016
And the period from January 1, 2017 to February 27, 2017 and year ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Hydro One Brampton Networks Inc.

We have audited the accompanying financial statements of Hydro One Brampton Networks Inc., which comprise the statement of financial position as at February 27, 2017, the statement of income and comprehensive income, statement of changes in shareholder's equity and cash flow for the two-month period ended February 27, 2017, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hydro One Brampton Networks Inc. as at February 27, 2017, and its financial performance and its cash flows for the two-month period then ended in accordance with International Financial Reporting Standards.

KPMG LLP

May 26, 2017

Toronto, Canada

HYDRO ONE BRAMPTON NETWORKS INC.
Statement of Income and Other Comprehensive Income

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Revenues		
Energy Sales	**78,564**	525,050
Distribution	**11,209**	71,837
Other	**831**	4,632
	90,604	601,519
Costs		
Purchased power (Note 21)	**78,435**	520,487
Operation, maintenance and administration (Notes 20 and 21)	**5,910**	31,610
Depreciation of property, plant and equipment and amortization of intangible assets (Notes 7 and 8)	**2,939**	17,359
	87,284	569,456
Financing costs (Notes 5 and 21)	**1,837**	11,157
Income before taxes	**1,483**	20,906
Income tax expense (Note 6)	**290**	5,563
Net income for the period	**1,193**	15,343
Net movement in regulatory balances, net of tax (Note 9)	**(20)**	(1,642)
Net income after net movement in regulatory balances	**1,173**	13,701
Other comprehensive income		
Item that will not be reclassified to income or loss		
Remeasurement of post-retirement benefits, net of tax (Note 15)	**-**	833
Total other comprehensive income	**-**	833
Total income and other comprehensive income for the period	**1,173**	14,534

See accompanying Notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
Statements of Financial Position

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Assets		
Non-current assets:		
Property, plant and equipment (Note 7)	**376,390**	376,021
Intangible assets (Note 8)	**20,527**	20,698
	396,917	396,719
Current assets:		
Cash	**1,113**	55,215
Accounts receivable (Note 14)	**84,953**	88,711
Tax receivable	**6,358**	-
Materials and supplies	**1,294**	1,343
	93,718	145,269
Total assets	**490,635**	541,988
Regulatory balances (Note 9)	**11,474**	11,590
Total assets and regulatory balances	**502,109**	553,578

See accompanying notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
Statements of Financial Position (cont'd)

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Liabilities		
Non-current liabilities:		
Accounts payable and accrued liabilities (Note 16)	**120**	123
Deferred revenue (Note 17)	**39,420**	38,570
Deferred tax liabilities (Note 6)	**8,965**	2,996
Employee future benefits (Note 15)	**3,795**	3,751
	52,300	45,440
Long-term debt (Note 10)	**-**	192,270
	52,300	237,710
Current liabilities:		
Current tax liabilities	**-**	1,241
Accounts payable and accrued liabilities (Note 16)	**63,851**	72,454
Accrued interest	**-**	18,931
Deferred revenue (Note 17)	**1,596**	1,510
Employee future benefits (Note 15)	**105**	127
	65,552	94,263
Total liabilities	**117,852**	331,973
Shareholder's equity		
Share capital (Note 18)	**386,905**	104,501
Contributed surplus	**(90,129)**	-
Retained earnings	**76,417**	105,944
Accumulated other comprehensive income (Note 15)	**2,920**	2,920
Total shareholder's equity	**376,113**	213,365
Regulatory balances (Note 9)	**8,144**	8,240
Total liabilities, shareholder's equity and regulatory balances	**502,109**	553,578

See accompanying notes to Financial Statements.

On behalf of the Board of Directors:

_____________ Director
Gerry Beasley

_____________ Director
Norm Loberg

HYDRO ONE BRAMPTON NETWORKS INC.
Statements of Changes in Shareholder's Equity

(Canadian dollars in thousands)	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance at January 1, 2016	104,501	-	2,087	92,243	198,831
Net income after net movement in regulatory balances	-	-	-	13,701	13,701
Other comprehensive income	-	-	833	-	833
Balance at December 31, 2016	104,501	-	2,920	105,944	213,365
Net income after net movement in regulatory balances	-	-	-	1,173	1,173
Other comprehensive income	-	-	-	-	-
Issuance of share capital (Note 18)	282,404	(90,129)	-	-	192,275
Dividends (Note 19)	-	-	-	(30,700)	(30,700)
Balance at February 27, 2017	**386,905**	**(90,129)**	**2,920**	**76,417**	**376,113**

See accompanying notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
Statements of Cash Flows

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Operating activities		
Net income after net movement in regulatory balances	**1,173**	13,701
Adjustments for non-cash items:		
Depreciation of PP&E and amortization of intangible assets (net of removal costs)	**2,815**	17,520
Amortization of debt costs	**5**	31
Amortization of deferred revenue (Note 17)	**(146)**	(736)
Post-retirement benefits (Note 15)	**22**	217
Net interest expense (Note 5)	**1,832**	11,126
PILs expense (Note 6)	**380**	2,479
	6,081	44,338
Changes in non-cash balances related to operations (Note 22)	**(4,603)**	(10,613)
PILs received (paid)	**(1,920)**	(2,500)
Regulatory balances (Note 9)	**(20)**	1,642
Net cash from operating activities	**(422)**	32,867
Investing activities		
Interest received (Note 5)	**69**	326
Property, plant and equipment (Note 7)	**(3,238)**	(31,806)
Intangible assets (Note 8)	**(3)**	(466)
Capital contributions received (Note 17)	**1,084**	13,923
Net cash used in investing activities	**(2,088)**	(18,023)
Financing activities		
Interest paid (Note 5)	**(20,892)**	(150)
Dividends paid (Note 19)	**(30,700)**	-
Net cash used in financing activities	**(51,592)**	(150)
Net change in cash and cash equivalents	**(54,102)**	14,694
Cash and cash equivalents, January 1	**55,215**	40,521
Cash and cash equivalents, February 27, 2017 and December 31, 2016	**1,113**	55,215

See accompanying notes to Financial Statements.

1. DESCRIPTION OF THE BUSINESS

Hydro One Brampton Networks Inc. (Hydro One Brampton or the Company) was incorporated on April 25, 2000 under the *Business Corporations Act* (Ontario). All issued and outstanding shares of Hydro One Brampton are held by Brampton Distribution Holdco Inc. which is wholly owned by the Province of Ontario (Province). The principal business of the Company is the ownership, operation and management of electricity distribution systems and facilities located at 175 Sandalwood Parkway West in Brampton, Ontario, L7A 1E8. The Company's business is regulated by the Ontario Energy Board (OEB).

2. BASIS OF PREPARATION

The annual financial statements of Hydro One Brampton as at February 27, 2017 and December 31, 2016 and for the period from January 1, 2017 to February 27, 2017 and the year ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS). These Financial Statements have been prepared in accordance with the significant accounting policies described in Note 3. Certain prior year amounts have been reclassified to conform to current year groupings.

On January 31, 2017, Enersource Holdings Inc., PowerStream Holdings Inc. and Horizon Holdings Inc. amalgamated to form Alectra Inc. On February 28, 2017, Alectra Utilities Corporation, a subsidiary of Alectra Inc., purchased the shares of Hydro One Brampton Networks Inc. for a purchase price of $607 million plus closing adjustments. Alectra Inc. will serve almost a million customers in Mississauga, Brampton, Hamilton, St. Catharines, Markham, Vaughan, Aurora and Simcoe County. Alectra Inc. is owned by seven shareholders, the municipalities of Mississauga, Barrie, Hamilton, Markham, St. Catharines, Vaughan, and Borealis, a division of the Ontario Municipal Employees Retirement System. The transaction will enable a larger utility to use its collective resources to reduce upward pressure on distribution rates and deliver more efficient services and innovative technologies for customers, while providing significant benefits for communities and shareholders.

The Company has evaluated the events and transactions occurring subsequent to the date of the Statement of Financial Position date through to May 26th 2017, when the Company's Financial Statements will be approved and authorized for issue by Alectra Inc.'s Board of Directors. This evaluation included the identification of events and transactions requiring recognition in the Financial Statements and/or disclosure in the Notes to the Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these financial statements are detailed below:

Rate-setting

The Company's electricity distribution rates are subject to rate regulation by the OEB and are based on an approved revenue requirement that includes a rate of return of 9.3% (2016 - 9.3%). On December 8, 2016, the OEB approved Hydro One Brampton's 2017 rates on the basis of the OEB's Price Cap Incentive rate setting plan (Price Cap IR) option. The revised rates were implemented on January 1, 2017.

In January 2014, the IASB issued IFRS 14 "*Regulatory Deferral Accounts*" as an interim standard giving entities the option to continue with their legacy pre-IFRS accounting policies when adopting IFRS for the first time. Specifically, qualifying entities conducting rate-regulated activities have the option of continuing to recognize regulatory balances according to their previous national GAAP (i.e. CGAAP). As these regulatory balances provide readers with useful information about the Company's financial position, financial performance and cash flows, the Company opted to implement IFRS 14. IFRS 14 will remain in force until either repealed or replaced by permanent guidance on rate regulated accounting expected to result from the IASB's current Rate Regulated Activities Project. IFRS 14 is effective for annual periods beginning on or after January 1, 2016, but early adoption is permitted. The Company elected to early adopt IFRS 14 effective January 1, 2014 for the purpose of preparing its initial Financial Statements under IFRS.

The Company has determined that certain debit and credit balances arising from its rate-regulated activities qualify for the application of regulatory accounting treatment in accordance with IFRS 14. Under the Company's legacy rate-regulated accounting policies, which are continued under IFRS 14, the timing and recognition of certain expenses, losses revenues and gains may differ from that otherwise expected under IFRS. This has the effect of more appropriately reflecting the economic impact of the regulator's decisions regarding the Company's regulated operations. Amounts arising from such timing differences are recorded as regulatory debit and credit balances on the Company's Statements of Financial Position, and represent existing rights and obligations regarding future cash flows expected to be recovered from, or refunded to customers, based on expected and actual decisions and approvals by the OEB. Regulatory balances are recognized only if the OEB directs the relevant regulatory treatment or if future OEB direction is judged to be probable. In the event that the inclusion of the whole or a part of such balances is assessed to no longer be probable based on management's judgment, the balances will be derecognized with any resulting gain or loss being recorded in the Company's Statement of Income and Other Comprehensive Income in the period when the assessment is made.

Regulatory balances are segregated on the Statement of Financial Position and the net change in these balances is presented on the Statement of Income and Other Comprehensive Income as Net Movements in Regulatory Balances, net of income taxes. The netting of regulatory debit and credit balances is not permitted on the Statement of Financial Position. The measurement of regulatory balances is subject to certain estimates and assumptions by Management, including assumptions made in interpreting the OEB's regulations and decisions.

Revenue Recognition

Energy Sales and Distribution Revenue

Distribution revenues attributable to the sale and delivery of electricity are recognized as electricity is delivered to customers. Distribution revenues reflect actual consumption billed, actual customer consumption yet to be billed, and an estimate for any other unbilled consumption. Actual customer consumption yet to be billed is calculated using smart meter data and actual billing rates and an estimate for the price for energy. Unbilled revenues that relate to energy used by consumers from the last meter reading dates during the period to the end of the year are estimated based on historical actual consumption from smart meters.

Other Revenue

Other revenue includes amortization of customer contributions, government grants and incentives under Conservation and Demand Management (CDM) programs, revenue from billable customer demand activities and other general revenues. Certain items of property, plant and equipment are acquired or constructed with the assistance of contributions from customers or developers (customer contributions). These contributions are usually defined by OEB industry codes and may be received in the form of cash or as in-kind contribution. These customer contributions are recognized as deferred revenue and are amortized to revenue over the lives of the related assets. Government grants under CDM programs are recognized as income when there is reasonable assurance that the grant will be received and all related conditions will be met. Performance incentive payments under CDM programs are recognized by the Company when there is reasonable assurance that the program conditions have been satisfied and the incentive payment will be received. Other revenue related to billable activities is recognized as services are rendered.

Corporate Income Taxes

Under the *Electricity Act, 1998*, Hydro One Brampton is required to make payments in lieu of corporate income taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing taxable income and other relevant amounts contained in the *Income Tax Act (Canada)* and the *Corporations Tax Act (Ontario)* as modified by the Electricity Act, 1998, and related regulations. The provision for PILs is calculated using the liability method.

IFRS 14 requires the recognition of regulatory balances and related deferred tax assets and liabilities representing those deferred tax amounts expected to be refunded to, or recovered from, customers through future electricity distribution rates. Any related gross-up reflecting the income tax benefits associated with reduced revenues resulting from the realization of deferred tax assets, is recorded within Regulatory Balances. Deferred taxes that are not included in the rate-setting process are charged or credited to the Statement of Income and Other Comprehensive Income.

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid to, or recovered from, the OEFC. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted. Management periodically reevaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. The amount of current tax payable or receivable is Management's best estimate of the tax amounts expected to be paid or received and reflect any uncertainty related to income taxes.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized using the tax rates and tax laws that have been enacted or substantively enacted, at the reporting date.

Materials and Supplies

Materials and supplies represent consumables, minor spare parts and construction material held for internal construction and maintenance of property, plant and equipment assets (PP&E). These assets are carried at the lower of average cost or net realizable value. The Company classifies all major construction related spares and components of its electricity distribution infrastructure as property, plant and equipment but does not commence depreciation on this material until it is put into service as part of a component of PP&E.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and short-term investments with terms to maturity of 90 days or less from their date of acquisition. On the Statement of Cash Flows, cash and cash equivalents may represent bank indebtedness that is repayable on demand.

Accounts Receivable

The carrying amount of accounts receivable and unbilled revenue is reduced through an allowance for doubtful accounts, if applicable. When the Company considers that there are no realistic prospects of recovery of an account receivable, the relevant amount is determined to be impaired and is written off. If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

Property, Plant and Equipment

Property, plant and equipment is recorded at historical acquisition cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of direct materials and direct labour, directly attributable overheads, and borrowing costs on qualifying assets. Significant parts of PP&E that have different useful lives are accounted for as separate items (major components) of PP&E.

PP&E consist of land, land rights and buildings, distribution assets, vehicles and other tangible assets. In addition, major spare parts and standby equipment are also accounted for as PP&E.

Some of the Company's distribution assets, particularly those located on unowned easements and rights-of-way, may have decommissioning or asset retirement obligations, constructive or otherwise. The majority of the Company's land rights (easements and rights-of-way) are subject to extension or renewal and are expected to be available for a perpetual duration. As the Company expects to use the majority of its installed assets into perpetuity, no removal date can be determined and consequently no reasonable estimate of the fair value of such asset retirement obligations can be made. If, at some future date, it becomes possible to estimate the fair value cost of removing the assets that the Company is legally or constructively required to remove, a related asset retirement obligation will be recognized at that time. The discounted amount is not material.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected from either use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Income and Other Comprehensive Income. The cost of replacing an item of PP&E, or a major part thereof, is recorded as an addition to the carrying amount of PP&E and the carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of PP&E assets is recorded in net income as incurred.

Construction in Progress

Construction in progress assets are generally assets that are undergoing active construction or development and which are not currently available for use. Such assets are therefore not depreciated. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Management has assessed a substantial period of time to mean six months or more.

Intangible Assets

Intangible assets are measured at cost on an analogous basis as PP&E. Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their estimated useful economic lives and are assessed for impairment whenever there is an indication that the carrying value may be impaired. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit (CGU) level.

Any gain or loss arising on asset derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net income.

Depreciation and Amortization

The capital costs of PP&E and intangible assets are depreciated on a straight-line basis over their estimated remaining service lives. Remaining lives and methods of depreciation are reviewed by Management at each financial year end. Detailed reviews are performed periodically, generally as preparation for an OEB cost of service application and such reviews may involve inputs from an external depreciation consultant. Any changes arising from such a review are implemented on a remaining service life basis consistent with their inclusion in rates. The OEB approved new depreciation rates as part of the Company's 2015 cost of service rate decision.

The estimated service lives for the principal categories of PP&E and intangibles are, in aggregate, as shown in the table below:

	Years
Land rights	Indefinite
Buildings	25 to 50
Distribution assets:	
Distribution equipment	20 to 75
Transformer stations	10 to 40
Transformers and meters	15 to 40
Vehicles and other:	
Trucks and equipment	7 to 10
Office and computer equipment	5 to 10
Other	5 to 15
Intangible assets:	
Computer software	5
Capital contributions to Hydro One	40

The majority of land rights (including easements) are held in perpetuity and are not depreciated. Depreciation rates for finite life easements are based on contract life.

Where a disposition of a component of PP&E occurs through sale, a gain or loss is calculated based on net proceeds and is presented within depreciation expense. Depreciation expense also includes the costs incurred to remove PP&E where no decommissioning liability has been recognized.

Deferred Revenue

Contributions received towards the cost of property, plant and equipment are recorded as deferred revenue and amortized to revenue on a straight line basis over the estimated economic useful lives of the assets to which they relate.

In addition, amounts are received pursuant to agreements with developers for the estimated costs for the remediation of deficiencies to residential subdivisions (subdivision deficiencies) for which the related services have yet to be performed. These amounts are recorded initially as deferred revenue and are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

Impairment

Non-Financial Assets

The carrying costs of the Company's PP&E and intangible assets are generally included in rate base where they earn an OEB-approved rate of return. In addition, the capital costs of the Company's assets are generally recoverable in OEB-approved revenue requirements. As such, the Company's assets would only indicate that an impairment trigger exists in the event that the OEB disallows recovery or if such disallowance is judged to be probable.

PP&E and intangible assets are reviewed at each reporting date to determine whether any indication exists of potential impairment. If such an indication exists, the relevant asset's recoverable amount is tested for impairment.

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that there has been a negative effect on the recoverable amount (estimated future cash flows to accrue from that asset). If there is evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at original effective interest rate.

An impairment loss related to financial assets is reversed if, and to the extent there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have existed had no impairment loss been recognized.

Reversals of impairment are recognized in finance costs.

Financial Instruments

All financial assets are classified as Loans and Receivables and all financial liabilities are classified as Other Liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3. The Company does not enter into derivative instruments.

Cash equivalents include short-term investments with maturities of three months or less when purchased.

Employee Future Benefits

Pension

Full-time employees participate in the Ontario Municipal Employees Retirement System Fund (OMERS), a multi-employer, contributory, defined benefit public sector pension fund. OMERS provides retirement pension payments based on a member's length of service and salary. Both participating employers and members are required to make plan contributions. The OMERS plan assets are pooled together to provide benefits to all plan participants and the plan assets are not segregated in separate accounts for each member entity. The OMERS plan has approximately 461,000 members, of whom approximately 209 are current employees of Hydro One Brampton. The Company's future contributions may be increased substantially if other entities withdraw from the plan.

The OMERS plan is accounted for as a defined contribution plan by the Company because it is not practicable to determine the present value of the Company's obligation, the fair value of plan assets or the related current service cost applicable to Hydro One Brampton employees. Hydro One Brampton recognizes its pension expense based on contributions to the OMERS plan, with a portion of these contributions being capitalized. They are capitalized when there is capital project work. The expensed portion is included in operation, maintenance and administration costs in the Statement of Income and Other Comprehensive Income.

Post-Retirement Benefits (OPRB)

The Company provides some or all of its retired employees with life insurance and medical and dental benefits beyond those provided by government sponsored plans. The costs of the Company's unfunded post-retirement benefit plan is recognized over the periods during which employees render service.

The obligations for this plan is actuarially determined using the projected unit credit method, which incorporates Management's best estimate of future salary levels, retirement ages of employees, health care costs, and other actuarial factors. Changes in actuarial assumptions and experience adjustments give rise to

actuarial gains and losses which are recognized in OCI as they arise. The measurement date used to determine the present value of the benefit obligation is February 27, 2017 (2016 - December 31, 2016). The latest actuarial valuation was performed as at February 27, 2017.
All OPRB costs are attributed to labour and recognized in either net income or are capitalized as part of the cost of PP&E and intangible assets.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Dividends

Common share dividends are declared at the sole discretion of the Company's Board of Directors and are recommended by Management based upon results of operations, financial condition, cash requirements and other relevant factors such as industry practice and shareholder expectations. Common share dividends are declared and paid within the same period.

Use of Judgments and Estimates

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Actual results could differ from these estimates including changes as a result of future decisions made by the OEB.

Key judgments and estimates affecting the financial statements are summarized below:

- Estimation of service lives for property, plant and equipment and intangible assets (Note 7 & 8)
- Recognition and measurement of regulatory balances (Note 9)
- Recognition of deferred tax assets - availability of future taxable income against which deductible temporary differences and loss carryforwards can be used (Note 6)
- Measurement of defined benefit obligations - key actuarial assumptions (Note 15)
- Measurement of unbilled revenue (Note 14)
- Asset impairments and asset retirement obligations
- Allowance for doubtful accounts (Note 14); and
- Recognition and measurement of environmental provisions

4. FUTURE ACCOUNTING PRONOUNCEMENTS

A number of new accounting standards, amendments and interpretations have been issued by the IASB and are not yet effective for the period ended February 27, 2017. As such they have not been applied in preparing these Financial Statements. The Company continues to analyze these standards and has initially determined that the following could have a significant impact on its financial statements.

IFRS	Date Issued	Description	Effective Date	Impact on Company
IFRS 15	May 2014	IFRS 15 Revenue from Contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers. It supersedes current revenue recognition guidance including IAS 18 Revenues, IAS 11 Construction Contracts and related interpretations. The new revenue model applies to all contracts with customers except those that are within the scope of other IFRSs, such as leases, insurance contracts and financial instruments. IFRS 15 specifies how and when the entity should recognize revenue and additional disclosure requirements.	January 1, 2018	Under assessment
IFRS 9	July 2014	The final version of IFRS 9 Financial Instruments brings together the classification and measurement, impairment and hedge accounting to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. IFRS 9 has an expected credit loss model for a timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. It also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.	January 1, 2018	Under assessment
IFRS 16	January 2016	IFRS 16 Leases replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. A company can choose to apply IFRS 16 before January 1, 2019 but only if it also applies IFRS 15 Revenue from Contracts.	January 1, 2019	Under assessment

5. FINANCING COSTS

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Financing costs:		
Interest expense:		
Interest on long-term debt	**1,921**	11,884
Amortization of deferred debt costs and debt premiums	**5**	31
Other interest expense	**35**	150
Less interest capitalized on construction and development in progress	**55**	582
Total financing costs	**1,906**	11,483
Finance income:		
Interest income:		
Less interest income on short term bank deposits	**69**	326
Total financing income	**69**	326
Net financing costs	**1,837**	11,157

6. INCOME TAX EXPENSE

A) Amount Recognized in Net Income

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Current tax expense		
Current period	**305**	3,351
Adjustments for prior year(s)	**-**	118
	305	3,469
Deferred tax expense		
Origination and reversal of temporal differences	**75**	(861)
Prior period adjustments	**-**	(129)
	75	(990)
Total income tax expense	**380**	2,479
Income tax recorded in net movement in regulatory balances	**(90)**	3,084
Income tax expense and income tax recorded in net movement in regulatory balances	**290**	5,563

The total provision for PILs includes deferred income taxes using the Statement of Financial Position liability method of accounting.

B) Amount Recognized in Other Comprehensive Income

	2017			2016		
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
Remeasurement of post-retirement benefit obligation	**2,920**	**-**	**2,920**	2,920	-	2,920
	2,920	**-**	**2,920**	2,920	-	2,920

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Net income after net movement in regulatory balances before income tax expense and net movement in regulatory deferred tax balances	**1,552**	16,180
Federal and Ontario statutory tax rate	**26.5%**	26.5%
Income taxes at statutory rates	**410**	4,287
Increase (decrease) resulting from:		
Net temporary differences:		
Capital cost allowance in excess of depreciation and amortization	**(190)**	(1,648)
Capitalized interest deducted for tax purposes	**(15)**	(154)
Employee future benefits expense in excess of cash payments	**(1)**	3
Other	**176**	(11)
Net temporary differences	**(30)**	(1,810)
Net permanent differences	**-**	2
Current income tax	**380**	2,479
Total effective income tax rate	**24.48%**	15.32%

Deferred Tax Assets and Liabilities

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Deferred income tax assets (liabilities)		
Post-retirement benefits in excess of cash payments	**1,807**	1,801
Capital cost allowance in excess of depreciation and amortization	**(11,115)**	(4,974)
Other	**343**	177
Total deferred tax assets (liabilities)	**(8,965)**	(2,996)

Movements in Deferred Tax Balances

(Canadian dollars in thousands)	Net balance January 1, 2017	Recognized in net income	Prior Period Adjustments	**Net balance, February 27, 2017**
Post-retirement benefits	1,801	6		**1,807**
PP&E and intangibles	(4,974)	(157)	(5,984)	**(11,115)**
Other	177	167		**344**
	(2,996)	16	(5,984)	**(8,965)**

(Canadian dollars in thousands)	Net balance January 1, 2016	Recognized in net income	Net balance, December 31,2016
Post-retirement benefits	1,743	58	1,801
PP&E and intangibles	(2,790)	(2,184)	(4,974)
Other	146	31	177
	(901)	(2,095)	(2,996)

Subsequent to the purchase of shares of Hydro One Brampton Networks Inc. by Alectra Utilities Corporation, an asset transfer occurred resulting in a decrease in the tax value of some of the assets at February 27th, 2017. The tax loss generated by the asset transfer will be carried back and utilized to prior periods.

7. PROPERTY, PLANT AND EQUIPMENT

(Canadian dollars in thousands)	Land, land rights & buildings	Distribution assets	Vehicles & other	Construction in progress	Total
Deemed cost					
At January 1, 2016	32,407	330,924	13,958	7,916	385,205
Additions	196	30,506	629	-	31,331
Retirements	-	(1,666)	(921)	(920)	(3,507)
At December 31, 2016	32,603	359,764	13,666	6,996	413,029
Additions	2	918	63	2,395	3,378
Retirements	(19)	(480)	-	-	(499)
At February 27, 2017	**32,586**	**360,202**	**13,729**	**9,391**	**415,908**
Accumulated depreciation					
At January 1, 2016	1,658	20,091	1,427	-	23,176
Depreciation	864	12,980	1,771	-	15,615
Retirements	-	(972)	(811)	-	(1,783)
At December 31, 2016	2,522	32,099	2,387	-	37,008
Depreciation	142	2,209	258	-	2,609
Retirements	-	(99)	-	-	(99)
At February 27, 2017	**2,664**	**34,209**	**2,645**	**-**	**39,518**
Carrying amounts (net book value):					
At January 1, 2016	30,749	310,833	12,531	7,916	362,029
At December 31, 2016	30,081	327,665	11,279	6,996	376,021
At February 27, 2017	**29,922**	**325,993**	**11,084**	**9,391**	**376,390**

Hydro One Brampton did not have any impairments in the periods presented above.

During 2017 $3,679 thousand (2016 - $4,005 thousand) of future use assets were recognized in distribution assets.

Losses on de-recognition of PP&E are presented as an element of depreciation expense on the Statement of Income and Comprehensive Income. These losses amounted to $38 thousand (2016 - $665 thousand).

The Company capitalizes borrowing costs for all qualifying assets. Borrowing costs were capitalized on qualifying property, plant and equipment and intangible assets under construction or development at a rate of 6.16% (2016 - 6.16 %). Borrowing costs of $55 thousand were capitalized in 2017 (2016 - $582 thousand) as part of the costs of PP&E.

8. INTANGIBLE ASSETS

Canadian dollars in thousands	Contributed capital paid	Computer software	Total
Deemed Cost			
At January 1, 2016	21,210	2,416	23,626
Additions	-	353	353
At December 31, 2016	21,210	2,769	23,979
Disposals	-	(19)	(19)
At February 27, 2017	**21,210**	**2,750**	**23,960**
Accumulated amortization			
At January 1, 2016	837	1,343	2,180
Amortization	410	691	1,101
At December 31, 2016	1,247	2,034	3,281
Amortization	66	86	152
At February 27, 2017	**1,313**	**2,120**	**3,433**
Carrying amount (net book value):			
At January 1, 2016	20,373	1,073	21,446
At December 31, 2016	19,963	735	20,698
At February 27, 2017	**19,897**	**630**	**20,527**

9. REGULATORY BALANCES

Regulatory balances arise as a result of the rate-making process. A continuity schedule of the carrying amount of regulatory balances is provided as follows.

(Canadian dollars in thousands)	January1, 2017	Additions	Carrying charges	Recovery	Other movements	February 27, 2017	Remaining recovery period
Regulatory debit balances:							
Accounting changes under CGAAP	1,611	-	-	(269)	-	1,342	1 year
Regulatory deferred tax asset	8,712	(89)	-	-	-	8,623	Note [1]
LRAM variance account	588	105	1	-	-	694	Note [1]
LV variance account	249	36	-	-	-	285	Note [1]
Renewable generation funding adder	146	39	-	-	-	185	Note [1]
Other	284	60	1	-	-	345	Note [1]
Total	11,590	151	2	(269)	-	11,474	

[1] The Company expects to apply for disposition of these regulatory balances at a future date. These balances incur carrying charges at 1.10% per annum (2017 - 1.10%).

(Canadian dollars in thousands)	January 1, 2017	Additions	Carrying charges	Repayment	Other movements	February 27, 2017	Remaining recovery period
Regulatory credit balances:							
Retail settlement variance accounts	4,867	175	7	-	-	5,049	Note [1]
Regulatory balances approved for disposition	3,313	-	6	(274)	-	3,045	1 year
Other	60	(10)	-	-	-	50	Note [1]
Total	8,240	165	13	(274)	-	8,144	
Net change in regulatory balances	3,350	(14)	(11)	5	-	3,330	

(Canadian dollars in thousands)	February 27, 2017
Beginning balance, January 1	3,350
Ending balance, February 27	3,330
Net movement in regulatory balances, net of tax	**(20)**

(Canadian dollars in thousands)	January1, 2016	Additions	Carrying charges	Recovery	Other movements	December 31, 2016	Remaining recovery period
Regulatory debit balances:							
Accounting changes under CGAAP	3,223	-	-	(1,612)	-	1,611	1 year
Regulatory deferred tax asset	5,628	3,084	-	-	-	8,712	Note [2]
LRAM variance account	521	940	28	-	(901)	588	Note [1]
LV variance account	407	247	6	-	(411)	249	Note [1]
Renewable generation funding adder	127	19	-	-	-	146	Note [1]
Other	64	240	1	(21)	-	284	Note [1]
Total	9,970	4,530	35	(1,633)	(1,312)	11,590	

[2] The Company expects to apply for disposition of these regulatory balances at a future date. These balances incur carrying charges at 1.10% per annum (2016 - 1.10%).

(Canadian dollars in thousands)	January 1, 2016	Additions	Carrying charges	Repayment	Other movements	December 31, 2016	Remaining recovery period
Regulatory credit balances:							
Retail settlement variance accounts	4,281	4,749	78	-	(4,241)	4,867	Note [1]
Regulatory balances approved for disposition	577	-	(9)	(305)	3,050	3,313	1 year
Other	120	60	1	-	(121)	60	Note [1]
Total	4,978	4,809	70	(305)	(1,312)	8,240	
Net change in regulatory balances	4,992	(279)	(35)	(1,328)	-	3,350	

(Canadian dollars in thousands)	December 31, 2016
Beginning balance, January 1	4,992
Ending balance, December 31	3,350
Net movement in regulatory balances, net of tax	**1,642**

In the absence of IFRS 14, carrying charges would not have been accreted on these regulatory balances, and financing costs would have been lower in 2017 by $11 thousand (2016 - $35 thousand).

The “Additions” column consists of additions to regulatory balances (for both debits and credits). The “Recovery” column refers to amounts collected through rate riders and other adjustments. The “Other movements” column consists of reclassification between regulatory debit and credit balances.

No impairments were recorded in 2017 and 2016.

The Company is subject to regulatory risks, including the approval by the OEB of rates that permits a reasonable opportunity to recover the estimated costs of providing safe and reliable service on a timely basis and earn the approved rates of return. The OEB approves distribution rates based on projected electricity load and consumption levels. If actual load or consumption materially falls below projected levels, the income could be materially adversely affected. Also, the current revenue requirements for these businesses are based on cost assumptions that may not materialize. There is no assurance that the OEB would allow rate increases sufficient to offset unfavourable financial impacts from unanticipated changes in electricity demand or in costs.

The OEB’s new Renewed Regulatory Framework for Electricity (RRFE) requires that the term of a cost of service rate application (distribution business) be a five-year period. There are risks associated with forecasting over a longer period. Changes in the industry may alter the investment needs or require changes to rate setting that could result in a significant impact on the Company’s capability to execute its plan.

The load could also be negatively affected by successful CDM programs. The Company is also subject to risk of revenue loss from other factors, such as economic trends and weather. The risk exists that the OEB may not allow full recovery of such investments in the future. To the extent possible, the Company aims to mitigate this risk by ensuring prudent expenditures, seeking from the regulator clear policy direction on cost responsibility, and pre-approval of the need for capital expenditures.

While the Company expects that all expenditures would be fully recoverable after OEB review, any future regulatory decision to disallow or limit the recovery of such costs would lead to potential asset impairment and charges to results of operations, which could have a material adverse effect on the Company.

Regulatory debit balances

Accounting Changes under CGAAP

On July 17, 2012 the OEB issued a letter which required electricity distributors that had yet to adopt IFRS to implement changes to their regulatory capitalization and depreciation expense policies effective January 1, 2013. The OEB required these accounting changes to be implemented consistent with their regulatory accounting policies as set out for Modified IFRS as contained in the *Report of the Board, Transition to International Financial Reporting Standards,* EB-2008-0408, the Kinectrics Report, and the Revised 2012 *Accounting Procedures Handbook for Electricity Distributors* (APH). The regulatory policy changes required entities to adopt IFRS-based accounting treatments for costing and depreciating their PP&E and intangible assets, even while retaining CGAAP. A regulatory balance was provided for entities that did not have the ability to adjust rates due to their scheduled rebasing year. Based on the direction in the OEB's letter, to December 31, 2014 the Company had accumulated $4,836 thousand of adjustments in the regulatory balance. As part of its 2015 Cost of Service application, the OEB approved the Company's request for the disposition of the balance in this account.

In addition, in its letter dated June 25, 2013, the OEB required that a rate of return component be calculated on the balance in the regulatory account rather than the usual accretion of interest. In the OEB's decision on the Company's 2015 Cost of Service application, the OEB approved the recovery of the $4,835 thousand plus a return component of $1,046 thousand for a total recovery of $5,881 thousand over three years. In the absence of IFRS 14 depreciation expense would have been lower by $19 thousand (2016 - $25 thousand).

Regulatory Deferred Tax Asset (Liability)

Deferred taxes (i.e. PILS) are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. The Company has recognized balances which correspond to the taxes that flow through the rate-making process. In the absence of regulatory accounting, the Company's provision for income tax would have been recognized using the liability method and there would have been no regulatory balances established for taxes to be recovered through future rates. As a result, the 2017 provision for income tax would have been higher by $30 thousand (2016 - $1,810 thousand).

Lost Revenue Adjustment Mechanism (LRAM) Variance Account

The LRAM Variance account represents the difference between the results of actual approved impacts of authorized CDM activities related to the CDM programs which started in 2011 and the level of CDM program activities included in the Company's approved load forecast. In the absence of regulatory accounting, revenue would have been lower by $105 thousand in 2017 (2016 - $940 thousand). In December 2016, Hydro One Brampton received approval to recover $901 thousand of the December 31, 2015 balance of debit regulatory balance. Amounts are to be collected from customers over a one year period commencing January 1, 2017.

Low Voltage (LV) Variance Account

The Company records the variance arising from LV transactions which are not part of the electricity wholesale market. In December 2014, the OEB approved the disposition of the amounts accumulated in this account from January 1 to December 31, 2013, including accrued carrying charges, to be disposed over a 12-month period from January 1 to December 31, 2015 in the *Regulatory Balances Approved for Disposition* Account. The approved rates are applicable to electricity consumption for the respective year. Customer bills were issued in the subsequent year for all consumption up to and including December 31. Customer payments would then follow the normal timeline. In the absence of rate-regulated accounting, cost of purchased power would have been lower by

$37 thousand in 2017 (2016 - $247 thousand lower). In December 2016, Hydro One Brampton received approval to recover $411 thousand of the December 31, 2015 balance of debit regulatory balance. Amounts are to be collected from customers over a one year period commencing January 1, 2017.

Renewable Generation Funding Adder

In December 2014 the OEB approved the disposition of the balance in this account accumulated from January 2011 to December 2013, including accrued carrying charges, to be disposed over a 12-month period from January 1 to December 31, 2015. The approved rates are applicable to electricity consumption for the respective year. Customer bills were issued in the subsequent year for all consumption up to and including December 31. Customer payments would then follow the normal timeline. In the absence of regulatory accounting, revenue would have been lower by $39 thousand in 2017 (2016 - $19 thousand).

Regulatory credit balances

Retail Settlement Variance Accounts

The Company has recognized RSVA's under the provisions of Article 490 of the OEB's Accounting Procedures Handbook. In December 2014, the OEB approved the disposition of the total RSVA balance accumulated from January 1 to December 31, 2013 to be disposed over a 24-month period from January 2014 to December 2015. The approved rates are applicable to electricity consumption for the respective year. Customer bills were issued in the subsequent year for all consumption up to and including December 31. Customer payments would then follow the normal timeline. In the absence of regulatory accounting, distribution revenues would have been higher by $175 thousand (2016 - $4,749 higher). In December 2016, Hydro One Brampton received approval to refund $4,241 thousand of the December 31, 2015 balance of credit regulatory balance. Amounts are to be repaid to customers over a one year period commencing January 1, 2017.

Regulatory Balances Approved for Disposition

In 2014, the OEB approved the Company's request to refund regulatory balances of $2,064 thousand over a 12-month period commencing January 1, 2015. The balances consisted of RSVA regulatory debit balances and refundable variances for previous rate riders since the Company's Cost of Service application in 2011.

In December 2016, Hydro One Brampton received approval to refund $3,050 thousand of the December 31, 2015 balance of credit regulatory balance. Amounts are to be repaid to customers over a one year period commencing January 1, 2017.

10. DEBT

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Long-term debt:		
[redacted]	[redacted]	[redacted]
Total debt	-	193,000
Less Unamortized balance of transaction costs	-	730
Long-term debt net of deferred transaction costs	-	192,270

[redacted]

f[redacted]

11. CARRYING AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. These are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Valuation Technique and Assumptions for Measuring Fair Value

Long-term debt

Long-term debt is recorded at cost. The Company has not entered into any hedging relationships. The fair value of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities. The fair value measurement of long-term debt is categorized as Level 2. [redacted]

There were no transfers between Level 1 and Level 2 in 2017 and 2016. There were no instruments categorized under Level 3 for period from January 1, 2017 to February 27, 2017 and year ended December 31, 2016.

Other financial assets and liabilities

The carrying amounts of cash and cash equivalents, bank overdraft, accounts receivable, and accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments.

12. FINANCIAL RISK MANAGEMENT

Hydro One Brampton is subject to interest rate risk, credit risk and liquidity risk that arises in the normal course of the Company's business.

Interest Rate Risk

Hydro One Brampton is exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields and the spread in 30 year "A" rated Canadian utility bonds, over the 30 year benchmark Government of Canada bond yield. [redacted]

[redacted] n 2017, Hydro One Brampton's distribution rates were updated based on the OEB's third generation Incentive Regulation Mechanism (IRM) policies.

Credit Risk

Financial assets create credit risk that a counter-party will fail to discharge an obligation, causing a financial loss. The Company incurs credit risk in respect of accounts receivable transactions in the normal course of business. The maximum exposure to credit risk is represented by the carrying value of financial assets.

As at February 27, 2017, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, the Company did not earn a significant amount of revenue from any individual customer. As at February 27, 2017 and December 31, 2016, there were no significant balances of accounts receivable due from any single customer.

Overdue accounts receivables are regularly monitored. Customers are assessed at each reporting date in order to determine impairment. Based on customer credit risk assessment, a certain percentage of the overdue receivables are recognized as an allowance for credit losses at each reporting period. The Company's maximum exposure to credit risk for accounts receivable is limited to the carrying amount on the Statement of Financial Position. In the year, the Company's allowance for accounts receivable remained relatively unchanged at $1,013 thousand as at February 27, 2017 (2016 - $1,081 thousand). Minor adjustments and write-offs were determined on the basis of a review of overdue accounts, taking into consideration historical experience. As of February 27, 2017, 1.5% of accounts receivable were due for more than 90 days (2016 - 1.6%).

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due by delivering cash or another financial asset. Short-term liquidity is provided through cash and cash equivalents, funds from operations, and an established revolving credit facility of $25,000 thousand (2016 - $25,000 thousand), if required. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements. The Company monitors the level of expected cash inflows related to accounts receivable together with expected cash outflows on accounts payable.

The following are the remaining contractual maturities of the financial liabilities at the reporting dates:

February 27, 2017 (*Canadian dollars in thousands):*

	Due within 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Due after 5 years
Financial Liabilities	$	$	$	$	$	$
Current accounts payable and accrued liabilities	63,851	-	-	-	-	-
Non-current accounts payable and accrued liabilities	-	14	14	14	14	64
Current employee future benefits	105	-	-	-	-	-
Non-current employee future benefits	-	109	113	117	122	3,334
	63,956	**123**	**127**	**131**	**136**	**3,398**

December 31, 2016 (*Canadian dollars in thousands):*

Financial Liabilities	Due within 1 year $	Due within 2 years $	Due within 3 years $	Due within 4 years $	Due within 5 years $	Due after 5 years $
Current accounts payable and accrued liabilities	72,454	-	-	-	-	-
Non-current accounts payable and accrued liabilities	-	14	14	14	14	67
Current employee future benefits	127	-	-	-	-	-
Non-current employee future benefits	-	132	137	143	149	3,190
Interest on long-term debt	30,814	11,884	11,884	11,884	11,884	136,923
Long-term debt	-	-	-	-	-	193,000
	103,395	12,030	12,035	12,041	12,047	333,180

13. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholder's equity, long-term debt, and cash and bank indebtedness. The Company's capital structure was as follows:

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Cash	**1,113**	55,215
Long-term debt	**-**	(192,270)
	1,113	(137,055)
Share capital	**386,905**	104,501
Contributed Surplus	**(90,129)**	-
Retained earnings	**76,417**	105,944
Accumulated other comprehensive income	**2,920**	2,920
	376,113	213,365
Total capital	**375,000**	350,420

14. ACCOUNTS RECEIVABLE

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Current assets:		
Accounts receivable	**85,565**	89,256
Less: Allowance for doubtful accounts	**(1,013)**	(1,081)
Accounts receivable, net	**84,552**	88,175
Receivables due from related parties (Note 21)	**401**	536
Total accounts receivable	**84,953**	88,711

Which consists of:

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Unbilled revenue	**45,739**	52,206
Customer receivables		
Current	**35,908**	33,340
30 - 60 days	**1,902**	1,833
61 - 90 days	**1,103**	1,003
Over 90 days	**1,314**	1,410
Less: Allowance for doubtful accounts	**(1,013)**	(1,081)
Total accounts receivable	**84,953**	88,711

15. EMPLOYEE FUTURE BENEFITS

Hydro One Brampton accounts for its participation in OMERS as a defined contribution plan. During the period from January 1 to February 27, 2017, the Company contributed $285 thousand to the plan (2016 - $2,019 thousand).

The Company also provides certain medical, dental and life insurance benefits to its retired employees and their dependents. The Company recognizes these post-retirement costs in the period in which the employees render services. Costs are determined by independent actuaries using the projected benefit method pro-rated on service and based on assumptions that reflect Management's best estimates.

The Company recognizes the unfunded status of its post-retirement plan (Plan) as a liability on its Statement of Financial Position. Actuarial gains and losses are recognized in accumulated other comprehensive income (AOCI). For the period ended February 27, 2017, the measurement date for the Plan was February 27, 2017.

Information about the Company's post-retirement benefit plan is as follows:

(Canadian dollars in thousands)	**February 27, 2017**	2016
Change in defined benefit obligation		
Defined benefit obligation, January 1	**3,878**	4,494
Current service cost	**19**	167
Interest cost	**24**	177
Benefits paid	**(21)**	(127)
Net actuarial gain recognized in AOCI	**-**	(833)
Defined benefit obligation, February 27, 2017 and December 31, 2016	**3,900**	3,878

The Company presents its benefit obligations on its Statement of Financial Position within the following line items:

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Employee future benefits - non-current	**3,795**	3,751
Employee future benefits - current	**105**	127
Unfunded status	**3,900**	3,878

The following table provides the components of the net periodic benefit costs:

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Current service cost	**19**	167
Interest cost	**24**	177
Net periodic benefit cost	**43**	344

Assumptions

The measurement of the obligations of the Plan and costs of providing benefits under the Plan involves various factors, including the development of valuation assumptions and accounting policy elections. When developing the required assumptions, the Company considers historical information as well as future expectations. The measurement of benefit obligations and costs is impacted by several assumptions including the discount rate applied to benefit obligations, the incidence of mortality, the level of compensation and rate of compensation increases, employee age, length of service, and the anticipated rate of increase of health care costs, among other factors. The impact of changes in assumptions used to measure the obligations of the Plan is recognized in AOCI.

The following weighted average assumptions were used to determine the benefit obligations and benefit expense at February 27, 2017 and December 31, 2016. Assumptions used to determine current year-end benefit obligations are the assumptions used to estimate the subsequent year's net periodic benefit costs.

The significant actuarial assumptions used in measuring the defined benefit obligation are as follows:

	February 27, 2017	December 31, 2016
Discount rate for the expense	**3.75%**	4.00%
Discount rate for the defined benefit obligation	**3.75%**	3.75%
Rate of compensation scale escalation (without merit)	**3.00%**	3.00%
Rate of increase of long-term supplementary medical costs[1]	**7.61%**	7.61%
Rate of increase of prescription drugs[1]	**7.61%**	7.61%
Rate of increase of dental costs	**4.50%**	4.50%

[1] 7.61% in 2017, grading down to 4.50% per annum after 2031 (2016 - 7.61% per annum).

Sensitivity Analysis

The effect of 1% change in health care cost trends on the post-retirement benefits is as follows:

(Canadian dollars in thousands)	**2017**	2016
Effect of 1% increase in health care cost trends on:		
Defined benefit obligation	**154**	153
Service and interest costs	**4**	29
Effect of 1% decrease in health care cost trends on:		
Defined benefit obligation	**(135)**	(134)
Service and interest costs	**(3)**	(27)

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Accounts payable - energy purchases	**37,457**	42,665
Customer deposits	**12,414**	11,899
Developer liability	**4,086**	6,463
CDM programs payable	**2,342**	2,605
Payroll payable	**1,823**	1,719
Debt retirement charge payable	**1,435**	1,391
Commodity taxes payable	**245**	1,060
Other payables and accrued liabilities	**4,049**	4,652
Total current accounts payable and accrued liabilities	**63,851**	72,454
Legal claims provision	**100**	103
Environmental liability	**20**	20
Total non-current accounts payable and accrued liabilities	**120**	123
Total accounts payable and accrued liabilities	**63,971**	72,577

17. DEFERRED REVENUE

(Canadian dollars in thousands)	**February 27, 2017**	December 31, 2016
Capital contributions, net of amortization	**39,863**	38,925
Subdivision deficiencies	**1,153**	1,155
Total deferred revenue	**41,016**	40,080
Less: current portion of capital contributions	**1,596**	1,510
Non-current portion of deferred revenue	**39,420**	38,570

The reconciliation between the opening and closing capital contribution balances is as follows:

(Canadian dollars in thousands)	**2017**	2016
Beginning balance, January 1	**38,925**	25,786
Receipt of capital contributions	**1,084**	13,875
Amortization	**(146)**	(736)
Ending balance, February 27, 2017 and December 31, 2016	**39,863**	38,925

18. SHARE CAPITAL

Common Shares

The Company is authorized to issue an unlimited number of common shares. All issued and outstanding shares of Hydro One Brampton Networks Inc. are held by Brampton Distribution Holdco Inc.

[redacted]

No shares were issued in 2016.

19. DIVIDENDS

Common share dividends are declared at the sole discretion of the Company's Board of Directors, and are recommended by management based on results of operations, maintenance of the deemed regulatory capital structure, financial conditions, cash requirements, and other relevant factors, such as industry practice and shareholder expectations.

In 2017, common share dividends in the amount of $30,700 thousand (2016 - $nil) were declared and paid to Brampton Distribution Holdco Inc.

20. OPERATING, MAINTENANCE AND ADMINISTRATION

Operating, maintenance and administration expenses comprise of:

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Labour	**2,954**	16,393
Supplies and external services	**2,050**	10,528
Vehicles	**220**	1,203
Materials	**71**	356
Other	**615**	3,130
	5,910	31,610

21. RELATED PARTY TRANSACTIONS

The Company had transactions with the following related parties and companies under Province's common control:

Name of the Company	Relationship	Country of Incorporation
Province of Ontario	Owner of Brampton Distribution Holdco Inc.	Canada
Brampton Distribution Holdco Inc.	Parent	Canada
Hydro One Inc. (Hydro One)	Under Province's Common Control	Canada
Hydro One Networks Inc.	Under Province's Common Control	Canada
Hydro One Remote Communities Inc.	Under Province's Common Control	Canada
Hydro One Telecom Inc.	Under Province's Common Control	Canada
IESO	Under Province's Common Control	Canada
Ontario Electricity Financial Corporation (OEFC)	Under Province's Common Control	Canada
Ontario Energy Board (OEB)	Under Province's Common Control	Canada

Transactions with the Province and entities under its common control

Hydro One Brampton is wholly owned by Brampton Distribution Holdco Inc. which is owned by the Province of Ontario. Hence, Brampton Distribution Holdco Inc., Hydro One and its subsidiaries, IESO, and OEB are related parties to Hydro One Brampton because they are also controlled or significantly influenced by the Province of Ontario. Transactions with these parties were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties.

Transactions between these parties and Hydro One Brampton were as follows:

For the period ended February 27, 2017, the Company purchased power from the IESO-administered spot market in the amount of $73,405 thousand (2016 - $499,152 thousand).

The IESO is responsible for funding some of the Company's CDM programs. The funding includes program costs, incentives and management fees and bonuses. In 2017, the Company received $1,101 thousand (2016 - $8,053 thousand) from the IESO in respect of the CDM programs and had a net accounts receivable of $nil thousand (2016 - $337 thousand).

Under the Ontario Energy Board Act, 1998, the OEB is required to recover all of its annual operating costs from gas and electricity distributors and electricity transmitters by way of fees. In 2017, Hydro One Brampton incurred $169 thousand (2016 - $631 thousand) in OEB fees.

PILs instalments are paid to the OEFC. The receivable for PILs is due from the OEFC as a result of the utilization of PILs losses to prior years.

[redacted]

In 2017, common dividends of $30,700 thousand (2016 - $nil) were declared and paid to Brampton Distribution Holdco Inc.

Hydro One and Subsidiaries

Certain transmission, connection, and administrative services were purchased from Hydro One Networks Inc. and Hydro One totaling $649 thousand (2016 - $3,183 thousand) and Hydro One Telecom Inc. totaling $30 thousand (2016 - $187 thousand). The Company recorded other rental revenues from Hydro One Networks Inc. of $nil (2016 - $17 thousand) and from Hydro One Telecom Networks Inc. of $29 thousand (2016 - $164 thousand).

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

(Canadian dollars in thousands)	**2017**	2016
Due from related parties	**6,379**	536
Due to related parties[1]	**(38,341)**	(65,260)

[1] Included in due to related parties at February 27, 2017 are amounts owing to the IESO in respect of power purchases of $36,526 thousand (December 31, 2016 - $42,543 thousand).

Sales to and purchases from related parties occur at normal market prices or at a proxy for fair value based on the requirements of the OEB's Affiliate Relationship Code. Outstanding balances at period end are unsecured, interest free and settled in cash.

Key management personnel are comprised of Hydro One Brampton's senior management team. The following compensation has been provided to key management personnel and members of the Board of Directors who have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly:

(Canadian dollars in thousands)	**For the period from January 1, 2017 to February 27, 2017**	Year ended December 31, 2016
Salaries and short term employee benefits	**131**	755
Retirement OMERS & OPRB contributions	**13**	94
Compensation paid for contract management personnel	**393**	821
Directors' Honorarium	**15**	76
Total	**552**	1,746

22. NET CHANGE IN NON-CASH BALANCES RELATED TO OPERATIONS

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

(Canadian dollars in thousands)	**2017**	2016
Accounts receivable	**3,758**	(15,418)
Income tax receivable	**(6,347)**	-
Materials and supplies	**49**	(269)
Accounts payable and accrued liabilities	**(8,317)**	2,223
Income tax payable	**(1,252)**	763
Long-term accounts payable and accrued liabilities	**1,537**	(7)
Deferred tax liabilities (assets)	**5,969**	2,095
Total	**(4,603)**	(10,613)

23. CONTINGENCIES

Legal Proceedings

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

24. COMMITMENTS

Prudential Support

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default based on their expected activity in the market. The IESO could draw on this security if the Company fails to make the payment required by a default notice issued by the IESO. On February 27, 2017 Hydro One Brampton had a letter of credit as security in the amount of $5,500 thousand (2016 - $5,500 thousand).

G-Staff-3

Reference(s): Tax Returns for Rate Zones in Stub Period(s)

a) Please confirm if income tax returns have been prepared for the stub periods of January 1 to January 31, 2017 for PRZ, HRZ and ERZ, and for January 1 to February 28, 2017 for BRZ. If so, please provide a copy of each. If not, please advise when they will become available.

b) Please confirm if the income tax return has been prepared for the stub period of the eleven months ended December 31, 2017 for Alectra Utilities Corporation. If so, please provide a copy. If not, please advise when it will become available.

Response:

a) The stub period returns have been filed and are provided in the following attachments:

- G-Staff-3 Attachment 1 - PRZ
- G-Staff-3 Attachment 2 - HRZ
- G-Staff-3 Attachment 3 - ERZ
- G-Staff-3 Attachment 4 – BRZ

Please note that the stub period returns for the PowerStream, Horizon Utilities and Enersource rate zones are for the period from January 1st to January 30th, 2017. The Brampton rate zone stub period is for the period from January 1st to February 27th, 2017.

b) The Alectra Utilities Corporation tax return for the January 31st to December 31st, 2017 period has been filed and is provided in the following attachment:

- G-Staff-3 Attachment 5 – AUC

Personal employee information, including names, salaries and contact information have been redacted from the tax returns provided.

G-STAFF-3 ATTACHMENT 1
PRZ PILs 2017/01/30 - REDACTED

Canada Revenue Agency / Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: POWERSTREAM INC.

Enter one of the following:

Business number (BN): 85750 3346 RC0003

Social insurance number (SIN):

Tax year
From: 2017-01-01 (Year Month Day)
To: 2017-01-30 (Year Month Day)

050 Total number of projects you are claiming this tax year: 6

100 Contact person for the financial information	Martin Sultana
105 Telephone number/extension	[redacted]
110 Fax number	
115 Contact person for the technical information	Heather Clark
120 Telephone number/extension	[redacted]
125 Fax number	

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 [X] I elect to use the proxy method
(Enter "0" on line 360 and complete Part 5.)

162 1 [ ] I choose to use the traditional method
(Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	287,880
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	287,880
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	
• Cost of materials transformed in performing SR&ED	325	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	
b) Non-arm's length contracts (see note 1)	345	+	
• Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	
• Third-party payments (see note 2) (complete Form T1263*)	370	+	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	287,880
• Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	287,880

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	420		287,880
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	10,076
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	–	
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	277,804
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	277,804
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	277,804
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

	Line	Current Expenditures	Line	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	287,880	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500 +			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +	68,066		
• expenditures on shared-use equipment for property acquired **before 2014**			504 +	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	355,946	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	12,458	514 –	
• other government assistance	515 –		516 –	
• non-government assistance and contract payments	517 –		518 –	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520 –			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
• 20% of expenditures included on lines 340 and 370	529 –			
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
• other deductions (see guide)	533 –		535 –	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	343,488	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	343,488
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	343,488

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm’s length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307)	810	+	287,880
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	164,124
Subtotal (line 810 minus 812)	814	=	123,756

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) 816 +

Salary base (total of lines 814 and 816) 818 = 123,756

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) 820 = 68,066

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

	750	752	754	756
	Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1.	P1:System assets,equip and apparatus improvement (Standa	19,785		
2.	P2:Power Transformer Stations and DG Connection Facilitati	34,184		
3.	P3:Electric power distribution systems-Technical strategy	14,756		
4.	P5:Outage Management System development and operation	14,297		
5.	P6:Smart Grid initiatives development	194,911		
6.	P7:Sustainable generation systems design and development	9,946		
	Total	287,879		

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 287,880

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 ☐ Basic or Applied research   **622** 1 ☒ Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	9
Technologists and technicians	634	
Managers and administrators	636	
Other technical supporting staff	638	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . X
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . X
3. completed Part 2 for each project . . . X
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . X
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . X

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . X
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . X
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . X
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . X

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 **Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?**

1 [X] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [ ] No (complete lines 970 and 975)

Claim preparer information table

940	945	950	955	960	965
Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1. Deloitte LLP	13324 5290 RZ0001	5		Under separate cover by	
				Total	

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, John Basilio, certify that the information provided in this part is complete and accurate.
Name of authorized signing officer of the corporation, or individual (print)

Signature

975 2017-07-25
Year Month Day

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

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 John Basilio
Name of authorized signing officer of the corporation, or individual

Signature

170 2017-07-25
Date

175 Deloitte LLP
Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 "Scientific Research and Experimental Development" in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

Part 2 – Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P1:System assets,equip and apparatus improvement (Standards)

202 Project start date: 2011-01 (Year Month)

204 Completion or expected completion date: 2017-12 (Year Month)

206 Field of science or technology code (See guide for list of codes): 2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

1. PSI has sets of existing technical specifications and standards for the
2. equipment, materials and construction methods for both its overall power
3. distribution network/grid. These standards have been consolidated at PSI from
4. predecessor utilities. Power utilities have been subjected to increasing
5. regulatory scrutiny by the OEB and interveners participating in OEB
6. proceedings. Such scrutiny extends to design standards, equipment & materials
7. specifications, and construction practices. PSI needed to know the degree to
8. which PSI s distribution standards differed and where differences existed
9. given the unique characteristics at PSI. PowerStream has implemented an asset
10. management program for its station and distribution assets. The program
11. includes the development of Health Indices, risk-based economic analyses and
12. recommended Asset Sustainability Plans. PowerStream continues to develop new
13. models and update the parameters to reflect PowerStream s current asset
14. information. Experimental development in the 2017 Stub Year [01-Jan-2017 to 31
15. -Jan-2017]involved a number of studies performed: Smart Grid distributed
16. generation (DG) capacity analysis; -Powerhouse dependable capacity
17. investigations; System model of a four-circuit pole arrangements; Concrete
18. pole life cycle evaluations; Corrosion mitigation techniques and methodologies
19. analysis for Transformer stations; Cable demographics and reliability
20. analysis; Span guy wire and other mechanical equipment failure analysis;
21. Station asset assessment modelling - attempts to refine ACA models. In each
22. case, uncertainties with respect to long term duration and reliability of
23. systems and assets would be encountered.
24. For each investigation uncertainties would be derived from requirements such
25. as asset obsolesces, potential failure modes, design standard limitations,
26. legacy grid assets, forced outages, data capture concerns, and the
27. introduction and adoption of new technologies (storage, clean energy
28. generation, etc)

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

1. Work performed in FY2017 Stub Year:
2. Powerhouse Constrain Report: System Planning performed a study to determine
3. the amount of Distributed Generation (DG) that could be connected to feeders
4. serving the York Region. The general approach adopted was as follows: Select
5. three representative feeders in the York Region; Model and evaluate the three
6. feeders against the constraints of thermal, short circuit, reverse power flow

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

and voltage; and Determine the maximum DG that can be connected to assuming each constraints. The report and the results provided a very high level of estimate of DG that can be potentially be connected considering the system constraints.Powerhouse Deferral Study: With the introduction of new technologies and increasing customer preference of adoption against the back drop of opposition to large infrastructure projects System Planning assessed the benefit of Powerhouse to attempt to defer the needs for transformer station capacity. Based on the available capacity of the solar and battery storage with data from the existing models the contribution or the dependable capacity of these powerhouse units were evaluated and results analyzed.

Four-Circuit Pole Model: Developed a computer model to be used as analysis tool concept for short-term and long-term four-circuit pole remediation plan. Made on-going fine tuning and adjustment to the model to attempt to account for new information and assumptions. The model was hypothesised to allow System Planning to take into consideration a number of variable assumptions and inputs to attempt to determine the appropriate level of the long-term remediation work plan, and prioritize the annual pole replacement within the budget constraints.

Concrete Pole Life Cycle Cost Comparison: Developed the life cycle comparison criteria to be used as an analysis tool to attempt to determine the feasibility of using concrete pole versus wood pole, composite pole and steel pole. Factors considered were probability of failure due to condition, pole fire, vehicle collision, planned and emergency replacement cost. Long term evaluation would be necessary.

Corrosion Mitigation in Transformer: Developed the life cycle comparison criteria to be used as analysis tool to determine the viability of using stainless steel transformer versus regular transformer. Factors considered were probability of failure, planned and emergency replacement cost and estimated life of regular transformer, enhanced primer application and stainless steel transformer.

Cable Demographics and Reliability Projection Model: Developed a computer model to attempt to create an analysis tool for short-term and long-term cable remediation work plan. On-going modification to the model was undertaken to attempt to improve overall fidelity and accuracy. The model is intended to allow System Planning to consider a number of assumptions and inputs in an attempt to determine the appropriate level of annual cable replacement and cable injection based on criticality, risk and within the budget constraints. It also to project future failure rate based on cable age demographics and cable reliability.

AEx Failure Database: PowerStream has been working to investigate and document failed equipment in order to identify failure trends and patterns. There are several challenges with the current system including, access to information for field staff, linking the reports to Location IDs for tracking, and the constraints of using an unsupported legacy database. In 2017s, Planning worked with the GIS department to attempt to create a new Equipment Failure Tracking database that is managed in the existing Asset Explorer application. It is hypothesized that this may allow controlled access to the information for both contribution and analysis purposes by Engineering and select field staff, the failure reports can be directly tied to an asset by Location ID, License Plate, and Serial number, and the database is to be supported by the GIS department.

Equipment Failure Investigations requiring mitigation: Span Guy Failure: In April 2016 a 12x5/8 span guy bolt broke and the supported span guy fell. PowerStream was unsure at the time of the root cause of the failure to determine if the design would have led to the failure. Exova Labs was contracted to test the bolt samples that were recovered from the scene. They identified that the pole had deteriorated and split causing an unusual bending force on the bolt which overtime, from the repeated stress of the wind,

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

resulted in the bolt fatiguing and breaking. PowerStream is attempting to revise the design concept to reduce the potential failure mode. VTS#4 DC Systems fail: In March 2016 PowerStream had a major outage at its Jackson TS causing both buses to trip and affecting 32,611 customers. The challenge was to understand why the complex event had occurred. An investigation identified that a Loss of the Station 130VDC System caused the Bus Protection system to misoperate causing simultaneous tripping of A and B bus. A battery terminal was identified as being loose and the cause of the event. PowerStream devised a new process concept to attempt to confirm battery torque on station. Station Asset Condition Assessment Model: In addition to the pre-existing Station ACA models, four new Station ACA models were developed. These are for 230 kV primary metering units, TS station service transformers, transformer station DC systems and transformer station Protection and Control relays. The algorithm for computing Health Indices in both the TS and MS Protection and Control Relay Models was revised so as to factor in more than just their condition. The revised ACA Models now factor in the need to modernize the system by improving fault recording and communication capabilities Station Asset Data Extraction for Asset Condition Assessment: CASCADE Integrated Computerized Maintenance Management System (CASCADE CMMS) was integrated into PowerStream s maintenance strategy in 2012. CASCADE provides the capability to detail and record condition assessments, determine capital costs, plan, schedule, and execute preventive maintenance, leveraging real-time data to drive maintenance tasks. System Planning has developed a set of templates for each station asset class. Station Sustainment has developed routines which extract the required information from CASCADE in the requested format into a set of Microsoft Excel spreadsheets. This extraction routine has been designed such that the user can update the data instantaneously so as to reflect up-to-date information in CASCADE Other items in FY2017 Stub Year: Other work performed included: Transformer rating methods upgrades; Continued participation in CEATI DALCM; Pole Top Rescue, PMH Switchgear; Underground Electrical Structures analysis, Animal Protection Interactive Collaboration; Pole Setting Using Expanding Foam; and Polymer Pin Type Insulator Failures and Estimated Restoration Time

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

Through a combination of research, experimental development, and collaboration with equipment manufacturers PSI successfully improved existing standards and developed new standards in 2016 and into 2017 for a wide range of technology issues (as outlined above). PSI also has also increased its existing understanding of the causes of failures with items in service, so that its specifications can be used with assurance to acquire new items of these types whose failure rate in service approaches zero, its SMS can be improved/made more robust, so that the probability of the future occurrence of similar failures is minimized to the extent practical, and alternative technical solution options for systemic failure issues can be developed. A related subsidiary advance is better capability to create engineering equipment specifications and installation designs for items that have passed field acceptance trials, and undertake preliminary investigations of new items with potential for inclusion in field trials. Some examples of specific knowledge gained in FY2017 Stub Year included: PowerStream analyzed the degree that DG that can be potentially connected to PowerStream system considering the system constraints and whether these resources can defer building traditional electrical distribution infrastructure; Life cycle analysis of concrete poles and stainless steel transformer was performed to attempt to determine methodologies; and Developed ACA models to determine the long term and short term asset replacement based

22.	on risk, criticality and budget constraints. Development, investigations and
23.	trials of system asset technologies within the distribution grid will continue
24.	into the next fiscal period.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]		
255 1 [ ] Other employee of the company	256 Name		
257 1 [X] External consultant	258 Name Deloitte LLP	259 Firm Deloitte LLP	

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	P.Eng., 23 years' experience, Supervisor, Standards
2 [redacted]	M.A.Sc, P.Eng, 20 year's experience, P.Eng Manager, System Planning
3 [redacted]	System Planning and Standards Technician

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [X] Project planning documents	276 1 [X] Progress reports, minutes of project meetings
271 1 [X] Records of resources allocated to the project, time sheets	277 1 [ ] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	278 1 [ ] Photographs and videos
273 1 [X] Project records, laboratory notebooks	279 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [ ] Design, system architecture and source code	280 1 [X] Contracts
275 1 [ ] Records of trial runs	281 1 [X] Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **2**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P2:Power Transformer Stations and DG Connection Facilitation

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2007-01 (Year Month)	2017-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome? (*Maximum 50 lines*)

1. The obstacles PSI (Power Stream Inc.) had to resolve were: Determining the
2. adequacy of its fault levels at its TS (Transformer Stations); The impacts of
3. DG (Distribution Generation) on protection planning and whether or not limits
4. to the penetration of DG should be set; Implementing in-service monitoring &
5. control of connection for the larger DG systems in service; and Deciding how
6. more applications of AFR (Automatic Feeder Restoration) could be developed
7. using a high speed simulator and extending its use for P&C settings and
8. configuration investigations. Facilitating the connection of DG systems to its
9. network is a mandated responsibility for PSI; in the process of doing so, it
10. must ensure its network is capable of handling these supply sources in a safe
11. and stable manner without also exposing the DG equipment to any risk of damage
12. caused by faults and other incidents on its network. The reverse also applies,
13. i.e. protecting the PSI network from any incidents arising at DG units.
14. Specific uncertainties faced in FY2017 Stub Year [01-Jan-2017 to 31-Jan-2017]
15. would be derived from: attempting to model new DG networks with advanced power
16. distribution requirements (demand response, closed transition, fuel cell power
17. generation); revised AFR systems applications; fault contributions from
18. capacity challenges; protection settings for trip saving methodologies; and
19. disaster reconstruction techniques.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

1.
2. In the previous fiscal period the 3rd party study of the fault currents and PQ
3. based on the situation at MTS#1 and MTS#2, confirmed that phase-to-phase fault
4. levels were a problem. PSI engaged a subcontractor to design solutions to
5. attempt to reduce these fault current failures. Work continued on the
6. engineering design for the fault reductions and neutral reactors were
7. installed and fault levels were reduced and are well below the Transmission
8. Code requirements. Work on this development activity is now considered
9. complete.
10. Ongoing collaboration and discussions with the supplier of the DA simulator
11. and PSI s need for event time stamping resulted in a satellite synchronized
12. clock being acquired as an essential accessory to be installed with the unit.
13. Test plans were prepared encompassing approximately 100 faults that could
14. arise with different configurations for automatic feeder restoration. Proof of
15. concept testing was completed and the system was subjected to testing with in-

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

service monitoring & control of connection implemented for the larger DG systems in service. Final testing was performed and the activity ended.Applications for DG unit connections continued to be processed and further development was involved in incorporating the processing of micro-FIT & FIT data from connected DG units within PSI s established systems for recording meter reads, data manipulation, and billing or payment as required.

A new WIMAX tower was installed at Melbourne MS (MS322) and ongoing WiMax system receiver and SoNET ring testing was performed. Development continued with limited monitoring activity.

PSI continues to explore AFR applications that could be developed using a high speed simulator and extending its use for P&C settings and configuration investigations. A simulator was assembled and tests remain ongoing. In testing new relays it was noted that the existing AFR configuration lacked responsiveness new techniques would be explored and development continues.

In FY2015 new work began on MS309 (Barrie) sub-station. The concept involved WiMax telemetrics and relay model upgrades to attempt to devise a standardized model. In FY2016 and FY2017 Stub Year, ongoing development of breaker failure logic upgrades was undertaken to attempt to improve safety and operating conditions. Adding insulation to the air space between the brick and block of the building walls was designed and installed to improve building efficiency. Sub-contractors including Eptcon and CIMA would be involved in the activity.

The Vaughan TS4 (Kipling) sub-station concept involved a segmented design with hardware located at ground level rather than the traditional subterranean arrangement. Furthermore the site is sloped to blend into the environment and had complicated the concept. Other development activities would include testing an oil entrapment method and a possible composite firewall. A dual bus line concept would also be explored to attempt to improve reliability, repeatability and servicing. IBI Group would be involved in the development activity. Fabrication and system testing was performed with primary metering modifications performed (combined instrument transformers). Enhanced post disaster recovery methods were devised. Sorbweb containment methodologies were also examined for the specific application.

Development was initiated on an MS application with a new compact design using GIS (gas-insulated switchgear). The system concept would be relatively new in Canada (with only 1 other installation in Ontario) new cable termination equipment and operating specifications will be required with development extending future fiscal periods. Stantec would be sub-contracted to assist in the initiative.

Microgrid power transformer station development was initiated for a 500kWh pilot concept in the Penetanguishine area. Concepts and systems were explored and further activity will take place in the next fiscal period. Testing would involve a multistep process with new testing methodologies devised and modified.

Powerhouse investigations were also undertaken to support DG and micro-grid development activity.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

For 2017 Stub Year, PSI wanted to advance its knowledge, know-how, capabilities, and understanding: Whether or not appropriate fault levels were set at its TS (whose feeders were involved during distributed generation (DG) connection impact assessments (CIAs)), how connected DG systems, 100kW upwards, can be remotely monitored and tripped, how DG connection impacts protection planning coordination, and should DG penetration be limited; To extend its applications of automatic restoration of feeder.

PSI had developed its CIA methodology for the OPA s FIT Program applications to ensure network accommodation of their implementation with the appropriate protection, metering and control arrangements. However, its understanding of the impact of embedded generation on its network was still incomplete. WiMax, remote monitoring, high speed automatic feeder restoration, re-closers, micro-grid systems, AFR applications, GIS and other techniques and methodologies were explored in order to advance the understanding of reliability and repeatability of power transformer and distributed generation connection facilitation.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	**254** Name [redacted]
255 1 [ ] Other employee of the company	**256** Name
257 1 [X] External consultant	**258** Name Deloitte LLP — **259** Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	**261** Qualifications/experience and position title
1 [redacted]	P.Eng., 26 years' experience, Mgr., Stations Design & Standards
2 [redacted]	P.Eng., 22 years' experience, Stations Engineer
3 [redacted]	P.Eng., 14 years' experience Project Engineer

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	**269** BN
1	
2	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [X] Project planning documents	**276** 1 [X] Progress reports, minutes of project meetings
271 1 [ ] Records of resources allocated to the project, time sheets	**277** 1 [ ] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	**278** 1 [ ] Photographs and videos
273 1 [ ] Project records, laboratory notebooks	**279** 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [ ] Design, system architecture and source code	**280** 1 [ ] Contracts
275 1 [ ] Records of trial runs	**281** 1 [X] Others, specify **282** E-mails

Part 2 – Project information (continued)

Project number **3**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P3:Electric power distribution systems-Technical strategy

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2007-05 (Year Month)	2017-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project   **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

Power Stream Inc (PSI) faced obstacles of: How it could make further improvements to the configuration its north and south networks to improve their performance; What steps could be implemented in the near future to increase its reliability; The actions that were necessary to extend the capabilities of its software tools like GIS and engineering design tools; The approach to be taken to continue with remediation of delta services, and complete the development of the new testing program for U/G cables and facilitate launching a pilot trial; Determining if improvements were possible in rear lot supply arrangements; Investigating whether or not high KVA grids have sufficient feeder ties between adjacent MS to accommodate contingent conditions, i.e. the loss of any one of the multiple stations; and the design of a DA configuration for remote grid areas. In this fiscal period ongoing uncertainties would extend to: Load balancing reconfigurations with modeling differing characteristics; determining the circuit concepts for Intellerupters; Smart Assistance concepts for transformer overloads; uncertainties with IEEE approaches to MED methodologies; the reliability of 5-way switch concepts; and Technological effects on overall system economics and safety, Storm Hardening and other key challenges in Power Quality from uneven solar generation, load balancing with CYME gateway 2 & ITRON and accurate modelling of feeder reliability. PSI models its network/run simulations of potential changes to it, e.g. to accommodate new loads, and investigate what changes will improve performance. While previous activities attempted to ensure that its TS feeders would operate in a balance fashion within acceptable guidelines, and new connections could be accommodated, there was no guarantee that the same would be the case going forward. Circumstances change, load growth occurs, more DG units go into service, and new infrastructure additions happen. As a consequence, new modeling/simulation studies must be undertaken using the latest available current configuration data, and the expected peak loads and increases in available DG. The OEB (Ontario Energy Board) expects LDCs to improve their network reliability, and expects them to report progress. PSI can only improve if it pushes beyond its standard practice regarding reliability improvements. PSI has a very aggressive target reliability level of 99.999%. Just how it would be achieved was not completely clear.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

Work Performed in FY2017 Stub Year [01-Jan-2017 to 31-Jan-2017]:

CYME Gateway Phase 2 - To incorporate customer loading data in CYME. Planning has performed following in 2016: Investigated the feasibility of using a query tool to extract data from a different database. Identified algorithms in conjunction with CYME and Savage Data on feeder, switch and transformer loading data format so that it can be extracted into CYME smoothly; Performed a Pilot project to update network database; Prepared a report on the process and next steps for further implementation; Manually imported the loading data for one feeder in CYME to perform beta-level testing.

Transformer Modelling in CYME. Planning worked with CYME to improve the modelling of the Zigzag transformers and three winding transformers CYME, especially the zero sequence. Using one of PowerStream s worst performing feeders we were able to develop a predictive model and forecast future reliability for this feeder.

Power Quality Investigations Process - Power Quality investigations including Customer Care, System Planning, Metering, Lines, Control room and the Key Accounts Manager. The investigation process was streamlined and documented as ENG-P-P028 Power Quality Investigation Procedure.

ITRON MetrixND: PowerStream began development of a pilot project using Itron MetrixND software as an alternative forecasting tool for the ten year load forecast. MetrixND was considered due to the increasing complexity, DG and energy efficiency, as well as increasing pressure from the OEB and other agencies to support capital expenditures. MetrixND algorithms

Communication cables on poles where there is only 44KV 3 wire system: PowerStream worked to resolve an issue of having communication cables on poles where the only circuit on the pole is a 44kv or 27.6kv three wire system without a multi-grounded neutral. PowerStream reviewed CSA requirements and identified the neutral grounding reactor configuration at the upstream supply station. Key findings were shared

Station Deferral Studies: PowerStream investigated asset deferral options for numerous substations throughout the PowerStream North service territory. In 2016 PowerStream narrowed the investigation to upgrading existing equipment with retrofit fans or larger transformer units. Numerous studies were performed for each individual substation to assess the risk of deferral

Load balancing and System Reconfiguration: The Feeder Balancing and System Reconfiguration Plan are based on approved Planning Standards and the Planning Philosophy of PowerStream Inc. Performed CYME simulations to confirm transfer capability and identify possible contingency switching operations. Proposed new feeder requirements to accommodate contingency transfers if existing network configuration was inadequate.

System Planning Philosophy: A review of the planning criteria, practices and guidelines and recommends a planning philosophy to be followed by the Corporation on a unified basis was undertaken. Major changes and the addition of the triad and substation rating, recommendation for four circuit pole lines.

Smart Grid: A smart grid study was conducted. Internal resources and Smarter Grid Solutions Inc was engaged to do the system modelling and to design the battery rated power and capacity, considering each year of the load forecast, in order to fulfil the Triad requirement and shave overloads observed at MS.

CEATI related projects: CEATI DALCM Participation continued with reviews, discussions, and comments on scope, progress, and draft reports made. Investigations continued.

CEA research: PowerStream representative collaborated with CEA SCC to publish a white paper on the pros and cons of the various methodologies and guideline that the utilities can adopt on determining the MED days. Other development initiatives include studies and investigations to attempt to improve reliability modeling and the DG impact on the smart grid system (in association with Queen s University, Ryerson University and Georgian College)

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

```
59.  and mitigation techniques for voltage sag issues.
60.  Solar project activity: Analysis performed on the voltage issues due to solar
61.  projects. PowerStream developed a reliability model which is designed to
62.  output a 5 year Reliability Projection in terms of SAIDI performance.
```

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

```
1.   PSI sought to make incremental advances in and with: Increased understanding
2.   of current loading imbalances on transformers and feeders and the need for
3.   system reconfiguration and of the likely future technical evolution of PSI s
4.   distribution network, for example with respect to increased embedded
5.   generation, CDM programs, load growth and the implications for more
6.   transformation capacity, and how simulation modeling with CYME tools
7.   facilitates effective solution development; More comprehensive understanding
8.   of PSI s network performance in all respects, e.g. losses, reliability, etc.,
9.   and the effective measures that could be developed/implemented to result in
10.  measurable improvements in performance; and the knowledge and knowhow to
11.  create and implement further enhancements to S/W tools and processes for
12.  facilities management.
13.  In FY2016, with increasing penetration of new technologies such as solar Power
14.  Quality has become a major concern - PSI evaluated process and instituted
15.  procedure and to step to step guide to investigate and rectify Power Quality
16.  challenges. In its effort to improve load forecasting and feeder balancing
17.  methods PowerStream would attempt to implement CYME gateway 2 to incorporate
18.  transformer loading data in CYME and investigated the feasibility of ITRON
19.  load forecasting software. PSI also investigated if accurate prediction of
20.  feeder reliability can be made based on the historical failure, equipment
21.  failure rates and the feeder topology.
```

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	**254** Name [redacted]		
255 1 [ ] Other employee of the company	**256** Name		
257 1 [X] External consultant	**258** Name Deloitte LLP	**259** Firm Deloitte LLP	

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	**261** Qualifications/experience and position title
1 [redacted]	P.Eng., 21 years' experience, Manager, System Planning
2 [redacted]	P.Eng., 27 years' experience, Engineer, Planning
3 [redacted]	P.Eng., 7 years' experience, Engineer, Planning

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	**269** BN
1	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270	1	X	Project planning documents	276	1	X	Progress reports, minutes of project meetings
271	1		Records of resources allocated to the project, time sheets	277	1		Test protocols, test data, analysis of test results, conclusions
272	1		Design of experiments	278	1		Photographs and videos
273	1		Project records, laboratory notebooks	279	1		Samples, prototypes, scrap or other artefacts
274	1		Design, system architecture and source code	280	1	X	Contracts
275	1		Records of trial runs	281	1	X	Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **4**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P5:Outage Management System development and operations

202 Project start date: 2009-01 (Year Month)

204 Completion or expected completion date: 2017-12 (Year Month)

206 Field of science or technology code (See guide for list of codes): 2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project   **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

```
1.   The following obstacles in the attempt to develop an Outage Management System
2.   and operations telecom infrastructure would be encountered: The successful
3.   implementation of the OMS Responder upgrading, and the Responder Mo bile
4.   Application with an outage web interface to OMS; Improving the IVR interface
5.   with the OMS and the outage notification process via automatically generated e
6.   -mails; Further upgrading the Operations Heat S/W tool used in conjunction
7.   with OMS; Verification through testing of the performance of ICCP; Systematic
8.   effects on the existing architectural electronic infrastructure from ice storm
9.   events (volume influx of outages in compressed time-frame); and complications
10.  from degradation of service of the outage web map. In FY2016 additional
11.  uncertainties would be faced from: Requests from the IESO (Ontario Electricity
12.  System Operator) for telemetry of PowerStream s connected Distributed Energy
13.  Resources (Part of a Pilot Project to give the IESO more visibility to DER
14.  resources on the distribution network); The current method of logging
15.  activities associated with or occurring on the distribution network
16.  (switching, planned and unplanned events, interfacing with customers,
17.  dispatching crews, etc.) is a manual and laborious activity   and means to
18.  devise a robust system to address live technological failures unclear.
19.
```

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

```
1.
2.   FY2017 Stub Year [01-Jan-2017 to 31-Jan-2017]
3.   Work continued on the OMS systems and controls from previous fiscal periods.
4.   Investigations into utilizing the cloud domain for outage mapping was
5.   performed and over a development period was implemented. ESRI would be sub-
6.   contracted to work with PowerStream to attempt to incorporate additional
7.   functionality.
8.   New hardware and software for the OMS was acquired to upgrade the system   it
9.   was found that the legacy hardware had reduced the capabilities of the
10.  software system upgrades. The virtual environment, peer to peer communications
11.  and disruptive intelligence capabilities were explored. We also focused on
12.  ensuring communication facilities were functioning properly from DER sites;
13.  Organized connected DER inputs by Wholesale Delivery Point on SCADA. Expanded
14.  stream of telemetry to the IESO to include DER quantities (and statuses where
15.  applicable. Furthermore, in 2016 an electronic means of logging was sought
```

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

meeting all the identified needs of the business unit (Operations). A market scan was conducted to find the most suitable product. Opralog, the product that was selected to best meet the technological and business unit needs, was implemented, configured, and brought into production.In earlier periods testing began on three disruptive intelligence systems (Distribution Automation   DA) with two of the three having peer to peer capabilities. Measuring the capabilities of the competing systems will require data collected from actual outages and investigations will extend for several years. Other test criteria are application specific (varying KPIs)   whether in residential or industrial environments or where ease of installation is a priority. PowerStream is presently envisioning a hybrid system to attempt to utilize the best features of each three systems to mitigating the risks of the short-comings. In FY2015 this further development would involve: Continuing to refine the Fault Detection, Isolation & Restoration (FDIR) scheme; Measuring uptime of DA schemes; Building additional controls and visibility of all schemes; And, expanding FDIR to additional feeders. All Self-healing schemes will be brought into a production state and monitoring activity will be performed to determine reliability and repeatability. FDIR continues to be the most cost effective and is being further explored.

With the Outage Management System (OMS), work continued on: Progression into migrating into cloud computing and conducted stress testing; Added customer notification email capabilities; and revised Estimated Time of Restoration (ETR) forecasting. Cybersecurity factors were also investigated with mixes of communications methodologies including licensed wireless, fibre optics and hubs. Sniffing, central authentication and encryption techniques would be explored.

Line sensor networks cost-effectiveness strategies were devised with a licensed wireless node serving as a wi-fi hub for a localized array). An optimal configuration remains under investigation and development will continue. Sensor investigations in FY2015 revealed a poor operational condition. All LANs, sniffers in place, real time alerts, etc went online and testing was scheduled for FY2016. Ringing the LANs with fire walls was completed in March 2016   testing and monitoring remains ongoing. CC&B (Customer Care & Billing) with a new CIS system interface with system GIS and a link between GIS/OMS responder was developed - Integration potential failure modes encountered and new solutions implemented.

OMS development in FY2016 also involved: OSI software (Pi) application interface and data historian development   presently using the system for maintenance data analytics   enables real time analysis and supports a predictive model capability   data analytics capabilities to be further explored in FY2016; ODS (Operational Data Store) data mining was initiated to attempt to find potential failure modes   the system would be test monitoring unique signature voltage profiles prior to failure and attempt to pre-empt subterranean cable failures - The pilot study continued with future investigations in other application areas (activity ending in early FY2017); A pre-audit of the MDR system was conducted to attempt to reduce manual exception events - A gmail to customer interface was developed   the API interface was built from the ground-up   communication complications, email corruption, and interface provisional faults were encountered and new methodologies were required; Intelliteam systems also continued to be tested as well as IVR and outage web map systems were built and systems tested.

A variety of new techniques and methodologies were required for new capital applications and testing and monitoring in field equipment was undertaken, for example: Smart meters to commercial (GS>50)   communications and interface issues   strategy and methods developed, meters acquired and alternative communication mediums that were hypothetically more efficient and robust were tested; Licensed Wi-max system upgrades; For the management of the utility protective relaying library and applications were initiated with the goal of

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

coupling the system with Cascade CMMS to attempt to provide a relay historian and maintenance management function; and the use of WiMax systems were expanded and tested on additional applications (Distributed Generation, utility Remote Terminal units, utility substations, exploring Metering applications). Other assets may be examined in the next fiscal period. Other items under OMS development in FY2016 included: Infeed SCADA system management with controllable load interrupter development using SNC 6801 motor operator (understanding configurations and controls capabilities with SCADA systems   building the points systems (the system has built-in analytics) and subsequently presenting data in GUI in the system); Penetanguishine - internet access was required over a secure network and with wireless capabilities - a secure a tunnel to isolate PSI from other systems was required (V-LAN separation of the network. Complex system   GE, Orbit radio platform transceiver   attempting to ensure communications with wireless and ethernet proved difficult to achieve); Initiating a project to attempt to implement regional granularity in e-mail communications for outage management (E-mails were getting cumbersome for large events   so came up with concept to prioritize and disseminate - ERSI was involved); and devising Electronic Logging system   started in FY2016 (September) and then extending into FY2017 (attempting to achieve: info sharing, harmonize data logs, re-log spreadsheet entries, and data analytics)

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

It is the knowledge, expertise and capability to design, develop and implement OMS and related tools with a configuration, functionality and features, whose use leads to improvements in network reliability performance and reduces the size of service interruptions. Such tools would also facilitate better management of outages and distribution network operations from a central Control Room, provide system operators with a near real-time view of the state of PSI s network, and establish a platform for future operational and work force automation initiatives. This advance requires a comprehensive understanding of the essential interfaces to PSI s CIS, GIS, SCADA, AMI and IVR. These interfaces had to be created, custom coded and tested to ensure seamless performance. Testing would remain ongoing and failures would result in additional development and incremental knowledge gained.

In FY2016 advancements would extend to include knowledge from collaboration on the Pilot Project with the IESO on DER penetration for PowerStream the IESO s solar forecasting model to attempt to enable better forecasting of the DER input onto the distribution system and allow PowerStream to manage its distribution system; Electronic Logging application concept (Opralog) able to interface to multiple applications and create an efficient and accurate work environment   to attempt to achieve, info sharing, harmonize data logs, re-log spreadsheet entries and data analytics. SCADA management for automatic load restoration; regional granularity in e-mail communications for outage management

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]
255 1 [ ] Other employee of the company	256 Name
257 1 [X] External consultant	258 Name Deloitte LLP — 259 Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	C.E.T., 29 years' experience, Manager, System Control
2 [redacted]	C.E.T., 34 years' experience, VP Operations
3 [redacted]	C.E.T. 32 years' experience, Manager Protection and Communications

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1	
2	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [X] Project planning documents	276 1 [X] Progress reports, minutes of project meetings
271 1 [ ] Records of resources allocated to the project, time sheets	277 1 [ ] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	278 1 [ ] Photographs and videos
273 1 [ ] Project records, laboratory notebooks	279 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [ ] Design, system architecture and source code	280 1 [X] Contracts
275 1 [ ] Records of trial runs	281 1 [X] Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **5**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P6:Smart Grid initiatives development

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2009-01 (Year Month)	2017-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

1. PowerStream has been a leader in Smart Grid initiatives and has successfully
2. demonstrated and piloted many high profile Smart Grid initiatives in the areas
3. of operations-distribution automation, EV technology, Data Analytics, and more
4. recently in the areas of Alternative Energy Sources (microgrids, storage) and
5. Home Technologies. Our energy landscape is undergoing a fundamental change to
6. an integrated, intelligent, energy delivery network. This change is mainly
7. driven by innovative technology advancements. New energy technologies are
8. fundamentally shifting the value chain from a one-way to a bi-directional flow
9. of electricity and information. Smart Grid technology: smart grid has enabled
10. the grid to become intelligent and gear up for constant communication between
11. various loads and sources. Behind the meter load displacement (distributed
12. generation) using multiple sources, mainly green and sustainable, leverages
13. technology integration and sophisticated controller systems.Improved energy
14. monitoring and demand response is emerging using innovative new hardware,
15. software and related technology.
16. For PowerStream, Smart Grid is the application of new technology to produce a
17. more efficient, resilient and reliable distribution system, to enable
18. renewable generation and to empower customers with more control over their
19. energy usage. PowerStream will continue to be at the leading edge of
20. technological and business model innovation. Due to the ongoing technological
21. disruptions, it is challenging to integrate new technologies with existing
22. grid infrastructure.
23. Activities in which specific uncertainties would be derived included:
24. Continuous work in pilot application of commercial scale microgrid, Level 3 DC
25. Quick Charger to enhance EV adoption and improving home technologies through
26. dynamic pricing project; embarking new pilots in areas of residential solar
27. and storage nanogrids, utility scale storage microgrids and residential energy
28. management project and studying new methodologies to incorporate non-
29. traditional solutions into engineering planning.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

1. FY2017 Stub Year [01-Jan-2017 to 30-Jan-2017]
2. In this fiscal period work continued on a variety of Alternate energy sources,
3. Electric vehicle, Data Analytics and Smart Home Technologies initiatives:
4. Alternative Energy Sources:
5. - Micro-grid demonstration project continued with solar, wind turbine, gas

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

6. generator, alternate battery systems including lithium ion, lead acid and
7. sodium nickel chloride as well as Vehicle to Home technology and EV Charging.
8. A Utility scaled storage microgrid at Penetanguishene was initiated in
9. partnership with Korean Electric Power (KEPCO). 20 homes were deployed and
10. commissioned with Residential solar, energy storage system, POWER.HOUSE, in
11. partnership with Sunverge Energy. Further investigations were conducted for
12. mass adoption of POWER.HOUSE for the York region. Micro-grid research was
13. performed by PSI contractors.
14. Smart Home Technologies: Energate Dyanamic Pricing and Rogers Smart Home
15. Platform activities were expanded to add more data points and technologies.
16. Concepts involved attempting to create win-win scenarios for both the power
17. grid (reduced peak load) and energy consumers (reduced power usage). Alternate
18. concepts were explored with simulations using Navigant sub-contractors
19. Electric Vehicle: Two Electric Vehicle Level 3 public charging stations were
20. maintained with an effort to learn communication needs, charging patterns and
21. consumer usage. New project related to Workplace Charging was initiated. The
22. project will demonstrate intelligent use of behind-the-meter energy resources
23. such as electric vehicles, charging stations, building automation systems,
24. energy storage- to be aggregated using a distributed energy resource
25. management platform (DERMS platform) for research toward the efficiency of
26. operations, demand response and peak management. This will provide a
27. demonstration of how a fleet of customer owned or company owned electric
28. vehicles may be integrated into a facility. Further, Net Zero Energy Emissions
29. initiative was commenced, in partnership with Enbridge and City of Markham.
30. Solutions were analyzed for energy efficiency on gas and electric side, land
31. use planning, electrification of vehicles and distributed, clean energy
32. resources, such that the GHG emissions for the city would reduce as a result
33. of these solutions.
34. Data Analytics: Other initiatives include continued work on aggregating smart
35. meter data to allow detailed analysis of transformer loading patterns to
36. improve asset utilization.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

1. The knowledge & capability to deploy and implement a range of smart grid
2. concepts & technologies across PSI s existing distribution network to
3. transition it to one that has a fully intelligent infrastructure with:
4. Compatible, durable & reliable equipment with built-in sensing and intelligent
5. electronic devices for monitoring, fault diagnosis, and self-restoration
6. capabilities; Fail-safe, robust, fast, high band-width, 2-way advanced
7. communications from customers to the grid control centre; Centralized
8. monitoring and control utilizing integrated data bases for customer
9. information, for asset records including their geographic locations, the
10. management of outages, grid operations, and for making physical changes to the
11. grid infrastructure; Informed and intelligent operators & customers regarding
12. electricity use and the assets for local generation, distribution & storage,
13. and initiatives to facilitate wise consumption for system-wide benefits; and
14. Unrestricted capability to accommodate, electric vehicles, distributed
15. generation (DG), and potentially energy storage. A smart grid therefore
16. supports 2-way flows of electricity, data & information. Furthermore, in 2016,
17. PowerStream made technological advancements in testing and analyzing the
18. capabilities of distributed energy resources such as the POWER.HOUSE.,
19. Penetanguishene microgrid, Residential Energy Management System and
20. Intelligent thermostats.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	**254** Name [redacted]
255 1 [ ] Other employee of the company	**256** Name
257 1 [X] External consultant	**258** Name Deloitte LLP — **259** Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	**261** Qualifications/experience and position title
1 [redacted]	Vice President, Corporate Development and Smart Grid Technologies, 22 years of experience
2 [redacted]	P.Eng., 35 years' experience, Director, Smart Grid Technologies
3	

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	**269** BN
1	
2	
3	
4	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [X] Project planning documents	**276** 1 [X] Progress reports, minutes of project meetings
271 1 [ ] Records of resources allocated to the project, time sheets	**277** 1 [X] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	**278** 1 [ ] Photographs and videos
273 1 [X] Project records, laboratory notebooks	**279** 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [ ] Design, system architecture and source code	**280** 1 [X] Contracts
275 1 [ ] Records of trial runs	**281** 1 [X] Others, specify **282** E-mails

Part 2 – Project information (continued)

Project number **6**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P7:Sustainable generation systems design and development

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2009-01 (Year Month)	2017-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

PSI wanted to substantially increase its knowledge & understanding of sustainable generation technologies, and the applications in their distribution network. The focus was primarily with Solar Photovoltaic (PV), and the variables that are critical for such systems to be technically & commercially viable; however other sustainable/renewable energy sources were constantly being evaluated and analyzed. PSI wanted this capability in order to develop a robust methodology that it could use to investigate and qualify potential locations for either custom designed or pre-engineered sustainable generation systems, which it could then implement.

To date, PSI staff had undertaken many studies/investigations of multiple sites with potential; especially those of a Solar PV nature. For potential roof top mounted systems, had performed a large number of structural reviews/analyses and preliminary designs prepared. It had also developed its first commercial scale Solar PV system of 210kW AC on the roof of its own facilities in Barrie for trial purposes and also to export power under a FIT contract. This completed system went into service for trials and exporting power in April 2011. With this system, and any new renewable system in development, trials are required to investigate the impact of (1) mounting systems/panel temperature, (2) panel tilt angle on electricity production, and (3) how to maximize AC kWh produced through performance testing.

Some of the uncertainties and obstacles that PSI had to overcome with respect to these technologies include:

- Determining how string level monitoring with an in-situ thermal data monitor can be used to quantify how operating temperatures affect current and power generation.
- Establishing whether module mismatch and shading and how to improve power generation while providing module level remote monitoring and PV safe features can be achieved. In addition, how to improve PV performance in a wide range of environmental conditions.
- Qualifying new locations for the detailed design, engineering and construction of renewable generation systems, particularly for PV Solar systems,
- Deciding what enhancements and upgrades to the PV solar system development methodology might be necessary to accommodate the acquisition of such systems from 3rd party developers.
- Understanding how to best integrate renewable-generated power into smart-grid/micro-grids (including storage).

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

- Applied research is constantly required to understand and investigate new methods of renewable generation (wind, solar, biogas, thermal, etc).

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

Key activities in PV development in FY2017 Stub Year [01-Jan-2017 to 31-Jan-2017] included:

System development activities (R.M.)

Investigations undertaken to assist with the development of a new Net Metering / Self-Consumption (NM/SC) methodology for Ontario (MEAWG). Initial data was assembled from internal PowerStream, CanSIA and other sources to attempt to identify opportunities for recommendations on the new NM/SC.

Investigated an entirely new inverter technology - HiQ. The purpose of the evaluation was to identify new technologies that would support our internal rate of return (IRR) objectives in an environment of falling FIT (Feed-in Tariffs) and increasing ESA requirements (Rapid Shut-Down, AFCI and Rodent Protection).

We revised our EPC specifications for rooftop solar facilities and for landfill (ground mount) solar facilities. This exercise was an attempt to gain more granular details. A comprehensive approach was taken in this exercise, whereby all aspects of the old EPC specifications were considered for revision, to help support our IRR objectives. This work was also factored into a FIT 4 analysis.

Distributed Renewable Energy Analysis Activities (O.R.)

Performed extensive research of world-wide technologies related to solar projects on landfills. Data reviewed with engineering firms and developers. Challenges included differing environments and climatic conditions as well as unique requirements (ballasted solutions only no penetration of the landfill cap is permitted). Work would involve MOECC to devise zoning technicalities for EASR (Environmental Activity and Sector Registry).

Installed a 10kW microFIT solar test array at the Walker Transformer Station, which served as an R&D facility to evaluate various ballasted ground-mount technologies for future projects to be built on landfills. Several mounting systems were evaluated, including a self-ballasted dual-axis tracker. Three ballasted systems were installed: 2 with different fixed tilts; one with seasonally adjustable dual tilt for performance evaluations. Extensive analysis of connection options (due to a unique location of this project). Ground Grid design and installation (not a typical requirement for our portfolio of projects).

Net-Zero Energy Emissions initiative (in conjunction with P6: Smart Grid) researched Energy Efficiency initiatives; selected a subset of conservation measures for the Concept paper; provided distribution of their corresponding kWh savings over seasonal and TOU (time-of-use) buckets for modeling (a unique Powerstream-specific methodology); wrote a section of the Concept paper, and provided technical analysis.

Solar Operations & Maintenance (P.B.)

Snow Sensor Measurement and Monitoring The effects of snow on solar generation has been impactful in 2012-2015 and analysis on the impact solar generation was undertaken to devise modelling of snow losses and accuracy of ground snow data. Since this actual roof snow data was not available a need to create a relationship between actual roof snow accumulations compared to available Environment Canada ground snow data was required to attempt to more accurately model snow losses. To best collect actual roof snow data, available snow measurement devices was researched to select a sensor that best suited our installation and data logger already deployed in the field. The Campbell Scientific SR50A was selected and purchased as well as preparing programming of the existing data logger to receive the sensor data collection for winter

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

2014. This would be the PowerStream first initiative of a rooftop mounted sonar snow sensor related to a solar PV rooftop installation and collection of actual rooftop snow data. In 2016 a new transducer was purchased and to attempt to improve snow sensor measurement fidelity.
Snail Trail Correlation to Module Performance   As the Ontario solar PV market started to mature a phenomenon commonly referred to as snail trails appeared on some modules on some sites in operation. PowerStream O&M initiated a study which included monitoring specific modules that exhibited snail trails and determine the likely hood that performance has been affected. The first part of this study involved identifying on site and remotely through monitoring likely modules that exhibited snail trails and in addition showed low performance. These modules were tested on site then removed from site (replaced with new modules) and then subsequently lab tested through flash testing identical to the original conditions of the module manufacturing process flash testing before modules leave the manufacturing facility. Two control modules (not exhibiting snail trails) were also tested. The findings showed that 6 out of ten modules showed below degradation level performance while 4 did not, 2 of which were control modules. This study proved in this case that modules exhibiting certain types and extent of snail trails also tested below allowable degradation performance levels. Snail trail data collection and data analysis continued in 2016 to further examine and make conclusions regarding snail trails.
Analysis of the Impact of DC oversize   Continued to collect performance data, analyse and compare performance variables of 1.2 DC oversize operating sites to those with 1.75 DC oversize operating sites. Updated and issued DC oversize report in 2016.Thermal Impact of Mounting Systems on Generation   Continued to collect and analyse data, Updates and inclusion of new findings into the previously issued report.
Additional Solar Opearion research: Bifacial Module Test Site   test site for evaluating performance of bifacial solar modules: the activity involved 2 strings of bifacial modules at an existing site, including a reflective irradiance sensor to monitor and collect performance generation data; TiGo versus Non-Tigo Test Site - Continued to collect and analyse monthly data, Updates and inclusion of new findings into the previously issued report; Micro Grid Data Supply - Collect actual historical data from existing solar installations, compile data; and Testing alternate remote monitoring systems on existing sites to confirm costs, duration, process and procedures of migration and conversion to new monitoring equipment and software platforms - Two specific tests were completed: AlsoEnergy Monitoring at the East Bayfiel CC site; Fronius Inverter Monitoring at the Walker TS 7970 Markham Rd. site.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

In 2015, we achieved several advancements in improving our PV Solar systems/designs for both engineering and for operations/maintenance. Improved knowledge of new sustainable generation system opportunities was also gained. From a methodology perspective, a number of specifications and practices were created for detailed engineering, construction and commissioning of PV Solar systems. Several models were developed to address environmental factors; and work would continue to further refine these models and test them in the next fiscal period. This project remains ongoing with knowledged gained from the various activities described in the above. Future advancements would be focused on other renewable energy sources and learning how to use them to maximize input to the ever-changing grid.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]
255 1 [ ] Other employee of the company	256 Name
257 1 [X] External consultant	258 Name Deloitte LLP — 259 Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	P.Eng., 20+ years' experience, VP Solar Engineering & Construction
2 [redacted]	P.Eng., 20+ year's exp., O&M Manager - Renewable Generation
3 [redacted]	P.Eng., 20+ years' experience, Manager, Renewable Generation

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1	
2	
3	
4	
5	
6	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

- 270 1 [X] Project planning documents
- 271 1 [ ] Records of resources allocated to the project, time sheets
- 272 1 [ ] Design of experiments
- 273 1 [X] Project records, laboratory notebooks
- 274 1 [X] Design, system architecture and source code
- 275 1 [ ] Records of trial runs
- 276 1 [X] Progress reports, minutes of project meetings
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- 278 1 [ ] Photographs and videos
- 279 1 [ ] Samples, prototypes, scrap or other artefacts
- 280 1 [X] Contracts
- 281 1 [X] Others, specify 282 E-mails

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 85750 3346 RC0003

Corporation's name
002 POWERSTREAM 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.
011 161 Cityview Blvd
012
City: 015 VAUGHAN
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal or ZIP code: 018 L4H 0A9

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
022 161 Cityview Blvd
023
City: 025 VAUGHAN
Province, territory, or state: 026 ON
Country (other than Canada): 027
Postal or ZIP code: 028 L4H 0A9

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.
031 161 Cityview Blvd
032
City: 035 VAUGHAN
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal or ZIP code: 038 L4H 0A9

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 Year Month Day

To which tax year does this return apply?
Tax year start — Year Month Day: 060 2017-01-01
Tax year-end — Year Month Day: 061 2017-01-30

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 [X] 2 No [ ]

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	X	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 a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation 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)

	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 products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

	Product or service		%
284	ELECTRICITY 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 Year Month Day

	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	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		-281,136	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** 41,096 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 41,096 x **415** *** 1,084,187 D / 11,250 = ... 3,960,511 E

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

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) . . . . . ______ G

Amount F **minus** amount G . . . . . **427** ______ H

Small business deduction

Amount A, B, C, or H, whichever is the least ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30) 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 30 / Number of days in the tax year 30) x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount I on line J on page 8) **430** ______ I

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

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

*** **Large corporations**

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

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount **490**	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] **500**	L Business limit assigned to corporation identified in column J [4] **505**
1.				

Total **510** ______ Total **515** ______

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)				A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 from Part 13 of Schedule 27		C		
Personal services business income	432	D		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E		
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F		
Aggregate investment income from line 440 on page 6*		G		
Subtotal (**add** amounts B to G)		►		H
Amount A **minus** amount H (if negative, enter "0")				I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				J

Enter amount J on line 638 on page 8.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)				K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		L		
Amount K13 from Part 13 of Schedule 27		M		
Personal services business income	434	N		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		O		
Subtotal (**add** amounts L to O)		►		P
Amount K **minus** amount P (if negative, enter "0")				Q
General tax reduction – Amount Q **multiplied** by 13 %				R

Enter amount R on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ______ A

Amount A ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30) x 26 2/3 % = ______ 1

Amount A ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 30) x 9 1/3 % = ______ 3

Amount C ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 30) x 35 = ... ______ 5

(Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 427 on page 4, whichever is the least . . . . ______ K

Amount I . . . . ______ L

Foreign business income tax credit from line 636 on page 8 . . . . ______ x 4 = ______ M

Subtotal (total of amounts K to M) ______ ▶ ______ N

Subtotal (amount J **minus** amount N) ______ O

Amount O ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30) x 26 2/3 % = ______ 7

Amount O ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) x 30 2/3 % = ______ 8

Subtotal (amount 7 **plus** amount 8) ______ ▶ ______ P

Part I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . ______ Q

Refundable portion of Part I tax – Amount F, P, or Q, whichever is the least . . . . **450** ______ R

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460			
Deduct:				
Dividend refund for the previous tax year	465			
			►	A
Add:				
Refundable portion of Part I tax from line 450 on page 6			B	
Total Part IV tax payable from Schedule 3			C	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
Subtotal (add amounts B, C, and line 480)			►	D
Refundable dividend tax on hand at the end of the tax year – Amount A **plus** amount D	485			

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3						E
Amount E	x	Number of days in the tax year before January 1, 2016 / Number of days in the tax year	/ 30	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	30 / 30	x 38 1/3 % =		2
Subtotal (amount 1 **plus** amount 2)					►	F
Refundable dividend tax on hand at the end of the tax year from line 485 above						G
Dividend refund – Amount F or G, whichever is less						H

Enter amount H on line 784 on page 9.

Part I tax

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

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business **555** ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) x 5 % = **560** ______ B

Recapture of investment tax credit from Schedule 31 . . . **602** ______ C

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

Aggregate investment income from line 440 on page 6 . . . ______ D

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

Deduct:
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . ______ F

Net amount (amount E **minus** amount F) ______ ► ______ G

Amount D or G, whichever is less ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30) x 6 2 / 3 % = ______ 1

Amount D or G, whichever is less ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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	39,927
Total tax payable	770	39,927 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	
Total credits	890	▶ B

Refund code 894 Overpayment

Balance (amount A **minus** amount B) 39,927

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 39,927

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

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

Certification

I, 950 Basilio (Last name) 951 John (First name) 954 CFO (Position, office, or rank),

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

955 2017-07-25 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 956 [redacted] Telephone number

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

958 Martin Sultana Name of other authorized person 959 [redacted] Telephone number

Language of correspondence – Langue de correspondance

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

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SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	427,182,501	287,447,228
	Total tangible capital assets	2008	+	1,439,741,142	1,429,891,793
	Total accumulated amortization of tangible capital assets	2009	–	240,980,314	236,840,890
	Total intangible capital assets	2178	+	117,647,533	117,335,147
	Total accumulated amortization of intangible capital assets	2179	–	24,585,840	23,944,618
	Total long-term assets	2589	+	-1,170,475	-685,718
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	1,717,834,547	1,573,202,942
	Liabilities				
	Total current liabilities	3139	+	529,940,361	390,187,852
	Total long-term liabilities	3450	+	731,172,876	728,161,617
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	1,261,113,237	1,118,349,469
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	456,721,310	454,853,473
	Total liabilities and shareholder equity	3640	=	1,717,834,547	1,573,202,942
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	113,990,785	112,122,948

* Generic item

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

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

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	+	109,717,232	1,320,005,572
	Cost of sales	8518	–	92,204,198	1,133,770,899
	Gross profit/loss	8519	=	17,513,034	186,234,673
	Cost of sales	8518	+	92,204,198	1,133,770,899
	Total operating expenses	9367	+	17,281,356	176,932,380
	Total expenses (mandatory field)	9368	=	109,485,554	1,310,703,279
	Total revenue (mandatory field)	8299	+	111,400,126	1,348,403,459
	Total expenses (mandatory field)	9368	–	109,485,554	1,310,703,279
	Net non-farming income	9369	=	1,914,572	37,700,180
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	1,914,572	37,700,180
	Total other comprehensive income	9998	=		-1,535,921
	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	–	46,735	12,936,810
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		-1,535,921
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	1,867,837	23,227,449

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

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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 [X] 2 No [ ]

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . 200 1 Yes [ ] 2 No [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
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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			1,867,837	A
Add:				
Provision for income taxes – current	101	46,735		
Amortization of tangible assets	104	4,103,843		
Amortization of intangible assets	106	716,949		
Loss on disposal of assets	111	64,326		
Charitable donations and gifts from Schedule 2	112	600		
Scientific research expenditures deducted per financial statements	118	141,751		
Non-deductible club dues and fees	120	7,845		
Non-deductible meals and entertainment expenses	121	18,416		
Non-deductible automobile expenses	122	3,197		
Reserves from financial statements – balance at the end of the year	126	23,963,454		
Subtotal of additions		29,067,116	29,067,116	

Other additions:

Financing fees deducted in books	216	22,834

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	35,068
2	Addback re 12(1)(x)	2,033,243
3	Interest on capital lease - building	88,122
4	Acqusition costs capitalized to ECE	197,877
5	12(1)(x) Ontario R&D tax credit	12,458
	Total of column 2	2,366,768

	296	2,366,768		
Subtotal of other additions	199	2,389,602	2,389,602	
Total additions	500	31,456,718	31,456,718	B
Amount A **plus** amount B			33,324,555	C

Deduct:

Capital cost allowance from Schedule 8	403	6,208,266	
SR&ED expenditures claimed in the year on line 460 from Form T661	411	277,804	
Reserves from financial statements – balance at the beginning of the year	414	23,841,233	
Subtotal of deductions		30,327,303	30,327,303

Other deductions:

Book income on joint ventures	348	40,000

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Deduction under 20(1)(e) ITA	17,281
2	Interest capitalized for accounting	140,157
3	Election under s. 13(7.4)	2,033,243

	1 Description 705	2 Amount 395
4	Amortization of deferred revenue	335,274
5	RSVA	589,524
6	Canadian Renewable & Conservation Expenses	3,750
7	Cash Lease Payment On Capital Leases	119,159
	Total of column 2	3,238,388

Total of column 2	3,238,388 ►	396	3,238,388	
Subtotal of other deductions		499	3,278,388 ►	3,278,388
Total deductions		510	33,605,691 ►	33,605,691 D

Net income (loss) for income tax purposes (amount C **minus** amount D) . . . . -281,136 E

Enter amount E on line 300 of the T2 return.

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Description	Operator (Note)	Amount
12(1)(x) PY Ontario business-research institute tax credit		
12(1)(x) PY Investment Tax Credit	+	
12(1)(x) Ontario Research and Development Tax Credit	+	
12(1)(x) Capital Contribution Capital Assets	+	
	+	
	Total	

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Inducement

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

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

Tax credits whose amount should be added to income

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

Ontario

A		
X	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	24,028
	Ontario co-operative education tax credit	
X	Ontario apprenticeship training tax credit	11,040
	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario book publishing tax credit	
X	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
X	Ontario business-research institute tax credit	
	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

Deduction summary as per paragraph 20(1)(e) of the ITA

Federal

Deduction summary as per paragraph 20(1)(e) of the ITA

Description		Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	E Annual deduction (This amount is posted to one of the lines 395 of Schedule 1)	F Balance at the end of the year
1.	Financing fees	2014-01-01	981,619	589,509	16,136	375,974
2.	Financing fees		46,840	9,394	770	36,676
3.			22,834		375	22,459
		Totals	1,051,293	598,903	17,281	435,109

Deduction as per paragraph 20(1)(e) of the ITA

This workchart allows you to determine the tax deduction as per paragraph 20(1)(e) of the Income Tax Act (ITA). It relates to the expenses of issuing or selling shares, units or interests and expenses of borrowing money.

Ensure that any of these expenses deducted in the financial statements have been added back on line 216, "Financing fees deducted in books," and/or on line 235, "Share issue expense" to Schedule 1, if applicable.

* If the check box was selected, the annual deduction will be equal to the amount in column C.

1 Description: Financing fees

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 30 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2014-01-01	981,619	589,509	392,110	16,136	16,136	375,974

2 Description: Financing fees

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 30 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐		46,840	9,394	37,446	770	770	36,676

3 Description:

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 30 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐		22,834		22,834	375	375	22,459

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers;
  - the eligible amount of gifts of certified cultural property;
  - the eligible amount of gifts of certified ecologically sensitive land; or
  - the additional deduction for gifts of medicine.
- All legislative references are to the federal *Income Tax Act*, unless otherwise specified.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts are eligible for a 5-year carryforward except for gifts of certified ecologically sensitive land made after February 10, 2014, which are eligible for a 10-year carryforward. Please note that the provincial food donation tax credits must be applied in the current tax year.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Vitanova Foundation	500
Yee Hong Community	100
Subtotal	600
Add: Total donations of less than $100 each	
Total donations in current tax year	600

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year		1,184,531	A	1,184,531	1,184,531
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240	1,184,531	B	1,184,531	1,184,531
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1)	210	600		600	600
Subtotal (line 250 **plus** line 210)		600	C	600	600
Subtotal (amount B **plus** amount C)		1,185,131	D	1,185,131	1,185,131
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		1,185,131	E	1,185,131	1,185,131
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount E **minus** amount on line 260)	280	1,185,131		1,185,131	1,185,131

	Line	Amount	
The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262		
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1

Enter amount 1 on line 420 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

	Line	Amount	
The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015)	263		
Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %)			2

Enter amount 2 on line 570 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia *Income Tax Act*.

	Line	Amount	
The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016 and before January 1, 2019)	265		
British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %)			3

Enter amount 3 on line 683 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia *Income Tax Act*.

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31	257,794	257,794	257,794
2nd prior year	2015-12-31	481,842	481,842	481,842
3rd prior year	2014-12-31	444,895	444,895	444,895
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2005-10-31			
14th prior year	2004-12-31			
15th prior year	2004-05-31			
16th prior year	2003-05-31			
17th prior year	2002-05-31			
18th prior year	2001-05-31			
19th prior year	2000-05-31			
20th prior year	1999-05-31			
21st prior year*	1998-05-31			
Total (to line A)		1,184,531	1,184,531	1,184,531

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

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes* **multiplied** by 75 % .... F

Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** .... **225** ______ G

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) .... **227** ______ H

The amount of the recapture of capital cost allowance in respect of charitable donations .... **230** ______

Proceeds of disposition, **less** outlays and expenses** .... ______ I

Capital cost** .... ______ J

Amount I or J, whichever is less .... **235** ______

Amount on line 230 or 235, whichever is less .... ______ K

Subtotal (**add** amounts G, H, and K) ______ L

Amount L **multiplied** by 25 % ______ M

Subtotal (amount F **plus** amount M) ______ N

Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less) .... ______ O

* For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

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

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			A		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		B		
Add:					
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			C		
Subtotal (amount B **plus** amount C)			D		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			E		
Gifts of certified cultural property closing balance (amount D **minus** amount E)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2005-10-31			
14th prior year	2004-12-31			
15th prior year	2004-05-31			
16th prior year	2003-05-31			
17th prior year	2002-05-31			
18th prior year	2001-05-31			
19th prior year	2000-05-31			
20th prior year	1999-05-31			
21st prior year*	1998-05-31			
Total				

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

Part 4 – Gifts of certified ecologically sensitive land

	Line	Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			F		
Deduct: Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year	540		G		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014 (include this amount on line 112 of Schedule 1)	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014 (include this amount on line 112 of Schedule 1)	520				
Subtotal (**add** lines 550, 510, and 520)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			J		
Gifts of certified ecologically sensitive land closing balance (amount I **minus** amount J)	580				

* For the federal and Alberta, gifts made before February 11, 2014 , expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year*	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2005-10-31			
14th prior year	2004-12-31			
15th prior year	2004-05-31			
16th prior year	2003-05-31			
17th prior year	2002-05-31			
18th prior year	2001-05-31			
19th prior year	2000-05-31			
20th prior year	1999-05-31			
21st prior year*	1998-05-31			
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 5 – Additional deduction for gifts of medicine

	Code	Federal		Québec		Alberta	
Additional deduction for gifts of medicine at the end of the previous tax year			K				
Deduct: Additional deduction for gifts of medicine expired after five tax years*	639						
Additional deduction for gifts of medicine at the beginning of the current tax year	640		L				
Add:							
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650						
Additional deduction for gifts of medicine for the current year:							
Proceeds of disposition	602		1		1		1
Cost of gifts of medicine	601		2		2		2
Subtotal (line 1 **minus** line 2)			3		3		3
Line 3 **multiplied** by 50 %			4		4		4
Eligible amount of gifts	600		5		5		5

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine for the current year . . . . 610 ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine for the current year . . . . ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine for the current year . . . . ______

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

	Code	Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			M		
Subtotal (amount L **plus** amount M)			N		
Deduct:					
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			O		
Additional deduction for gifts of medicine closing balance (amount N **minus** amount O)	680				

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made before March 19, 2007, expire after five tax years and gifts made after March 18, 2007, expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2005-10-31			
14th prior year	2004-12-31			
15th prior year	2004-05-31			
16th prior year	2003-05-31			
17th prior year	2002-05-31			
18th prior year	2001-05-31			
19th prior year	2000-05-31			
20th prior year	1999-05-31			
21st prior year*	1998-05-31			
Total				

***** For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, gifts made before March 19, 2007, expire after five tax years and gifts made after March 18, 2007, expire after twenty tax years.

Québec – Gifts of musical instruments

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

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2016-12-31	
2nd prior year	2015-12-31	
3rd prior year	2014-12-31	
4th prior year	2013-12-31	
5th prior year	2012-12-31	
6th prior year*	2011-12-31	
7th prior year	2010-12-31	
8th prior year	2009-12-31	
9th prior year	2008-12-31	
10th prior year	2007-12-31	
11th prior year	2006-12-31	
12th prior year	2005-12-31	
13th prior year	2005-10-31	
14th prior year	2004-12-31	
15th prior year	2004-05-31	
16th prior year	2003-05-31	
17th prior year	2002-05-31	
18th prior year	2001-05-31	
19th prior year	2000-05-31	
20th prior year	1999-05-31	
21st prior year*	1998-05-31	
Total		

* These gifts expired in the current year.

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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				-281,136	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")				-281,136	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)				-281,136	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")				-281,136	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		49,805,614	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	49,805,614	▶	49,805,614	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	281,136	h		
Subtotal (amount g **plus** amount h)		281,136	▶	281,136	I
Subtotal (amount H **plus** amount I)				50,086,750	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)				50,086,750	L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903		o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)			▶		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)			180	50,086,750	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	64,600	**951**		h
Second previous tax year	919,086	**952**		i
Third previous tax year	66,680	**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 . . . . . **330** ______ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9) . . . . . **335** ______ h

Subtotal (total of amounts e to h) ______ ▶ ______ D

Farm losses before any request for a carryback (amount C **minus** amount D) ______ E

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income . . . . . **921** ______ i

Second previous tax year to reduce taxable income . . . . . **922** ______ j

Third previous tax year to reduce taxable income . . . . . **923** ______ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . . **931** ______ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . . **932** ______ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . . **933** ______ n

Subtotal (total of amounts i to n) ______ ▶ ______ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) **380** ______ G

Note 8: A farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485			A
Minus the deductible farm loss:				
(amount A above ______ – $2,500) **divided** by 2 = ______ a				
Amount a or $ 15,000 (note 10), whichever is less			b	
		2,500	c	
Subtotal (amount b **plus** amount c)		2,500	▶	2,500 B
Current-year restricted farm loss (amount A **minus** amount B)				C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d	
Deduct: Restricted farm loss expired (note 11)	400		e	
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	402		▶	D
Add:				
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405		f	
Current-year restricted farm loss (from amount C) Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.	410		g	
Subtotal (amount f **plus** amount g)			▶	E
Subtotal (amount D **plus** amount E)				F
Deduct:				
Restricted farm losses from previous tax years applied against current farming income Enter amount h on line 333 of the T2 return.	430		h	
Section 80 – Adjustments for forgiven amounts	440		i	
Other adjustments	450		j	
Subtotal (total of amounts h to j)			▶	G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)				H

Deduct – Request to carry back restricted farm loss to:

First previous tax year to reduce farming income	941		k	
Second previous tax year to reduce farming income	942		l	
Third previous tax year to reduce farming income	943		m	
Subtotal (total of amounts k to m)			▶	I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	480			J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: A restricted farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a			
Deduct: Listed personal property loss expired after 7 tax years	500		b			
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶			A
Add: Current-year listed personal property loss (from Schedule 6)				510		B
Subtotal (amount A **plus** amount B)						C
Deduct:						
Listed personal property losses from previous tax years applied against listed personal property gains	530		c			
Enter amount c on line 655 of Schedule 6.						
Other adjustments	550		d			
Subtotal (amount c **plus** amount d)			▶			D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)						E
Deduct – Request to carry back listed personal property loss to:						
First previous tax year to reduce listed personal property gains	961		e			
Second previous tax year to reduce listed personal property gains	962		f			
Third previous tax year to reduce listed personal property gains	963		g			
Subtotal (total of amounts e to g)			▶			F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580		G

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number **600**	Tax year ending yyyy/mm/dd **602**	Corporation's share of limited partnership loss **604**	Corporation's at-risk amount **606**	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses **608**	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** column 6) **620**
1.							

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number **630**	Tax year ending yyyy/mm/dd **632**	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary **634**	Corporation's at-risk amount **636**	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses **638**	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) **650**
1.							

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

	1	2	3	4	5	6
	Partnership account number **660**	Limited partnership losses at the end of the previous tax year **662**	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary **664**	Current-year limited partnership losses (from line 620) **670**	Limited partnership losses applied in the current year (must be equal to or less than line 650) **675**	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) **680**
1.						

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . **190** Yes

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce Taxable income	Applied to reduce Part IV tax	Balance at end of year
Current	N/A	281,136			N/A		281,136
1st preceding taxation year 2016-12-31	37,227,185	N/A		N/A			37,227,185
2nd preceding taxation year 2015-12-31	12,578,429	N/A		N/A			12,578,429
3rd preceding taxation year 2014-12-31		N/A		N/A			
4th preceding taxation year 2013-12-31		N/A		N/A			
5th preceding taxation year 2012-12-31		N/A		N/A			
6th preceding taxation year 2011-12-31		N/A		N/A			
7th preceding taxation year 2010-12-31		N/A		N/A			
8th preceding taxation year 2009-12-31		N/A		N/A			
9th preceding taxation year 2008-12-31		N/A		N/A			
10th preceding taxation year 2007-12-31		N/A		N/A			
11th preceding taxation year 2006-12-31		N/A		N/A			
12th preceding taxation year 2005-12-31		N/A		N/A			
13th preceding taxation year 2005-10-31		N/A		N/A			
14th preceding taxation year 2004-12-31		N/A		N/A			
15th preceding taxation year 2004-05-31		N/A		N/A			
16th preceding taxation year 2003-05-31		N/A		N/A			
17th preceding taxation year 2002-05-31		N/A		N/A			
18th preceding taxation year 2001-05-31		N/A		N/A			
19th preceding taxation year 2000-05-31		N/A		N/A			
20th preceding taxation year 1999-05-31		N/A		N/A			*
Total	49,805,614	281,136					50,086,750

* **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
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

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

Part 1 – Allocation of taxable income

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

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500)	270		
Deduct: Ontario small business deduction (from Schedule 500)	402		
Subtotal			A6
Add:			
Ontario additional tax re Crown royalties (from Schedule 504)	274		
Ontario transitional tax debits (from Schedule 506)	276		
Recapture of Ontario research and development tax credit (from Schedule 508)	277		
Subtotal			B6
Subtotal (amount A6 **plus** amount B6)			C6
Deduct:			
Ontario resource tax credit (from Schedule 504)	404		
Ontario tax credit for manufacturing and processing (from Schedule 502)	406		
Ontario foreign tax credit (from Schedule 21)	408		
Ontario credit union tax reduction (from Schedule 500)	410		
Ontario political contributions tax credit (from Schedule 525)	415		
Subtotal			D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			E6
Deduct: Ontario research and development tax credit (from Schedule 508)	416		
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 **minus** amount on line 416) (if negative, enter "0")			F6
Deduct:			
Ontario corporate minimum tax credit (from Schedule 510)	418		
Ontario community food program donation tax credit for farmers (from Schedule 2)	420		
Ontario corporate income tax payable (amount F6 **minus** amounts on line 418 and line 420) (if negative, enter "0")			G6
Add:			
Ontario corporate minimum tax (from Schedule 510)	278	50,613	
Ontario special additional tax on life insurance corporations (from Schedule 512)	280		
Subtotal		50,613	50,613 H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			50,613 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	10,686	
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		10,686	10,686 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		39,927 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	39,927

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
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

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	Building	354,614,523	18,244		0	9,122	354,623,645	4	0	0	1,165,886	353,466,881
2.	2		42,310,927			0		42,310,927	6	0	0	208,657	42,102,270
3.	8		33,195,863	409,759		0	204,880	33,400,742	20	0	0	549,053	33,056,569
4.	10		4,831,816	1,185		0	593	4,832,408	30	0	0	119,155	4,713,846
5.	12		2,175,723	294,771		0	147,386	2,323,108	100	0	0	190,940	2,279,554
6.	17	Parking / Road	309,364			0		309,364	8	0	0	2,034	307,330
7.	95	WORK-IN-PROGRESS	57,626,418	2,291,413		0		59,917,831	0	0	0		59,917,831
8.	13	RICHMOND HILL				0			NA	0	0		
9.	13	MARKHAM HYDRO				0			NA	0	0		
10.	45		10,982			0		10,982	45	0	0	406	10,576
11.	13	PS Inc - 2005 Additioin	158,651			0		158,651	NA	0	0	1,242	157,409
12.	47		405,858,678	5,471,119		0	2,735,560	408,594,237	8	0	0	2,686,647	408,643,150
13.	50	Computers	1,724,248	40,174		0	20,087	1,744,335	55	0	0	78,853	1,685,569
14.	13	BARRIE HYDRO - right to use su	423,847			0		423,847	NA	0	0	2,580	421,267
15.	13	Addiscott Ops Centre	841,989			0		841,989	NA	0	0	3,031	838,958
16.	43.2	Solar business - Solar Panels	27,755,430			0		27,755,430	50	0	0	1,140,634	26,614,796
17.	8	Solar business - Class 8	992			0		992	20	0	0	16	976
18.	95	WIP - solar	3,234,171	16,456		0		3,250,627	0	0	0		3,250,627
19.	14	H1 Midhurst CC	3,971,512			0		3,971,512	NA	0	0	25,674	3,945,838
20.	43.2	Smart Grid	26,221			0		26,221	50	0	0	1,078	25,143
21.	14.1	ECE	5,555,149	203,771		0	101,886	5,657,034	5	0	0	32,380	5,726,540
		Totals	944,626,504	8,746,892			3,219,514	950,153,882				6,208,266	947,165,130

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

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

** Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost.
Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

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

***** For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

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

T2 SCH 8 (14)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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.	POWERSTREAM HOLDINGS INC.		80413 1332 RC0001	1					
2.	Powerstream Energy Services Inc.		80393 0734 RC0001	3					
3.	Util-Assist Inc.		84277 2741 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	EMPLOYEE FUTURE BENEFITS	20,288,899		93,487		20,382,386
2	ALLOWANCE FOR DOUBTFUL A	3,321,826			25,938	3,295,888
3	Inventory Obsolescence	230,508		54,672		285,180
4	Reserves in accruals					
5	Donation accrual					
6	Unpaid Payroll - 2014					
7	Customer over-collections					
	Reserves from Part 2 of Schedule 13					
	Totals	23,841,233		148,159	25,938	23,963,454

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

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Schedule 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 2017

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	POWERSTREAM INC.	85750 3346 RC0003	1	500,000	100.0000	500,000	
2	POWERSTREAM HOLDINGS INC.	80413 1332 RC0001	1	500,000			
3	Powerstream Energy Services Inc.	80393 0734 RC0001	1	500,000			
4	Util-Assist Inc.	84277 2741 RC0001	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 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the scientific research and experimental development (SR&ED) qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %

Expenditures

If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %

Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.

If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

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

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . **102** 1 Yes [ ] 2 No [X]

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . **103** ________
(Enter this amount on line 350 of Part 8)

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**

Total of investments for qualified property and qualified resource property ________ A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year			B1
Deduct:			
Credit deemed as a remittance of co-op corporations	210		
Credit expired	215		
Subtotal (line 210 **plus** line 215)		▶	C1
ITC at the beginning of the tax year (amount B1 **minus** amount C1)		220	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	230		
ITC from repayment of assistance	235		
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) x 10 % =	240		
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) x 5 % =	242		
Credit allocated from a partnership	250		
Subtotal (total of lines 230 to 250)		▶	D1
Total credit available (line 220 **plus** amount D1)			E1
Deduct:			
Credit deducted from Part I tax (enter this amount at line D8 in Part 30)	260		
Credit carried back to the previous year(s) (from amount H1 in Part 6)		a	
Credit transferred to offset Part VII tax liability	280		
Subtotal (total of line 260, amount a, and line 280)		▶	F1
Credit balance before refund (amount E1 **minus** amount F1)			G1
Deduct:			
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)		310	
ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310)		320	

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

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

	Year Month Day			
1st previous tax year		Credit to be applied	901	
2nd previous tax year		Credit to be applied	902	
3rd previous tax year		Credit to be applied	903	
		Total of lines 901 to 903 (enter amount H1 on line a in Part 5)		H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)		I1
Credit balance before refund (from amount G1 in Part 5)		J1
Refund (40 % of amount I1 or J1, whichever is less)		K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if you don't claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		343,488		
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*	▶ +			
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*		343,488 ▶	350	343,488
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	343,488

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

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

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

If you answered **no** to the question on line 385 above or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied)	390	
Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million	398	

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:		$ 8,000,000	
Deduct:			
Taxable income for the previous tax year (from line 390 in Part 9) or $500,000, whichever is more	x 10 =		A2
Excess ($8,000,000 **minus** amount A2; if negative, enter "0")			B2
$ 40,000,000 **minus** line 398 in Part 9	a		
Amount a **divided** by $ 40,000,000			C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)*			D2
For an associated corporation:			
If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49*	400		E2

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D2 or E2 ______ x $\frac{\text{Number of days in the tax year}}{365}$ $\frac{30}{365}$ = ______ F2

Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies) 410 ______

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less*	420		x 35 % =		G2
Line 350 **minus** line 410 (if negative, enter "0")	430	343,488			
Amount from line 430 ___ x (Number of days in the tax year before 2014 / Number of days in the tax year) ___ x 20% =			b		
Amount from line 430** 343,488 x (Number of days in the tax year after 2013 / Number of days in the tax year) 30 / 30 x 15 % =		51,523	c		
Subtotal (amount b **plus** amount c)		51,523	▶	51,523	H2
Line 410 **minus** line 350 (if negative, enter "0")			d		
Capital expenditures (from line 360 in Part 8) or amount d above, whichever is less*	440		x 35 % =		I2
Line 360 **minus** amount d above (if negative, enter "0")	450				
Amount from line 450 ___ x (Number of days in the tax year before 2014 / Number of days in the tax year) ___ x 20% =			e		
Amount from line 450** ___ x (Number of days in the tax year after 2013 / Number of days in the tax year) 30 / 30 x 15 % =			f		
Subtotal (amount e **plus** amount f)			▶		J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ______

The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC when your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. ***

460		x 35 % =		g
480		x 20 % =		h
490		x 15 % =		i
		Subtotal (**add** amounts g to i)		▶ K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) 51,523 L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013. For tax years that have a start date **after** 2013, multiply the amount by 15%.

*** If you are reporting a repayment for a tax year which included two calendar years with different rates (such as a 2014 tax year that started in 2013), the amount of repayment is allocated between the two ITC rates as follows:
- For the first part of the tax year, enter on the line next to the applicable ITC rate, the result of the following calculation: The full repayment amount **multiplied** by the number of days in the tax year which were in the first calendar year, **divided** by the total number of days in the tax year.
- For the last part of the tax year which is in the second calendar year, enter on the line next to the applicable ITC rate, the difference between the first part calculated above and the full repayment amount.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year			994,041	M2
Deduct:				
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)				N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)		520	994,041	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	530			
Total current-year credit (from amount L2 in Part 11)	540	51,523		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		51,523	51,523	O2
Total credit available (line 520 **plus** amount O2)			1,045,564	P2
Deduct:				
Credit deducted from Part I tax (enter this amount at line E8 in Part 30)	560			
Credit carried back to the previous year(s) (from amount S2 in Part 13)			j	
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount j, and line 580)				Q2
Credit balance before refund (amount P2 **minus** amount Q2)			1,045,564	R2
Deduct:				
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)		610		
ITC closing balance on SR&ED (amount R2 **minus** line 610)		620	1,045,564	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day				
1st previous tax year				Credit to be applied	911		
2nd previous tax year				Credit to be applied	912		
3rd previous tax year				Credit to be applied	913		
				Total of lines 911 to 913 (enter amount S2 at line j in Part 12)			S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . . 650 1 Yes [ ] 2 No [X]

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11)		k
Refundable credits (amount k or amount R2 in Part 12, whichever is less)*		T2
Deduct:		
Amount T2 or amount G2 in Part 11, whichever is less		U2
Net amount (amount T2 **minus** amount U2; if negative, enter "0")		V2
Amount V2 **multiplied** by 40 %		W2
Add:		
Amount U2		X2
Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12)		Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12)	1,045,564	Z2
Deduct:		
Amount Z2 or amount G2 in Part 11, whichever is less		AA2
Net amount (amount Z2 **minus** amount AA2; if negative, enter "0")	1,045,564	BB2
Amount BB2 or amount I2 in Part 11, whichever is less		CC2
Amount CC2 **multiplied** by 40 %		DD2
Add:		
Amount AA2		EE2
Refund of ITC (amount DD2 **plus** amount EE2)		FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above **700**	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	Amount from column 700 or 710, whichever is less

Subtotal (enter amount A3 on line C3 in Part 17) ______ A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720**	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition **730**	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) **740**	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred **750**	F Amount from column D or E, whichever is less

Subtotal (total of column F) (enter amount B3 on line D3 in Part 17) ______ B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 17) **760** ____________

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 on line A8 in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826
Total of column 826	

▶ A4

Total pre-production mining expenditures (total of lines 810 to 821 and amount A4)	830		

Deduct:

Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B4

Add:

Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B4 **plus** line 835)			C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year D4

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 **plus** line 845) ▶ E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) **850**

Add:

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

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18) . . **870** x 10 % = a

Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18) . . **872** x 5 % = b

Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18) . . **874** x 7 % = c

Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18) . . **876** x 4 % = d

Current year credit (total of amounts a to d) **880** ▶ F4

Total credit available (total of lines 850, 860, and amount F4) G4

Deduct:

Credit deducted from Part I tax (enter this amount at line F8 in Part 30) **885**

Credit carried back to the previous year(s) (from amount I4 in Part 20) . . . . . . e

Subtotal (line 885 **plus** amount e) ▶ H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) **890**

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	**921**	
2nd previous tax year				Credit to be applied	**922**	
3rd previous tax year				Credit to be applied	**923**	

Total of lines 921 to 923 (enter amount I4 on line e in Part 19) I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . 611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
1.	[redacted]	Apprentice Power Lineperson	[redacted]	[redacted]	[redacted]
2.		Apprentice Power Lineperson			
3.		Apprentice Power Lineperson			
4.		Apprentice Power Lineperson			
5.		Apprentice Power Lineperson			
6.		Apprentice Power Lineperson			

Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22) 2,456 A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year		36,000	B5
Deduct:			
Credit deemed as a remittance of co-op corporations 612			
Credit expired after 20 tax years 615			
Subtotal (line 612 **plus** line 615)			C5
ITC at the beginning of the tax year (amount B5 **minus** amount C5) 625		36,000	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary 630			
ITC from repayment of assistance 635			
Total current-year credit (from amount A5 in Part 21) 640	2,456		
Credit allocated from a partnership 655			
Subtotal (total of lines 630 to 655)	2,456	2,456	D5
Total credit available (line 625 **plus** amount D5)		38,456	E5
Deduct:			
Credit deducted from Part I tax (enter this amount at line G8 in Part 30) 660			
Credit carried back to the previous year(s) (from amount G5 in Part 23)			a
Subtotal (line 660 **plus** amount a)			F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5) 690		38,456	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied 931	
2nd previous tax year				Credit to be applied 932	
3rd previous tax year				Credit to be applied 933	

Total of lines 931 to 933 (enter amount G5 on line a in Part 22) G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number **665**	Description of investment **675**	Date available for use **685**	Amount of investment **695**
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ______

Add:

Specified child care start-up expenditures from the current tax year . . . . . **705** ______

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ______ A6

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . . **725** ______

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . . ______ B6

Add:

Repayments by the corporation of government and non-government assistance . . . . . **735** ______

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . . **745** ______

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . . ______ x 25 % = ______ C6

Number of child care spaces . . . . . **755** ______ x $ 10,000 = ______ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . . ______ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year			F6
Deduct:			
Credit deemed as a remittance of co-op corporations	765		
Credit expired after 20 tax years	770		
Subtotal (line 765 **plus** line 770)		►	G6
ITC at the beginning of the tax year (amount F6 **minus** amount G6)		775	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	777		
Total current-year credit (from amount E6 in Part 25)	780		
Credit allocated from a partnership	782		
Subtotal (total of lines 777 to 782)		►	H6
Total credit available (line 775 **plus** amount H6)			I6
Deduct:			
Credit deducted from Part I tax (enter this amount at line H8 in Part 30)	785		
Credit carried back to the previous year(s) (from amount K6 in Part 27)		a	
Subtotal (line 785 **plus** amount a)		►	J6
ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6)		790	

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

	Year Month Day			
1st previous tax year	2016-12-31	Credit to be applied	941	
2nd previous tax year	2015-12-31	Credit to be applied	942	
3rd previous tax year	2014-12-31	Credit to be applied	943	
		Total of lines 941 to 943 (enter amount K6 on line a in Part 26)		K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . **792** ______

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . **795** ______

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . . ______ A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ______

Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799) . . . . ______ B7

Enter amount B7 on line B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F3 in Part 17) . . . . ______ A8

Recaptured child care spaces ITC (from amount B7 in Part 28) . . . . ______ B8

Total recapture of investment tax credit (amount A8 **plus** amount B8) . . . . ______ C8

Enter amount C8 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) . . . . ______ D8

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) . . . . ______ E8

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19) . . . . ______ F8

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) . . . . ______ G8

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26) . . . . ______ H8

Total ITC deducted from Part I tax (total of amounts D8 to H8) . . . . ______ I8

Enter amount I8 on line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
51,523				51,523

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2016-12-31	360,320			360,320
2015-12-31	429,326			429,326
2014-12-31	204,395			204,395
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				*
2006-12-31				
2005-12-31				
2005-10-31				
2004-12-31				
2004-05-31				
2003-05-31				
2002-05-31				
2001-05-31				
2000-05-31				
1999-05-31				*
Total	994,041			994,041

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

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
2,456				2,456

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2016-12-31	12,000			12,000
2015-12-31	24,000			24,000
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				*
2006-12-31				
2005-12-31				
2005-10-31				
2004-12-31				
2004-05-31				
2003-05-31				
2002-05-31				
2001-05-31				
2000-05-31				
1999-05-31				*
Total	36,000			36,000

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

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	342,183,426		
Retained earnings	104	113,990,785		
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			
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)		456,174,211	► 456,174,211	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)		456,174,211	A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal (**add** lines 121 to 124)	▶		B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190	456,174,211	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		456,174,211	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	456,174,211	

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) 456,174,211 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 456,174,211

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
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

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	POWERSTREAM HOLDINGS INC.	80413 1332 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
  - 4.5% for tax years that end before June 1, 2016
  - 3.5% for tax years that start after May 31, 2016.
  - prorated for a tax year that ends on or after June 1, 2016 and include May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and non of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	355,946	A		
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B		
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		355,946	C		
Eligible expenditures transferred to the corporation by another corporation	110		D		
Subtotal (amount C **plus** amount D)		355,946	▶	355,946	E
Eligible expenditures the corporation transferred to another corporation (cannot exceed amount E)	115				F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")	120			355,946	G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016 . . . . **210** ______ x 4.5 % = **215** ______ H

Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.

Number of days in the tax year before June 1, 2016	240	152	x	4.5 %	=	1.8689 %	1
Number of days in the tax year	241	366					
Number of days in the tax year after May 31, 2016	242	214	x	3.5 %	=	2.0464 %	2
Number of days in the tax year	243	366					

Subtotal (percentage 1 **plus** percentage 2) 3.9153 % 3

Repayments for a tax year that ends on or after June 1, 2016 and includes May 31, 2016 . . . . . . **211** ______ x percentage 3 3.9153 % = **216** ______ I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016	212		x 3.5 %	= 217		J
Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014	220	x 1 / 4 =	x 4.5 %	= 225		K
Eligible repayments (Total amount H to amount K)				229		L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)		x 4.5 %	= 200		M
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			205		N

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Eligible repayments (amount L in Part 2)			O
Current part of the ORDTC for tax years that end before June 1, 2016 (total of amounts M to O)	230		P

For a tax year that ends on or after June 1, 2016 and includes May 31, 2016

$\frac{\text{Number of days in the tax year before June 1, 2016}}{\text{Number of days in the tax year}}$ ______ x 4.5 % = ______ % 4

$\frac{\text{Number of days in the tax year after May 31, 2016}}{\text{Number of days in the tax year}}$ ______ x 3.5 % = ______ % 5

Subtotal (percentage 4 **plus** percentage 5) ______ % 6

Ontario SR&ED expenditure pool (amount G in Part 1)		x percentage 6 %	= 201		Q
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			206		R

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Eligible repayments (amount L in Part 2)			S
Current part of the ORDTC for tax years that end on or after June 1, 2016 and include May 31, 2016, (total of amounts Q to S)	231		T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)	355,946	x 3.5 %	= 202	12,458	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			207		V

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Eligible repayments (amount L in Part 2)			W
Current part of the ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)	232	12,458	X

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year			232,750 Y	
Deduct: ORDTC expired after 20 tax years		300	Z	
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)		305	232,750 AA	
Add:				
ORDTC transferred to the corporation on amalgamation or windup		310	BB	
Current part of ORDTC (amounts P, T or X in Part 3 whichever applies)	12,458 CC			

Are you waiving all or part of the current part of the ORDTC? . . . . . . **315** Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC	320	DD		
Subtotal (amount CC **minus** amount DD)		12,458 ▶	12,458 EE	
ORDTC available for deduction (total of amounts AA, BB and EE)			245,208 ▶	245,208 FF
Deduct:				
ORDTC claimed * (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)			GG	
ORDTC carried back to previous tax years (from Part 5)			HH	
Subtotal (amount GG **plus** amount HH)			▶	II
ORDTC balance at the end of the tax year (amount FF **minus** amount II)			325	245,208 JJ

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount FF); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2016-12-31	Credit to be applied	901	
2nd previous tax year	2015-12-31	Credit to be applied	902	
3rd previous tax year	2014-12-31	Credit to be applied	903	

Total (enter amount on line HH in Part 4)

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

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year Month Day	Credit available		Tax year of origin (earliest tax year first) Year Month Day	Credit available
1999-05-31			2007-12-31	
2000-05-31			2008-12-31	
2001-05-31			2009-12-31	
2002-05-31			2010-12-31	
2003-05-31			2011-12-31	
2004-05-31			2012-12-31	
2004-12-31			2013-12-31	
2005-10-31			2014-12-31	
2005-12-31			2015-12-31	134,867
2006-12-31			2016-12-31	97,883
		Current tax year	2017-01-30	12,458
			Total (equals line 325 in Part 4)	245,208

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 7 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

Complete the columns for each disposition for which a recapture applies, using the calculation formats below.

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – Complete this part If you meet all of the above conditions

	KK Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above **700**	LL Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	MM Amount from column 700 or 710, whichever is less
1.			

Subtotal (enter amount NN, on line WW in Part 8 on page 5) ______ NN

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			

Subtotal (enter amount UU on line XX below) ______ UU

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter amount VV at line ZZ below) . . . . 760 ______ VV

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line NN on page 4) . . . . . . ______ WW

Recaptured federal ITC for Calculation 2 (amount from line UU above) . . . . ______ XX

Amount WW **plus** amount XX . . . . ______ x 23.56 % = ______ YY

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line VV in Part 7) . . . . ______ ZZ

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) . . . . ______ AAA

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures		Capital Expenditures	
Total expenditures for SR&ED		287,880			
Add					
• payment of prior years' unpaid expenses (other than salary or wages)	+				
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	68,066			
• expenditures on shared-use equipment			+		
• other additions	+		+		
Subtotal	=	355,946	=		
Less					
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–				
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–				
• 20% of contract expenditures for SR&ED performed on your behalf	–				
• prescribed expenditures not allowed by regulations	–		–		
• other deductions	–		–		
• non-arm's length transactions					
– expenditures for non-arm's length SR&ED contracts	–				
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–		–		
Subtotal	=	355,946 I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			=	355,946	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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	1,717,834,547
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	522,326,774
Total assets (total of lines 112 to 116)		2,240,161,321
Total revenue of the corporation for the tax year **	142	1,355,368,200
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	916,578
Total revenue (total of lines 142 to 146)		1,356,284,778

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	1,867,837
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	46,735		
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		46,735 ▶		46,735 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	40,000		
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		40,000 ▶		40,000 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	1,874,572

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** 1,874,572

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** 1,874,572

Amount from line 520	1,874,572	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 30	x 4 % =	1
Amount from line 520	1,874,572	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	30 / 30	x 2.7 % = 50,613	2

Subtotal (amount 1 **plus** amount 2) . . . 50,613 3

Gross CMT: amount on line 3 above x OAF ** . . . **540** 50,613

Deduct:

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

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . 50,613 D

Deduct:

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

Net CMT payable (if negative, enter "0") . . . 50,613 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 *		5,122,006	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		5,122,006	▶ 620	5,122,006	
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)				5,122,006	H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)				5,122,006	J
Add:					
Net CMT payable (amount E from Part 3)		50,613			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		50,613	▶	50,613	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	5,172,619	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)					5,122,006	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)	50,613	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:			50,613	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)			10,686			
Subtotal (if negative, enter "0")				▶		O
CMT credit deducted in the current tax year (least of amounts M, N, and O)						P

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

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

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * **700**

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

Add:

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

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

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

Subtotal (if negative, enter "0") S

Add:

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

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

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

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

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

Complete this part if:

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

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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	POWERSTREAM HOLDINGS INC.	80413 1332 RC0001	478,910,852	9,073
2	Powerstream Energy Services Inc.	80393 0734 RC0001	40,387,273	373,892
3	Util-Assist Inc.	84277 2741 RC0001	3,028,649	533,613
		Total	450 522,326,774	550 916,578

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
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- 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)
POWERSTREAM 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	2009-01-01	1787307

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
161	CITYVIEW BLVD	

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
VAUGHAN	ON	CA	L4H 0A9

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 Basilio (Last name) **451** John (First name)

454 ____________________, (Middle name(s))

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

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

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

Part 5 – Mailing address

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

510 Care of (if applicable)

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

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

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

Part 6 – Language of preference

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

Canada Revenue Agency / Agence du revenu du Canada

Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
POWERSTREAM INC.	85750 3346 RC0003	2017-01-30

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Martin Sultana

120 Telephone number: [redacted]

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

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

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

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

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 1,752,834

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

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

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

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

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

– If line 300 is $400,000 or less, enter 30% on line 314.
– If line 300 is $600,000 or more, enter 25% on line 314.
– If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

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

Specified percentage . . . . **314** 25.000 %

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

Part 4 – Ontario apprenticeship training tax credit

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

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
1.	434a	Powerline Technician	[redacted]
2.	434a	Powerline Technician	
3.	434a	Powerline Technician	
4.	434a	Powerline Technician	
5.	434a	Powerline Technician	
6.	434a	Powerline Technician	
7.	434a	Powerline Technician	
8.	434a	Powerline Technician	
9.	434a	Powerline Technician	
10.	434a	Powerline Technician	
11.	434a	Powerline Technician	
12.	434a	Powerline Technician	
13.	434a	Powerline Technician	
14.	434a	Powerline Technician	
15.	434a	Powerline Technician	
16.	434a	Powerline Technician	

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
1.	[redacted]	2013-09-23	2017-01-01	2017-01-30
2.		2013-09-23	2017-01-01	2017-01-30
3.		2013-09-23	2017-01-01	2017-01-30
4.		2013-09-23	2017-01-01	2017-01-30
5.		2013-09-23	2017-01-01	2017-01-30

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
6.	[redacted]	2013-09-23	2017-01-01	2017-01-30
7.		2014-09-02	2017-01-01	2017-01-30
8.		2014-09-02	2017-01-01	2017-01-30
9.		2014-09-02	2017-01-01	2017-01-30
10.		2013-09-03	2017-01-01	2017-01-30
11.		2015-09-21	2017-01-01	2017-01-30
12.		2015-09-21	2017-01-01	2017-01-30
13.		2016-09-06	2017-01-01	2017-01-30
14.		2016-09-06	2017-01-01	2017-01-30
15.		2016-09-06	2017-01-01	2017-01-30
16.		2016-09-06	2017-01-01	2017-01-30

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

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

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

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
1.	30		822
2.	30		822
3.	30		822
4.	30		822
5.	30		822
6.	30		822
7.	30		822
8.	30		822
9.	30		822
10.	30		822
11.		30	411
12.		30	411
13.		30	411
14.		30	411
15.		30	411
16.		30	411

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.
For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*****) or ($5,000 × H2/365*****), whichever applies.
***** 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
1.	[redacted]		[redacted]
2.	[redacted]		[redacted]
3.	[redacted]		[redacted]
4.	[redacted]		[redacted]
5.	[redacted]		[redacted]
6.	[redacted]		[redacted]
7.	[redacted]		[redacted]
8.	[redacted]		[redacted]
9.	[redacted]		[redacted]
10.	[redacted]		[redacted]
11.		[redacted]	[redacted]
12.		[redacted]	[redacted]
13.		[redacted]	[redacted]
14.		[redacted]	[redacted]
15.		[redacted]	[redacted]
16.		[redacted]	[redacted]

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.
For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.
For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	822		822
2.	822		822
3.	822		822
4.	822		822
5.	822		822
6.	822		822
7.	822		822
8.	822		822
9.	822		822
10.	822		822
11.	411		411
12.	411		411
13.	411		411
14.	411		411
15.	411		411
16.	411		411

Ontario apprenticeship training tax credit (total of amounts in column N) 500 10,686 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

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

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

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

See the privacy notice on your return.

G-STAFF-3 ATTACHMENT 2
HRZ PILs 2017/01/30 - REDACTED

Canada Revenue Agency / Agence du revenu du Canada

200

T2 Corporation Income Tax Return

055 **Do not use this area**

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

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

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

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

Identification

Business number (BN) **001** 86654 9090 RC0002

Corporation's name

002 Horizon Utilities Corporation

Address of head office

Has this address changed since the last time we were notified? . . . . **010** 1 Yes [ ] 2 No [X]

If **yes**, complete lines 011 to 018.

011 55 John Street North

012

City	Province, territory, or state
015 Hamilton	**016** ON
Country (other than Canada)	Postal or ZIP code
017 CA	**018** L8N 3E4

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? . . . . **020** 1 Yes [ ] 2 No [X]

If **yes**, complete lines 021 to 028.

021 c/o

022

023

City	Province, territory, or state
025	**026**
Country (other than Canada)	Postal or ZIP code
027	**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 55 John Street North

032

City	Province, territory, or state
035 Hamilton	**036** ON
Country (other than Canada)	Postal or ZIP code
037 CA	**038** L8N 3E4

040 **Type of corporation at the end of the tax year** (tick one)

- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . **043** Year Month Day

To which tax year does this return apply?

	Tax year start (Year Month Day)		Tax year-end (Year Month Day)
060	2017-01-01	**061**	2017-01-30

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 [X] 2 No [ ]

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	X	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167	X	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	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	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 subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

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

Additional information

		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.

284	Electricity Distribution	285	90.212 %
286	Third Party Billing	287	3.594 %
288	Other	289	6.194 %

		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

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		1,612,729	A
Deduct:				
Charitable donations from Schedule 2	311	1,500		
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		1,500 ▶	1,500	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			1,611,229	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		1,611,229	
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)			1,611,229	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	1,620,715	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	1,611,229	B
Business limit (see notes 1 and 2 below)	410	41,096	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 41,096 x 415 *** 1,664,691 D / 11,250 = 6,081,079 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0")	425		F
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			G
Amount F **minus** amount G	427		H

Small business deduction

Amount A, B, C, or H, whichever is the least ______ x Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30 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 30 / Number of days in the tax year 30 x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount I on line J on page 8) 430 ______ I

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

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

*** **Large corporations**

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

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount 490	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] 500	L Business limit assigned to corporation identified in column J [4] 505
1.				
			Total 510	Total 515

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)			1,611,229	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 from Part 13 of Schedule 27		C		
Personal services business income **432**		D		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E		
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F		
Aggregate investment income from line 440 on page 6*		G		
Subtotal (**add** amounts B to G)		▶		H
Amount A **minus** amount H (if negative, enter "0")			1,611,229	I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %			209,460	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 30) x 26 2/3 % = ________ 1

Amount A ________ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 30) x 9 1/3 % = ________ 3

Amount C ________ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 30) x 35 = ... ________ 5

(Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 . . . . . 1,611,229 J

Deduct:

Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . . ________ K

Amount I . . . . . ________ L

Foreign business income tax credit from line 636 on page 8 . . . . . ________ x 4 = ________ M

Subtotal (total of amounts K to M) ________ ▶ ________ N

Subtotal (amount J **minus** amount N) 1,611,229 O

Amount O 1,611,229 x (Number of days in the tax year before January 1, 2016 ________ / Number of days in the tax year 30) x 26 2/3 % = ________ 7

Amount O 1,611,229 x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) x 30 2/3 % = 494,110 8

Subtotal (amount 7 **plus** amount 8) 494,110 ▶ 494,110 P

Part I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . . 239,098 Q

Refundable portion of Part I tax – Amount F, P, or Q, whichever is the least . . . . . **450** ________ R

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460			
Deduct:				
Dividend refund for the previous tax year	465			
			►	A
Add:				
Refundable portion of Part I tax from line 450 on page 6			B	
Total Part IV tax payable from Schedule 3			C	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
Subtotal (add amounts B, C, and line 480)			►	D
Refundable dividend tax on hand at the end of the tax year – Amount A **plus** amount D			485	

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 ..... 6,588,000 E

Amount E 6,588,000 x (Number of days in the tax year before January 1, 2016 / Number of days in the tax year 30) x 33 1 / 3 % = ______ 1

Amount E 6,588,000 x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) x 38 1 / 3 % = 2,525,400 2

Subtotal (amount 1 **plus** amount 2) 2,525,400 ► 2,525,400 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** 612,267 A

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business **555** ______ x (Number of days in the tax year after December 31, 2015: 30 / Number of days in the tax year: 30) 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	1,611,229	E	
Deduct: Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F	
Net amount (amount E **minus** amount F)	1,611,229 ▶	1,611,229	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: 30) x 6 2 / 3 % = ______ 1

Amount D or G, whichever is less ______ x (Number of days in the tax year after December 31, 2015: 30 / Number of days in the tax year: 30) 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) 612,267 I

Deduct:

Small business deduction from line 430 on page 4			J	
Federal tax abatement	608	161,123		
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	209,460		
General tax reduction from amount R on page 5	639			
Federal logging tax credit from Schedule 21	640			
Eligible Canadian bank deduction under section 125.21	641			
Federal qualifying environmental trust tax credit	648			
Investment tax credit from Schedule 31	652	2,586		
Subtotal		373,169 ▶	373,169	K

Part I tax payable – Amount I **minus** amount K . . . 239,098 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	239,098
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		239,098

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	181,592
Total tax payable	770	420,690 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	1,162,023
Total credits	890	1,162,023 ▶ 1,162,023 B

Refund code 894 1 Overpayment 741,333 Balance (amount A **minus** amount B) -741,333

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 ☒

If this return was prepared by a tax preparer for a fee, provide their EFILE number . . . 920 A6698

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

Certification

I, 950 Basilio (Last name) 951 John G. (First name) 954 SVP and CFO (Position, office, or rank),

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

955 2017-07-24 Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 [redacted] 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 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

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
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- 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			-951,752	A
Add:				
Provision for income taxes – current	101	-394,650		
Amortization of tangible assets	104	2,111,131		
Loss on disposal of assets	111	48,160		
Charitable donations and gifts from Schedule 2	112	1,500		
Non-deductible meals and entertainment expenses	121	4,218		
Reserves from financial statements – balance at the end of the year	126	34,443,812		
Subtotal of additions		36,214,171	36,214,171	
Other additions:				
Capital items expensed	206	18,222		
Financing fees deducted in books	216	7,130		

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	124,432
2	Solar Sunbelt GP Accounting Loss	7,287
3	12(1)(a) - income received in advance	27,319,422
4	Non deductible Merger costs	288,999
5	Regulatory asset variance	3,010,303
	Total of column 2	30,750,443

Total of column 2	296	30,750,443		
Subtotal of other additions	199	30,775,795	30,775,795	
Total additions	500	66,989,966	66,989,966	B
Amount A **plus** amount B			66,038,214	C
Deduct:				
Capital cost allowance from Schedule 8	403	2,536,189		
Reserves from financial statements – balance at the beginning of the year	414	34,464,975		
Subtotal of deductions		37,001,164	37,001,164	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Deduction under 20(1)(e) ITA	257
2	Merger costs 20(1)(e)	252
3	Depreciation previously added back to income	16,753
4	Amortization of deferred contributions	87,637
5	20(1)(m) deduction	27,319,422
	Total of column 2	27,424,321

Total of column 2	396	27,424,321

Subtotal of other deductions	499	27,424,321 ▶	27,424,321
Total deductions	510	64,425,485 ▶	64,425,485 D
Net income (loss) for income tax purposes (amount C **minus** amount D)			1,612,729 E

Enter amount E on line 300 of the T2 return.

Attached Schedule with Total

Line 104 – Amortization of tangible assets

Title Line 104 – Amortization of tangible assets

Description	Operator (Note)	Amount	
Amortization, including amortizatin of SSGP		2,135,293	00
Amortization of SSGP assets, added back separately on Schedule 1	-	24,162	00
	+		
	Total	2,111,131	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Inducement

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

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

Tax credits whose amount should be added to income

Select this check box to add all the amounts to income calculated in Schedule 1. . . . . [X]

Federal

A		
X	Investment tax credit from apprenticeship job creation expenditures	13,961
X	Investment tax credit from child care spaces expenditures	
X	Canadian film or video production tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Film or video production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Investment tax credit claimed on contributions made to SR&ED farming organizations	

Ontario

A		
X	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
X	Ontario co-operative education tax credit	78,585
X	Ontario apprenticeship training tax credit	31,886
X	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
X	Ontario book publishing tax credit	
X	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
X	Ontario business-research institute tax credit	
	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers;
  - the eligible amount of gifts of certified cultural property;
  - the eligible amount of gifts of certified ecologically sensitive land; or
  - the additional deduction for gifts of medicine.
- All legislative references are to the federal *Income Tax Act*, unless otherwise specified.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts are eligible for a 5-year carryforward except for gifts of certified ecologically sensitive land made after February 10, 2014, which are eligible for a 10-year carryforward. Please note that the provincial food donation tax credits must be applied in the current tax year.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Various	1,500
Subtotal	1,500
Add: Total donations of less than $100 each	
Total donations in current tax year	1,500

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240		B		
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1)	210	1,500		1,500	1,500
Subtotal (line 250 **plus** line 210)		1,500	C	1,500	1,500
Subtotal (amount B **plus** amount C)		1,500	D	1,500	1,500
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		1,500	E	1,500	1,500
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260	1,500		1,500	1,500
Charitable donations closing balance (amount E **minus** amount on line 260)	280				

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262		
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1

Enter amount 1 on line 420 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015)	263		
Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %)			2

Enter amount 2 on line 570 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia *Income Tax Act*.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016 and before January 1, 2019)	265		
British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %)			3

Enter amount 3 on line 683 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia *Income Tax Act*.

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year				
14th prior year				
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)				

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

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes* **multiplied** by 75 %		1,209,547	F
Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** **225**		G	
Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) **227**		H	
The amount of the recapture of capital cost allowance in respect of charitable donations **230**			
Proceeds of disposition, **less** outlays and expenses**	I		
Capital cost**	J		
Amount I or J, whichever is less **235**			
Amount on line 230 or 235, whichever is less		K	
Subtotal (**add** amounts G, H, and K)		L	
Amount L **multiplied** by 25 %			M
Subtotal (amount F **plus** amount M)		1,209,547	N
Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less)		1,500	O

* For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

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

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			A		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		B		
Add:					
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			C		
Subtotal (amount B **plus** amount C)			D		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			E		
Gifts of certified cultural property closing balance (amount D **minus** amount E)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year				
14th prior year				
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

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

Part 4 – Gifts of certified ecologically sensitive land

		Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			F		
Deduct: Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year	540		G		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014 (include this amount on line 112 of Schedule 1)	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014 (include this amount on line 112 of Schedule 1)	520				
Subtotal (**add** lines 550, 510, and 520)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			J		
Gifts of certified ecologically sensitive land closing balance (amount I **minus** amount J)	580				

* For the federal and Alberta, gifts made before February 11, 2014 , expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year*	2006-12-31			
12th prior year	2005-12-31			
13th prior year				
14th prior year				
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 5 – Additional deduction for gifts of medicine

		Federal		Québec		Alberta	
Additional deduction for gifts of medicine at the end of the previous tax year			K				
Deduct: Additional deduction for gifts of medicine expired after five tax years*	639						
Additional deduction for gifts of medicine at the beginning of the current tax year	640		L				
Add:							
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650						
Additional deduction for gifts of medicine for the current year:							
Proceeds of disposition	602		1		1		1
Cost of gifts of medicine	601		2		2		2
Subtotal (line 1 **minus** line 2)			3		3		3
Line 3 **multiplied** by 50 %			4		4		4
Eligible amount of gifts	600		5		5		5

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine for the current year . . . . **610** ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine for the current year ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine for the current year ______

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec		Alberta
Subtotal (line 650 **plus** line 610)			M			
Subtotal (amount L **plus** amount M)			N			
Deduct:						
Adjustment for an acquisition of control	655					
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660					
Subtotal (line 655 **plus** line 660)			O			
Additional deduction for gifts of medicine closing balance (amount N **minus** amount O)	680					

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made before March 19, 2007, expire after five tax years and gifts made after March 18, 2007, expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year				
14th prior year				
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, gifts made before March 19, 2007, expire after five tax years and gifts made after March 18, 2007, expire after twenty tax years.

Québec – Gifts of musical instruments

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

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2016-12-31	
2nd prior year	2015-12-31	
3rd prior year	2014-12-31	
4th prior year	2013-12-31	
5th prior year	2012-12-31	
6th prior year*	2011-12-31	
7th prior year	2010-12-31	
8th prior year	2009-12-31	
9th prior year	2008-12-31	
10th prior year	2007-12-31	
11th prior year	2006-12-31	
12th prior year	2005-12-31	
13th prior year		
14th prior year		
15th prior year		
16th prior year		
17th prior year		
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

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Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations

Schedule 3

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a),(a.1), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- All legislative references are to the federal *Income Tax Act*.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only if** the payer corporation is **connected.**

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing column J and K use the **special calculations provided in the notes**.

A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business Number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD 220	E Non-taxable dividends under section 83 230

Total of column E (enter amount on line 402 of Schedule 1)

F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d)note 1 240	F1 Eligible dividends (included in column F)	F2	G Dividends included in column F that was received **before** 2016 241	H Total taxable dividends paid by **connected** payer corporation (for tax year in column D) 250	I Dividend refund of the **connected** payer corporation (for tax year in column D)note 2 260	J Part IV tax before deductions. Dividends (from column G) received **before** 2016 **multiplied** by 33 1/3%note 3 270	K Part IV tax before deductions. Dividends received **after** 2015 (column F **minus** column G) **multiplied** by 38 1/3%note 4 275
Total of column F (include this amount on line 320 of the T2 Return)						**Total of column J** (enter amount on line a in Part 2)	**Total of column K** (enter amount on line b in Part 2)

1 If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270 or column 275 as applicable according to the date received. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For dividends received **before** 2016 from **connected** corporations, Part IV tax on dividends is equal to: column G **multiplied** by column I **divided** by column H.

4 For dividends received **after** 2015 from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by the result of column F **minus** column G.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received **before** 2016, before deductions (total of column J in part 1) . . . . . . ______ a

Part IV tax on dividends received **after** 2015, before deductions (total of column K in part 1) . . . . ______ b

Part IV tax before deductions (amount a **plus** amount b) . . . . ______ ▶ ______ L

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) . . . . **320** ______

Subtotal (amount L **minus** line 320) ______ M

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax . . . . **330** ______ c

Non-capital losses from previous years claimed to reduce Part IV tax . . . . **335** ______ d

Current-year farm loss claimed to reduce Part IV tax . . . . **340** ______ e

Farm losses from previous years claimed to reduce Part IV tax . . . . **345** ______ f

Total losses applied against Part IV tax (total of amounts c to f) ______ g

If your tax year begins after December 31, 2015:

Amount g **multiplied** by 38 1 / 3 % . . . . ______ h

If your tax year begins before January 1, 2016:

Amount b or M whichever is less

______ ÷ 38 1 / 3 % . . . = ______ 1

Amount 1 or g, whichever is less . . . . ______ 2

Amount g **minus** amount 2 . . . . ______ 3

Amount 2 ______ x 38 1 / 3 % = ______ i

Amount 3 ______ x 33 1 / 3 % = ______ j

Subtotal (amount i **plus** amount j) ______ k

Amount h or amount k, whichever applies depending on your tax year start date . . . . ______ N

Part IV tax payable (amount M **minus** amount N, if negative enter "0") . . . . **360** ______
(enter amount on line 712 of the T2 return)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

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

	O Name of connected recipient corporation 400	P Business Number 410	Q Tax year-end of connected recipient corporation in which the dividends in column R were received YYYY/MM/DD 420	R Taxable dividends paid to connected corporations 430	R1 Eligible dividends (included in column R)
1	Horizon Holdings Inc.	83675 1966 RC0001	2017-01-30	6,588,000	
			Total of column R	6,588,000	

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

Eligible dividends (included in line 450) . . . . 450a ______

Total taxable dividends paid in the tax year that qualify for a dividend refund
(total of column R **plus** line 450) **460** 6,588,000

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 6,588,000

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

Total dividends paid in the tax year **500** 6,588,000

Deduct:

Dividends paid out of capital dividend account . . . . **510** ______

Capital gains dividends . . . . **520** ______

Dividends paid on shares described in subsection 129(1.2) . . . . **530** ______

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year . . . . **540** ______

Subtotal (total of lines 510 to 540) ______ ► ______ S

Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount S) 6,588,000 T

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

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

Part 1 – Allocation of taxable income

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

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
1,611,229		1,611,229	185,291

Ontario basic income tax (from Schedule 500)	270	185,291		
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal		185,291	185,291	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)			185,291	C6
Deduct:				
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario political contributions tax credit (from Schedule 525)	415			
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			185,291	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")			185,291	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")			185,291	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)			185,291	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	3,699		
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		3,699	3,699	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		181,592	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	181,592

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.

Statement of Real Estate Rental Properties (Regulation 1100(11))

1

Identification

Address of property
55 John Street, Hamilton

For the period from: 2017-01-01 to 2017-01-30 Foreign source [ ] Was this the final year of your rental operation? [ ] Yes [X] No

Co-owners
Indicate your share %

Partnership – Real estate rental held by a partnership
Name of the partnership

Indicate your share %

Net income (net loss) for taxation purposes – Indicate your share
If a T5013 slip has been provided, enter the amount in box 107 or 110.
If there is no net income or no net loss, enter "0."

Income

Total of your gross rents		883	
Other related income			
Specify:	+		
Gross income	=	883	a

Expenses

	Total expenses	Non-rental use portion %		Deductible expenses	
Advertising					
Insurance			+		
Interest			+		
Maintenance and repairs			+		
Management and administration fees			+		
Motor vehicle expenses (not including CCA)			+		
Office expenses			+		
Legal, accounting, and other professional fees			+		
Property taxes			+		
Salaries, wages, and benefits (employer's contributions)			+		
Travel			+		
Utilities			+		
Other expenses					
	8,869		+	8,869	
Total	8,869				
Deductible expenses			=	8,869	b
Net income (loss) before adjustments (line a **minus** line b)				-7,986	
Co-owners – Indicate your share		%			
Other expenses of the co-owner					
Specify:			–		
Subtotal			=	-7,986	
Recaptured capital cost allowance (co-owners – enter your share of the amount)			+		
Subtotal			=	-7,986	
Terminal loss (co-owners – enter your share of the amount)			–		
Net income (net loss) before cost allowance			=	-7,986	

Expenses (continued)

Net income (net loss) before cost allowance		-7,986
Capital cost allowance	–	
Net income (net loss)	=	-7,986
Partnerships – Indicate your share %		
Other expenses of the partner		
Specify:	–	
Net income (net loss)	=	-7,986

The net income is carried over to the line *Real estate rental properties (under regulation 1100(11))* of Schedule 7.
The net loss is carried over to the line *Losses from rental properties (under regulation 1100(11))* of Schedule 7.

Calculation of capital cost allowance (CCA)

1 Class number	Description	2 Undepreciated capital cost (UCC) at the start of the year	3 Cost of acquisitions during the year	4 Net adjustments	5 Proceeds of dispositions during the year
	Totals				

1 Class number	Description	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of CCA	10 Terminal loss	11 CCA for the year (col. 7 x col. 8 or an adjusted amount)	12 UCC at the end of the year	Adjusted cost base of the land
	Totals							

Five-Year Comparative Review – Statement of Real Estate Rental Properties

Address of property (under regulation 1100(11)): 55 John Street, Hamilton **1**

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Fiscal period ending	2017-01-30	2016-12-31	2015-12-31	2014-12-31	
Co-owners: your share	%	%	%	%	%
Partnership					
Your share	%	%	%	%	%
Net income (net loss): your share T5013/T5013A slip amount in box 23 or 26					
Income					
Gross rents	883	10,590	10,590	10,590	
Gross income	883	10,590	10,590	10,590	
Expenses					
Non-rental use portion	%	%	%	%	%
Total expenses					
Advertising					
Insurance					
Interest					
Maintenance and repairs					
Management and administration fees					
Motor vehicle expenses					
Office expenses					
Legal, accounting, etc.					
Property taxes					
Salaries, wages					
Travel					
Utilities					
	8,869	123,160	14,858	19,302	
Total	8,869	123,160	14,858	19,302	
Expenses incurred for non-rental purposes					
Deductible expenses	8,869	123,160	14,858	19,302	
Net income (net loss) before adjustments	-7,986	-112,570	-4,268	-8,712	
Co-owners: your share					
Other expenses	–	–	–	–	–
Subtotal	-7,986	-112,570	-4,268	-8,712	
Recaptured CCA	+	+	+	+	+
Subtotal	-7,986	-112,570	-4,268	-8,712	
Terminal loss	–	–	–	–	–
Subtotal	-7,986	-112,570	-4,268	-8,712	
CCA	–	–	–	–	–
Net income (net loss)	-7,986	-112,570	-4,268	-8,712	
Partnership: your share					
Other expenses	–	–	–	–	–
Net income (net loss)					

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

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		159,328,596			0		159,328,596	4	0	0	523,820	158,804,776
2.	1b		11,236,072	4,583		0	2,292	11,238,363	6	0	0	55,422	11,185,233
3.	2		28,676,721			0		28,676,721	6	0	0	141,419	28,535,302
4.	6		9,491			0		9,491	10	0	0	78	9,413
5.	8		3,962,056	8,606		0	4,303	3,966,359	20	0	0	65,200	3,905,462
6.	10		2,145,667	350		0	175	2,145,842	30	0	0	52,911	2,093,106
7.	12		234,980	153,366		0	71,875	316,471	100	0	0	26,011	362,335
8.	14	Dundas	53,356			0		53,356	NA	0	0	371	52,985
9.	14	Nebo Road	965,266			0		965,266	NA	0	0	3,462	961,804
10.	14	Winona	6,680,946			0		6,680,946	NA	0	0	49,894	6,631,052
11.	17		49,163			0		49,163	8	0	0	323	48,840
12.	43.1		55,785			0		55,785	30	0	0	1,376	54,409
13.	45		11,553			0		11,553	45	0	0	427	11,126
14.	47		225,793,025	139,608		248,810		225,683,823	8	0	0	1,483,948	224,199,875
15.	50		1,311,208	53,731		0	26,866	1,338,073	55	0	0	60,488	1,304,451
16.	95	CIP	4,037,362	2,755,477		0	1,377,739	5,415,100	0	0	0		6,792,839
17.	14.1		10,093,378	288,999		0	144,500	10,237,877	5	0	0	58,665	10,323,712
18.	14	Vansickle Substation		7,100,800		0		7,100,800	NA	0	0	12,374	7,088,426
		Totals	454,644,625	10,505,520		248,810	1,627,750	463,273,585				2,536,189	462,365,146

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		10,505,520		
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):				
Adjustment for deferred revenue and capital contributions	+	73,450		
Vansickle Substation Addition	+	-7,100,800		
Merger costs capitalized for tax purposes	+	-288,999		
Items capitalized for tax	+	-18,222		
Total additions per books	=	3,170,949	▶	3,170,949
Proceeds up to original cost – Schedule 8 regular classes		248,810		
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):				
Proceeds received on stranded meters in Reg	+	-219,569		
Rounding, ns	+	117		
Total proceeds per books	=	29,358	▶ –	29,358
Depreciation and amortization per accounts – Schedule 1			–	2,111,131
Loss on disposal of fixed assets per accounts			–	48,160
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	982,300

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		481,321,391
Opening net book value	–	480,339,091
Net change per financial statements	=	982,300

If the amounts from the tax return and the financial statements differ, explain why below.

Attached Schedule with Total

Other – Amount

Title Other – Amount

Description	Operator (Note)	Amount
Capital contributions		73,450 00
Adjustment to contributions (P8)	+	
Adjustment to contributions (P8)	+	
	+	
	Total	73,450 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Other – Amount

Title Other – Amount

Description	Operator (Note)	Amount
per SS-08.1		-18,222 00
	+	
	Total	-18,222 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Financial statements – Fixed assets (excluding land) per financial statements – Closing net book value

Title Financial statements – Fixed assets (excluding land) per financial statemen

Description	Operator (Note)	Amount	
NBV of Fixed Assets Jan 2017 per GIFI		466,162,405	00
NBV of Intangible Assets Jan 2017 per GIFI	+	19,807,711	00
Less: NBV SSGP assets included in above total	+	-4,648,724	55
	+		
	Total	481,321,391	45

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Financial statements – Fixed assets (excluding land) per financial statements – Opening net book value

Title Financial statements – Fixed assets (excluding land) per financial statemen

Description	Operator (Note)	Amount	
NBV of Fixed Assets Jan 2017 per GIFI		465,090,372	00
NBV of Intangible Assets Jan 2017 per GIFI	+	19,921,487	00
Less: NBV SSGP assets included in above total	+	-4,672,768	02
	+		
	Total	480,339,090	98

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

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

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	City of Hamilton		88932 3218 RC0001	3					
2.	HAMILTON RENEWABLE POWER IN		86639 2723 RC0001	3					6,000,010
3.	HCE Energy Inc.		86638 6923 RC0001	3					9,190,345
4.	Hamilton Utilities Corporation		86655 5493 RC0001	3					129,897,188
5.	Horizon Solar Corp		80586 8866 RC0001	3					1,000
6.	Horizon Holdings Inc.		83675 1966 RC0001	1					123,592,854
7.	Horizon Energy Solutions Inc.		83673 1562 RC0001	3					100
8.	HCE TELECOM INC.		82429 3187 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Reserve for doubtful debts	1,750,000		1,750,000	1,750,000	1,750,000
2	Inventory reserves	350,000		350,000	350,000	350,000
3	Employee future benefits	29,896,900		29,952,112	29,896,900	29,952,112
4	Vested sick leave	59,465		59,465	59,465	59,465
5	Accrued vacation pay	2,208,610		2,132,235	2,208,610	2,132,235
6	Miscellaneous AR	200,000		200,000	200,000	200,000
7	Doubtful debts					
8						
	Reserves from Part 2 of Schedule 13					
	Totals	34,464,975		34,443,812	34,464,975	34,443,812

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

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SCHEDULE 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

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

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Horizon Holdings Inc.	55 John Street North Hamilton ON CA L8R 3M8			102,324		

T2 SCH 14 (99)

Canada

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1)	Amount of contribution $ (see note 2)	Registration number (RPP, RSUBP, PRPP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) (see note 3)
	100	200	300	400	500	600
1	1	303,945	249091			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2

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

Total of all amounts indicated in column 200 of this schedule	303,945	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	303,945	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")		C

Enter amount C on line 417 of Schedule 1

Note 3

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

T2 SCH 15 (13)

Canada

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

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

Column 1: Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* 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 2017

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 ☒

	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	Horizon Utilities Corporation	86654 9090 RC0002	1	500,000	100.0000	500,000
2	City of Hamilton	88932 3218 RC0001	4			
3	HAMILTON RENEWABLE POWER INC.	86639 2723 RC0001	1	500,000		
4	HCE Energy Inc.	86638 6923 RC0001	1	500,000		
5	Hamilton Utilities Corporation	86655 5493 RC0001	1	500,000		
6	Horizon Solar Corp	80586 8866 RC0001	1	500,000		
7	Horizon Holdings Inc.	83675 1966 RC0001	1	500,000		
8	Horizon Energy Solutions Inc.	83673 1562 RC0001	1	500,000		
9	HCE TELECOM INC.	82429 3187 RC0001	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 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the scientific research and experimental development (SR&ED) qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %

Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.

If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

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

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . . **102** 1 Yes [ ] 2 No [X]

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . . **103** ______
(Enter this amount on line 350 of Part 8)

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**

Total of investments for qualified property and qualified resource property ______ A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year B1

Deduct:

Credit deemed as a remittance of co-op corporations **210**

Credit expired **215**

Subtotal (line 210 **plus** line 215) ▶ C1

ITC at the beginning of the tax year (amount B1 **minus** amount C1) **220**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **230**

ITC from repayment of assistance **235**

Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) . . . . x 10 % = **240**

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) . . . . . x 5 % = **242**

Credit allocated from a partnership **250**

Subtotal (total of lines 230 to 250) ▶ D1

Total credit available (line 220 **plus** amount D1) E1

Deduct:

Credit deducted from Part I tax (enter this amount at line D8 in Part 30) **260**

Credit carried back to the previous year(s) (from amount H1 in Part 6) . . . . a

Credit transferred to offset Part VII tax liability **280**

Subtotal (total of line 260, amount a, and line 280) ▶ F1

Credit balance before refund (amount E1 **minus** amount F1) G1

Deduct:

Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7) **310**

ITC closing balance of investments from qualified property and qualified resource property
(amount G1 **minus** line 310) **320**

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

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

	Year Month Day			
1st previous tax year		. . . . Credit to be applied	**901**	
2nd previous tax year		. . . . Credit to be applied	**902**	
3rd previous tax year		. . . . Credit to be applied	**903**	

Total of lines 901 to 903
(enter amount H1 on line a in Part 5) H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5) I1

Credit balance before refund (from amount G1 in Part 5) J1

Refund (40 % of amount I1 or J1, whichever is less) K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if you don't claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)				
Contributions to agricultural organizations for SR&ED				
Deduct: Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		▶ +		
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*			▶ 350	
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

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

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

If you answered **no** to the question on line 385 above or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied)	390	20,579,711
Enter your taxable capital employed in Canada for the previous tax year 701,730,709 minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million	398	40,000,000

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:		$ **8,000,000**	
Deduct: Taxable income for the previous tax year (from line 390 in Part 9) or $500,000, whichever is more	20,579,711 x 10 =	205,797,110	A2
Excess ($8,000,000 **minus** amount A2; if negative, enter "0")			B2
$ 40,000,000 **minus** line 398 in Part 9	a		
Amount a **divided** by $ 40,000,000			C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)*			D2
For an associated corporation: If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49*	400		E2
If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:			
Amount D2 or E2 ______ x Number of days in the tax year / 365	30 / 365 =		F2
Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies)	410		

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less* . . . . **420** ______ x 35 % = ______ G2

Line 350 **minus** line 410 (if negative, enter "0") . . . . **430** ______

Amount from line 430 ______ x (Number of days in the tax year before 2014 ______ / Number of days in the tax year) x 20% = ______ b

Amount from line 430** ______ x (Number of days in the tax year after 2013 30 / Number of days in the tax year 30) x 15 % = ______ c

Subtotal (amount b **plus** amount c) . . . . ______ ► ______ H2

Line 410 **minus** line 350 (if negative, enter "0") . . . . ______ d

Capital expenditures (from line 360 in Part 8) or amount d above, whichever is less* . . . . **440** ______ x 35 % = ______ I2

Line 360 **minus** amount d above (if negative, enter "0") . . . . **450** ______

Amount from line 450 ______ x (Number of days in the tax year before 2014 ______ / Number of days in the tax year) x 20% = ______ e

Amount from line 450** ______ x (Number of days in the tax year after 2013 30 / Number of days in the tax year 30) x 15 % = ______ f

Subtotal (amount e **plus** amount f) . . . . ______ ► ______ J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ______

The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC when your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. ***

460 ______ x 35 % = ______ g

480 ______ x 20 % = ______ h

490 ______ x 15 % = ______ i

Subtotal (**add** amounts g to i) ______ ► ______ K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) . . . . ______ L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013. For tax years that have a start date **after** 2013, multiply the amount by 15%.

*** If you are reporting a repayment for a tax year which included two calendar years with different rates (such as a 2014 tax year that started in 2013), the amount of repayment is allocated between the two ITC rates as follows:

- For the first part of the tax year, enter on the line next to the applicable ITC rate, the result of the following calculation: The full repayment amount **multiplied** by the number of days in the tax year which were in the first calendar year, **divided** by the total number of days in the tax year.
- For the last part of the tax year which is in the second calendar year, enter on the line next to the applicable ITC rate, the difference between the first part calculated above and the full repayment amount.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year			M2
Deduct:			
Credit deemed as a remittance of co-op corporations	510		
Credit expired	515		
Subtotal (line 510 **plus** line 515)		▶	N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)		520	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	530		
Total current-year credit (from amount L2 in Part 11)	540		
Credit allocated from a partnership	550		
Subtotal (total of lines 530 to 550)		▶	O2
Total credit available (line 520 **plus** amount O2)			P2
Deduct:			
Credit deducted from Part I tax (enter this amount at line E8 in Part 30)	560		
Credit carried back to the previous year(s) (from amount S2 in Part 13)		j	
Credit transferred to offset Part VII tax liability	580		
Subtotal (total of line 560, amount j, and line 580)		▶	Q2
Credit balance before refund (amount P2 **minus** amount Q2)			R2
Deduct:			
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)		610	
ITC closing balance on SR&ED (amount R2 **minus** line 610)		620	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	

Total of lines 911 to 913
(enter amount S2 at line j in Part 12) S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . . **650** 1 Yes [ ] 2 No [X]

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11) . . . . . ______ k

Refundable credits (amount k or amount R2 in Part 12, whichever is less)* . . . . . ______ T2

Deduct:

Amount T2 or amount G2 in Part 11, whichever is less . . . . . ______ U2

Net amount (amount T2 **minus** amount U2; if negative, enter "0") . . . . . ______ V2

Amount V2 **multiplied** by 40 % . . . . . ______ W2

Add:

Amount U2 . . . . . ______ X2

Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12) . . . . . ______ Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12) . . . . . ______ Z2

Deduct:

Amount Z2 or amount G2 in Part 11, whichever is less . . . . . ______ AA2

Net amount (amount Z2 **minus** amount AA2; if negative, enter "0") . . . . . ______ BB2

Amount BB2 or amount I2 in Part 11, whichever is less . . . . . ______ CC2

Amount CC2 **multiplied** by 40 % . . . . . ______ DD2

Add:

Amount AA2 . . . . . ______ EE2

Refund of ITC (amount DD2 **plus** amount EE2) . . . . . ______ FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less

Subtotal (enter amount A3 on line C3 in Part 17) ______ A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred 750	F Amount from column D or E, whichever is less

Subtotal (total of column F) (enter amount B3 on line D3 in Part 17) ______ B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 17) **760** ____________

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 on line A8 in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting . . . . . 810 ______

Geological, geophysical, or geochemical surveys . . . . . 811 ______

Drilling by rotary, diamond, percussion, or other methods . . . . . 812 ______

Trenching, digging test pits, and preliminary sampling . . . . . 813 ______

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping . . . . . 820 ______

Sinking a mine shaft, constructing an adit, or other underground entry . . . . . 821 ______

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826

Total of column 826 ______ ► ______ A4

Total pre-production mining expenditures (total of lines 810 to 821 and amount A4) . . . . . 830 ______

Deduct:

Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above . . . . . 832 ______

Excess (line 830 **minus** line 832) (if negative, enter "0") . . . . . ______ B4

Add:

Repayments of government and non-government assistance . . . . . 835 ______

Pre-production mining expenditures (amount B4 **plus** line 835) . . . . . ______ C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year D4

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 **plus** line 845) ▶ E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) **850**

Add:

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

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18) . .	**870**	x	10 %	=	a
Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18) . .	**872**	x	5 %	=	b
Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18) . .	**874**	x	7 %	=	c
Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18) . .	**876**	x	4 %	=	d

Current year credit (total of amounts a to d) **880** ▶ F4

Total credit available (total of lines 850, 860, and amount F4) G4

Deduct:

Credit deducted from Part I tax (enter this amount at line F8 in Part 30) **885**

Credit carried back to the previous year(s) (from amount I4 in Part 20) . . . . . . e

Subtotal (line 885 **plus** amount e) ▶ H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) **890**

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				. . . . Credit to be applied	**921**	
2nd previous tax year				. . . . Credit to be applied	**922**	
3rd previous tax year				. . . . Credit to be applied	**923**	

Total of lines 921 to 923 (enter amount I4 on line e in Part 19) I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
2.		Powerline Technician			
3.		Powerline Technician			
4.		Powerline Technician			
5.		Powerline Technician			

Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22) 2,586 A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year B5

Deduct:

Credit deemed as a remittance of co-op corporations **612**

Credit expired after 20 tax years **615**

Subtotal (line 612 **plus** line 615) ► C5

ITC at the beginning of the tax year (amount B5 **minus** amount C5) **625**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **630**

ITC from repayment of assistance **635**

Total current-year credit (from amount A5 in Part 21) **640** 2,586

Credit allocated from a partnership **655**

Subtotal (total of lines 630 to 655) 2,586 ► 2,586 D5

Total credit available (line 625 **plus** amount D5) 2,586 E5

Deduct:

Credit deducted from Part I tax (enter this amount at line G8 in Part 30) **660** 2,586

Credit carried back to the previous year(s) (from amount G5 in Part 23) . . . . . . a

Subtotal (line 660 **plus** amount a) 2,586 ► 2,586 F5

ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5) **690**

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	**931**	
2nd previous tax year				Credit to be applied	**932**	
3rd previous tax year				Credit to be applied	**933**	

Total of lines 931 to 933 (enter amount G5 on line a in Part 22) G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ____

Add:

Specified child care start-up expenditures from the current tax year . . . . . **705** ____

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ____ A6

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . . **725** ____

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . . ____ B6

Add:

Repayments by the corporation of government and non-government assistance . . . . . **735** ____

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . . **745** ____

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . . ____ x 25 % = ____ C6

Number of child care spaces . . . . . **755** ____ x $ 10,000 = ____ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . . ____ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year				F6
Deduct:				
Credit deemed as a remittance of co-op corporations	765			
Credit expired after 20 tax years	770			
Subtotal (line 765 **plus** line 770)			►	G6
ITC at the beginning of the tax year (amount F6 **minus** amount G6)			775	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	777			
Total current-year credit (from amount E6 in Part 25)	780			
Credit allocated from a partnership	782			
Subtotal (total of lines 777 to 782)			►	H6
Total credit available (line 775 **plus** amount H6)				I6
Deduct:				
Credit deducted from Part I tax (enter this amount at line H8 in Part 30)	785			
Credit carried back to the previous year(s) (from amount K6 in Part 27)			a	
Subtotal (line 785 **plus** amount a)			►	J6
ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6)			790	

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

	Year Month Day			
1st previous tax year	2016-12-31	Credit to be applied	941	
2nd previous tax year	2015-12-31	Credit to be applied	942	
3rd previous tax year	2014-12-31	Credit to be applied	943	
		Total of lines 941 to 943 (enter amount K6 on line a in Part 26)		K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))	792		
In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:			
The amount that can reasonably be considered to have been included in the original ITC	795		
25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property	797		
Amount from line 795 or line 797, whichever is less			A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC	799		
Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799)			B7

Enter amount B7 on line B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F3 in Part 17)		A8
Recaptured child care spaces ITC (from amount B7 in Part 28)		B8
Total recapture of investment tax credit (amount A8 **plus** amount B8)		C8

Enter amount C8 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)		D8
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)		E8
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)		F8
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	2,586	G8
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)		H8
Total ITC deducted from Part I tax (total of amounts D8 to H8)	2,586	I8

Enter amount I8 on line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
2,586	2,586			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				*
2006-12-31				
2005-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 2,586

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- 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	34,443,812		
Capital stock (or members' contributions if incorporated without share capital)	103	123,592,854		
Retained earnings	104	118,113,660		
Contributed surplus	105	15,218,009		
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	54,720,311		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		346,088,646 ►	346,088,646	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)			346,088,646	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	9,589,801		
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)		9,589,801 ▶	9,589,801	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		336,498,845	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		336,498,845	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	336,498,845	

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)	336,498,845	x	Taxable income earned in Canada **610** / Taxable income	1,611,229 / 1,611,229	=	**Taxable capital employed in Canada** **690** 336,498,845

Notes: 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** ______

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ______

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ______

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ______

Total deductions (**add** lines 711, 712, and 713) ______ ► ______ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ______

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.225%)		I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Operator (Note)	Amount	
Due to related companies		14,563,871	93
Current LTD	+	156,439	01
LTD	+	40,000,000	00
	Total	54,720,310	94

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in calculating income for th

Description	Operator (Note)	Amount	
Part 1 – Reserves that have not been deducted in calculating income			
Part 1 – Reserves that have not been deducted in calculating income	+	34,443,812	00
	+		
	Total	34,443,812	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

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	Horizon Holdings Inc.	83675 1966 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

On: 2017-01-30

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

Eligibility for the various additions

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

2006 addition

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

Change in the type of corporation

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

Amalgamation (first year of filing after amalgamation)

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

Winding-up

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

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	163,199,425	A
Taxable income for the year (DICs enter "0") *	110	1,611,229 B			
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120				
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less *	130				
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140				
Subtotal (**add** lines 120, 130, and 140)		▶	C		
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")	150	1,611,229			
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	1,160,085	D
Eligible dividends received in the tax year	200				
Dividends deductible under section 113 received in the tax year	210				
Subtotal (line 200 **plus** line 210)			▶		E
Becoming a CCPC (amount W5 in Part 4)	220				
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)	230				
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)	240				
Subtotal (**add** lines 220, 230, and 240)	290		▶		F
Subtotal (**add** amounts A, D, E, and F)				164,359,510	G
Eligible dividends paid in the previous tax year	300				
Excessive eligible dividend designations made in the previous tax year	310				
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)					
Subtotal (line 300 **minus** line 310)			▶		H
GRIP before adjustment for specified future tax consequences (amount G **minus** amount H) (amount can be negative)			490	164,359,510	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount N3 in Part 2)			560		
GRIP at the end of the tax year (line 490 **minus** line 560) Enter this amount on line 160 of Schedule 55.			590	164,359,510	

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

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

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

First previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year		20,579,711	A1	
Enter the following amounts before specified future tax consequences from the current tax year:				
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	B1			
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less	C1			
Aggregate investment income (line 440 of the T2 return)	D1			
Subtotal (**add** amounts B1, C1, and D1)	▶		E1	
Subtotal (amount A1 **minus** amount E1) (if negative, enter "0")		20,579,711	▶	20,579,711 F1

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

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

Taxable income after specified future tax consequences . . . . ____ G1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____ H1

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ____ I1

Aggregate investment income (line 440 of the T2 return) . . . . ____ J1

Subtotal (**add** amounts H1, I1, and J1) ____ ▶ ____ K1

Subtotal (amount G1 **minus** amount K1) (if negative, enter "0") ____ ▶ ____ L1

Subtotal (amount F1 **minus** amount L1) (if negative, enter "0") ____ M1

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

(amount M1 **multiplied** by 0.72) . . . . **500** ____

Second previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year 18,969,453 A2

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____ B2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ____ C2

Aggregate investment income (line 440 of the T2 return) . . . . ____ D2

Subtotal (**add** amounts B2, C2, and D2) ____ ▶ ____ E2

Subtotal (amount A2 **minus** amount E2) (if negative, enter "0") 18,969,453 ▶ 18,969,453 F2

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

Taxable income after specified future tax consequences . . . . ____ G2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____ H2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ____ I2

Aggregate investment income (line 440 of the T2 return) . . . . ____ J2

Subtotal (**add** amounts H2, I2, and J2) ____ ▶ ____ K2

Subtotal (amount G2 **minus** amount K2) (if negative, enter "0") ____ ▶ ____ L2

Subtotal (amount F2 **minus** amount L2) (if negative, enter "0") ____ M2

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

(amount M2 **multiplied** by 0.72) . . . . **520** ____

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

Third previous tax year 2014-12-31

Taxable income before specified future tax consequences from the current tax year . . . 15,491,837 A3

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ B3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ C3

Aggregate investment income (line 440 of the T2 return) . . . ______ D3

Subtotal (**add** amounts B3, C3, and D3) ______ ▶ ______ E3

Subtotal (amount A3 **minus** amount E3) (if negative, enter "0") 15,491,837 ▶ 15,491,837 F3

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

Taxable income after specified future tax consequences . . . ______ G3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I3

Aggregate investment income (line 440 of the T2 return) . . . ______ J3

Subtotal (**add** amounts H3, I3, and J3) ______ ▶ ______ K3

Subtotal (amount G3 **minus** amount K3) (if negative, enter "0") ______ ▶ ______ L3

Subtotal (amount F3 **minus** amount L3) (if negative, enter "0") ______ M3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount M3 **multiplied by** 0.72) . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . ______ N3

Enter amount N3 on line 560 in part 1.

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

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

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

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

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

Corporation's GRIP at the end of its last tax year . . . ______ A4

Eligible dividends paid by the corporation in its last tax year . . . ______ B4

Excessive eligible dividend designations made by the corporation in its last tax year . . . ______ C4

Subtotal (amount B4 **minus** amount C4) ______ ▶ ______ D4

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount A4 **minus** amount D4) . . . ______ E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

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

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

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

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

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

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

Cost amount to the corporation of all property immediately before the end of its previous/last tax year ____ A5

The corporation's money on hand immediately before the end of its previous/last tax year ____ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses ____ C5
Net capital losses ____ D5
Farm losses ____ E5
Restricted farm losses ____ F5
Limited partnership losses ____ G5

Subtotal (**add** amounts C5 to G5) ____ ► ____ H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses ____ I5
Net capital losses ____ J5
Farm losses ____ K5
Restricted farm losses ____ L5
Limited partnership losses ____ M5

Subtotal (**add** amounts I5 to M5) ____ ► ____ N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ____ ► ____ O5

Subtotal (**add** amounts A5, B5, and O5) ____ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year ____ Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year ____ R5

All the corporation's reserves deducted in its previous/last tax year ____ S5

The corporation's capital dividend account immediately before the end of its previous/last tax year ____ T5

The corporation's low rate income pool immediately before the end of its previous/last tax year ____ U5

Subtotal (**add** amounts Q5 to U5) ____ ► ____ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") ____ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

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

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

	Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3		6,588,000	
Total taxable dividends paid in the tax year	100	6,588,000	
Total eligible dividends paid in the tax year	150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160	164,359,510	B
Excessive eligible dividend designation (line 150 **minus** line 160)			C
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	180		D
Subtotal (amount C **minus** amount D)			E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190		F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

	Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3			
Total taxable dividends paid in the tax year	200		
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)			G
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	280		H
Subtotal (amount G **minus** amount H)			I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290		J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year . . . . . . 11.5 % A

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . . . 1,611,229 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . . . 185,291 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)		1,620,715	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)		1,611,229	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)		41,096	3

Ontario business limit reduction:

Amount from line 3 .... 41,096 a

Deduct:

Amount from line E of the T2 return 6,081,079 x (Number of days in the tax year after May 1, 2014 30 / Number of days in the tax year 30) = 6,081,079 b

Reduced Ontario business limit (amount a **minus** amount b) (if negative, enter "0") ______ c

Business limit the CCPC assigns under subsection 125(3.2) ITA ______ d

Amount c **minus** amount d ______ ▶ ______ 4

Enter the least of amounts 1, 2, 3, and 4 .... ______ D

Ontario domestic factor (ODF): Ontario taxable income * / Taxable income earned in all provinces and territories ** = 1,611,229.00 / 1,611,229 = ... 1.00000 E

Amount D × ODF (line E) ______ e

Ontario taxable income (amount B from Part 2) 1,611,229 f

Reduced Ontario business limit (lesser of amount e and amount f) (if negative, enter "0") .... ______ F

OSBD rate for the year .... 7 % G

Ontario small business deduction: amount F **multiplied** by rate G .... ______ H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

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

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount f from Part 3) .... ______ I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – Calculation of credit union tax reduction

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

Amount D from Part 3 of Schedule 17		J		
Deduct:				
Ontario adjusted small business income (amount I from Part 4)		K		
Subtotal (amount J **minus** amount K) (if negative, enter "0")		L		
Amount L **multiplied** by rate G from Part 3				M
Ontario domestic factor (line E from Part 3)			1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by ODF from line N)				O

Enter amount O on line 410 of Schedule 5.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- 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	645,443,114
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	315,925,396
Total assets (total of lines 112 to 116)		961,368,510
Total revenue of the corporation for the tax year **	142	706,622,103
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	91,226,300
Total revenue (total of lines 142 to 146)		797,848,403

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	-951,752
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	394,650		
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		394,650	►	394,650 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	-1,346,402

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 30) x 4 % = ______ 1

Amount from line 520 ______ x (Number of days in the tax year after June 30, 2010 30 / Number of days in the tax year 30) 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)		185,291	
Net CMT payable (if negative, enter "0")			E

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

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

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

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

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

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

Ontario taxable income **** / Taxable income ***** ______ = ______

Ontario allocation factor 1.00000 F

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

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

Part 4 – Calculation of CMT credit carryforward

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

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

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

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

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

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		185,291	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")		185,291	►	185,291 N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		185,291		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		3,699		
Subtotal (if negative, enter "0")		181,592	►	181,592 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 1,346,402

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 1,346,402 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
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- 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	City of Hamilton	88932 3218 RC0001	0	0
2	HAMILTON RENEWABLE POWER INC.	86639 2723 RC0001	0	0
3	HCE Energy Inc.	86638 6923 RC0001	0	0
4	Hamilton Utilities Corporation	86655 5493 RC0001	0	0
5	Horizon Solar Corp	80586 8866 RC0001	0	0
6	Horizon Holdings Inc.	83675 1966 RC0001	314,594,575	90,326,246
7	Horizon Energy Solutions Inc.	83673 1562 RC0001	1,330,821	900,054
8	HCE TELECOM INC.	82429 3187 RC0001	0	0
		Total	450 315,925,396	550 91,226,300

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
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

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

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Horizon Utilities Corporation

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2005-03-01	1651687

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
55	John Street North	

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
Hamilton	ON	CA	L8N 3E4

Part 3 – Change identifier

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

300 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 Basilio (Last name) **451** John G. (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

Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2017-01-30

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: John G. Basilio

120 Telephone number: [redacted]

Is the claim filed for an ATTC earned through a partnership? * . . . **150** 1 Yes [ ] 2 No [X]

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

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

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

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 28,159,128

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

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

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

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

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

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

Specified percentage . . . . **314** 25.000 %

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

Part 4 – Ontario apprenticeship training tax credit

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

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

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
1.	[redacted]	2016-05-09	2017-01-01	2017-01-30
2.		2016-05-09	2017-01-01	2017-01-30
3.		2016-10-11	2017-01-01	2017-01-30
4.		2016-10-11	2017-01-01	2017-01-30
5.		2016-05-09	2017-01-01	2017-01-30
6.		2014-09-15	2017-01-01	2017-01-30

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
7.	[redacted]	2014-09-15	2017-01-01	2017-01-30

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

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

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

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) **442**	**H2** Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) **443**	**I** Maximum credit amount for the tax year (see note 2) **445**
1.		30	411
2.		30	411
3.		30	411
4.		30	411
5.		30	411
6.	30		822
7.	30		822

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.
For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*) or ($5,000 × H2/365*), whichever applies.
* 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) **452**	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) **453**	**K** Eligible expenditures **multiplied** by specified percentage (see note 4) **460**
1.		[redacted]	[redacted]
2.			
3.			
4.			
5.			
6.	[redacted]		
7.			

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.
For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.
For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) **470**	**M** ATTC on repayment of government assistance (see note 5) **480**	**N** ATTC for each apprentice (column L or M, whichever applies) **490**
1.	411		411
2.	411		411
3.	411		411
4.	411		411
5.	411		411
6.	822		822

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
7.	822		822

Ontario apprenticeship training tax credit (total of amounts in column N) 500 3,699 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

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

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

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

See the privacy notice on your return.

G-STAFF-3 ATTACHMENT 3
ERZ PILs 2017/01/30 - REDACTED

Canada Revenue Agency / Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:
- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:
- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: Enersource Hydro Mississauga Inc.

Enter one of the following:

Business number (BN): 88267 0920 RC0001

Social insurance number (SIN):

Tax year
From: 2017-01-01 (Year Month Day)
To: 2017-01-30 (Year Month Day)

050 Total number of projects you are claiming this tax year: 3

100 Contact person for the financial information: Martin Sultana	**105** Telephone number/extension: [redacted]	**110** Fax number: [redacted]
115 Contact person for the technical information: Martin Sultana	**120** Telephone number/extension: [redacted]	**125** Fax number: [redacted]

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 [X] I elect to use the proxy method
(Enter "0" on line 360 and complete Part 5.)

162 1 [ ] I choose to use the traditional method
(Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

	Line		Amount
• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	67,701
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	67,701
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	
• Cost of materials transformed in performing SR&ED	325	+	10,058
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	
b) Non-arm's length contracts (see note 1)	345	+	
• Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	
• Third-party payments (see note 2) (complete Form T1263*)	370	+	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	77,759
• Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	77,759

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

	Line		Amount
Amount from line 400	420		77,759
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	2,722
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	–	364,851
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	-289,814
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

	Line	Current Expenditures	Line	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	77,759	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500 +			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +	35,339		
• expenditures on shared-use equipment for property acquired **before 2014**			504 +	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	113,098	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	3,958	514 –	
• other government assistance	515 –		516 –	
• non-government assistance and contract payments	517 –		518 –	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520 –			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
• 20% of expenditures included on lines 340 and 370	529 –			
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
• other deductions (see guide)	533 –		535 –	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	109,140	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	109,140
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	109,140

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307)	810	+	67,701
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	3,449
Subtotal (line 810 minus 812)	814	=	64,252

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816)	816	+	
Salary base (total of lines 814 and 816)	818	=	64,252

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820)	820	=	35,339

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. 15-04 Supervisory Control & Data Acquisition Upgrade Scher	17,824		
2. 16-02 Methods to accurately port GIS data to CAD	14,203		
3. 16-03 Improvement for aging power distribution systems	35,674	10,058	
Total	67,701	10,058	

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 77,759

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 [ ] Basic or Applied research **622** 1 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	4
Technologists and technicians	634	2
Managers and administrators	636	
Other technical supporting staff	638	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . . . [X]
3. completed Part 2 for each project . . . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . . . [X]

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . . . [X]

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third·Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

1 [X] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [ ] No (complete lines 970 and 975)

Claim preparer information table

940	945	950	955	960	965
Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1. KPMG LLP	12236 3153 RT0001	1	[redacted]		[redacted]
				Total	[redacted]

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, John G. Basilio, certify that the information provided in this part is complete
Name of authorized signing officer of the corporation, or individual (print)
and accurate.

Signature

975 Year Month Day

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

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 John G. Basilio
Name of authorized signing officer of the corporation, or individual

Signature

170 Date

175 KPMG LLP
Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 “Scientific Research and Experimental Development” in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

Part 2 – Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

15-04 Supervisory Control & Data Acquisition Upgrade Scheme

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2013-01 (Year Month)	2017-12 (Year Month)	2.02.05 Automation and control systems

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

	220 Names of the businesses	**221** BN
1		
2		
3		

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

Enersource endeavored into upgrading our SCADA Master Station control center and data acquisition system, while maintaining its interoperability with all current hardware and software subsystems. SCADA was a part of our mission critical system to control the grid and other subsystems such as switching devices and breakers to monitor and maintain interoperability across our power distribution infrastructure.

The specific challenges were incompatibilities amongst components and sub-systems. The new SCADA hardware was based on a new communications protocol - DNP3 (Distributed Network Protocol). This communication protocol was not compatible with the rest of our existing subsystems and could not communicate with existing SCADA infrastructure under the new protocol. From hardware perspective, some of our existing communication hardware, consisting of serial, Ethernet or radio-based devices were not signal compatible with the DNP3 protocol, and they were running Modbus and Municipal legacy channel protocols. Since some were legacy hardware, there was no longer support available from the vendor to upgrade both the hardware and the firmware, rendering these applications and the software abstraction drivers no longer able to communicate with the new SCADA hardware. The SCADA hardware did not have a capability to run in a backward compatible mode.

As a result, there were high degree of system level uncertainties, whether we were able achieve our technological objectives of integrating new SCADA components with existing software and hardware subsystems and interoperate seamlessly.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

Work continued on integrating the new SCADA system with existing hardware and software infrastructure. In the previous fiscal period, system integration underwent several iterations in the previous year; subsystem internal firmware and hardware was modified to conform to the new DNP3 protocol standard. However, legacy hardware needed to be replaced due to limited performance, scalability potential, and the vendor no longer supporting the product. It was hypothesized that performance and reliability can be substantially improved by

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

replacing the existing SCADA master radio. More specifically, integrating a new radio platform compatible with new generation networks and hardware to improve future system expansion potential. Development was required to achieve the desired radio system. A prototype was designed and trials conducted to identify the optimal radio platform. We continued to gather additional insights from those trails, during this fiscal period, to validate our hypothesis as the field system implementation and end-to-end communication establishment were ongoing.

Work also continued on improving system field communication to overcome challenges with access to confined sites, reliability, and maintenance. It was hypothesized to implement wireless technology to replace existing land based copper hard-wiring solutions. More specifically, integrating a wireless multi-protocol label switching (MPLS) solution to avoid damage and downtime due to water/moisture affecting faulty hard-wire installations. Trials were completed, in the previous fiscal period, to monitor various wireless communication parameters and evaluate technology to verify comparable performance. Tests to validate system-level performance are ongoing during this fiscal period.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

The technological advancement achieved during the current fiscal period was the knowhow in successfully and seamlessly replacing and integrating our mission critical SCADA central control unit, while retaining as much of our existing subsystems as possible. SCADA was an integral part of our overall power re-distribution strategy for complex electrical grid. This success was a major achievement, given the scope and complexity of the numerous subsystems, peripherals and systems components required to inter-operate successfully and reliably.

Overall, the success of this endeavour has been made possible by undertaking numerous iterations, and systematic experimentations, both on an isolation basis and at an integration level. Valuable knowledge gained was that upgrading to the newest version, be that on the software, hardware and firmware may not help achieve the integration goals. Such as the case in resolving the run-time webserver issues in our enterprise environment.

We gained new knowledge in the step-by-step and systematic procedures on how to successfully upgrade a complex enterprise infrastructure stack, consisting of various inter-generational, incompatible and legacy hardware, software, firmware, and subsystem peripherals and the interconnecting components.

Section C – Additional project information

Who prepared the responses for Section B?

253	1 [ ] Employee directly involved in the project	254 Name	
255	1 [ ] Other employee of the company	256 Name	
257	1 [X] External consultant	258 Name: KPMG LLP	259 Firm: KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

	260 Names	261 Qualifications/experience and position title
1	[redacted]	B. Tech (Automation), M. Eng. (Electrical) / 7+ years' experience / System Automation Specialist
2	[redacted]	B.Sc. Electrical Eng, P. Eng / 15+ years' SCADA Engineering / Project Engineer
3	[redacted]	Architectural Design-Drafting / 10 years GIS-Mapping, 15 years SCADA Support / SCADA Analyst

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	269 BN
1		

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

- 270 1 [X] Project planning documents
- 271 1 [X] Records of resources allocated to the project, time sheets
- 272 1 [ ] Design of experiments
- 273 1 [ ] Project records, laboratory notebooks
- 274 1 [X] Design, system architecture and source code
- 275 1 [ ] Records of trial runs
- 276 1 [X] Progress reports, minutes of project meetings
- 277 1 [ ] Test protocols, test data, analysis of test results, conclusions
- 278 1 [ ] Photographs and videos
- 279 1 [ ] Samples, prototypes, scrap or other artefacts
- 280 1 [ ] Contracts
- 281 1 [X] Others, specify 282 Technical Emails

Part 2 – Project information (continued)

Project number **2**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

16-02 Methods to accurately port GIS data to CAD

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2016-04 (Year Month)	2017-05 (Year Month)	2.02.09 Software engineering and technology

Project claim history

208 1 [ ] Continuation of a previously claimed project   **210** 1 [X] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

	220 Names of the businesses	**221** BN
1		
2		
3		

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

AM/FM Geographic Information System (GIS) is the mapping system that shows the location of all our plants and equipment. This data is subsequently used throughout our other systems.

The objective of the project was to develop the methods and techniques to export our GIS data, developed and maintained using Intergraph's G/Technology (GTech) into our Bentley Microstation (Microstation) CAD (Computer-Aided Design) to then create engineering drawings that will be used as schematic layouts for utilities field work. Although GTech has utilities to export to CAD, during our due diligence in FY14 and FY15, we discovered this utility was unusable due to a number of issues including line weight, lines crossing without clear identification of tie points, spacing between conductor features and nomenclature.

In FY14 and FY15, we developed a number of workarounds (not claimed for SR&ED) to address these deficiencies; however, the manual processes created inefficiency and delay in completing design projects. In FY16, we began systematically investigating and addressing the export mechanism and the data models to experimentally develop a more reliable and robust solution.

We encountered the following technological obstacle:
The major technological obstacle was the data model incompatibilities encountered in using existing off the shelf solutions as is. This was either in regards to the GIS data when going between one GIS platform to another (GTech to ArcGIS) or when going form a GIS platform to a CAD platform (GTech/ArcGIS to AutoCAD/MicroStation). During the course of our experimentation we identified multiple failures which the platform vendors were aware existed, but had no solution to address.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

In the previous fiscal period, we hypothesized porting our GIS data from GTech to ArcGIS. During this fiscal period, modifications of CAD cells was

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

completed to handle the two export to CAD formats (MicroStation and AutoCAD). During testing, a number of problems were identified with our source data which we needed to address (e.g. changes to the insertion point of overhead transformers).

We experimented modifying the placement for all fault indicators in AMFM/GIS through scripting, done with our contractor (Veridian). We needed fault indicators, displayed accurately; however, we observed that the indicators were not "cut in" at the proper location but were instead associated at common connection points. We experimented, using scripting, to address this failure mode; however, each attempt would either fail to address the issue, or result in a different unexpected failure. It is important to note that there would be approximately 4,000 GIS locations requiring modifications which would have to be done manually if we could not automate the process.

At the end of the fiscal period, the technological obstacles remained unaddressed and work is ongoing into the coming fiscal period to continue to meet our project technical objectives.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

We gained the following technological advancement:

1) We have developed techniques to export data from GTech to ArcGIS which appear to address the data model incompatibilities between the two GIS platforms. Further testing and verification will continue into the next fiscal period.

To date, our attempts to address the failure modes in exporting our GIS data from ArcGIS to MicroStation have not resulted in any reliable mechanism to consistently provide us with an error free export. As of the end of the fiscal period, we have formulated hypothesis and our experimental efforts will continue into the next fiscal period.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]
255 1 [ ] Other employee of the company	256 Name
257 1 [X] External consultant	258 Name KPMG LLP — 259 Firm KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

	260 Names	261 Qualifications/experience and position title
1	[redacted]	Supervisor, 30 years Electric Industry, C. Tech
2	[redacted]	Senior Manager, 20+ years GIS experience
3	[redacted]	System Programmer Analyst, 20+ years GIS experience

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	269 BN
1		

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

- 270 1 [X] Project planning documents
- 271 1 [ ] Records of resources allocated to the project, time sheets
- 272 1 [ ] Design of experiments
- 273 1 [ ] Project records, laboratory notebooks
- 274 1 [ ] Design, system architecture and source code
- 275 1 [ ] Records of trial runs
- 276 1 [X] Progress reports, minutes of project meetings
- 277 1 [ ] Test protocols, test data, analysis of test results, conclusions
- 278 1 [ ] Photographs and videos
- 279 1 [ ] Samples, prototypes, scrap or other artefacts
- 280 1 [ ] Contracts
- 281 1 [X] Others, specify 282 Technical Emails

Part 2 – Project information (continued)

Project number **3**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

16-03 Improvement for aging power distribution systems

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2016-01 (Year Month)	2016-12 (Year Month)	2.01.03 Municipal and structural engineering

Project claim history

208 1 [ ] Continuation of a previously claimed project **210** 1 [X] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	
2	
3	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

The objective of this project was to develop the methods and techniques for improving the performance, reliability, and ensure sufficient electrical capacity for the existing distribution system(s) on the power grid.

Distribution system components are very expensive and cost prohibitive to regularly upgrade. Consequently, it has, at times, taken many years and even decades, before system components can be replaced. Service demands continue to increase placing significant pressure for sustained reliability and constraints on the capacity of the existing infrastructure.

We are persistent in our endeavor's and constantly developing new municipal engineering and design methods to model and develop distribution systems to replace, modify and enhance existing and aging systems. In this endeavor we have encountered the following obstacle(s):

In all cases encountered, the new systems have different electrical voltage requirements due to innovations in equipment technology and service demands. As a result, we are not able to simply replace components of the existing energized system on a one for one individual component basis. This requires us to build the new system adjacent to the existing system, energize the new system to validate operability, once operability is confirmed and maintained then the transition of service to the new system is completed. As this can take upwards of six months, or more, we need to model (system plan) and validate the design before costly procurement of funds and construction commences. There is significant uncertainty and risk to ensure the methods used to engineer and design a new system that will successfully address all unique cases encountered.

NOTE: These systems are not static and require constant review and re-engineering to provide reliable and robust infrastructure for existing and future potential demands.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

We analyzed and evaluated a number of existing distribution systems during this fiscal period. Our designers mocked up their designs to identify potential conflicts and incompatabilities. Conflicts can include limitations to running underground ducts due to existing underground/above ground utilities, other ground infrastructure, and moratoriums on existing municipal infrastructures, including constraints such as a limitation for the number of ducts allowed per pole or overhead routing conflicts, such as specific limitations imposed for safe operability of Light Rail Transit. There may be a requirement for more circuits than a standard pole and equipment is capable of fulfilling.

We continued developing experimental methods and approaches for cases with overhead conflicts, at times requiring reengineering poles to overcome conflicts. This reengineering is required to counterbalance forces and environmental stresses on the pole. In cases with easement (land) restrictions for pole guy wires, additional engineering methods to guarantee stability of the pole are performed. When there are further load demands, or system redundancy for mission critical services (such as hospitals), we then model (system plan) for an additional circuit(s) onto an existing standard pole that may already be at its maximum limit of circuit capacity. This then, again, will require iterative analysis for counterbalance and address potential issues due to environmental stresses.

We also continued development of experimental approaches for cases preventing us from building the new circuit next to the existing circuit due to easement (land) restrictions. We reengineered the plan to either relocate conflicting components, or try to leverage and incorporate the existing circuit into the new circuit configuration without creating disruptions in service(s).

For loading demands in urbanized areas (such as downtown cores) due to dense pockets of hi-rise residential customers, hi-rise commercial units, hi-rise office and/or a combination of the all, predictability of a generic peak load (demand) on the distribution system was unattainable. In these cases we engineered a unique plan and design for each distribution system, again addressing conflicts due to restrictions on underground and above ground routing, indoor and outdoor equipment mounting, easement, etc. In a majority of cases, the re-engineering for conflict resolution invariably impacts component fit, sizing, etc., which then has an impact on other components on the circuit(s).

This process of maintaining and rebuilding is inevitable; however, with innovative design, system planning and engineering the quality of service from Enersource has precedence.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

We achieved the following advancement:

We continued testing and validation of an additional (fifth) circuit on existing overhead pole line, developed for field trials in the previous fiscal period. The design was completed utilizing the Enersource professional staff and existing in-house equipment. The result of this "innovative" new design, now adopted as a reference standard, allowing us the capability to provide more flexibility in the future. Reliability has been increased, operational flexibility has increased and the system has a more "robust" ability to minimize time lost from outages.

12.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]		
255 1 [ ] Other employee of the company	256 Name		
257 1 [X] External consultant	258 Name KPMG LLP	259 Firm KPMG LLP	

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	B.Sc. (Elec. Eng.) (P. Eng.) / 15+ yrs / Manager, Design and Support Services
2	
3	

265 Are you claiming any salary or wages for SR&ED performed outside Canada?	1 [ ] Yes	2 [X] No
266 Are you claiming expenditures for SR&ED carried out on behalf of another party?	1 [ ] Yes	2 [X] No
267 Are you claiming expenditures for SR&ED performed by people other than your employees?	1 [ ] Yes	2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [X] Project planning documents	276 1 [ ] Progress reports, minutes of project meetings
271 1 [X] Records of resources allocated to the project, time sheets	277 1 [ ] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	278 1 [ ] Photographs and videos
273 1 [X] Project records, laboratory notebooks	279 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [ ] Design, system architecture and source code	280 1 [ ] Contracts
275 1 [ ] Records of trial runs	281 1 [ ] Others, specify 282

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.

Part 1 – Identification

Corporation's name	Business number
Enersource Hydro Mississauga Inc.	88267 0920 RC0001

Tax year	From (Y M D)	To (Y M D)	Is this an amended return?
	2017-01-01	2017-01-30	☐ Yes ☒ No

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)	892,323
Part I tax payable (line 700)	117,478
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

@CRA **Sign up for online mail!** Get your CRA mail electronically delivered in My Business Account at **cra.gc.ca/mybusinessaccount**

I understand that by providing an email address, I am **registering** the corporation for the 'Manage online mail' service. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent.

Email address for online mail (optional): ____________

I, Basilio (Last name), John G. (First name), Chief Financial Officer (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 ____

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

KPMG LLP
Name of person or firm ____ Electronic filer number ____

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.

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 88267 0920 RC0001

Corporation's name
002 Enersource Hydro Mississauga 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 2185 Derry Road W
012
City 015 Mississauga — Province, territory, or state 016 ON
Country (other than Canada) 017 — Postal or ZIP code 018 L5N 7A6

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 or 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 2185 Derry Road W
032
City 035 Mississauga — Province, territory, or state 036 ON
Country (other than Canada) 037 — Postal or ZIP code 038 L5N 7A6

040 **Type of corporation at the end of the tax year** (tick one)
[X] 1 Canadian-controlled private corporation (CCPC)
[ ] 2 Other private corporation
[ ] 3 Public corporation
[ ] 4 Corporation controlled by a public corporation
[ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 Year Month Day

To which tax year does this return apply?
Tax year start 060 Year Month Day 2017-01-01 — Tax year-end 061 Year Month Day 2017-01-30

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 [X] 2 No [ ]

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		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 a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

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

Additional information

		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.

284	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

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		892,323	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")			892,323	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		892,323	
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)			892,323	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** 892,323 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** 892,323 B

Business limit (see notes 1 and 2 below) . . . **410** 41,096 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 41,096 x **415** *** 620,890 D / 11,250 = . . . 2,268,097 E

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

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) . . . G

Amount F **minus** amount G . . . **427** H

Small business deduction

Amount A, B, C, or H, whichever is the least ______ x Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30 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 30 / Number of days in the tax year 30 x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount I on line J on page 8) **430** ______ I

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

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

*** **Large corporations**

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

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount **490**	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] **500**	L Business limit assigned to corporation identified in column J [4] **505**
1.				

Total **510** ______ Total **515** ______

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)			892,323	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 from Part 13 of Schedule 27		C		
Personal services business income **432**		D		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E		
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F		
Aggregate investment income from line 440 on page 6*		G		
Subtotal (**add** amounts B to G)		►		H
Amount A **minus** amount H (if negative, enter "0")			892,323	I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %			116,002	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 30) x 26 2/3 % =			1		
Amount A ___ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 30) x 9 1/3 % =			3		
Amount C ___ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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 30) x 35 =			5		
(Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) x 38 2/3 =		38.66667	6		
Subtotal (amount 5 **plus** amount 6)		38.6667	H		
Amount G ___ x 100 / H x 100 / 38.6667 =			I		
Taxable income from line 360 on page 3		892,323	J		
Deduct:					
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least	___ K				
Amount I	___ L				
Foreign business income tax credit from line 636 on page 8 ___ x 4 =	___ M				
Subtotal (total of amounts K to M)	▶		N		
Subtotal (amount J **minus** amount N)		892,323	O		
Amount O 892,323 x (Number of days in the tax year before January 1, 2016 ___ / Number of days in the tax year 30) x 26 2/3 % =			7		
Amount O 892,323 x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) x 30 2/3 % =		273,646	8		
Subtotal (amount 7 **plus** amount 8)		273,646	▶	273,646	P
Part I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9)				117,478	Q
Refundable portion of Part I tax – Amount F, P, or Q, whichever is the least			450		R

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460			
Deduct:				
Dividend refund for the previous tax year	465			
			►	A
Add:				
Refundable portion of Part I tax from line 450 on page 6			B	
Total Part IV tax payable from Schedule 3			C	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
Subtotal (add amounts B, C, and line 480)			►	D
Refundable dividend tax on hand at the end of the tax year – Amount A **plus** amount D	485			

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 . . . . E

Amount E ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 30) x 33 1/3 % = ______ 1

Amount E ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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** 339,083 A

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business **555** ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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	892,323	E	
Deduct: Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F	
Net amount (amount E **minus** amount F)	892,323	▶ 892,323	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 30) x 6 2/3 % = ______ 1

Amount D or G, whichever is less ______ x (Number of days in the tax year after December 31, 2015 30 / Number of days in the tax year 30) 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) 339,083 I

Deduct:

Small business deduction from line 430 on page 4			J
Federal tax abatement	608	89,232	
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	116,002	
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	16,371	
Subtotal		221,605	▶ 221,605 K

Part I tax payable – Amount I **minus** amount K . . . 117,478 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	117,478
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		117,478

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	117,478 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	520,000	
Total credits	890	520,000 ▶	520,000 B

Refund code 894 1 Overpayment 402,522 ◀ Balance (amount A **minus** amount B) -402,522

Direct deposit request

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

☐ Start ☐ Change information 910 ______ Branch number

914 ______ Institution number 918 ______ Account number

If the result is positive, you have a **balance unpaid**.
If the result is negative, you have an **overpayment**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid . . . . . . ______

For information on how to make your payment, go to cra.gc.ca/payments.

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

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

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

Certification

I, 950 Basilio (Last name) 951 John G. (First name) 954 Chief Financial Officer (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 ______ 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 Martin Sultana (Name of other authorized person) 959 [redacted] (Telephone number)

Language of correspondence – Langue de correspondance

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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	201,854,000	209,337,000
	Total tangible capital assets	2008	+	645,522,000	645,156,000
	Total accumulated amortization of tangible capital assets	2009	–		
	Total intangible capital assets	2178	+	53,763,000	54,079,000
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	540,000	
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	901,679,000	908,572,000
	Liabilities				
	Total current liabilities	3139	+	270,930,000	275,277,000
	Total long-term liabilities	3450	+	349,809,000	348,902,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	620,739,000	624,179,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	280,940,000	284,393,000
	Total liabilities and shareholder equity	3640	=	901,679,000	908,572,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	125,482,000	127,706,000

* 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

Corporation's name	Business number	Tax year end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

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	+	81,470,000	1,078,289,000
	Cost of sales	8518	–	74,559,000	932,308,000
	Gross profit/loss	8519	=	6,911,000	145,981,000
	Cost of sales	8518	+	74,559,000	932,308,000
	Total operating expenses	9367	+	11,337,000	130,740,000
	Total expenses (mandatory field)	9368	=	85,896,000	1,063,048,000
	Total revenue (mandatory field)	8299	+	82,872,000	1,101,084,000
	Total expenses (mandatory field)	9368	–	85,896,000	1,063,048,000
	Net non-farming income	9369	=	-3,024,000	38,036,000
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	-3,024,000	38,036,000
	Total other comprehensive income	9998	=		642,000
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	-800,000	10,228,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		642,000
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-2,224,000	28,450,000

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
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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 [X] 2 No [ ]

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . 200 1 Yes [ ] 2 No [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
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

Assets – lines 1000 to 2599

1062	95,283,000	1066	2,440,000	1120	4,545,000
1480	97,380,000	1484	2,206,000	1599	201,854,000
1620	645,522,000	2008	645,522,000	2010	53,763,000
2178	53,763,000	2421	540,000	2589	540,000
2599	901,679,000				

Liabilities – lines 2600 to 3499

2600	63,413,000	2620	115,039,000	2700	59,976,000
2861	3,722,000	2960	24,277,000	2961	3,900,000
2965	603,000	3139	270,930,000	3210	318,350,000
3320	31,459,000	3450	349,809,000	3499	620,739,000

Shareholder equity – lines 3500 to 3640

3500	154,400,000	3580	1,058,000	3600	125,482,000
3620	280,940,000	3640	901,679,000		

Retained earnings – lines 3660 to 3849

3660	127,706,000	3680	-2,224,000	3849	125,482,000

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

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	81,470,000	8089	81,470,000	8100	8,000
8230	1,394,000	8299	82,872,000		

Cost of sales – lines 8300 to 8519

8450	74,559,000	8518	74,559,000	8519	6,911,000

Operating expenses – lines 8520 to 9369

8670	2,834,000	8710	1,548,000	9060	2,616,000
9270	4,339,000	9367	11,337,000	9368	85,896,000
9369	-3,024,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	-3,024,000	9990	-800,000	9999	-2,224,000

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
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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			-2,224,000	A
Add:				
Provision for income taxes – current	101	-800,000		
Amortization of tangible assets	104	2,833,452		
Loss on disposal of assets	111	13,867		
Non-deductible club dues and fees	120	4,331		
Non-deductible meals and entertainment expenses	121	1,643		
Reserves from financial statements – balance at the end of the year	126	7,145,433		
Subtotal of additions		9,198,726	9,198,726	
Other additions:				
Recapture of SR&ED expenditures from Form T661	231	289,814		

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	OITC/ORDTC/BCRDTC/ABRDTC from prior year under 12(1)(x) ITA	27,079
2	12(1)(x) income	411,587
3	Amortization of debt issuance costs	17,036
4	Net energy expenses RSVA; not taxable	3,970,178
	Total of column 2	4,425,880

Total of column 2	296	4,425,880		
Subtotal of other additions	199	4,715,694	4,715,694	
Total additions	500	13,914,420	13,914,420	B
Amount A **plus** amount B			11,690,420	C
Deduct:				
Capital cost allowance from Schedule 8	403	3,591,200		
Reserves from financial statements – balance at the beginning of the year	414	6,691,822		
Subtotal of deductions		10,283,022	10,283,022	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Deduction under 20(1)(e) ITA	2,298
2	Other deductions (see attached)	101,190
3	13(7.4) election	411,587
	Total of column 2	515,075

Total of column 2	396	515,075		
Subtotal of other deductions	499	515,075	515,075	
Total deductions	510	10,798,097	10,798,097	D
Net income (loss) for income tax purposes (amount C **minus** amount D)			892,323	E

Enter amount E on line 300 of the T2 return.

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Description	Operator (Note)	Amount	
Customer contribution revenue amortization		53,060	00
AFUDC - interest capitalized for book purposes - deductible for tax	+	12,170	00
OMERS contributions deductible for tax, capitalized for accounting	+	35,960	00
	+		
	Total	101,190	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Explanatory note

THE TAXPAYER HEREBY ELECTS, PURSUANT TO SUBSECTION 13(7.4) TO NOT INCLUDE $411,587 IN INCOME PURSUANT TO PARAGRAPH 12(1)(X). ACCORDINGLY, THE TAXPAYER HAS REDUCED THE COST OF PROPERTY ACQUIRED DURING THE YEAR BY $411,587.

Description	Operator (Note)	Amount	
Election 13(7.4)		411,587	00
	+		
	Total	411,587	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

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

Part 1 – Allocation of taxable income

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

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
892,323		892,323	102,617

Ontario basic income tax (from Schedule 500)	270	102,617		
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal		102,617	102,617	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)			102,617	C6
Deduct:				
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario political contributions tax credit (from Schedule 525)	415			
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			102,617	E6
Deduct: Ontario research and development tax credit (from Schedule 508)	416		3,958	
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")			98,659	F6
Deduct:				
Ontario corporate minimum tax credit (from Schedule 510)	418		79,682	
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")			18,977	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)			18,977	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	2,496		
Ontario apprenticeship training tax credit (from Schedule 552)	454	16,481		
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		18,977	18,977	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			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** ______________

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
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

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		262,494,787		-31,705	0		262,463,082	4	0	0	862,892	261,600,190
2.	1b	2185 Derry Rd.	3,737,183			0		3,737,183	6	0	0	18,430	3,718,753
3.	1b	Aquitaine Substation	437,299			0		437,299	6	0	0	2,157	435,142
4.	1b	BCM Building	740,884			0		740,884	6	0	0	3,654	737,230
5.	1b	Erin Mills Substation	1,686,281			0		1,686,281	6	0	0	8,316	1,677,965
6.	1b	Winston Churchill Substation	123,728			0		123,728	6	0	0	610	123,118
7.	2		24,222,020			0		24,222,020	6	0	0	119,451	24,102,569
8.	3		1,578,211			0		1,578,211	5	0	0	6,486	1,571,725
9.	8		3,681,176	22,172		0	11,086	3,692,262	20	0	0	60,695	3,642,653
10.	10		4,515,613	6,593		6,155	219	4,515,832	30	0	0	111,349	4,404,702
11.	10.1	#48560	4,843			N/A		4,843	30	N/A	N/A	119	4,724
12.	10.1	019-07	1,173			N/A		1,173	30	N/A	N/A	29	1,144
13.	10.1	020-07	821			N/A		821	30	N/A	N/A	20	801
14.	10.1	50740-14 NW	14,119			N/A		14,119	30	N/A	N/A	348	13,771
15.	10.1	50826-14 CH	14,119			N/A		14,119	30	N/A	N/A	348	13,771
16.	10.1	51239-14 DP	14,119			N/A		14,119	30	N/A	N/A	348	13,771
17.	10.1	DODGE SPRINTER VAN	580			N/A		580	30	N/A	N/A	14	566
18.	10.1	Explorer JM	14,119			N/A		14,119	30	N/A	N/A	348	13,771
19.	10.1	FORD ESCAPE HYBRID	580			N/A		580	30	N/A	N/A	14	566
20.	10.1	FORD ESCAPE HYBRID	580			N/A		580	30	N/A	N/A	14	566
21.	10.1	Vehicle 023-08	1,661			N/A		1,661	30	N/A	N/A	41	1,620
22.	10.1	Vehicle 024-09	1,661			N/A		1,661	30	N/A	N/A	41	1,620
23.	12		658,961	117,955		0	58,978	717,938	100	0	0	59,009	717,907
24.	17		542,333			0		542,333	8	0	0	3,566	538,767

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Adjustments and transfers** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
25.	45		4,641			0		4,641	45	0	0	172	4,469
26.	47		311,773,473	2,424,954		0	1,212,477	312,985,950	8	0	0	2,057,990	312,140,437
27.	50	Computers	1,031,818	979		0	490	1,032,307	55	0	0	46,666	986,131
28.	95		7,147,864		-176,272	0		6,971,592	0	0	0		6,971,592
29.	1b	Rubin MS	657,008			0		657,008	6	0	0	3,240	653,768
30.	10.1	PG Lexus	20,170			N/A		20,170	30	N/A	N/A	497	19,673
31.	14	Churchill Meadows	37,579,086			0		37,579,086	NA	0	0	166,326	37,412,760
32.	14.1		10,082,811			0		10,082,811	5	0	0	58,010	10,024,801
		Totals	672,783,722	2,572,653	-207,977	6,155	1,283,250	673,858,993				3,591,200	671,551,043

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		2,572,653		
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):				
See attached	+	-82,088		
Total additions per books	=	2,490,565	▶	2,490,565
Proceeds up to original cost – Schedule 8 regular classes		6,155		
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):				
Customer contribution revenue amortization	+	-53,060		
Disposal of 10.1 Assets	+			
Other	+			
Total proceeds per books	=	-46,905	▶ –	-46,905
Depreciation and amortization per accounts – Schedule 1			–	2,833,452
Loss on disposal of fixed assets per accounts			–	13,867
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	-309,849

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		674,196,770
Opening net book value	–	674,506,619
Net change per financial statements	=	-309,849

If the amounts from the tax return and the financial statements differ, explain why below.

Attached Schedule with Total

Other – Amount

Title Other – Amount

Description	Operator (Note)	Amount	
AFUDC not capitalized for tax purposes		7,104	00
AFUDC in CIP not capitalized for tax purposes	+	5,066	00
CIP energization	-	176,272	00
OMERS contributions deductible for tax, capitalized for accounting	+	35,960	00
2017 capital claimed in SRED	+	77,759	00
PY accrual adjustment	-	31,705	00
	+		
	+		
	+		
	Total	-82,088	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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.	Enersource Power Services Inc.		88009 0212 RC0002	3					
2.	Enersource Corporation		89858 6417 RC0001	1					
3.	Enersource Services Inc.		87972 9523 RC0001	3					
4.	Enersource Technologies Inc.		87651 8119 RC0001	3					
5.	Enersource Holdings Inc.		74883 0494 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Retirees Benefit Liability	5,955,206		416,985		6,372,191
2	Provision for Bad Debt	170,391			200	170,191
3	Environmental Liability Accrual	566,225		36,826		603,051
4						
	Reserves from Part 2 of Schedule 13					
	Totals	6,691,822		453,811	200	7,145,433

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

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Schedule 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 2017

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	Enersource Hydro Mississauga Inc.	88267 0920 RC0001	1	500,000	100.0000	500,000	
2	Enersource Power Services Inc.	88009 0212 RC0002	1	500,000			
3	Enersource Corporation	89858 6417 RC0001	1	500,000			
4	Enersource Services Inc.	87972 9523 RC0001	1	500,000			
5	Enersource Technologies Inc.	87651 8119 RC0001	1	500,000			
6	Enersource Holdings Inc.	74883 0494 RC0001	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 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the scientific research and experimental development (SR&ED) qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

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

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . **102** 1 Yes [ ] 2 No [X]

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . **103** ______
(Enter this amount on line 350 of Part 8)

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**

Total of investments for qualified property and qualified resource property ______ A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year			B1
Deduct:			
Credit deemed as a remittance of co-op corporations	210		
Credit expired	215		
Subtotal (line 210 **plus** line 215)		▶	C1
ITC at the beginning of the tax year (amount B1 **minus** amount C1)		220	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	230		
ITC from repayment of assistance	235		
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) ______ x 10 % =	240		
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) ______ x 5 % =	242		
Credit allocated from a partnership	250		
Subtotal (total of lines 230 to 250)		▶	D1
Total credit available (line 220 **plus** amount D1)			E1
Deduct:			
Credit deducted from Part I tax (enter this amount at line D8 in Part 30)	260		
Credit carried back to the previous year(s) (from amount H1 in Part 6)	a		
Credit transferred to offset Part VII tax liability	280		
Subtotal (total of line 260, amount a, and line 280)		▶	F1
Credit balance before refund (amount E1 **minus** amount F1)			G1
Deduct:			
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)		310	
ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310)		320	

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

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

	Year	Month	Day			
1st previous tax year				Credit to be applied	901	
2nd previous tax year				Credit to be applied	902	
3rd previous tax year				Credit to be applied	903	

Total of lines 901 to 903 (enter amount H1 on line a in Part 5) H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)	I1
Credit balance before refund (from amount G1 in Part 5)	J1
Refund (40 % of amount I1 or J1, whichever is less)	K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if you don't claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		109,140		
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		+		
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*		109,140	350	109,140
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	109,140

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

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

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

If you answered **no** to the question on line 385 above or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied) **390**

Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million **398**

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:			$ 8,000,000	
Deduct:				
Taxable income for the previous tax year (from line 390 in Part 9) or $500,000, whichever is more		x 10 =		A2
Excess ($8,000,000 **minus** amount A2; if negative, enter "0")				B2
$ 40,000,000 **minus** line 398 in Part 9		a		
Amount a **divided** by $ 40,000,000				C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)*				D2
For an associated corporation:				
If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49*		400		E2

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D2 or E2 ______ x Number of days in the tax year / 365 = 30 / 365 = ______ F2

Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies) **410**

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less* . . . . **420** ______ x 35 % = ______ G2

Line 350 **minus** line 410 (if negative, enter "0") **430** 109,140

Amount from line 430 ______ x (Number of days in the tax year before 2014 ______ / Number of days in the tax year) x 20% = ______ b

Amount from line 430** 109,140 x (Number of days in the tax year after 2013 30 / Number of days in the tax year 30) x 15 % = 16,371 c

Subtotal (amount b **plus** amount c) . . . . 16,371 ▶ 16,371 H2

Line 410 **minus** line 350 (if negative, enter "0") . . . . ______ d

Capital expenditures (from line 360 in Part 8) or amount d above, whichever is less* . . . . **440** ______ x 35 % = ______ I2

Line 360 **minus** amount d above (if negative, enter "0") . . . . **450** ______

Amount from line 450 ______ x (Number of days in the tax year before 2014 ______ / Number of days in the tax year) x 20% = ______ e

Amount from line 450** ______ x (Number of days in the tax year after 2013 30 / Number of days in the tax year 30) x 15 % = ______ f

Subtotal (amount e **plus** amount f) . . . . ______ ▶ ______ J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ______

The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC when your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. ***

460 ______ x 35 % = ______ g

480 ______ x 20 % = ______ h

490 ______ x 15 % = ______ i

Subtotal (**add** amounts g to i) ______ ▶ ______ K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) 16,371 L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013. For tax years that have a start date **after** 2013, multiply the amount by 15%.

*** If you are reporting a repayment for a tax year which included two calendar years with different rates (such as a 2014 tax year that started in 2013), the amount of repayment is allocated between the two ITC rates as follows:

– For the first part of the tax year, enter on the line next to the applicable ITC rate, the result of the following calculation: The full repayment amount **multiplied** by the number of days in the tax year which were in the first calendar year, **divided** by the total number of days in the tax year.

– For the last part of the tax year which is in the second calendar year, enter on the line next to the applicable ITC rate, the difference between the first part calculated above and the full repayment amount.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year					M2
Deduct:					
Credit deemed as a remittance of co-op corporations	510				
Credit expired	515				
Subtotal (line 510 **plus** line 515)			▶		N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)			520		
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	530				
Total current-year credit (from amount L2 in Part 11)	540	16,371			
Credit allocated from a partnership	550				
Subtotal (total of lines 530 to 550)		16,371	▶	16,371	O2
Total credit available (line 520 **plus** amount O2)				16,371	P2
Deduct:					
Credit deducted from Part I tax (enter this amount at line E8 in Part 30)	560	16,371			
Credit carried back to the previous year(s) (from amount S2 in Part 13)			j		
Credit transferred to offset Part VII tax liability	580				
Subtotal (total of line 560, amount j, and line 580)		16,371	▶	16,371	Q2
Credit balance before refund (amount P2 **minus** amount Q2)					R2
Deduct:					
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)			610		
ITC closing balance on SR&ED (amount R2 **minus** line 610)			620		

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day				
1st previous tax year				Credit to be applied	911		
2nd previous tax year				Credit to be applied	912		
3rd previous tax year				Credit to be applied	913		
				Total of lines 911 to 913 (enter amount S2 at line j in Part 12)			S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . **650** 1 Yes ☐ 2 No ☒

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11) . . . . ______ k

Refundable credits (amount k or amount R2 in Part 12, whichever is less)* . . . . ______ T2

Deduct:

Amount T2 or amount G2 in Part 11, whichever is less . . . . ______ U2

Net amount (amount T2 **minus** amount U2; if negative, enter "0") . . . . ______ V2

Amount V2 **multiplied** by 40 % . . . . ______ W2

Add:

Amount U2 . . . . ______ X2

Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12) . . . . ______ Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12) . . . . ______ Z2

Deduct:

Amount Z2 or amount G2 in Part 11, whichever is less . . . . ______ AA2

Net amount (amount Z2 **minus** amount AA2; if negative, enter "0") . . . . ______ BB2

Amount BB2 or amount I2 in Part 11, whichever is less . . . . ______ CC2

Amount CC2 **multiplied** by 40 % . . . . ______ DD2

Add:

Amount AA2 . . . . ______ EE2

Refund of ITC (amount DD2 **plus** amount EE2) . . . . ______ FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less

Subtotal (enter amount A3 on line C3 in Part 17) ______ A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred 750	F Amount from column D or E, whichever is less

Subtotal (total of column F)
(enter amount B3 on line D3 in Part 17) ______ B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 17) **760** ______

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 on line A8 in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826

Total of column 826 ► A4

Total pre-production mining expenditures (total of lines 810 to 821 and amount A4)	830	

Deduct:

Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above	832	
Excess (line 830 **minus** line 832) (if negative, enter "0")		B4

Add:

Repayments of government and non-government assistance	835	
Pre-production mining expenditures (amount B4 **plus** line 835)		C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year D4

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 **plus** line 845) ▶ E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) **850**

Add:

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

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18)	**870**		x	10 %	=	a
Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18)	**872**		x	5 %	=	b
Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18)	**874**		x	7 %	=	c
Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18)	**876**		x	4 %	=	d

Current year credit (total of amounts a to d) **880** ▶ F4

Total credit available (total of lines 850, 860, and amount F4) G4

Deduct:

Credit deducted from Part I tax (enter this amount at line F8 in Part 30) **885**

Credit carried back to the previous year(s) (from amount I4 in Part 20) . . . . . . e

Subtotal (line 885 **plus** amount e) ▶ H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) **890**

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	**921**	
2nd previous tax year				Credit to be applied	**922**	
3rd previous tax year				Credit to be applied	**923**	

Total of lines 921 to 923 (enter amount I4 on line e in Part 19) I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . 611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605

Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22) ______ A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year . . . . ______ B5

Deduct:

Credit deemed as a remittance of co-op corporations . . . . 612 ______

Credit expired after 20 tax years . . . . 615 ______

Subtotal (line 612 **plus** line 615) ______ ► ______ C5

ITC at the beginning of the tax year (amount B5 **minus** amount C5) . . . . 625 ______

Add:

Credit transferred on amalgamation or wind-up of subsidiary . . . . 630 ______

ITC from repayment of assistance . . . . 635 ______

Total current-year credit (from amount A5 in Part 21) . . . . 640 ______

Credit allocated from a partnership . . . . 655 ______

Subtotal (total of lines 630 to 655) ______ ► ______ D5

Total credit available (line 625 **plus** amount D5) . . . . ______ E5

Deduct:

Credit deducted from Part I tax (enter this amount at line G8 in Part 30) . . . . 660 ______

Credit carried back to the previous year(s) (from amount G5 in Part 23) . . . . ______ a

Subtotal (line 660 **plus** amount a) ______ ► ______ F5

ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5) . . . . 690 ______

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied	931
2nd previous tax year				Credit to be applied	932
3rd previous tax year				Credit to be applied	933

Total of lines 931 to 933 (enter amount G5 on line a in Part 22) ______ G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred to create licensed child care spaces for the children of the employees and, potentially, for other children.
You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number **665**	Description of investment **675**	Date available for use **685**	Amount of investment **695**
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ______

Add:

Specified child care start-up expenditures from the current tax year . . . . . **705** ______

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ______ A6

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . . **725** ______

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . . ______ B6

Add:

Repayments by the corporation of government and non-government assistance . . . . . **735** ______

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . . **745** ______

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . . ______ x 25 % = ______ C6

Number of child care spaces . . . . . **755** ______ x $ 10,000 = ______ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . . ______ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year				F6
Deduct:				
Credit deemed as a remittance of co-op corporations	765			
Credit expired after 20 tax years	770			
Subtotal (line 765 **plus** line 770)			▶	G6
ITC at the beginning of the tax year (amount F6 **minus** amount G6)			775	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	777			
Total current-year credit (from amount E6 in Part 25)	780			
Credit allocated from a partnership	782			
Subtotal (total of lines 777 to 782)			▶	H6
Total credit available (line 775 **plus** amount H6)				I6
Deduct:				
Credit deducted from Part I tax (enter this amount at line H8 in Part 30)	785			
Credit carried back to the previous year(s) (from amount K6 in Part 27)			a	
Subtotal (line 785 **plus** amount a)			▶	J6
ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6)			790	

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

	Year Month Day			
1st previous tax year	2016-12-31	Credit to be applied	941	
2nd previous tax year	2015-12-31	Credit to be applied	942	
3rd previous tax year	2014-12-31	Credit to be applied	943	
		Total of lines 941 to 943 (enter amount K6 on line a in Part 26)		K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))			792	
In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:				
The amount that can reasonably be considered to have been included in the original ITC	795			
25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property	797			
Amount from line 795 or line 797, whichever is less				A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC	799		
Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799)			B7

Enter amount B7 on line B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F3 in Part 17)		A8
Recaptured child care spaces ITC (from amount B7 in Part 28)		B8
Total recapture of investment tax credit (amount A8 **plus** amount B8)		C8

Enter amount C8 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)		D8
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	16,371	E8
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)		F8
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)		G8
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)		H8
Total ITC deducted from Part I tax (total of amounts D8 to H8)	16,371	I8

Enter amount I8 on line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
16,371	16,371			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				*
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
2000-12-31				
1999-12-31				
1998-12-31				*
Total				

B+C+D+G **Total ITC utilized** 16,371

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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	154,400,000	
Retained earnings	104	125,482,000	
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		
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)		279,882,000 ►	279,882,000 A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if
  a) those lines applied to partnerships in the same manner that they apply to corporations, and
  b) those amounts were computed without reference to amounts owing by the partnership
    (i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or
    (ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1)			279,882,000 A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal (**add** lines 121 to 124)		▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		279,882,000

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		279,882,000 C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	279,882,000

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500)	279,882,000	x	Taxable income earned in Canada / Taxable income	**610**	892,323 / 892,323	= **Taxable capital employed in Canada** **690**	279,882,000

Notes: 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** ______

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ______

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ______

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ______

Total deductions (**add** lines 711, 712, and 713) ______ ► ______ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ______

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.225%)		I

Enter this amount at line 415 of the T2 return.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

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	ENERSOURCE CORPORATION	89858 6417 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canadä

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

On: 2017-01-30

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

Eligibility for the various additions

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

2006 addition

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

Change in the type of corporation

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

Amalgamation (first year of filing after amalgamation)

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

Winding-up

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

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	148,176,705	A
Taxable income for the year (DICs enter "0") *	110	892,323	B		
Income for the credit union deduction * (amount E in Part 3 of Schedule 17) 120					
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less * 130					
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * 140					
Subtotal (**add** lines 120, 130, and 140)	▶		C		
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")	150	892,323			
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	642,473	D
Eligible dividends received in the tax year	200				
Dividends deductible under section 113 received in the tax year	210				
Subtotal (line 200 **plus** line 210)			▶		E
Becoming a CCPC (amount W5 in Part 4)	220				
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)	230				
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)	240				
Subtotal (**add** lines 220, 230, and 240)	290		▶		F
Subtotal (**add** amounts A, D, E, and F)				148,819,178	G
Eligible dividends paid in the previous tax year	300				
Excessive eligible dividend designations made in the previous tax year	310				
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)					
Subtotal (line 300 **minus** line 310)			▶		H
GRIP before adjustment for specified future tax consequences (amount G **minus** amount H) (amount can be negative)			490	148,819,178	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount N3 in Part 2)			560		
GRIP at the end of the tax year (line 490 **minus** line 560) Enter this amount on line 160 of Schedule 55.			590	148,819,178	

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

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

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

First previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year			674,322	A1		
Enter the following amounts before specified future tax consequences from the current tax year:						
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		B1				
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less		C1				
Aggregate investment income (line 440 of the T2 return)	185,832	D1				
Subtotal (**add** amounts B1, C1, and D1)	185,832	▶	185,832	E1		
Subtotal (amount A1 **minus** amount E1) (if negative, enter "0")			488,490	▶	488,490	F1

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

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

Taxable income after specified future tax consequences . . . . ______ G1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H1

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I1

Aggregate investment income (line 440 of the T2 return) . . . . ______ J1

Subtotal (**add** amounts H1, I1, and J1) ______ ▶ ______ K1

Subtotal (amount G1 **minus** amount K1) (if negative, enter "0") ______ ▶ ______ L1

Subtotal (amount F1 **minus** amount L1) (if negative, enter "0") ______ M1

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

(amount M1 **multiplied** by 0.72) . . . . **500** ______

Second previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year 2,330,176 A2

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ B2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ C2

Aggregate investment income (line 440 of the T2 return) . . . . ______ D2

Subtotal (**add** amounts B2, C2, and D2) ______ ▶ ______ E2

Subtotal (amount A2 **minus** amount E2) (if negative, enter "0") 2,330,176 ▶ 2,330,176 F2

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

Taxable income after specified future tax consequences . . . . ______ G2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I2

Aggregate investment income (line 440 of the T2 return) . . . . ______ J2

Subtotal (**add** amounts H2, I2, and J2) ______ ▶ ______ K2

Subtotal (amount G2 **minus** amount K2) (if negative, enter "0") ______ ▶ ______ L2

Subtotal (amount F2 **minus** amount L2) (if negative, enter "0") ______ M2

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

(amount M2 **multiplied** by 0.72) . . . . **520** ______

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

Third previous tax year 2014-12-31

Taxable income before specified future tax consequences from the current tax year 14,444,808 A3

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ B3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ C3

Aggregate investment income (line 440 of the T2 return) . . . . ______ D3

Subtotal (**add** amounts B3, C3, and D3) ______ ▶ ______ E3

Subtotal (amount A3 **minus** amount E3) (if negative, enter "0") 14,444,808 ▶ 14,444,808 F3

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

Taxable income after specified future tax consequences . . . . ______ G3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I3

Aggregate investment income (line 440 of the T2 return) . . . . ______ J3

Subtotal (**add** amounts H3, I3, and J3) ______ ▶ ______ K3

Subtotal (amount G3 **minus** amount K3) (if negative, enter "0") ______ ▶ ______ L3

Subtotal (amount F3 **minus** amount L3) (if negative, enter "0") ______ M3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount M3 **multiplied by** 0.72) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ N3

Enter amount N3 on line 560 in part 1.

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

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

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

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

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

Corporation's GRIP at the end of its last tax year . . . . ______ A4

Eligible dividends paid by the corporation in its last tax year . . . . ______ B4

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ C4

Subtotal (amount B4 **minus** amount C4) ______ ▶ ______ D4

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount A4 **minus** amount D4) . . . . ______ E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

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

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

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

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

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

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

Cost amount to the corporation of all property immediately before the end of its previous/last tax year			A5
The corporation's money on hand immediately before the end of its previous/last tax year			B5
Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:			
Non-capital losses	C5		
Net capital losses	D5		
Farm losses	E5		
Restricted farm losses	F5		
Limited partnership losses	G5		
Subtotal (**add** amounts C5 to G5)	►	H5	
Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:			
Non-capital losses	I5		
Net capital losses	J5		
Farm losses	K5		
Restricted farm losses	L5		
Limited partnership losses	M5		
Subtotal (**add** amounts I5 to M5)	►	N5	
Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5)		►	O5
Subtotal (**add** amounts A5, B5, and O5)			P5
All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year		Q5	
Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year		R5	
All the corporation's reserves deducted in its previous/last tax year		S5	
The corporation's capital dividend account immediately before the end of its previous/last tax year		T5	
The corporation's low rate income pool immediately before the end of its previous/last tax year		U5	
Subtotal (**add** amounts Q5 to U5)		►	V5
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0")			W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

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

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year . . . . 11.5 % A

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . 892,323 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . 102,617 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)		892,323	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)		892,323	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)		41,096	3

Ontario business limit reduction:

Amount from line 3 .... 41,096 a

Deduct:

Amount from line E of the T2 return 2,268,097 x (Number of days in the tax year after May 1, 2014 30 / Number of days in the tax year 30) = 2,268,097 b

Reduced Ontario business limit (amount a **minus** amount b) (if negative, enter "0") ______ c

Business limit the CCPC assigns under subsection 125(3.2) ITA ______ d

Amount c **minus** amount d ______ ► ______ 4

Enter the least of amounts 1, 2, 3, and 4 .... ______ D

Ontario domestic factor (ODF): Ontario taxable income * / Taxable income earned in all provinces and territories ** = 892,323.00 / 892,323 = ... 1.00000 E

Amount D × ODF (line E) ______ e

Ontario taxable income (amount B from Part 2) 892,323 f

Reduced Ontario business limit (lesser of amount e and amount f) (if negative, enter "0") .... ______ F

OSBD rate for the year .... 7 % G

Ontario small business deduction: amount F **multiplied** by rate G .... ______ H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

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

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount f from Part 3) .... ______ I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – Calculation of credit union tax reduction

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

Amount D from Part 3 of Schedule 17		J		
Deduct:				
Ontario adjusted small business income (amount I from Part 4)		K		
Subtotal (amount J **minus** amount K) (if negative, enter "0")		L		
Amount L **multiplied** by rate G from Part 3				M
Ontario domestic factor (line E from Part 3)			1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by ODF from line N)				O

Enter amount O on line 410 of Schedule 5.

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Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
  - 4.5% for tax years that end before June 1, 2016
  - 3.5% for tax years that start after May 31, 2016.
  - prorated for a tax year that ends on or after June 1, 2016 and include May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and non of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	113,098	A		
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B		
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		113,098	C		
Eligible expenditures transferred to the corporation by another corporation	110		D		
Subtotal (amount C **plus** amount D)		113,098	▶	113,098	E
Eligible expenditures the corporation transferred to another corporation (cannot exceed amount E)			115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")			120	113,098	G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016 . . . . **210** ________ x 4.5 % = **215** ________ H

Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.

Number of days in the tax year before June 1, 2016	240	152	x	4.5 %	=	1.8689 %	1
Number of days in the tax year	241	366					
Number of days in the tax year after May 31, 2016	242	214	x	3.5 %	=	2.0464 %	2
Number of days in the tax year	243	366					

Subtotal (percentage 1 **plus** percentage 2) 3.9153 % 3

Repayments for a tax year that ends on or after June 1, 2016 and includes May 31, 2016 . . . . . . **211** ________ x percentage 3 3.9153 % = **216** ________ I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016 . . . . **212** ____ x 3.5 % = **217** ____ J

Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014 . . . . **220** ____ x 1 / 4 = ____ x 4.5 % = **225** ____ K

Eligible repayments (Total amount H to amount K) . . . . **229** ____ L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1) . . . . ____ x 4.5 % = **200** ____ M

ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year * . . . . **205** ____ N

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Eligible repayments (amount L in Part 2) . . . . ____ O

Current part of the ORDTC for tax years that end before June 1, 2016 (total of amounts M to O) . . . . **230** ____ P

For a tax year that ends on or after June 1, 2016 and includes May 31, 2016

Number of days in the tax year before June 1, 2016 / Number of days in the tax year ____ x 4.5 % = ____ % 4

Number of days in the tax year after May 31, 2016 / Number of days in the tax year ____ x 3.5 % = ____ % 5

Subtotal (percentage 4 **plus** percentage 5) ____ % 6

Ontario SR&ED expenditure pool (amount G in Part 1) . . ____ x percentage 6 ____ % = **201** ____ Q

ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year * . . . . **206** ____ R

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Eligible repayments (amount L in Part 2) . . . . ____ S

Current part of the ORDTC for tax years that end on or after June 1, 2016 and include May 31, 2016, (total of amounts Q to S) . . . . **231** ____ T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1) . . . . 113,098 x 3.5 % = **202** 3,958 U

ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year * . . . . **207** ____ V

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Eligible repayments (amount L in Part 2) . . . . ____ W

Current part of the ORDTC for tax years that start after May 31, 2016 (total of amounts U to W) . . . . **232** 3,958 X

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year				Y
Deduct: ORDTC expired after 20 tax years		300		Z
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)		305		AA
Add:				
ORDTC transferred to the corporation on amalgamation or windup		310		BB
Current part of ORDTC (amounts P, T or X in Part 3 whichever applies)	3,958 CC			

Are you waiving all or part of the current part of the ORDTC? 315 Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC	320	DD		
Subtotal (amount CC **minus** amount DD)	3,958 ▶	3,958 EE		
ORDTC available for deduction (total of amounts AA, BB and EE)		3,958 ▶	3,958	FF
Deduct:				
ORDTC claimed * (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)		3,958 GG		
ORDTC carried back to previous tax years (from Part 5)		HH		
Subtotal (amount GG **plus** amount HH)		3,958 ▶	3,958	II
ORDTC balance at the end of the tax year (amount FF **minus** amount II)		325		JJ

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount FF); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2016-12-31	Credit to be applied	901	
2nd previous tax year	2015-12-31	Credit to be applied	902	
3rd previous tax year	2014-12-31	Credit to be applied	903	
		Total (enter amount on line HH in Part 4)		

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

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year Month Day	Credit available
1998-12-31	
1999-12-31	
2000-12-31	
2001-09-30	
2001-12-31	
2002-12-31	
2003-12-31	
2004-12-31	
2005-12-31	
2006-12-31	

	Tax year of origin (earliest tax year first) Year Month Day	Credit available
	2007-12-31	
	2008-12-31	
	2009-12-31	
	2010-12-31	
	2011-12-31	
	2012-12-31	
	2013-12-31	
	2014-12-31	
	2015-12-31	
	2016-12-31	
Current tax year	2017-01-30	

Total (equals line 325 in Part 4) ________

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 7 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

Complete the columns for each disposition for which a recapture applies, using the calculation formats below.

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – Complete this part If you meet all of the above conditions

	KK Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	LL Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	MM Amount from column 700 or 710, whichever is less
1.			

Subtotal (enter amount NN, on line WW in Part 8 on page 5) ________ NN

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			

Subtotal (enter amount UU on line XX below) ______ UU

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter amount VV at line ZZ below) . . . . 760 ______ VV

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line NN on page 4) . . . . . . ______ WW

Recaptured federal ITC for Calculation 2 (amount from line UU above) . . . . ______ XX

Amount WW **plus** amount XX . . . . ______ x 23.56 % = ______ YY

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line VV in Part 7) . . . . ______ ZZ

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) . . . . ______ AAA

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures		Capital Expenditures	
Total expenditures for SR&ED		77,759			
Add					
• payment of prior years' unpaid expenses (other than salary or wages)	+				
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	35,339			
• expenditures on shared-use equipment			+		
• other additions	+		+		
Subtotal	=	113,098	=		
Less					
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–				
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–				
• 20% of contract expenditures for SR&ED performed on your behalf	–				
• prescribed expenditures not allowed by regulations	–		–		
• other deductions	–		–		
• non-arm's length transactions					
– expenditures for non-arm's length SR&ED contracts	–				
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–		–		
Subtotal	=	113,098 I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			=	113,098	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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	901,679,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	94,828,781
Total assets (total of lines 112 to 116)		996,507,781
Total revenue of the corporation for the tax year **	142	1,008,276,000
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	19,094,304
Total revenue (total of lines 142 to 146)		1,027,370,304

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	-2,224,000	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220				
Provision for deferred income taxes (debits)/cost of future income taxes	222				
Equity losses from corporations	224				
Financial statement loss from partnerships and joint ventures	226				
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230				
Other additions (see note below):					
Share of adjusted net income of partnerships and joint ventures **	228				
Total patronage dividends received, not already included in net income/loss	232				
281	282				
283	284				
Subtotal					A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	320	800,000			
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		800,000		800,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	-3,024,000	

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

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

Note

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

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

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

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

* **Rules for net income/loss**

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

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

- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.
- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

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

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515		
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	/ 30	x	4 % =	1
Amount from line 520	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	30 / 30	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)		98,659	
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 *		1,552,950	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		1,552,950	▶ 620	1,552,950	
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)				1,552,950	H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)				79,682	I
			Subtotal (amount H **minus** amount I)	1,473,268	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	1,473,268	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)				1,552,950	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		98,659	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")		98,659	▶	98,659	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		98,659			
Deduct:					
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		18,977			
Subtotal (if negative, enter "0")		79,682	▶	79,682	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				79,682	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	3,024,000
CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760)			770	3,024,000 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
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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	Enersource Power Services Inc.	88009 0212 RC0002	24,447,000	15,506,613
2	Enersource Corporation	89858 6417 RC0001	70,381,773	3,587,691
3	Enersource Services Inc.	87972 9523 RC0001	1	0
4	Enersource Technologies Inc.	87651 8119 RC0001	6	0
5	Enersource Holdings Inc.	74883 0494 RC0001	1	0
		Total	450 94,828,781	550 19,094,304

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

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SCHEDULE 524

ONTARIO SPECIALTY TYPES

Name of corporation	Business Number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- Use this schedule to identify the specialty type of a corporation carrying on business in the province of Ontario through a permanent establishment if:
  – its tax year includes January 1, 2009;
  – the tax year is the first year after incorporation or an amalgamation; or
  – there is a change to the specialty type.
- If none of the listed specialty types applies, tick box 99 "Other."
- Unless otherwise noted, references to sections, subsections, and clauses are from the *Taxation Act, 2007* (Ontario).

Specialty types

100 Identify the specialty type that applies to your corporation:

- [ ] 01 Family farm corporation – See subsection 64(3).
- [ ] 02 Family fishing corporation – See subsection 64(3).
- [ ] 03 Mortgage investment corporation – See subsection 130.1(6) of the federal *Income Tax Act*.
- [ ] 04 Credit union – See subsection 137(6) of the federal Act.
- [ ] 06 Bank – See subsection 248(1) of the federal Act.
- [ ] 08 Financial institution prescribed by regulation only – See clause 66(2)(f).
- [ ] 09 Registered securities dealer – See subsection 248(1) of the federal Act.
- [ ] 10 Farm feeder finance co-operative corporation
- [ ] 11 Insurance corporation – See subsection 248(1) of the federal Act.
- [ ] 12 Mutual insurance – See subsection 27(2) of the *Taxation Act, 2007* (Ontario) and paragraph 149(1)(m) of the federal Act.
- [ ] 13 Specialty mutual insurance
- [ ] 14 Mutual fund corporation – See subsection 131(8) of the federal Act.
- [ ] 15 Bare trustee corporation
- [ ] 16 Professional corporation (incorporated professional only) – See subsection 248(1) of the federal Act.
- [ ] 17 Limited liability corporation
- [ ] 18 Generator of electrical energy for sale, or producer of steam for use in the generation of electrical energy for sale – See subsection 33(7).
- [X] 19 Hydro successor, municipal electrical utility, or subsidiary of either – See subsection 91.1(1) and section 88 of the *Electricity Act, 1998* (Ontario).
- [ ] 20 Producer and seller of steam for uses other than for the generation of electricity – See subsection 33(7).
- [ ] 21 Mining corporation
- [ ] 22 Non-resident corporation
- [ ] 99 Other (if none of the previous descriptions apply)

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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
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- 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)
Enersource Hydro Mississauga 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	2000-12-06	1453420

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
2185	Derry Road W	

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
Mississauga	ON	CA	L5C 3K1

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 Basilio (Last name) **451** John G. (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.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Martin Sultana

120 Telephone number including area code: [redacted]

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

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

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

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 600,001

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad \$\ 400{,}000}{\$\ 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Eligible percentage for determining the eligible amount . . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
1.	Conestoga College	Powerline Technician
2.	Conestoga College	Powerline Technician
3.	Conestoga College	Powerline Technician
4.	Conestoga College	Powerline Technician
5.		

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
1.	[redacted]	2017-01-03	2017-04-28
2.		2017-01-03	2017-04-28
3.		2017-01-03	2017-04-28
4.		2017-01-03	2017-04-28
5.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	[redacted]	25.000 %		16
2.		10.000 %	[redacted]	25.000 %		16
3.		10.000 %	[redacted]	25.000 %		16
4.		10.000 %	[redacted]	25.000 %		16
5.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	[redacted]	3,000	[redacted]		[redacted]
2.	[redacted]	3,000	[redacted]		[redacted]
3.	[redacted]	3,000	[redacted]		[redacted]
4.	[redacted]	3,000	[redacted]		[redacted]
5.					

Ontario co-operative education tax credit (total of amounts in column K) **500** 2,496 **L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ________ x percentage on line 170 in Part 1 ________ % = ... ________ **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

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Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Enersource Hydro Mississauga Inc.	88267 0920 RC0001	2017-01-30

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Martin Sultana

120 Telephone number: [redacted]

Is the claim filed for an ATTC earned through a partnership? * . . . **150** 1 Yes [ ] 2 No [X]

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

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

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

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 600,001

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

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

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

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

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

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

Specified percentage . . . . . **314** 25.000 %

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

Part 4 – Ontario apprenticeship training tax credit

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

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
1.	434a	Powerline Technician	[redacted]
2.	434a	Powerline Technician	
3.	434a	Powerline Technician	
4.			
5.	434a	Powerline Technician	
6.	434a	Powerline Technician	
7.	434a	Powerline Technician	
8.	434a	Powerline Technician	
9.	434a	Powerline Technician	
10.	434a	Powerline Technician	
11.	434a	Powerline Technician	
12.	434a	Powerline Technician	
13.	434a	Powerline Technician	
14.	434a	Powerline Technician	
15.	434a	Powerline Technician	
16.	434a	Powerline Technician	
17.	434a	Powerline Technician	
18.	434a	Powerline Technician	
19.	434a	Powerline Technician	
20.	434a	Powerline Technician	
21.	434a	Powerline Technician	
22.	434a	Powerline Technician	
23.	434a	Powerline Technician	
24.	434a	Powerline Technician	
25.	434a	Powerline Technician	
26.	434a	Powerline Technician	
27.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
28.	434a	Powerline Technician	[redacted]
29.			

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
1.	[redacted]	2014-10-14	2017-01-01	2017-01-30
2.		2014-10-14	2017-01-01	2017-01-30
3.		2014-04-15	2017-01-01	2017-01-30
4.				
5.		2014-06-01	2017-01-01	2017-01-30
6.		2014-04-15	2017-01-01	2017-01-30
7.		2014-04-15	2017-01-01	2017-01-30
8.		2013-10-11	2017-01-01	2017-01-30
9.		2013-10-11	2017-01-01	2017-01-30
10.		2013-02-05	2017-01-01	2017-01-30
11.		2015-01-05	2017-01-01	2017-01-30
12.		2015-01-05	2017-01-01	2017-01-30
13.		2015-01-05	2017-01-01	2017-01-30
14.		2015-01-05	2017-01-01	2017-01-30
15.		2015-01-05	2017-01-01	2017-01-30
16.		2015-09-08	2017-01-01	2017-01-30
17.		2015-01-05	2017-01-01	2017-01-30
18.		2015-06-29	2017-01-01	2017-01-30
19.		2016-01-04	2017-01-01	2017-01-30
20.		2016-01-04	2017-01-01	2017-01-30
21.		2016-01-04	2017-01-01	2017-01-30
22.		2016-01-04	2017-01-01	2017-01-30
23.		2016-01-04	2017-01-01	2017-01-30
24.		2016-05-16	2017-01-01	2017-01-30
25.		2016-06-13	2017-01-01	2017-01-30
26.		2017-01-04	2017-01-04	2017-01-30
27.		2017-01-04	2017-01-04	2017-01-30
28.		2017-01-04	2017-01-04	2017-01-30
29.				

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

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

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

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
1.	30		822
2.	30		822
3.	30		822
4.			
5.	30		822
6.	30		822
7.	30		822
8.	30		822
9.	30		822
10.	30		822
11.	30		822
12.	30		822
13.	30		822
14.	30		822
15.	30		822
16.		30	411
17.	30		822
18.		30	411
19.		30	411
20.		30	411
21.		30	411
22.		30	411
23.		30	411
24.		30	411
25.		30	411
26.		27	370
27.		27	370
28.		27	370
29.			

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.
For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*****) or ($5,000 × H2/365*****), whichever applies.
***** 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
12.	[redacted]	[redacted]	[redacted]
13.	[redacted]	[redacted]	[redacted]
14.	[redacted]	[redacted]	[redacted]
15.	[redacted]	[redacted]	[redacted]
16.	[redacted]	[redacted]	[redacted]
17.	[redacted]	[redacted]	[redacted]
18.	[redacted]	[redacted]	[redacted]
19.	[redacted]	[redacted]	[redacted]
20.	[redacted]	[redacted]	[redacted]
21.	[redacted]	[redacted]	[redacted]
22.	[redacted]	[redacted]	[redacted]
23.	[redacted]	[redacted]	[redacted]
24.	[redacted]	[redacted]	[redacted]
25.	[redacted]	[redacted]	[redacted]
26.	[redacted]	[redacted]	[redacted]
27.	[redacted]	[redacted]	[redacted]
28.	[redacted]	[redacted]	[redacted]
29.			

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

For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.

For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	822		822
2.	822		822
3.	822		822
4.			
5.	822		822
6.	822		822
7.	822		822
8.	822		822
9.	822		822
10.	164		164
11.	822		822
12.	822		822
13.	822		822
14.	822		822
15.	822		822
16.	411		411
17.	822		822
18.	411		411
19.	411		411
20.	411		411
21.	411		411

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
22.	411		411
23.	411		411
24.	411		411
25.	411		411
26.	370		370
27.	370		370
28.	370		370
29.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 16,481 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

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

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

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

See the privacy notice on your return.

G-STAFF-3 ATTACHMENT 4
BRZ PILs 2017/02/27 - REDACTED

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 86486 7635 RC0001

Corporation's name
002 Hydro One Brampton Networks 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.
011 175 Sandalwood Parkway West
012

City	Province, territory, or state
015 Brampton	016 ON
Country (other than Canada)	Postal or ZIP code
017	018 L7A 1E8

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	Province, territory, or state
025	026
Country (other than Canada)	Postal or ZIP code
027	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
032

City	Province, territory, or state
035	036
Country (other than Canada)	Postal or ZIP code
037	038

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 Year Month Day

To which tax year does this return apply?
Tax year start: 060 Year Month Day 2017-01-01
Tax year-end: 061 Year Month Day 2017-02-27

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 [X] 2 No [ ]
If **yes**, provide the date control was acquired . . . . 065 Year Month Day 2017-02-28

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.

Question	Line	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	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the *Income Tax Regulations*?	170		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	X	3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	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 subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

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

Additional information

		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.

			%
284	Electricity 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

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		-23,034,923	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	79,452	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 79,452 x 415 *** 923,487 / 11,250 D = 6,522,035 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0")	425		F
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			G
Amount F **minus** amount G	427		H

Small business deduction

Amount A, B, C, or H, whichever is the least ______ x Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 58 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 58 / Number of days in the tax year 58 x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount I on line J on page 8) 430 ______ I

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

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

*** **Large corporations**

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

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount 490	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] 500	L Business limit assigned to corporation identified in column J [4] 505
1.				
			Total 510	Total 515

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)				A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 from Part 13 of Schedule 27		C		
Personal services business income	432	D		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E		
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F		
Aggregate investment income from line 440 on page 6*		G		
Subtotal (**add** amounts B to G)		▶		H
Amount A **minus** amount H (if negative, enter "0")				I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				J

Enter amount J on line 638 on page 8.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)				K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		L		
Amount K13 from Part 13 of Schedule 27		M		
Personal services business income	434	N		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		O		
Subtotal (**add** amounts L to O)		▶		P
Amount K **minus** amount P (if negative, enter "0")				Q
General tax reduction – Amount Q **multiplied** by 13 %				R

Enter amount R on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . **440** ______ A

Amount A ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 58) x 26 2/3 % = ______ 1

Amount A ______ x (Number of days in the tax year after December 31, 2015 58 / Number of days in the tax year 58) 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 58) x 9 1/3 % = ______ 3

Amount C ______ x (Number of days in the tax year after December 31, 2015 58 / Number of days in the tax year 58) 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 58) x 35 = . . . ______ 5

(Number of days in the tax year after December 31, 2015 58 / Number of days in the tax year 58) 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 427 on page 4, whichever is the least . . . ______ K

Amount I . . . ______ L

Foreign business income tax credit from line 636 on page 8 . . . ______ x 4 = ______ M

Subtotal (total of amounts K to M) ______ ▶ ______ N

Subtotal (amount J **minus** amount N) ______ O

Amount O ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 58) x 26 2/3 % = ______ 7

Amount O ______ x (Number of days in the tax year after December 31, 2015 58 / Number of days in the tax year 58) x 30 2/3 % = ______ 8

Subtotal (amount 7 **plus** amount 8) ______ ▶ ______ P

Part I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9) . . . ______ Q

Refundable portion of Part I tax – Amount F, P, or Q, whichever is the least . . . **450** ______ R

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460			
Deduct:				
Dividend refund for the previous tax year	465			
			▶	A
Add:				
Refundable portion of Part I tax from line 450 on page 6			B	
Total Part IV tax payable from Schedule 3			C	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
Subtotal (add amounts B, C, and line 480)			▶	D
Refundable dividend tax on hand at the end of the tax year – Amount A **plus** amount D	485			

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 . . . 30,700 E

Amount E	30,700	x	Number of days in the tax year before January 1, 2016 / Number of days in the tax year	/ 58	x 33 1/3 % =		1
Amount E	30,700	x	Number of days in the tax year after December 31, 2015 / Number of days in the tax year	58 / 58	x 38 1/3 % =	11,768	2

Subtotal (amount 1 **plus** amount 2) 11,768 ▶ 11,768 F

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

Dividend refund – Amount F or G, whichever is less . . . H

Enter amount H on line 784 on page 9.

Part I tax

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

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business **555** ______ x (Number of days in the tax year after December 31, 2015 58 / Number of days in the tax year 58) x 5 % = **560** ______ B

Recapture of investment tax credit from Schedule 31 . . . . . **602** ______ C

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

Aggregate investment income from line 440 on page 6 . . . . . ______ D

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

Deduct:
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . . ______ F

Net amount (amount E **minus** amount F) ______ ► ______ G

Amount D or G, whichever is less ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 58) x 6 2 / 3 % = ______ 1

Amount D or G, whichever is less ______ x (Number of days in the tax year after December 31, 2015 58 / Number of days in the tax year 58) 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	23,498
Total tax payable	770	23,498 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	620,000	
Total credits	890	620,000 ►	620,000 B

Refund code 894 2 Overpayment 596,502 ◄ Balance (amount A **minus** amount B) -596,502

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 ☒

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

Certification

I, 950 VILLETT (Last name) 951 MARC (First name) 954 VP, FINANCE AND ADMINISTRATION (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 [redacted] 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 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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	93,718,000	145,269,000
	Total tangible capital assets	2008	+	415,908,000	413,029,000
	Total accumulated amortization of tangible capital assets	2009	–	39,518,000	37,008,000
	Total intangible capital assets	2178	+	23,960,000	23,979,000
	Total accumulated amortization of intangible capital assets	2179	–	3,433,000	3,281,000
	Total long-term assets	2589	+	11,474,000	11,590,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	502,109,000	553,578,000
	Liabilities				
	Total current liabilities	3139	+	65,552,000	94,263,000
	Total long-term liabilities	3450	+	60,444,000	245,950,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	125,996,000	340,213,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	376,113,000	213,365,000
	Total liabilities and shareholder equity	3640	=	502,109,000	553,578,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	76,417,000	105,944,000

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

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	+	89,773,000	596,887,000
	Cost of sales	8518	–	78,435,000	520,487,000
	Gross profit/loss	8519	=	11,338,000	76,400,000
	Cost of sales	8518	+	78,435,000	520,487,000
	Total operating expenses	9367	+	10,686,000	60,126,000
	Total expenses (mandatory field)	9368	=	89,121,000	580,613,000
	Total revenue (mandatory field)	8299	+	90,604,000	601,519,000
	Total expenses (mandatory field)	9368	–	89,121,000	580,613,000
	Net non-farming income	9369	=	1,483,000	20,906,000
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	1,483,000	20,906,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–	20,000	1,642,000
	Current income taxes	9990	–	290,000	5,563,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	1,173,000	13,701,000

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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 [X] 2 No [ ]

Is re-evaluation of asset information mentioned in the notes? . . . . . 105 1 Yes [X] 2 No [ ]

Is contingent liability information mentioned in the notes? . . . . . 106 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . 107 1 Yes [X] 2 No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . 108 1 Yes [ ] 2 No [X]

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . **200** 1 Yes [ ] 2 No [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
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

Assets – lines 1000 to 2599

1000	1,113,000	1060	85,966,000	1061	-1,013,000
1120	1,294,000	1483	6,358,000	1599	93,718,000
1900	406,517,000	1901	-39,518,000	1920	9,391,000
2008	415,908,000	2009	-39,518,000	2010	23,960,000
2011	-3,433,000	2178	23,960,000	2179	-3,433,000
2420	11,474,000	2589	11,474,000	2599	502,109,000

Liabilities – lines 2600 to 3499

2621	63,851,000	2960	1,701,000	3139	65,552,000
3220	39,420,000	3240	8,965,000	3320	12,059,000
3450	60,444,000	3499	125,996,000		

Shareholder equity – lines 3500 to 3640

3500	386,905,000	3540	-90,129,000	3580	2,920,000
3600	76,417,000	3620	376,113,000	3640	502,109,000

Retained earnings – lines 3660 to 3849

3660	105,944,000	3680	1,173,000	3700	-30,700,000
3849	76,417,000				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8020	89,773,000	8089	89,773,000	8230	831,000
8299	90,604,000				

Cost of sales – lines 8300 to 8519

8320	78,435,000	8518	78,435,000	8519	11,338,000

Operating expenses – lines 8520 to 9369

8670	2,939,000	8710	1,837,000	9270	5,910,000
9367	10,686,000	9368	89,121,000	9369	1,483,000

Extraordinary items and taxes – lines 9970 to 9999

9970	1,483,000	9985	20,000	9990	290,000
9999	1,173,000				

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Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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			1,173,000 A

Add:

Provision for income taxes – current	101	290,000	
Amortization of tangible assets	104	2,939,000	
Non-deductible meals and entertainment expenses	121	2,162	
Reserves from financial statements – balance at the end of the year	126	11,001,500	
Subtotal of additions		14,232,662 ▶	14,232,662

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Depreciation expensed via OM&A	76,619
2	2016 Fed apprenticeship credits taxed in 2017	13,486
3	Capital Contributions received 12(1)(x)	1,083,022
4	Amortization of debt costs	5,358
5	IFRS NIBT Adjustments	90,000
6	Bonus not paid in 179 days	138,752
	Total of column 2	1,407,237

Total of column 2 ▶	296	1,407,237	
Subtotal of other additions	199	1,407,237 ▶	1,407,237
Total additions	500	15,639,899 ▶	15,639,899 B
Amount A **plus** amount B			16,812,899 C

Deduct:

Capital cost allowance from Schedule 8	403	85,884	
Reserves from financial statements – balance at the beginning of the year	414	11,077,498	
Subtotal of deductions		11,163,382 ▶	11,163,382

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Deduct OPEB costs capitalized	25,800
2	20(1)(e) deduction	1,622
3	Capital Contribution - 13(7.4) Election	1,083,022
4	Deferred Revenue	146,244
5	Removal costs	332,540
6	Capitalized Interest	55,236
7	2016 ITC recorded-to be taxed in 2017	5,053
8	S(111(5.1)) Write Down	27,034,923
	Total of column 2	28,684,440

Total of column 2 ▶ 396 28,684,440

Subtotal of other deductions	499	28,684,440 ▶	28,684,440	
Total deductions	510	39,847,822 ▶	39,847,822	D
Net income (loss) for income tax purposes (amount C **minus** amount D)			-23,034,923	E

Enter amount E on line 300 of the T2 return.

T2 SCH 1 E (16)

Canada

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Explanatory note

Subsection 13(7.4) Election

Included in this return is an election under subsection 13(7.4) with respect to amounts that would normally be included in income under paragraph 12(1)(x). The amount in respect of which the election was made, and so was not included in income but was the amount by which the cost of depreciable property was reduced, is $1,083,022.

Description	Operator (Note)	Amount	
		1,083,022	00
	+		
	Total	1,083,022	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Line 295 – Amount

Title Line 295 – Amount

Explanatory note

Hydro One Brampton Networks Inc. began reporting under IFRS for taxation year ending December 31, 2015. The following regulatory adjustment needs to be reversed in order to calculate net income before income tax.

Description	Operator (Note)	Amount
Deduct income tax recorded in net movement in regulatory balances (note 6)		90,000 00
	+	
	Total	90,000 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations

Schedule 3

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a),(a.1), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- All legislative references are to the federal *Income Tax Act*.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only if** the payer corporation is **connected.**

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing column J and K use the **special calculations provided in the notes**.

A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business Number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD 220	E Non-taxable dividends under section 83 230

Total of column E (enter amount on line 402 of Schedule 1)

F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d) note 1	F1 Eligible dividends (included in column F)	F2	G Dividends included in column F that was received **before** 2016	H Total taxable dividends paid by **connected** payer corporation (for tax year in column D)	I Dividend refund of the **connected** payer corporation (for tax year in column D) note 2	J Part IV tax before deductions. Dividends (from column G) received **before** 2016 **multiplied** by 33 1/3% note 3	K Part IV tax before deductions. Dividends received **after** 2015 (column F **minus** column G) **multiplied** by 38 1/3% note 4
240			241	250	260	270	275
Total of column F (include this amount on line 320 of the T2 Return)						**Total of column J** (enter amount on line a in Part 2)	**Total of column K** (enter amount on line b in Part 2)

1 If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270 or column 275 as applicable according to the date received. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For dividends received **before** 2016 from **connected** corporations, Part IV tax on dividends is equal to: column G **multiplied** by column I **divided** by column H.

4 For dividends received **after** 2015 from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by the result of column F **minus** column G.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received **before** 2016, before deductions (total of column J in part 1) . . . . . . ______ a

Part IV tax on dividends received **after** 2015, before deductions (total of column K in part 1) . . . . ______ b

Part IV tax before deductions (amount a **plus** amount b) . . . . ______ ▶ ______ L

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) . . . . **320** ______

Subtotal (amount L **minus** line 320) ______ M

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax . . . . **330** ______ c

Non-capital losses from previous years claimed to reduce Part IV tax . . . . **335** ______ d

Current-year farm loss claimed to reduce Part IV tax . . . . **340** ______ e

Farm losses from previous years claimed to reduce Part IV tax . . . . **345** ______ f

Total losses applied against Part IV tax (total of amounts c to f) ______ g

If your tax year begins after December 31, 2015:

Amount g **multiplied** by 38 1 / 3 % . . . . ______ h

If your tax year begins before January 1, 2016:

Amount b or M whichever is less

______ ÷ 38 1 / 3 % . . . = ______ 1

Amount 1 or g, whichever is less . . . . ______ 2

Amount g **minus** amount 2 . . . . ______ 3

Amount 2 ______ x 38 1 / 3 % = ______ i

Amount 3 ______ x 33 1 / 3 % = ______ j

Subtotal (amount i **plus** amount j) ______ k

Amount h or amount k, whichever applies depending on your tax year start date . . . . ______ N

Part IV tax payable (amount M **minus** amount N, if negative enter "0") . . . . **360** ______
(enter amount on line 712 of the T2 return)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

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

	O Name of connected recipient corporation 400	P Business Number 410	Q Tax year-end of connected recipient corporation in which the dividends in column R were received YYYY/MM/DD 420	R Taxable dividends paid to connected corporations 430	R1 Eligible dividends (included in column R)
1	Brampton Distribution Holdco Inc.	80743 3727 RC0001	2017-02-27	30,700	
			Total of column R	30,700	

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

Eligible dividends (included in line 450) . . . . 450a ____

Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column R **plus** line 450) **460** 30,700

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 30,700

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

Total dividends paid in the tax year **500** 30,700

Deduct:

Dividends paid out of capital dividend account . . . . **510** ____

Capital gains dividends . . . . **520** ____

Dividends paid on shares described in subsection 129(1.2) . . . . **530** ____

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year . . . . **540** ____

Subtotal (total of lines 510 to 540) ____ ► ____ S

Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount S) 30,700 T

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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			-23,034,923	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")			-23,034,923	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)			-23,034,923	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")			-23,034,923	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	23,034,923	h		
Subtotal (amount g **plus** amount h)		23,034,923	▶	23,034,923	I
Subtotal (amount H **plus** amount I)				23,034,923	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:

	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 (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)				23,034,923	L

Deduct – Request to carry back non-capital loss to:

	Line	Amount			
First previous tax year to reduce taxable income	901	15,554,644	m		
Second previous tax year to reduce taxable income	902	7,350,525	n		
Third previous tax year to reduce taxable income	903	129,754	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)		23,034,923	▶	23,034,923	M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180				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

	Line	Amount			
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 . . . . **330** ______ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9) . . . . **335** ______ h

Subtotal (total of amounts e to h) ______ ▶ ______ D

Farm losses before any request for a carryback (amount C **minus** amount D) ______ E

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income . . . . **921** ______ i

Second previous tax year to reduce taxable income . . . . **922** ______ j

Third previous tax year to reduce taxable income . . . . **923** ______ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . **931** ______ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . **932** ______ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . **933** ______ n

Subtotal (total of amounts i to n) ______ ▶ ______ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) **380** ______ G

Note 8: A farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business		485		A
Minus the deductible farm loss:				
(amount A above ______ – $2,500) **divided** by 2 =				a
Amount a or $ 15,000 (note 10), whichever is less				b
	2,500			c
Subtotal (amount b **plus** amount c)	2,500	▶	2,500	B
Current-year restricted farm loss (amount A **minus** amount B)				C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d		
Deduct: Restricted farm loss expired (note 11)	400		e		
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	402		▶		D
Add:					
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405		f		
Current-year restricted farm loss (from amount C) Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.	410		g		
Subtotal (amount f **plus** amount g)			▶		E
Subtotal (amount D **plus** amount E)					F
Deduct:					
Restricted farm losses from previous tax years applied against current farming income Enter amount h on line 333 of the T2 return.	430		h		
Section 80 – Adjustments for forgiven amounts	440		i		
Other adjustments	450		j		
Subtotal (total of amounts h to j)			▶		G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)					H
Deduct – **Request to carry back restricted farm loss to:**					
First previous tax year to reduce farming income	941		k		
Second previous tax year to reduce farming income	942		l		
Third previous tax year to reduce farming income	943		m		
Subtotal (total of amounts k to m)			▶		I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	480				J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: A restricted farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after 7 tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)				510	B
Subtotal (amount A **plus** amount B)					C

Deduct:

Listed personal property losses from previous tax years applied against listed personal property gains	530		c		
Enter amount c on line 655 of Schedule 6.					
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E

Deduct – Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number **600**	Tax year ending yyyy/mm/dd **602**	Corporation's share of limited partnership loss **604**	Corporation's at-risk amount **606**	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses **608**	Column 4 **minus** column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 **minus** column 6) **620**
1.							
						Total (enter this amount on line 222 of Schedule 1)	

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number **630**	Tax year ending yyyy/mm/dd **632**	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary **634**	Corporation's at-risk amount **636**	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses **638**	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) **650**
1.							

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

	1	2	3	4	5	6
	Partnership account number **660**	Limited partnership losses at the end of the previous tax year **662**	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary **664**	Current-year limited partnership losses (from line 620) **670**	Limited partnership losses applied in the current year (must be equal to or less than line 650) **675**	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) **680**
1.						
				Total (enter this amount on line 335 of the T2 return)		

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . **190** Yes ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*.

Attached Schedule with Total

First previous tax year to reduce taxable income

Title First previous tax year to reduce taxable income

Description	Operator (Note)	Amount
2016-12-31 - S1 (Original Filed T2)		15,555,644 00
2016-12-31 - S2 Donation Amount	-	1,000 00
	-	
	-	
	+	
	Total	15,554,644 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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	23,034,923		23,034,923	N/A		
1st preceding taxation year 2016-12-31		N/A		N/A			
2nd preceding taxation year 2015-12-31		N/A		N/A			
3rd preceding taxation year 2014-12-31		N/A		N/A			
4th preceding taxation year 2013-12-31		N/A		N/A			
5th preceding taxation year 2012-12-31		N/A		N/A			
6th preceding taxation year 2011-12-31		N/A		N/A			
7th preceding taxation year 2010-12-31		N/A		N/A			
8th preceding taxation year 2009-12-31		N/A		N/A			
9th preceding taxation year 2008-12-31		N/A		N/A			
10th preceding taxation year 2007-12-31		N/A		N/A			
11th preceding taxation year 2006-12-31		N/A		N/A			
12th preceding taxation year 2005-12-31		N/A		N/A			
13th preceding taxation year 2004-12-31		N/A		N/A			
14th preceding taxation year 2003-12-31		N/A		N/A			
15th preceding taxation year 2002-12-31		N/A		N/A			
16th preceding taxation year 2001-12-31		N/A		N/A			
17th preceding taxation year 2001-07-31		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		23,034,923		23,034,923			

* **This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

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

Part 1 – Allocation of taxable income

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

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

	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 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	39,501			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal		39,501	►	39,501	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)				39,501	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	16,003			
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		16,003	►	16,003	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			23,498	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** 23,498

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

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

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		111,496,985	1,811	-12,027,854	0	906	99,470,036	4	0	0		99,470,942
2.	2		17,293,361		-14,991,599	0		2,301,762	6	0	0		2,301,762
3.	3		1,445,433			0		1,445,433	5	0	0		1,445,433
4.	8		361,543			0		361,543	20	0	0		361,543
5.	10		4,234,102	57,901		0	28,951	4,263,052	30	0	0		4,292,003
6.	12	Computer Software	176,491		-19,692	0		156,799	100	0	0		156,799
7.	45		2,626		-2,626	0			45	0	0		
8.	46		12,844		-12,844	0			30	0	0		
9.	47		160,638,937	918,538	-1,278,987	0	459,269	159,819,219	8	0	0	85,884	160,192,604
10.	50		434,448	4,819		0	2,410	436,857	55	0	0		439,267
11.	14.1		21,592,295		-19,130	0		21,573,165	5	0	0		21,573,165
		Totals	317,689,065	983,069	-28,352,732		491,536	289,827,866				85,884	290,233,518

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

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

** Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost.
Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

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

***** For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

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

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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.	Brampton Distribution Holdco Inc		80743 3727 RC0001	1					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	OPEB	3,878,000		22,000		3,900,000
2	Legal Claim Provision	102,500			2,500	100,000
3	Regulatory Accounts	5,847,621			69,847	5,777,774
4	Environmental Liabilities	20,344				20,344
5	Other Deferred Credits	1,154,033			651	1,153,382
6	General Accrual	75,000			25,000	50,000
	Reserves from Part 2 of Schedule 13					
	Totals	11,077,498		22,000	97,998	11,001,500

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

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	284,885	0345983			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2

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

Total of all amounts indicated in column 200 of this schedule	284,885	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	284,885	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")		C

Enter amount C on line 417 of Schedule 1

Note 3

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

T2 SCH 15 (13)

Canada

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

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

Column 1: Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* 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 2017

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	Hydro One Brampton Networks Inc.	86486 7635 RC0001	1	500,000	100.0000	500,000	
2	Brampton Distribution Holdco Inc	80743 3727 RC0001	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 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the scientific research and experimental development (SR&ED) qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

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

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . **102** 1 Yes [ ] 2 No [X]

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . **103** ____________
(Enter this amount on line 350 of Part 8)

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**
			Total of investments for qualified property and qualified resource property	A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year				B1
Deduct:				
Credit deemed as a remittance of co-op corporations	210			
Credit expired	215			
Subtotal (line 210 **plus** line 215)			▶	C1
ITC at the beginning of the tax year (amount B1 **minus** amount C1)			220	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	230			
ITC from repayment of assistance	235			
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) ______ x 10 % =	240			
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) ______ x 5 % =	242			
Credit allocated from a partnership	250			
Subtotal (total of lines 230 to 250)			▶	D1
Total credit available (line 220 **plus** amount D1)				E1
Deduct:				
Credit deducted from Part I tax (enter this amount at line D8 in Part 30)	260			
Credit carried back to the previous year(s) (from amount H1 in Part 6)		a		
Credit transferred to offset Part VII tax liability	280			
Subtotal (total of line 260, amount a, and line 280)			▶	F1
Credit balance before refund (amount E1 **minus** amount F1)				G1
Deduct:				
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)			310	
ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310)			320	

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

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

	Year Month Day			
1st previous tax year		Credit to be applied	901	
2nd previous tax year		Credit to be applied	902	
3rd previous tax year		Credit to be applied	903	
		Total of lines 901 to 903 (enter amount H1 on line a in Part 5)		H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)		I1
Credit balance before refund (from amount G1 in Part 5)		J1
Refund (40 % of amount I1 or J1, whichever is less)		K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if you don't claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)				
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		+ ▶		
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*			▶ 350	
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

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

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

If you answered **no** to the question on line 385 above or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied)		390	13,118,632
Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million	420,438,498	398	40,000,000

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:		$ 8,000,000	
Deduct:			
Taxable income for the previous tax year (from line 390 in Part 9) or $500,000, whichever is more	13,118,632 x 10 =	131,186,320	A2
Excess ($8,000,000 **minus** amount A2; if negative, enter "0")			B2
$ 40,000,000 **minus** line 398 in Part 9	a		
Amount a **divided** by $ 40,000,000			C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)*			D2
For an associated corporation:			
If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49*	400		E2
If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:			
Amount D2 or E2 ____ x Number of days in the tax year / 365	58 / 365 =		F2
Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies)	410		

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less* . . . . **420** ______ x 35 % = ______ G2

Line 350 **minus** line 410 (if negative, enter "0") . . . . **430** ______

Amount from line 430 ______ x (Number of days in the tax year before 2014 / Number of days in the tax year) ______ x 20% = ______ b

Amount from line 430** ______ x (Number of days in the tax year after 2013 / Number of days in the tax year) 58 / 58 x 15 % = ______ c

Subtotal (amount b **plus** amount c) . . . . ______ ▶ ______ H2

Line 410 **minus** line 350 (if negative, enter "0") . . . . ______ d

Capital expenditures (from line 360 in Part 8) or amount d above, whichever is less* . . . . **440** ______ x 35 % = ______ I2

Line 360 **minus** amount d above (if negative, enter "0") . . . . **450** ______

Amount from line 450 ______ x (Number of days in the tax year before 2014 / Number of days in the tax year) ______ x 20% = ______ e

Amount from line 450** ______ x (Number of days in the tax year after 2013 / Number of days in the tax year) 58 / 58 x 15 % = ______ f

Subtotal (amount e **plus** amount f) . . . . ______ ▶ ______ J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ______

The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC when your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. ***

460 ______ x 35 % = ______ g

480 ______ x 20 % = ______ h

490 ______ x 15 % = ______ i

Subtotal (**add** amounts g to i) ______ ▶ ______ K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) . . . . ______ L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013. For tax years that have a start date **after** 2013, multiply the amount by 15%.

*** If you are reporting a repayment for a tax year which included two calendar years with different rates (such as a 2014 tax year that started in 2013), the amount of repayment is allocated between the two ITC rates as follows:

- For the first part of the tax year, enter on the line next to the applicable ITC rate, the result of the following calculation: The full repayment amount **multiplied** by the number of days in the tax year which were in the first calendar year, **divided** by the total number of days in the tax year.
- For the last part of the tax year which is in the second calendar year, enter on the line next to the applicable ITC rate, the difference between the first part calculated above and the full repayment amount.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year			M2
Deduct:			
Credit deemed as a remittance of co-op corporations	510		
Credit expired	515		
Subtotal (line 510 **plus** line 515)			N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)		520	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	530		
Total current-year credit (from amount L2 in Part 11)	540		
Credit allocated from a partnership	550		
Subtotal (total of lines 530 to 550)			O2
Total credit available (line 520 **plus** amount O2)			P2
Deduct:			
Credit deducted from Part I tax (enter this amount at line E8 in Part 30)	560		
Credit carried back to the previous year(s) (from amount S2 in Part 13)		j	
Credit transferred to offset Part VII tax liability	580		
Subtotal (total of line 560, amount j, and line 580)			Q2
Credit balance before refund (amount P2 **minus** amount Q2)			R2
Deduct:			
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)		610	
ITC closing balance on SR&ED (amount R2 **minus** line 610)		620	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	
				Total of lines 911 to 913 (enter amount S2 at line j in Part 12)		S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . . . 650 1 Yes [ ] 2 No [X]

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11) . . . . . . ______ k

Refundable credits (amount k or amount R2 in Part 12, whichever is less)* . . . . . . ______ T2

Deduct:

Amount T2 or amount G2 in Part 11, whichever is less . . . . . . ______ U2

Net amount (amount T2 **minus** amount U2; if negative, enter "0") . . . . . . ______ V2

Amount V2 **multiplied** by 40 % . . . . . . ______ W2

Add:

Amount U2 . . . . . . ______ X2

Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12) . . . . . . ______ Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12) . . . . . . ______ Z2

Deduct:

Amount Z2 or amount G2 in Part 11, whichever is less . . . . . . ______ AA2

Net amount (amount Z2 **minus** amount AA2; if negative, enter "0") . . . . . . ______ BB2

Amount BB2 or amount I2 in Part 11, whichever is less . . . . . . ______ CC2

Amount CC2 **multiplied** by 40 % . . . . . . ______ DD2

Add:

Amount AA2 . . . . . . ______ EE2

Refund of ITC (amount DD2 **plus** amount EE2) . . . . . . ______ FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above **700**	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	Amount from column 700 or 710, whichever is less

Subtotal (enter amount A3 on line C3 in Part 17) A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720**	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition **730**	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) **740**	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred **750**	F Amount from column D or E, whichever is less

Subtotal (total of column F) (enter amount B3 on line D3 in Part 17) B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 17) **760** ____________

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 on line A8 in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826
Total of column 826	

Total of column 826 ►			A4
Total pre-production mining expenditures (total of lines 810 to 821 and amount A4)	830		
Deduct:			
Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B4
Add:			
Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B4 **plus** line 835)			C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year					D4
Deduct:					
Credit deemed as a remittance of co-op corporations		841			
Credit expired		845			
Subtotal (line 841 **plus** line 845)				►	E4
ITC at the beginning of the tax year (amount D4 **minus** amount E4)				850	
Add:					
Credit transferred on amalgamation or wind-up of subsidiary				860	
Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18)	870	x 10 % =		a	
Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18)	872	x 5 % =		b	
Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18)	874	x 7 % =		c	
Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18)	876	x 4 % =		d	
Current year credit (total of amounts a to d)		880		►	F4
Total credit available (total of lines 850, 860, and amount F4)					G4
Deduct:					
Credit deducted from Part I tax (enter this amount at line F8 in Part 30)		885			
Credit carried back to the previous year(s) (from amount I4 in Part 20)				e	
Subtotal (line 885 **plus** amount e)				►	H4
ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4)				890	

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	921	
2nd previous tax year				Credit to be applied	922	
3rd previous tax year				Credit to be applied	923	
				Total of lines 921 to 923 (enter amount I4 on line e in Part 19)		I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	[redacted]	434A - Powerline Technician	[redacted]	[redacted]	[redacted]
2.	[redacted]	434A - Powerline Technician	[redacted]	[redacted]	[redacted]
3.	[redacted]	434A - Powerline Technician	[redacted]	[redacted]	[redacted]
4.	[redacted]	434A - Powerline Technician	[redacted]	[redacted]	[redacted]
5.	[redacted]	434A - Powerline Technician	[redacted]	[redacted]	[redacted]
6.	[redacted]	434A - Powerline Technician	[redacted]	[redacted]	[redacted]

Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22) 5,055 A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year B5

Deduct:

Credit deemed as a remittance of co-op corporations **612**

Credit expired after 20 tax years **615**

Subtotal (line 612 **plus** line 615) ► C5

ITC at the beginning of the tax year (amount B5 **minus** amount C5) **625**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **630**

ITC from repayment of assistance **635**

Total current-year credit (from amount A5 in Part 21) **640** 5,055

Credit allocated from a partnership **655**

Subtotal (total of lines 630 to 655) 5,055 ► 5,055 D5

Total credit available (line 625 **plus** amount D5) 5,055 E5

Deduct:

Credit deducted from Part I tax (enter this amount at line G8 in Part 30) **660**

Credit carried back to the previous year(s) (from amount G5 in Part 23) . . . . a

Subtotal (line 660 **plus** amount a) ► F5

ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5) **690** 5,055

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year Month Day		
1st previous tax year	2016-12-31	. . . . Credit to be applied	**931**
2nd previous tax year		. . . . Credit to be applied	**932**
3rd previous tax year		. . . . Credit to be applied	**933**

Total of lines 931 to 933 (enter amount G5 on line a in Part 22) G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ______

Add:

Specified child care start-up expenditures from the current tax year . . . . . **705** ______

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ______ A6

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . . **725** ______

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . . ______ B6

Add:

Repayments by the corporation of government and non-government assistance . . . . . **735** ______

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . . **745** ______

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . . ______ x 25 % = ______ C6

Number of child care spaces . . . . . **755** ______ x $ 10,000 = ______ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . . ______ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year				F6
Deduct:				
Credit deemed as a remittance of co-op corporations	765			
Credit expired after 20 tax years	770			
Subtotal (line 765 **plus** line 770)			►	G6
ITC at the beginning of the tax year (amount F6 **minus** amount G6)			775	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	777			
Total current-year credit (from amount E6 in Part 25)	780			
Credit allocated from a partnership	782			
Subtotal (total of lines 777 to 782)			►	H6
Total credit available (line 775 **plus** amount H6)				I6
Deduct:				
Credit deducted from Part I tax (enter this amount at line H8 in Part 30)	785			
Credit carried back to the previous year(s) (from amount K6 in Part 27)			a	
Subtotal (line 785 **plus** amount a)			►	J6
ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6)			790	

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

	Year Month Day			
1st previous tax year	2016-12-31	Credit to be applied	941	
2nd previous tax year	2015-12-31	Credit to be applied	942	
3rd previous tax year	2014-12-31	Credit to be applied	943	
		Total of lines 941 to 943 (enter amount K6 on line a in Part 26)		K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . **792** ______

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . **795** ______

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . . ______ A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ______

Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799) . . . . ______ B7
Enter amount B7 on line B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F3 in Part 17) . . . . ______ A8

Recaptured child care spaces ITC (from amount B7 in Part 28) . . . . ______ B8

Total recapture of investment tax credit (amount A8 **plus** amount B8) . . . . ______ C8
Enter amount C8 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) . . . . ______ D8

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) . . . . ______ E8

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19) . . . . ______ F8

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) . . . . ______ G8

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26) . . . . ______ H8

Total ITC deducted from Part I tax (total of amounts D8 to H8) . . . . ______ I8
Enter amount I8 on line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
5,055				5,055

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				*
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-07-31				
				*
Total				

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

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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	19,966,500		
Capital stock (or members' contributions if incorporated without share capital)	103	386,905,000		
Retained earnings	104	76,417,000		
Contributed surplus	105			
Any other surpluses	106	2,920,000		
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		486,208,500	486,208,500	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)			486,208,500	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121			
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		►		B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")		190	486,208,500	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		486,208,500	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	486,208,500	

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) 486,208,500 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 486,208,500

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** ____________

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ____________

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ____________

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ____________

Total deductions (**add** lines 711, 712, and 713) ____________ ► ____________ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ____________

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . ____________ F

Deduct: . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") ____________ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . ____________ I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in calculating income for th

Description	Operator (Note)	Amount	
Schedule 13 Reserves		11,001,500	00
Deferred Tax Liabilities	+	8,965,000	00
	Total	19,966,500	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

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	Brampton Distribution Holdco Inc.	80743 3727 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

On: 2017-02-27

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

Eligibility for the various additions

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

2006 addition

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

Change in the type of corporation

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

Amalgamation (first year of filing after amalgamation)

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

Winding-up

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

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			**100**	97,690,926 A
Taxable income for the year (DICs enter "0") *		**110**	B	
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	**120**			
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less *	**130**			
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	**140**			
Subtotal (**add** lines 120, 130, and 140)		►	C	
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")		**150**		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			**190**	D
Eligible dividends received in the tax year		**200**		
Dividends deductible under section 113 received in the tax year		**210**		
Subtotal (line 200 **plus** line 210)			►	E
Becoming a CCPC (amount W5 in Part 4)		**220**		
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)		**230**		
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)		**240**		
Subtotal (**add** lines 220, 230, and 240)		**290**	►	F
Subtotal (**add** amounts A, D, E, and F)				97,690,926 G
Eligible dividends paid in the previous tax year		**300**		
Excessive eligible dividend designations made in the previous tax year		**310**		
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)				
Subtotal (line 300 **minus** line 310)			►	H
GRIP before adjustment for specified future tax consequences (amount G **minus** amount H) (amount can be negative)			**490**	97,690,926
Total GRIP adjustment for specified future tax consequences to previous tax years (amount N3 in Part 2)			**560**	14,831,216
GRIP at the end of the tax year (line 490 **minus** line 560) Enter this amount on line 160 of Schedule 55.			**590**	82,859,710

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

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

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

First previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year		13,118,632 A1	
Enter the following amounts before specified future tax consequences from the current tax year:			
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	B1		
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less	C1		
Aggregate investment income (line 440 of the T2 return)	D1		
Subtotal (**add** amounts B1, C1, and D1)	►	E1	
Subtotal (amount A1 **minus** amount E1) (if negative, enter "0")		13,118,632 ►	13,118,632 F1

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

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**
15,554,644					15,554,644

Taxable income after specified future tax consequences . . . . ______ G1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H1

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I1

Aggregate investment income (line 440 of the T2 return) . . . . ______ J1

Subtotal (**add** amounts H1, I1, and J1) ______ ▶ ______ K1

Subtotal (amount G1 **minus** amount K1) (if negative, enter "0") ______ ▶ ______ L1

Subtotal (amount F1 **minus** amount L1) (if negative, enter "0") 13,118,632 M1

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

(amount M1 **multiplied** by 0.72) **500** 9,445,415

Second previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year 7,350,525 A2

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ B2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ C2

Aggregate investment income (line 440 of the T2 return) . . . . ______ D2

Subtotal (**add** amounts B2, C2, and D2) ______ ▶ ______ E2

Subtotal (amount A2 **minus** amount E2) (if negative, enter "0") 7,350,525 ▶ 7,350,525 F2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**
7,350,525					7,350,525

Taxable income after specified future tax consequences . . . . ______ G2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I2

Aggregate investment income (line 440 of the T2 return) . . . . ______ J2

Subtotal (**add** amounts H2, I2, and J2) ______ ▶ ______ K2

Subtotal (amount G2 **minus** amount K2) (if negative, enter "0") ______ ▶ ______ L2

Subtotal (amount F2 **minus** amount L2) (if negative, enter "0") 7,350,525 M2

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

(amount M2 **multiplied** by 0.72) **520** 5,292,378

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

Third previous tax year 2014-12-31

Taxable income before specified future tax consequences from the current tax year . . . 129,754 A3

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . B3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less C3

Aggregate investment income (line 440 of the T2 return) D3

Subtotal (**add** amounts B3, C3, and D3) ▶ E3

Subtotal (amount A3 **minus** amount E3) (if negative, enter "0") 129,754 ▶ 129,754 F3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**
129,754					129,754

Taxable income after specified future tax consequences G3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . H3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less I3

Aggregate investment income (line 440 of the T2 return) J3

Subtotal (**add** amounts H3, I3, and J3) ▶ K3

Subtotal (amount G3 **minus** amount K3) (if negative, enter "0") ▶ L3

Subtotal (amount F3 **minus** amount L3) (if negative, enter "0") 129,754 M3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount M3 **multiplied by** 0.72) **540** 93,423

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") 14,831,216 N3

Enter amount N3 on line 560 in part 1.

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

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

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

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

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

Corporation's GRIP at the end of its last tax year A4

Eligible dividends paid by the corporation in its last tax year B4

Excessive eligible dividend designations made by the corporation in its last tax year C4

Subtotal (amount B4 **minus** amount C4) ▶ D4

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount A4 **minus** amount D4) E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

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

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

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

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

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

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

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ______ A5

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ______ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses . . . . ______ C5
Net capital losses . . . . ______ D5
Farm losses . . . . ______ E5
Restricted farm losses . . . . ______ F5
Limited partnership losses . . . . ______ G5

Subtotal (**add** amounts C5 to G5) ______ ► ______ H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses . . . . ______ I5
Net capital losses . . . . ______ J5
Farm losses . . . . ______ K5
Restricted farm losses . . . . ______ L5
Limited partnership losses . . . . ______ M5

Subtotal (**add** amounts I5 to M5) ______ ► ______ N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ______ ► ______ O5

Subtotal (**add** amounts A5, B5, and O5) ______ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ______ Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ______ R5

All the corporation's reserves deducted in its previous/last tax year . . . . ______ S5

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ______ T5

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ______ U5

Subtotal (**add** amounts Q5 to U5) ______ ► ______ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") . . . . ______ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

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

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3		30,700		
Total taxable dividends paid in the tax year	100	30,700		
Total eligible dividends paid in the tax year			150	A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			160 82,859,710	B
Excessive eligible dividend designation (line 150 **minus** line 160)				C
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			180	D
Subtotal (amount C **minus** amount D)				E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)			190	F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3				
Total taxable dividends paid in the tax year	200			
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)				G
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			280	H
Subtotal (amount G **minus** amount H)				I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)			290	J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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

	Line	Amount
Total assets of the corporation at the end of the tax year *	112	502,109,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	
Total assets (total of lines 112 to 116)		502,109,000
Total revenue of the corporation for the tax year **	142	570,180,345
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	
Total revenue (total of lines 142 to 146)		570,180,345

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	1,173,000	
Add (to the extent reflected in income/loss):						
Provision for current income taxes/cost of current income taxes	220	290,000				
Provision for deferred income taxes (debits)/cost of future income taxes	222					
Equity losses from corporations	224					
Financial statement loss from partnerships and joint ventures	226					
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230					
Other additions (see note below):						
Share of adjusted net income of partnerships and joint ventures **	228					
Total patronage dividends received, not already included in net income/loss	232					
281	282					
283	284					
Subtotal		290,000	▶		290,000	A
Deduct (to the extent reflected in income/loss):						
Provision for recovery of current income taxes/benefit of current income taxes	320					
Provision for deferred income taxes (credits)/benefit of future income taxes	322					
Equity income from corporations	324					
Financial statement income from partnerships and joint ventures	326					
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330					
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332					
Gain on donation of listed security or ecological gift	340					
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342					
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344					
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346					
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348					
Other deductions (see note below):						
Share of adjusted net loss of partnerships and joint ventures **	328					
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334					
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336					
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338					
381	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	1,463,000	

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

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

Note

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

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

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

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

* **Rules for net income/loss**

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

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

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

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

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	1,463,000	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available		▶		C
Net income subject to CMT calculation (if negative, enter "0")		520	1,463,000	

Amount from line 520	1,463,000	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 58	x	4 % =		1
Amount from line 520	1,463,000	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	58 / 58	x	2.7 % =	39,501	2
			Subtotal (amount 1 **plus** amount 2)				39,501	3

Gross CMT: amount on line 3 above x OAF **	540	39,501	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		39,501	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		39,501	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)		39,501		
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal		39,501	39,501	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)	670		39,501	L

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

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

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

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

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			1	
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	39,501	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:		39,501	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)		16,003		
Subtotal (if negative, enter "0")				O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

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

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

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * 700

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

Add:

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

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

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

Subtotal (if negative, enter "0") S

Add:

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

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

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

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

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

Complete this part if:

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

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- 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	Brampton Distribution Holdco Inc	80743 3727 RC0001	0	0
		Total	450	550

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511

Canada

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

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

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Hydro One Brampton Networks 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	2000-05-01	1414330

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
175	Sandalwood Parkway West	

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
Brampton	ON	CA	L7A 1E8

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 VILLETT (Last name) **451** MARC (First name)

454 ______________________, (Middle name(s))

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

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

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

Part 5 – Mailing address

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

510 Care of (if applicable)

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

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

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

Part 6 – Language of preference

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

Canada Revenue Agency / Agence du revenu du Canada

Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Brampton Networks Inc.	86486 7635 RC0001	2017-02-27

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: MARC VILLETT

120 Telephone number: [redacted]

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes [ ] 2 No [X]

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

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

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

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 22,745,327

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

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

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

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

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

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

Specified percentage . . . . . **314** 25.000 %

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

Part 4 – Ontario apprenticeship training tax credit

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

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
1.	434a	Powerline Technician	[redacted]
2.	434a	Powerline Technician	
3.	434a	Powerline Technician	
4.	434a	Powerline Technician	
5.	434a	Powerline Technician	
6.	434a	Powerline Technician	
7.	434a	Powerline Technician	
8.	434a	Powerline Technician	
9.	434a	Powerline Technician	
10.	434a	Powerline Technician	
11.	434a	Powerline Technician	
12.	434a	Powerline Technician	
13.	434a	Powerline Technician	
14.	434a	Powerline Technician	

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
1.	[redacted]	2013-09-09	2017-01-01	2017-02-27
2.		2013-09-16	2017-01-01	2017-02-27
3.		2013-09-16	2017-01-01	2017-02-27
4.		2013-09-16	2017-01-01	2017-02-27
5.		2014-01-06	2017-01-01	2017-02-27
6.		2014-09-02	2017-01-01	2017-02-02
7.		2014-11-24	2017-01-01	2017-02-27

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
8.	[redacted]	2015-08-31	2017-01-01	2017-02-27
9.	[redacted]	2015-08-31	2017-01-01	2017-02-27
10.	[redacted]	2016-04-02	2017-01-01	2017-02-27
11.	[redacted]	2016-05-06	2017-01-01	2017-02-27
12.	[redacted]	2016-10-31	2017-01-01	2017-02-27
13.	[redacted]	2016-10-31	2017-01-01	2017-02-27
14.	[redacted]	2016-10-31	2017-01-01	2017-02-27

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

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

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

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) **442**	**H2** Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) **443**	**I** Maximum credit amount for the tax year (see note 2) **445**
1.	58		1,589
2.	58		1,589
3.	58		1,589
4.	58		1,589
5.	58		1,589
6.	33		904
7.	58		1,589
8.		58	795
9.		58	795
10.		58	795
11.		58	795
12.		58	795
13.		58	795
14.		58	795

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.
For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*****) or ($5,000 × H2/365*****), whichever applies.
***** 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) **452**	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) **453**	**K** Eligible expenditures **multiplied** by specified percentage (see note 4) **460**
1.	[redacted]		[redacted]
2.	[redacted]		[redacted]
3.	[redacted]		[redacted]
4.	[redacted]		[redacted]
5.	[redacted]		[redacted]
6.	[redacted]		[redacted]
7.	[redacted]		[redacted]
8.		[redacted]	[redacted]
9.		[redacted]	[redacted]
10.		[redacted]	[redacted]
11.		[redacted]	[redacted]
12.		[redacted]	[redacted]
13.		[redacted]	[redacted]
14.		[redacted]	[redacted]

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.
For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.
For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	1,589		1,589
2.	1,589		1,589
3.	1,589		1,589
4.	1,589		1,589
5.	1,589		1,589
6.	904		904
7.	1,589		1,589
8.	795		795
9.	795		795
10.	795		795
11.	795		795
12.	795		795
13.	795		795
14.	795		795

Ontario apprenticeship training tax credit (total of amounts in column N) 500 16,003 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

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

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

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

See the privacy notice on your return.

G-STAFF-3 ATTACHMENT 5
AUC PILs 2017/12/31 - REDACTED

Canada Revenue Agency / Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:
- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:
- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: ALECTRA UTILITIES CORPORATION

Enter one of the following:

Business number (BN): 72860 4299 RC0001

Social insurance number (SIN):

Tax year
From: 2017-01-31 (Year Month Day)
To: 2017-12-31 (Year Month Day)

050 Total number of projects you are claiming this tax year: 7

100 Contact person for the financial information	Martin Sultana	**105** Telephone number/extension: [redacted]	**110** Fax number:
115 Contact person for the technical information	Martin Sultana	**120** Telephone number/extension: [redacted]	**125** Fax number:

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 [X] I elect to use the proxy method (Enter "0" on line 360 and complete Part 5.)

162 1 [ ] I choose to use the traditional method (Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	**300**	+	1,340,962
b) Specified employees for work performed in Canada	**305**	+	
Subtotal (add lines 300 and 305)	**306**	=	1,340,962
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	**307**	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	**309**	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	**310**	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end **315**			
• Cost of materials consumed in performing SR&ED	**320**	+	
• Cost of materials transformed in performing SR&ED	**325**	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	**340**	+	990,738
b) Non-arm's length contracts (see note 1)	**345**	+	
• Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	**350**	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	**355**	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	**360**	+	
• Third-party payments (see note 2) (complete Form T1263*)	**370**	+	12,105
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	**380**	=	2,343,805
• Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)	**390**	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	**400**	=	2,343,805

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	**420**		2,343,805
Deduct			
• provincial government assistance for expenditures included on line 400	**429**	–	77,350
• other government assistance for expenditures included on line 400	**431**	–	
• non-government assistance for expenditures included on line 400	**432**	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	**435**	–	16,371
• sale of SR&ED capital assets and other deductions	**440**	–	
Subtotal (line 420 minus lines 429 to 440)	**442**	=	2,250,084
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	**445**	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	**450**	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	**452**	+	
• amount of SR&ED ITC recaptured in the prior year	**453**	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	**455**	=	2,250,084
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	**460**	–	2,250,084
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	**470**	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

	Line	Current Expenditures	Line	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	2,343,805	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500 +			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +	729,604		
• expenditures on shared-use equipment for property acquired **before 2014**			504 +	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	3,073,409	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	102,886	514 –	
• other government assistance	515 –		516 –	
• non-government assistance and contract payments	517 –		518 –	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520 –			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
• 20% of expenditures included on lines 340 and 370	529 –	200,569		
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
• other deductions (see guide)	533 –		535 –	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	2,769,954	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	2,769,954
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	2,769,954

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

	Line		Amount
Salary or wages of employees other than specified employees (from lines 300 and 307)	810	+	1,340,962
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	14,409
Subtotal (line 810 minus 812)	814	=	1,326,553

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) **816** +

Salary base (total of lines 814 and 816) **818** = 1,326,553

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) **820** = 729,604

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. P1:System assets, equip & apparatus improvement (Standar	97,841		45,605
2. P2: Distribution Design Concepts - ICI, Stations, Transporta	211,973		40,187
3. P3:Electric power distribution systems - Technical strategy	172,270		
4. P4: Asset condition harmonizing methodologies and strategi	121,942		
5. P5: Protection and Control OMS development and operation:	135,299		275,230
6. P6:Smart Grid initiatives development	578,204		624,366

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
7. P7: Sustainable generation systems design and development	23,433		5,350
Total	1,340,962		990,738

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 1,340,962

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 [ ] Basic or Applied research **622** 1 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	10
Technologists and technicians	634	
Managers and administrators	636	
Other technical supporting staff	638	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . . . [X]
3. completed Part 2 for each project . . . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . . . [X]

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . . . [X]

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third·Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

1 [X] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [ ] No (complete lines 970 and 975)

Claim preparer information table

940	945	950	955	960	965
Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1. Under separate cover by Deloitte LLP	13324 5290 RZ0001	5		Under separate cover by	
				Total	

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, John G. Basilio, certify that the information provided in this part is complete and accurate.
(Name of authorized signing officer of the corporation, or individual (print))

Signature

975 2018-06-20 (Year Month Day)

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 John G. Basilio — Name of authorized signing officer of the corporation, or individual

Signature

170 2018-06-25 — Date

175 ______ — Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 “Scientific Research and Experimental Development” in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

Canada Revenue Agency / Agence du revenu du Canada

THIRD-PARTY PAYMENTS FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED)

Complete this form for each third-party payment and attach it to Form T661.

For more information on third-party payments:

- See line 370 of Guide to Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
- Third-Party Payments Policy;
- Consult our Web site: **www.cra.gc.ca/sred**.

Required Information

1. Identification

701 Name of the third party
RYERSON UNIVERSITY

702 Address (Street number and name)
350 Victoria Street

City	Province / Territory	Postal Code
Toronto	ON	M5B 2K3

704 Total amount paid in the year
$ 7,105

Identify the research project(s) performed by the third-party entity for the payment

706 Project title (and identification code if applicable)
1 P7: Sustainable generation systems design and development

Check the appropriate box to indicate the type of entity:

711	Approved association	1 Yes			
712	Non-profit SR&ED corporation resident in Canada	1 Yes			
714	An approved university, college, research institute, or other similar institution	1 Yes	X		
716	Granting council	1 Yes			
718	Other corporation resident in Canada	1 Yes			
721	Are you dealing at arm's length with the recipient?	1 Yes	X	2 No	

2. Nature of payment

Check the appropriate box to indicate the type of entity:

The payment is for:

731	Experimental development	1 Yes	X
732	Applied research	1 Yes	
734	Basic research	1 Yes	

736 Briefly explain what the payment is for:
As per agreement between Alectra Inc. and Dr. B.Venkatesh
Ryerson University with regards to project
entitled "Solar Storage Study"

738 Briefly explain how the SR&ED is related to a business that you carry on:

This relates directly to our interest in developing new
efficient, renewable energy solutions.

740 Briefly explain how you are entitled to exploit the results of the SR&ED:

The work will improve Alectra's ability to
reliably deliver intermittent renewable power
into a grid system.

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including audit, enforcement action, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and/or delays in processing SR&ED claims.

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T1263 E (15) Canada

Canada Revenue Agency Agence du revenu du Canada

THIRD-PARTY PAYMENTS FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED)

Complete this form for each third-party payment and attach it to Form T661.

For more information on third-party payments:
- See line 370 of Guide to Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
- Third-Party Payments Policy;
- Consult our Web site: **www.cra.gc.ca/sred**.

Required Information

1. Identification

701 Name of the third party
QUEEN'S UNIVERSITY

702 Address (Street number and name)
207 Stuart Street

City	Province / Territory	Postal Code
Kingston	ON	K7L 3N6

704 Total amount paid in the year
$ 5,000

Identify the research project(s) performed by the third-party entity for the payment

706 Project title (and identification code if applicable)
1 P7: Sustainable generation systems design and development

Check the appropriate box to indicate the type of entity:

711	Approved association	1 Yes	
712	Non-profit SR&ED corporation resident in Canada	1 Yes	
714	An approved university, college, research institute, or other similar institution	1 Yes	X
716	Granting council	1 Yes	
718	Other corporation resident in Canada	1 Yes	
721	Are you dealing at arm's length with the recipient?	1 Yes	X	2 No

2. Nature of payment

Check the appropriate box to indicate the type of entity:

The payment is for:

731	Experimental development	1 Yes	X
732	Applied research	1 Yes	
734	Basic research	1 Yes	

736 Briefly explain what the payment is for:
Payment for the project: The Role of Big Data Analytics in the “Next Generation” Utility Model

738 Briefly explain how the SR&ED is related to a business that you carry on:

This relates directly to our interest in developing
distributed generation power solutions

740 Briefly explain how you are entitled to exploit the results of the SR&ED:

The work will improve Alectra's ability to develop A.I.
methodogies to improve reliability in our grid system

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including audit, enforcement action, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and/or delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 “Scientific Research and Experimental Development”, in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act* and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our Info Source chapter can be found at **http://www.cra.gc.ca/atip/**.

T1263 E (15) Canada

Part 2 – Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P1:System assets, equip & apparatus improvement (Standards)

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2011-01 (Year Month)	2019-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

1. Alectra (Powerstream, Enersource, Horizon) has sets of existing technical
2. specifications and standards for the equipment, materials and construction
3. methods for both its overall power distribution network/grid. Power utilities
4. have been subjected to increasing regulatory scrutiny by the OEB and
5. interveners participating in OEB proceedings. Such scrutiny extends to design
6. standards and practices. Alectra has implemented asset standard management
7. programs for health indices, risk-based economic analyses (probability of
8. failure and criticality), and recommended Asset Sustainability Plans
9. (replacements) and, on-going basis, Alectra continues to develop new models
10. and update the parameters. In FY2017 new standards uncertainties would be
11. derived from: Smart Grid distributed generation (DG) capacity analysis; -
12. Powerhouse dependable capacity investigations; System model of a four-circuit
13. pole arrangements; Concrete pole life cycle evaluations; Corrosion mitigation
14. techniques and methodologies analysis for Transformer stations; Cable
15. demographics and reliability analysis; AEx Failure Database ; Condu disc
16. grounding techniques; Mechanical equipment failure analysis; and Station asset
17. assessment modelling - ongoing attempts to refine ACA models.
18. In each case, uncertainties with respect to long term duration and reliability
19. of systems and assets would be encountered.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

1. Work performed in FY2017:
2. - Powerhouse Constrain Report: System Planning performed a study to determine
3. the amount of Distributed Generation (DG) that could be connected to feeders
4. serving the York Region remained ongoing.
5. - Powerhouse Deferral Study: Based on the available capacity of the solar and
6. battery storage with data from the existing models the contribution or the
7. dependable capacity of these powerhouse units continued to be evaluated.
8. - Four-Circuit Pole Model: Development of a computer model to be used as
9. analysis tool concept for short-term and long-term four-circuit pole
10. remediation plan continued to be refined based on new information and
11. assumptions.
12. - Concrete Pole Life Cycle Cost Comparison: Developed the life cycle
13. comparison criteria to be used as an analysis tool to attempt to determine the
14. feasibility of using concrete pole versus wood pole, composite pole and steel
15. pole. Factors considered were probability of failure due to condition, pole

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

fire, vehicle collision, planned and emergency replacement cost. Grounding studies were initiated in FY2017. Long term evaluation remained ongoing.
- Corrosion Mitigation in Transformer: Developed the life cycle comparison criteria to be used as analysis tool to determine the viability of using stainless steel transformer versus regular transformer. Factors considered were probability of failure, planned and emergency replacement cost and estimated life of regular transformer, enhanced primer application and stainless steel transformer. The activity remains ongoing.
- Cable Demographics and Reliability Projection Model: Developed a computer model to attempt to create an analysis tool for short-term and long-term cable remediation work plan. On-going modification to the model was undertaken to attempt to improve overall fidelity and accuracy.
- AEx Failure Database: Alectra has been working to investigate and document failed equipment in order to identify failure trends and patterns. . This expanded to include the legacy Alectra utilities in FY2017. It was hypothesized that this may allow controlled access to the information for both contribution and analysis purposes by Engineering and select field staff, the failure reports can be directly tied to an asset by Location ID, License Plate, and Serial number, and the database is to be supported by the GIS department.
- Station Asset Condition Assessment Model : In addition to the pre-existing Station ACA models, four new Station ACA models were developed. These are for 230 kV primary metering units, TS station service transformers, transformer station DC systems and transformer station Protection and Control relays. The algorithm for computing Health Indices in both the TS and MS Protection and Control Relay Models was revised so as to factor in more than just their condition. The revised ACA Models now factor in the need to modernize the system by improving fault recording and communication capabilities.
- ConduDisc innovative grounding technology: ConduDisc is a non-metallic electrode for grounding utilities' poles and pad-mounted equipment. We see three advantages compared with the metallic electrodes (ground rods and plates) in use today. 1, since ConduDiscs are made of concrete combined with finely-powdered carbon, they won't corrode in acidic or caustic soil. Some ground rods last less than twenty years, with step- and touch-potential hazards increasing during this time. In contrast, ConduDiscs, being non-corroding, should provide full worker and public safety protection for the entire life of the equipment. 2, Preliminary results indicate that ConduDiscs could lower the initial ground resistance by 20 to 30 per cent compared with metal grounding electrodes, with a proportional reduction in step- and touch-potential hazards. 3, Our initial evaluation indicated that a reduction in installation costs was possible. In 2017 as a pilot project, we installed ConduDiscs at 15 pad-mounted installations where we would have normally installed metal ground rods. However, we are uncertain that ConduDiscs will comply with Ontario Regulation 22/04.
- Other experimental development in FY2017: Other ongoing and new work performed included: Equipment Failure investigations; Station Asset Data Extraction (Cascada) and modelling ; Cold Spray Technology examination and ongoing data analysis; Switchgear Failure studies; Bend radius examination (including Infrared Imaging - scans performed on all replacements and elbows); Excessive noise studies; Re-evaluation of transformer loss costs; Underground cable clamp investigations and ABB mini-pad transformer refurbishment methods.

External contractors (see complete list in Section C, line 268) were also directly engaged in the experimental development activities and/or related support activities

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

246

Through a combination of research, experimental development, Alectra successfully improved existing standards and developed new standards for a wide range of technology issues (as outlined above). Alectra also has also increased its existing understanding of the causes of failures with items in service, so that its specifications can be used with assurance to acquire new items of these types whose failure rate in service approaches zero, its SMS can be improved/made more robust, so that the probability of the future occurrence of similar failures is minimized to the extent practical, and alternative technical solution options for systemic failure issues can be developed. Examples of specific knowledge gained through standards development in FY2017 would include: Smart Grid distributed generation (DG) capacity strategies; Powerhouse dependable capacity limitations and approaches; System modelling of a four-circuit pole arrangements; Concrete pole life cycle sensitivities to various environmental factors; Corrosion mitigation techniques and methodologies analysis for Transformer stations; Cable demographics and reliability knowledge; AEx Failure modes and grid effects; Condu disc grounding techniques; and Station asset assessment models. Development, investigations and trials of system asset technologies and standards within the distribution grid will continue into the next fiscal period.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]		
255 1 [ ] Other employee of the company	256 Name		
257 1 [X] External consultant	258 Name Deloitte LLP	259 Firm Deloitte LLP	

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	P.Eng., 23 years' experience, Supervisor, Standards
2 [redacted]	Manager, Standards
3 [redacted]	Manager, Standards

265	Are you claiming any salary or wages for SR&ED performed outside Canada?	1 [ ] Yes	2 [X] No
266	Are you claiming expenditures for SR&ED carried out on behalf of another party?	1 [ ] Yes	2 [X] No
267	Are you claiming expenditures for SR&ED performed by people other than your employees?	1 [X] Yes	2 [ ] No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	269 BN
1	CIMA CANADA INC	89844 5655 RC0001
2	Kinetrics	86402 0920 RT0001
3	NAVIGANT CONSULTING LTD.	86766 9939 RT0002

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270	1	X	Project planning documents	276	1	X	Progress reports, minutes of project meetings
271	1	X	Records of resources allocated to the project, time sheets	277	1		Test protocols, test data, analysis of test results, conclusions
272	1		Design of experiments	278	1		Photographs and videos
273	1	X	Project records, laboratory notebooks	279	1		Samples, prototypes, scrap or other artefacts
274	1		Design, system architecture and source code	280	1	X	Contracts
275	1		Records of trial runs	281	1	X	Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **2**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P2: Distribution Design Concepts - ICI, Stations, Transporta

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2010-01 (Year Month)	2019-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

242

The obstacles Alectra (Powerstream, Enersource and Horizon) had to resolve were: Determining the adequacy of its fault levels at its ICI, Transformer Stations and Transportation Grids; The impacts of DG (Distribution Generation) on protection planning and limit settings; Implementing in-service monitoring & control of connection for the larger DG systems; and Deciding applications of AFR (Automatic Feeder Restoration) could be developed using a high speed simulators and extending its use for P&C settings and configuration investigations. Facilitating the connection of DG systems to its network is a mandated responsibility for Alectra; in the process of doing so, it must ensure its network is capable of handling these supply sources in a safe and stable manner without also exposing the DG equipment to any risk of damage caused by faults and other incidents on its network. The reverse also applies, i.e. protecting the network from any incidents arising at DG units. Ongoing uncertainties would be derived from: attempting to model new DG networks with advanced power distribution requirements (battery storage, demand response, closed transition, fuel cell power generation); revised AFR systems applications; fault contributions from capacity challenges; protection setting methodologies; and disaster reconstruction techniques.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

244

Applications for DG unit connections continued to be processed and further development was involved in incorporating the processing of micro-FIT & FIT data from connected DG units within Alectra's established systems for recording meter reads, data manipulation, and billing or payment as required. A new WIMAX tower was installed at Melbourne MS (MS322) and ongoing WiMax system receiver and SoNET ring testing was performed. Monitoring and analysis remained ongoing however the activity will be considered complete in FY2018.

Alectra continues to explore AFR applications that could be developed using a high speed simulator and extending its use for P&C settings and configuration investigations. A simulator was assembled and tests remain ongoing. In testing new relays it was noted that the existing AFR configuration lacked

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

responsiveness - new techniques would be explored and development continues.

MS309 (Barrie) sub-station: The concept involved WiMax telemetrics and relay model upgrades to attempt to devise a standardized model. Ongoing development of breaker failure logic upgrades undertaken to attempt to improve safety and operating conditions. Adding insulation to the air space between the brick and block of the building walls designed and installed to improve building efficiency. Sub-contractors including Eptcon and CIMA would be involved in the activity. The activity would end in FY2018.

The Vaughan TS4 (Kipling) sub-station concept involved a segmented design with hardware located at ground level rather than the traditional subterranean arrangement. Furthermore the site is blended into the environment and had complicated the concept. Other development activities would include testing an oil entrapment method and a possible composite firewall. A dual bus line concept would also be explored to attempt to improve reliability, repeatability and servicing. IBI Group would be involved in the development activity. Fabrication and system testing was performed with primary metering modifications performed (combined instrument transformers). Enhanced post disaster recovery methods were devised. Sorbweb containment methodologies were also examined for the specific application. Studies were completed and the activity ended in late FY2017.

Development continued on an MS application with a new compact design using GIS (gas-insulated switchgear). The system concept would be relatively new in Canada (with only 1 other installation in Ontario) - new cable termination equipment and operating specifications will be required with development extending future fiscal periods. Stantec would be sub-contracted to assist in the initiative. With a system built in Barrie (Livingston) testing was initiated and the reliability of the system has yet to be demonstrated. Investigations into a Siemens switchgear methodology with a smaller footprint was also initiated.

Microgrid power transformer station development was initiated for a 500kWh pilot concept in the Penetanguishine area. Concepts and systems were explored and further activity will take place in the next fiscal period. Testing would involve a multistep process with new testing methodologies devised and modified. Investigations and testing remained ongoing. Powerhouse investigations were also undertaken to support DG and micro-grid development activity.

Other new initiatives in FY2017 would include: Embedded generation methodologies with microgrid battery storage, caisson pole foundation designs for use in unstable, and alternative grounding plate concepts. Future investigations of GO electrification and Hurontario & Hamilton LRT (DG-Transportation) were also initiated.

External contractors (see complete list in Section C, line 268) were also directly engaged in the experimental development activities and/or related support activities

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

246

Alectra sought to advance its knowledge, know-how, capabilities, and understanding: Whether or not appropriate fault levels were set at its ICI, Transformer, Transportation DGs, connection impact assessments (CIAs)), how connected DG systems, 100kW upwards, can be remotely monitored, how DG connection impacts protection planning coordination, and should DG penetration be limited to extend its applications of automatic restoration of feeder. Alectra had developed its CIA methodology for the OPA's FIT Program applications to ensure network accommodation of their implementation with the appropriate protection, metering and control arrangements. However, its understanding of the impact of embedded generation on its network was still incomplete. WiMax, remote monitoring, high speed automatic feeder restoration, re-closers, micro-grid systems, AFR applications, GIS and other techniques and methodologies were explored in order to advance the understanding of reliability and repeatability of power transformer, ici and transportation network and distributed generation connection facilitation.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]		
255 1 [ ] Other employee of the company	256 Name		
257 1 [X] External consultant	258 Name Deloitte LLP	259 Firm Deloitte LLP	

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	P.Eng., 28 years' experience, Mgr., Stations Design & Standards
2 [redacted]	P.Eng., 25+ years' experience, Stations Engineer
3 [redacted]	P.Eng., 15+ years' experience Project Engineer

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 [X] Yes 2 [ ] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1 IBI Group	10208 8317 RT0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

- 270 1 [X] Project planning documents
- 271 1 [ ] Records of resources allocated to the project, time sheets
- 272 1 [ ] Design of experiments
- 273 1 [ ] Project records, laboratory notebooks
- 274 1 [ ] Design, system architecture and source code
- 275 1 [ ] Records of trial runs
- 276 1 [X] Progress reports, minutes of project meetings
- 277 1 [ ] Test protocols, test data, analysis of test results, conclusions
- 278 1 [ ] Photographs and videos
- 279 1 [ ] Samples, prototypes, scrap or other artefacts
- 280 1 [ ] Contracts
- 281 1 [X] Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **3**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P3:Electric power distribution systems - Technical strategy

202 Project start date: 2010-05 (Year Month)

204 Completion or expected completion date: 2019-12 (Year Month)

206 Field of science or technology code (See guide for list of codes): 2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

242

Alectra (Powerstream, Enersource and Horizon) faced obstacles of: How it could make further improvements to the configuration its networks to improve their performance; What steps could be implemented in the near future to increase its reliability; The actions that were necessary to extend the capabilities of its software tools like GIS and engineering design tools; The approach to be taken to continue with remediation of services, and complete the development of the new testing program for U/G cables and facilitate launching a pilot trial; Determining if improvements were possible in rear lot supply arrangements; Investigating whether or not high KVA grids have sufficient feeder ties between adjacent MS to accommodate contingent conditions, i.e. the loss of any one of the multiple stations; and the design of a DA configuration for remote grid areas.

Alectra models its network/run simulations of potential changes to it, e.g. to accommodate new loads, and investigate what changes will improve performance. While previous activities attempted to ensure that its TS feeders would operate in a balance fashion within acceptable guidelines, and new connections could be accommodated, there was no guarantee that the same would be the case going forward. Circumstances change, load growth occurs, more DG units go into service, and new infrastructure additions happen. As a consequence, new modeling/simulation studies must be undertaken using the latest available current configuration data, and the expected peak loads and increases in available DG. The OEB (Ontario Energy Board) expects LDCs to improve their network reliability, and expects them to report progress. Alectra can only improve if it pushes beyond its standard practice regarding reliability improvements

In recent years the penetration of DER (Distributed Energy Resources) has increased due to technological advancements and improved economics; in near future are expected to become important way for supplying associated demands of electricity. Customers preferences are towards utilizing Distributed Energy resources to meet their electricity demand. Alectra needs to understand and analyze if DER's can be used to eliminate and or/defer the traditional wires option such as building Transformer stations and traditional distribution/transmission lines.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

Station Deferral Studies: Alectra investigated asset deferral options for numerous substations throughout the North service territory. Earlier investigations included a variety of options including battery storage, PV, generation, natural gas generation, and substation alternatives. Options narrowed to upgrading existing equipment with retrofit fans or larger transformer units. Numerous studies were performed to assess the risks load transfer capacity, backup contingency capacity, and to reflect peak loading data and current configuration. Alectra in conjunction with SGS (Smart Grid Solution) investigated the deferral options that an Energy Storage (ESS) pilot could provide to the system by deferring the build of a 170MW transformer station in Markham or deferring the related feeder investment from Buttonville TS. The modelled ESS takes the form of aggregated battery storage , distributed evenly across the feeders at domestic level.

Load balancing and System Reconfiguration: The Feeder Balancing and System Reconfiguration Plan are based on approved Planning Standards and the Planning Philosophy of PowerStream Inc. The goal of this annual plan is to review system loading and recommend system reconfiguration to balance both transformer and feeder loading to within established guidelines. Performed CYME simulations to confirm transfer capability and identify possible contingency switching operations. Proposed new feeder requirements to accommodate contingency transfers if existing network configuration was inadequate.

The HONI transmission circuits and transformer station in Barrie are being upgraded. HONI will remove the existing E3B transmission circuit while a new double-circuit transmission line is installed in its place. During the work there will be no recall time on the circuits which are out of service; the system will be at N-1 contingency. Alectra System Planning investigated methodologies to attempt to reduce outage exposure during the work by permitting load transfers from Barrie TS to Midhurst TS. CYME simulations and transfer calculations were performed and measures suggested. The study identified locations for 3 additional switches and 2 additional tie points to transfer load from Barrie TS to Midhurst TS in the event of an outage while Barrie TS is on N-1 contingency during station upgrade work.

Beginning in 2016, PS (now Alectra) launched a study to determine the technical feasibility, develop a draft plan and assess identifiable benefits of undergrounding a number of 500KV and 230KV segments along the 407 transmission corridor which are in potential future significant land use intensification area. Significant effort was spend in looking at the technical feasibility of 500KV Gas Insulated Line (GIL) and understanding the power limitations of the GIL. An understanding of the clearance requirements and issues associated with adjacent structures, utilities and railway lines would be gained. This included characteristics of the Gas Insulated Lines, power limitation and insulation characteristics for the various gas mixtures and testing methodologies for the GIL. Also, GIL could potentially be a solution in area where there are sensitivities to construction of the transmission lines and issues in securing space for the transmission corridor. The work continued into 2017 with looking at the requirements of relocating a 230KV station underground.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

246

Alectra sought to make incremental advances in and with: Increased understanding of current loading imbalances on transformers and feeders and the need for system reconfiguration and of the likely future technical evolution of Alectra's distribution network, for example with respect to increased embedded generation, CDM programs, load growth and the implications for more transformation capacity, and how simulation modeling with CYME tools facilitates effective solution development; More comprehensive understanding of Alectra's network performance in all respects, e.g. losses, reliability, etc., and the effective measures that could be developed/implemented to result in measurable improvements in performance; and the knowledge and knowhow to create and implement further enhancements to S/W tools and processes for facilities management.

With increasing penetration of new technologies such as solar Power Quality has become a major concern - Alectra evaluated process and instituted procedure and to step to step guide to investigate and rectify Power Quality challenges. In its effort to improve load forecasting and feeder balancing methods Alectra would attempt to implement CYME gateway 2 to incorporate transformer loading data in CYME and investigated the feasibility of ITRON load forecasting software. Alectra also investigated if accurate prediction of feeder reliability can be made based on the historical failure, equipment failure rates and the feeder topology. In FY2017 also, Alectra analyzed penetration of the DER and studied their impact to the Distribution System and whether these DER's could be an aggregated to defer the investment in the traditional solution such as building additional stations and distribution/transmission lines. Alectra also learned about the characteristics of the Gas Insulated Lines, power limitation and insulation characteristics for the various gas mixtures and testing methodologies for the GIL. Also, GIL could potentially be a solution in area where there are sensitivities to construction of the transmission lines and issues in securing space for the transmission corridor.

Section C – Additional project information

Who prepared the responses for Section B?

253	1 [X] Employee directly involved in the project	254 Name	[redacted]
255	1 [ ] Other employee of the company	256 Name	
257	1 [X] External consultant	258 Name: Deloitte LLP	259 Firm: Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	P.Eng., 21 years' experience, Manager, System Planning
2 [redacted]	P.Eng., 27 years' experience, Engineer, Planning
3 [redacted]	P.Eng., 7 years' experience, Engineer, Planning

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1	X Project planning documents	276 1	X Progress reports, minutes of project meetings
271 1	Records of resources allocated to the project, time sheets	277 1	Test protocols, test data, analysis of test results, conclusions
272 1	Design of experiments	278 1	Photographs and videos
273 1	Project records, laboratory notebooks	279 1	Samples, prototypes, scrap or other artefacts
274 1	Design, system architecture and source code	280 1	X Contracts
275 1	Records of trial runs	281 1	X Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **4**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P4: Asset condition harmonizing methodologies and strategies

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2017-02 (Year Month)	2018-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [ ] Continuation of a previously claimed project **210** 1 [X] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome? (*Maximum 50 lines*)

242

Alectra, is constantly pursuing methods and means to understand and improve the asset condition of its extensive network. The utility has grown through consolidation of local entities and faces uncertainties from differing strategies and techniques that had been deployed in legacy systems. Aligning methodologies transcend merely examining best practices and must consider asset fleet variability and requirements to meet new standards and operational efficiency and reliability metrics. In attempts to meet efficiency, regulatory and reliability, a systematic investigation was initiated to develop new harmonized condition assessment practices and improvement tools in FY2017.

Challenges and considerations in developing the new techniques and methodologies included:

Physical Failures: the asset has experienced deterioration of its physical or mechanical features and structure such that it is no longer safe to remain in service. It has become a liability.

Functional Failures: the asset is no longer able to perform the primary function for which it was intended or to support components in the system in which it is or will be operating.

End of Life Disposition: is defined as when the asset condition has reached a point where it is no longer capable of performing its intended function (functional failure) or where the asset is in a state that presents public safety or environmental liability (physical failure). Hence, the asset is no longer deemed suitable for continued service.

Asset Obsolescence: inability to function in conjunction with current or near term technologies. Assets may also be considered as obsolete if no longer supported by the manufacturer and/or parts are no longer available.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

Work Performed in FY2017:

Work began with the examination of techniques and methodologies of each of the pre-existing legacy utilities - Powerstream, Enersource, Horizon and Brampton. Differences and best practices were noted but it was recognized that a modular / piece-meal approach would not be sufficient to meet future

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

efficiency and reliability targets set by the energy regulation governing bodies. A new holistic and harmonized methodology was sought.

Model Structure Development: The Asset Condition Assessment (""ACA"") model is a two-part model with inputs from service records, field inspections, and third party testing. The objective of the model to identify assets fitness for continued service, recommend assets for replacement and identify intrinsic asset risk. The latter identifies and accounts for inherit risks for each asset and its operating context. The model leverages data in a reproducible manner and processes for consistent data quality. The model is structured to allow for agile development, restructuring and repurposing to adapt for future needs in prescriptive and predictive analytics. The ACA Model is composed of two separate computational blocks: the Health Index (""HI"") model and the Asset Intrinsic Risk (""AIR"") model. The HI model is a measure of fitness for continued service of the asset regardless of its operating context, criticality, operational demands and system configuration. The HI model being agnostic of such factors allows for a pragmatic indication to the asset condition. The AIR model is a multiplier that reflects the risk based on the following dimensions: Asset Criticality, Reliability Impact, Safety Consideration, Environmental Risk, Technical Obsolescence, and Minimum Acceptable Operating Standard. The ACAM intends to leverages data obtained from the field through visual inspection surveys, measurable data and service record data (e.g. install date) from GIS to assess the remaining life of a particular asset.

Model Development - Correlation versus Causality in ACA Models: Asset failures are caused by a numerous factors including but not limited to overutilization, corrosion, mechanical stress, manufacturing defects, and workmanship during installation. Measurements and data representing all factors in ACA models are not technically feasible nor economically feasible in some cases. Relationship factors with correlation to the modes of failure were studies and were health Index models. Other factors such as loading were examined and attempts made to find a link between the winding temperature and degradation of insulation. Cooling oil temperature levels, oil quality and dissolved gas analysis is not generally performed and causal models are rare since measuring such factors is a difficult task - an attempt at developing a correlation model was initiated and the fact that degradation mechanisms while well documented in electrical engineering and scientific literature, uncertainties were encountered.

Station Assets - Power Transformers, Circuit Breakers, Switchgear and associated equipment: A dedicated ACA model was developed for the PS TS transformers and associated equipment including Protection & Controls and SCADA assets. The model includes an evaluation of the condition of the ULTCs. BH is the only other legacy LDC with a transformer station. There is only one model for BH power transformers. This model is used for both their TS and MS transformers. The BH transformer model does not consider the condition of the ULTC. The same model may be used for both TS and MS transformers. The primary difference between the existing PS TS and MS transformer models is that the TS transformer model considers ULTCs in its evaluation of overall transformer Health Index. It was recommended that ULTCs be considered as a separate asset class and not included in the transformer model. Also, there is likely no need for a separate model for spare transformers as was the practice in the EHM model, so long as transformer status is identified.

Distribution Assets - Pad mounted and Vault Transformers, Over and Under-Head Conductors, Switchgear and associated equipment: For ACA of distribution asset, conditions and sub-condition were derived based on observable conditions that represent the degradation of the asset while it is in service.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

Corresponding weights were derived using a similar methodology for Station Assets. Distribution Transformers - the primary function of distribution transformers is to convert voltage levels from one voltage to another. This function is the same for Overhead, Pad-mounted, and Vault; however, the construction and service duty of the each of the three categories varies significantly. Therefore, three unique models were explored.

ACA Data Inputs and Outputs and associated equipment - e.g. Asset Register: An asset register is a repository of data pertaining to current and historical assets that are, or have been, in service within the Alectra service territory. This asset register would contain relevant attributes (e.g. serial numbers, installation and removal dates, engineering specs, etc.) for each asset, and would allow the ACA team to track asset life cycle. At some Alectra partner utilities, this asset register is contained within the financial system (JDE), while other partner utilities utilize the GIS system to act as an asset register. The advantages and disadvantages of having an asset register in JDE, GIS, or an external system was considered. Wherever this asset register ultimately resides, the ACA team may need daily access to the data contained within it, as the ACA team will be working closely with the operations, reliability, and maintenance groups to monitor and track asset conditions and program progress.

Development of the model extends into the next fiscal period.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

246

Alectra sought to make advances in an approach to devise a network health index assessment model for the purposes of developing new harmonized condition assessment practices and improvement tools. Alectra was officially formed in March of 2017 and involved the merging of four separate Local Distribution Companies (LDC's), PowerStream (PS), Brampton Hydro (BH), Horizon Utilities Company (HUC) and Enersource Hydro Mississauga (EHM), operating in south central Ontario, into a single merged company. Each of the former legacy utilities had established processes for many utility based practices, including processes geared at establishing distribution system asset condition. A single LDC model requires harmonization of practices across many business functions, one of which is the harmonization of a Distribution System Plan.

Alectra Utilities intends to prepare a consolidated Distribution System Plan (DSP) in Q2 2019. In order to do so requires the development of new harmonization methodologies and asset health indexing to attempt to derive techniques for system renewal and sustainment initiatives.

The harmonization of asset condition assessments and health indexing is also intended to result in utilizing single assessment models for each asset class in the new Alectra service territory. The benefits of doing so is that assets will be assessed based on the same model, regardless of which region they are operating in. The standardization of these assessments was intended to eliminate regional anomolies. Considering that condition assessments were performed at each of the former rate zones following similar processes but at uniquely different maturity levels, presents a challenge for the harmonization of these practices.

This project was undertaken to attempt to understand existing models used in each rate zone, examining and clarifying differences, identifying similarities, and leveraging and developing new methodologies and techniques

30.	for a new revised harmonized condition assessment model.
31.	

Section C – Additional project information

Who prepared the responses for Section B?

253	1 [X] Employee directly involved in the project	254 Name [redacted]	
255	1 [ ] Other employee of the company	256 Name	
257	1 [X] External consultant	258 Name Deloitte LLP	259 Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	P.Eng., 25+ years' experience, Condition Management
2 [redacted]	P.Eng., 25+ years' experience, Manager - Condition Management
3	

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [X] Project planning documents	276 1 [X] Progress reports, minutes of project meetings
271 1 [ ] Records of resources allocated to the project, time sheets	277 1 [ ] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	278 1 [ ] Photographs and videos
273 1 [ ] Project records, laboratory notebooks	279 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [ ] Design, system architecture and source code	280 1 [X] Contracts
275 1 [ ] Records of trial runs	281 1 [X] Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **5**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P5: Protection and Control OMS development and operations

202 Project start date: 2011-01 (Year Month)

204 Completion or expected completion date: 2019-12 (Year Month)

206 Field of science or technology code (See guide for list of codes): 2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project

210 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome? (*Maximum 50 lines*)

1. 242
2. The following obstacles would derive from attempts to develop an effective and
3. efficient Outage Management System and operations telecom infrastructure: The
4. successful implementation of the OMS Responder upgrading, and the Responder
5. Mobile Application with an outage web interface to OMS; Improving the IVR
6. interface with the OMS and the outage notification process via automatically
7. generated e-mails; Further upgrading the Operations Heat S/W tool used in
8. conjunction with OMS; Verification through testing of the performance of ICCP;
9. Systematic effects on the existing architectural electronic infrastructure
10. from ice storm events (volume influx of outages in compressed time-frame); and
11. complications from degradation of service of the outage web map. Additional
12. uncertainties would be faced from: Telemetry of Alectra's (Powerstream,
13. Enersource, Horizon) connected Distributed Energy Resources and associated
14. SCADA and GIS systems; Logging activities associated with or occurring on the
15. distribution network; and disruption intelligence systems and monitoring
16. systems.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

1.
2. We undertook a review of each of the Alectra OMS platforms in use in 2017. We
3. to examined legacy systems with a comprehensive review looking at system
4. features, scalability and capability to organically expand into an ADMS. The
5. investigation resulted in a SCADA concept core application, then OMS and then
6. an Advanced (ADMS). Research will later include coupling to blockchain
7. transactions. This work will expand in FY2018 with the IT and OMS group and
8. simulations to be performed. The beta-version will be tested at the Cityview
9. location.
10.
11. Testing continued on disruptive intelligence systems (Distribution Automation
12. - DA): Continuing to refine the Fault Detection, Isolation & Restoration
13. (FDIR) scheme; Measuring ""uptime"" of DA schemes and building additional
14. controls and visibility of all schemes; And, expanding FDIR to additional
15. feeders. All Self-healing schemes are intended to be matured into a production
16. state with monitoring for reliability and repeatability. DA and FDIR research
17. will continue after the revised SCADA system is tested.
18.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

Former Enersource commenced a multi-year project to upgrade the SCADA system to GE PowerON Control SCADA System (GE SD4). We would test a 400 MHz licenced frequency to communicate with our remotely operable Overhead and Underground switches using the GE SD4 platform of Radios and Master units. Challenges faced included: erecting new antenna hardware; Elevating the existing antenna to accommodate the two pairs of 400 MHz frequencies; Algorithm development of the new GE SD4 Radios and SCADA system hardware development. Communication failures between the repeater sites and our test lab was encountered and we experimented with various radios/different cables/various types of antennas/different communication protocols to attempt to establish communication, without success. After failed attempts, we tested new cavity filters concepts. Communication between the SCADA Master and GE SD4 Master units was established.

Outage Management System (OMS): Progression into migrating into cloud computing and conducted stress testing; Added customer notification email capabilities; and revised Estimated Time of Restoration (ETR) forecasting. Cybersecurity factors were also investigated with mixes of communications methodologies including licensed wireless, fibre optics and hubs. Sniffing, central authentication and encryption techniques would be explored. Line sensor networks cost-effectiveness strategies were devised with a licensed wireless node serving as a wi-fi hub for a localized array. New models from legacy Alectra utilities will be explored, including notification tools - outage maps, social media, etc. We will also examining the overall outage communications strategy with Opus 1 - microgrid management and DERMS application into the Scada system.

OMS development also involved: OSI software (Pi) application interface and data historian development - presently using the system for maintenance data analytics and enabling real time analysis and support to a predictive model using data analytics capabilities and ODS (Operational Data Store) data mining. Intelliteam systems also continued to be developed and IVR and outage web mapping in which systems were built and tested.

A variety of new techniques and methodologies were required for new capital applications and testing and monitoring in-field equipment was undertaken, for example: Smart meters to commercial (GS>50); Licensed Wi-max system upgrades; Cascade CMMS; and expanded WiMax systems. Cyber-security capabilities and encryption techniques will be explored under a 'Crossbow' remote access application pilot project with hardening, immunity to interference, and auto-throttling capabilities.

Other items under OMS development in FY2017 included: the completion of the Infeed SCADA system management with controllable load interrupter development using S&C 6801 motor operator; Penetanguishine - completion of network communications protocols; Complex GE Orbit radio platform transceiver - attempting to ensure communications with wireless and ethernet - examined strengthening and hardening the platform in FY2017; Regional-level communications for outage management (E-mails protocols); and devising Electronic Logging systems. We also explored: WiMax at legacy Enersource with potential Voice Radio upgrade and consolidation; FIT communications - distribution grid asset communications - assets on the edge of the system (Smart Fault Indicator) - Stranded data assets presently encountered; Data analytics and AI, Hacking / cyber testing (Elster and Trilliant - FY2018)

Throughout the development process, sub-contractors were involved to assist in overcoming challenges in attempt to achieve advancements sought.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

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77.  External contractors (see complete list in Section C, line 268) were also
78.  directly engaged in the experimental development activities and/or related
79.  support activities
```

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

```
1.   246
2.   It is the knowledge, expertise and capability to design, develop and implement
3.   OMS and related tools with a configuration, functionality and features, whose
4.   use leads to improvements in network reliability performance and reduces the
5.   size of service interruptions.  Such tools would also facilitate better
6.   management of outages and distribution network operations from a central
7.   Control Room, provide system operators with a near real-time view of the state
8.   of Alectra's network, and establish a platform for future operational and work
9.   force automation initiatives.  This advance requires a comprehensive
10.  understanding of the essential interfaces to Alectra's CIS, GIS, SCADA, AMI
11.  and IVR. These interfaces had to be created, custom coded and tested to ensure
12.  seamless performance.  Testing would remain ongoing and failures would result
13.  in additional development and incremental knowledge gained.
14.
```

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	**254** Name [redacted]	
255 1 [ ] Other employee of the company	**256** Name	
257 1 [X] External consultant	**258** Name Deloitte LLP	**259** Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	**261** Qualifications/experience and position title
1 [redacted]	C.E.T., 34years' experience, VP Operations
2 [redacted]	C.E.T., 29 years' experience, Manager, System Control
3 [redacted]	Managers - Protection and Communications

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [X] Yes 2 [ ] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	**269** BN
1 ENGHOUSE INTERACTIVE (CANADA)	84195 1486 RT0001
2 ESRI CANADA LTD.	89521 0979 RT0001
3 VERIDIAN CONNECTIONS INC.	88628 2920 RT0001
4 QUATRIC SOLUTIONS INC	83242 6241 RT0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270	1	X	Project planning documents	276	1	X	Progress reports, minutes of project meetings
271	1		Records of resources allocated to the project, time sheets	277	1		Test protocols, test data, analysis of test results, conclusions
272	1		Design of experiments	278	1		Photographs and videos
273	1		Project records, laboratory notebooks	279	1		Samples, prototypes, scrap or other artefacts
274	1		Design, system architecture and source code	280	1	X	Contracts
275	1		Records of trial runs	281	1	X	Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **6**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P6:Smart Grid initiatives development

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2011-01 (Year Month)	2018-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome? (*Maximum 50 lines*)

242

Alectra (former Powerstream) has been a leader in Smart Grid initiatives and has successfully demonstrated and piloted many high profile Smart Grid initiatives in the areas of operations-distribution automation, EV technology, Data Analytics, and more recently in the areas of Alternative Energy Sources (microgrids, storage) and Home Technologies. Our energy landscape is undergoing a fundamental change to an integrated, intelligent, energy delivery network. This change is mainly driven by innovative technology advancements. New energy technologies are fundamentally shifting the value chain from a one-way to a bi-directional flow of electricity and information. Smart Grid technology: smart grid has enabled the grid to become intelligent and gear up for constant communication between various loads and sources. Behind the meter load displacement (distributed generation) using multiple sources, mainly green and sustainable, leverages technology integration and sophisticated controller systems. Improved energy monitoring and demand response is emerging using innovative new hardware, software and related technology. For Alectra, Smart Grid is the application of new technology to produce a more efficient, resilient and reliable distribution system, to enable renewable generation and to empower customers with more control over their energy usage.

Alectra will continue to be at the leading edge of technological and business model innovation. Due to the ongoing technological disruptions, it is challenging to integrate new technologies with existing grid infrastructure.

Activities in which specific uncertainties would be derived included: Continuous work in pilot application of commercial scale microgrid, Level 3 DC Quick Charger to enhance EV adoption and improving home technologies through dynamic pricing project; embarking new pilots in areas of residential solar and storage nanogrids, utility scale storage microgrids and residential energy management project and studying new methodologies to incorporate non-traditional solutions into engineering planning.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

244

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

In this fiscal period work continued on a variety of alternate energy sources/distributed energy resources, Electric vehicle, Data Analytics and Smart Home Technology initiatives:

Alternative Energy Sources:

The micro-grid demonstration project continued with solar, wind turbine, gas generator, alternate battery systems including lithium ion, lead acid and sodium nickel chloride as well as Vehicle to Home technology and EV Charging. New features include adding a Distributed Energy Resource Management System (DERMS) system that deploy new hardware and software control technology to allow for the evaluation of a number of advanced use cases). The 20 homes participating in POWER.HOUSE, which deploys solar generation and an energy storage system in partnership with Sunverge Energy, continued to be monitored and managed to assess the impact of these technologies. Further development of the plans to increase the scale of PowerHouse to 225 homes took place, with the addition of a new innovative aspect of this smart grid demonstration project: the integration of information technology (IT) systems that manage both site level energy requirements and DER aggregation with operational technology (OT control platforms used by Alectra to monitor and manage the grid), allowing for dispatch of DER assets from the control room. A further innovation was launched that will demonstrate the ability of blockchain technology to provide real-time transparency, tracking, and management of distributed energy resource participation to provide energy services. PowerHouse customers will participate in an energy marketplace powered by the Linux Foundation's hyperledger fabric.

A new project to support the testing of a vendor's DERMS system using operational data from Alectra Utilities' for simulation and testing was initiated.

Smart Home Technologies: Alectra Utilities' dynamic pricing program entered a new phase with an enlarged scale. The program was scaled from 1500 to 8000 participants in 2017 as part of the Ontario Energy Board's Regulated Price Plan Roadmap pilots initiative. Alectra is offering multiple electricity rate structures for residential customers to gauge the cost, demand impact and customer response to for alternative rate structures.

The Net Zero Energy Emissions initiative was developed that demonstrates how the integrated control of low carbon equipment can provide for more grid flexibility and maximize assets through an expanded virtual power plant model of 10 homes in Markham. The challenges this project addresses include: 1) improving household energy dynamics to achieve the lowest possible GHGs while still meeting all energy needs, and 2) how home-based distributed energy resources (DERs), like solar PV, storage, hybrid heating and microCHP can serve as a virtual power plant (VPP) to lower GHGs in the bulk electricity and natural gas grids?

Alectra transitioned its existing peaksaver residential demand response resources into a new program entitled Advantage Planet. Participants in this program were successfully bid into the IESO's demand response auction for the 2018 summer commitment period, In this time, Alectra developed the business model and began the recruitment of customers.

Electric Vehicle: Two Electric Vehicle Level 3 public charging stations were maintained with an effort to learn communication needs, charging patterns and consumer usage. New project related to Workplace Charging was initiated. The project will demonstrate intelligent use of behind-the-meter energy resources such as electric vehicles, charging stations, building automation systems, energy storage- to be aggregated using a distributed energy resource

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

management platform (DERMS platform) for research toward the efficiency of operations, demand response and peak management. This will provide a demonstration of how a fleet of customer owned or company owned electric vehicles may be integrated into a facility.

Data Analytics: Other initiatives include continued work on aggregating smart meter data to allow detailed analysis of transformer loading patterns to improve asset utilization. A new project was launched to work with a leading internet search and data analytics company to bring new insights to its business and provide customers with new services.

External contractors (see complete list in Section C, line 268) were also directly engaged in the experimental development activities and/or related support activities

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

246

The knowledge & capability to deploy and implement a range of smart grid concepts & technologies across Alectra's existing distribution network to transition it to one that has a fully intelligent infrastructure with: Compatible, durable & reliable equipment with built-in sensing and intelligent electronic devices for monitoring, fault diagnosis, and self-restoration capabilities; Fail-safe, robust, fast, high band-width, 2-way advanced communications from customers to the grid control centre; Centralized monitoring and control utilizing integrated data bases for customer information, for asset records including their geographic locations, the management of outages, grid operations, and for making physical changes to the grid infrastructure; Informed and intelligent operators & customers regarding electricity use and the assets for local generation, distribution & storage, and initiatives to facilitate wise consumption for system-wide benefits; and Unrestricted capability to accommodate, electric vehicles, distributed generation (DG), and potentially energy storage. A smart grid therefore supports 2-way flows of electricity, data & information. Furthermore, in 2017, Alectra continued to make technological advancements in testing and analyzing the capabilities of distributed energy resources such as the POWER.HOUSE, Penetanguishene microgrid, Residential Energy Management System and Intelligent thermostats; EV strategies, Data analytics algorithms to control microgrid systems.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name [redacted]
255 1 [ ] Other employee of the company	256 Name
257 1 [X] External consultant	258 Name Deloitte LLP — 259 Firm Deloitte LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	Vice President, Corporate Development and Smart Grid Technologies, 22 years of experience
2 [redacted]	15+ years' experience, Smart Grid Technologies
3	

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [X] Yes 2 [ ] No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	269 BN
1	NAVIGANT CONSULTING LTD.	86766 9939 RT0001
2	SILVERBLAZE SOLUTIONS INC.	86742 4426 RC0001
3	UTIL-ASSIST INC.	84277 2741 RC0001
4	IBM CANADA LIMITED	10244 4452 RT0001
5	RBI	10269 2670 RT0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

- 270 1 [X] Project planning documents
- 271 1 [ ] Records of resources allocated to the project, time sheets
- 272 1 [ ] Design of experiments
- 273 1 [X] Project records, laboratory notebooks
- 274 1 [ ] Design, system architecture and source code
- 275 1 [ ] Records of trial runs
- 276 1 [X] Progress reports, minutes of project meetings
- 277 1 [X] Test protocols, test data, analysis of test results, conclusions
- 278 1 [ ] Photographs and videos
- 279 1 [ ] Samples, prototypes, scrap or other artefacts
- 280 1 [X] Contracts
- 281 1 [X] Others, specify 282 E-mails

Part 2 – Project information (continued)

Project number **7**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

P7: Sustainable generation systems design and development

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2011-01 (Year Month)	2018-12 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

242

Alectra (Powerstream, Enersource, Horizon) wanted to substantially increase its knowledge & understanding of sustainable generation technologies, and the applications in their distribution network. The focus was primarily with Solar Photovoltaic (PV), and the variables that are critical for such systems to be technically & commercially viable; however other sustainable/renewable energy sources were constantly being evaluated and analyzed. Alectra wanted this capability in order to develop a robust methodology that it could use to investigate and qualify potential locations for either custom designed or pre-engineered sustainable generation systems, which it could then implement. To date, Alectra staff had undertaken many studies/investigations of multiple sites with potential; especially those of a Solar PV nature. For potential roof top mounted systems, had performed a large number of structural reviews/analyses and preliminary designs prepared. It had also developed its first scale Solar PV system of 210kW AC for trial purposes and also to export power under a FIT contract. This completed system went into service for trials and exporting power. With this system, and any new renewable system in development, trials are required to investigate the impact of (1) mounting systems/panel temperature, (2) panel tilt angle on electricity production, and (3) how to maximize AC kWh produced through performance testing.

Some of the uncertainties and obstacles that Alectra had to overcome with respect to these technologies include:

- Determining how string level monitoring with an in-situ thermal data monitor can be used to quantify how operating temperatures affect current and power generation.
- Establishing whether module mismatch and shading and how to improve power generation while providing module level remote monitoring and PV safe features can be achieved. In addition, how to improve PV performance in a wide range of environmental conditions.
- Qualifying new locations for the detailed design, engineering and construction of renewable generation systems, particularly for PV Solar systems.
- Understanding how to best integrate renewable-generated power into smart-grid/micro-grids (including storage).
- Applied research is constantly required to understand and investigate new methods of renewable generation (wind, solar, biogas, thermal, etc).

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

244

Key activities in PV development in FY2017 included:

System development activities

Investigations continued to be undertaken to assist with the development of a new Net Metering / Self-Consumption (NM/SC) methodology for Ontario (MEAWG). Initial data was assembled from internal PowerStream, CanSIA and other sources to attempt to identify opportunities for recommendations on the new NM/SC. Inverter technologies continued to be explored - HiQ. The purpose of the evaluation was to identify new technologies that would support our internal rate of return (IRR) objectives in an environment of falling FIT (Feed-in Tariffs) and increasing ESA requirements (Rapid Shut-Down, AFCI and Rodent Protection). EPC specifications for rooftop solar facilities and for landfill (ground mount) solar facilities were revised.

Distributed Renewable Energy Analysis Activities

Performed extensive research of world-wide technologies related to solar projects on landfills. Data reviewed with engineering firms and developers. Challenges included differing environments and climatic conditions as well as unique requirements (ballasted solutions only - no penetration of the landfill cap is permitted). Work would involve MOECC to devise zoning technicalities for EASR (Environmental Activity and Sector Registry).

Ongoing analysis of a 10kW microFIT solar test array at the Walker Transformer Station, which served as an R&D facility to evaluate various ballasted ground-mount technologies for future projects to be built on landfills. Several mounting systems were evaluated, including a self-ballasted dual-axis tracker. Three ballasted systems were installed: 2 with different fixed tilts; one with seasonally adjustable dual tilt - for performance evaluations. Extensive analysis of connection options (due to a unique location of this project). Ground Grid design and installation (not a typical requirement for our portfolio of projects).

Net-Zero Energy Emissions initiative (in conjunction with P6: Smart Grid) - researched Energy Efficiency initiatives; selected a subset of conservation measures for the Concept paper; provided distribution of their corresponding kWh savings over seasonal and TOU (time-of-use) buckets for modeling (a unique Alectra-specific methodology); wrote a section of the Concept paper, and provided technical analysis.

Solar Operations & Maintenance

Snow Sensor Measurement and Monitoring, Snail Trail Correlation to Module Performance and the analysis of the impact of DC oversize remained ongoing. Further Solar Operation research included:

- Bifacial Module Test Site - test site for evaluating performance of bifacial solar modules - the activity involved 2 strings of bifacial modules at an existing site, including a reflective irradiance sensor to monitor and collect performance generation data.
- TiGo versus Non-Tigo Test Site - Continued to collect and analyse monthly data, Updates and inclusion of new findings into the previously issued report; Micro Grid Data Supply (complete) - Collect actual historical data from existing solar installations, compile data.
- Presently testing alternate remote monitoring systems on existing sites to confirm costs, duration, process and procedures of migration and conversion to

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

new monitoring equipment and software platforms - Two specific tests were completed: Also conducting Energy Monitoring at the East Bayfield CC site; and utilizing a Fronius Inverter Monitoring at the Walker TS 7970 Markham Rd. site.

- Solar point of connection - system to grid is typically on the line side and Aletra is investigating methods to facilitate a LDC lockout to facilitate owner panel modifications.
- Solar eclipse effects study performed - the effect was smaller than expected.

Other sustainable generation systems were placed on hold through the fiscal period and may be reinitiated in future fiscal periods.

External contractors (see complete list in Section C, line 268) were also directly engaged in the experimental development activities and/or related support activities

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

246

We achieved several advancements in improving our PV Solar systems/designs for both engineering and for operations/maintenance. Improved knowledge of new sustainable generation system opportunities was also gained.

From a methodology perspective, a number of specifications and practices were created for detailed engineering, construction and commissioning of PV Solar systems. Several models were developed to address environmental factors; and work would continue to further refine these models and test them in the next fiscal period. This project remains ongoing with knowledge gained from the various activities described in the above. Future advancements would be focused on other renewable energy sources and learning how to use them to maximize input to the ever-changing grid.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	**254** Name [redacted]		
255 1 [ ] Other employee of the company	**256** Name		
257 1 [X] External consultant	**258** Name Deloitte LLP	**259** Firm Deloitte LLP	

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	**261** Qualifications/experience and position title
1 [redacted]	P.Eng., 20+ year's exp., O&M Manager - Renewable Generation
2	
3	

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 [X] Yes 2 [ ] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1 ENVIRO-ENERGY TECHNOLOGIES	84639 3874 RC0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270	1 X	Project planning documents	276	1 X	Progress reports, minutes of project meetings
271	1	Records of resources allocated to the project, time sheets	277	1 X	Test protocols, test data, analysis of test results, conclusions
272	1	Design of experiments	278	1	Photographs and videos
273	1 X	Project records, laboratory notebooks	279	1	Samples, prototypes, scrap or other artefacts
274	1 X	Design, system architecture and source code	280	1 X	Contracts
275	1	Records of trial runs	281	1 X	Others, specify 282 E-mails

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 72860 4299 RC0001

Corporation's name
002 ALECTRA UTILITIES CORPORATION

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 55 JOHN STREET NORTH
012
City: 015 HAMILTON
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal or ZIP code: 018 L8R 3M8

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 or 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 [X] 2 No [ ]
If **yes**, complete lines 031 to 038.
031 55 JOHN STREET NORTH
032
City: 035 HAMILTON
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal or ZIP code: 038 L8R 3M8

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 Year Month Day

To which tax year does this return apply?
Tax year start: 060 Year Month Day 2017-01-31
Tax year-end: 061 Year Month Day 2017-12-31

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 [X] 2 No [ ]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

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

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

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	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation 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	X	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	X	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)

	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	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

	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 products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

			%
284	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 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

	Line	Amount	Line	Amount	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	34,933,448	A
Deduct:					
Charitable donations from Schedule 2	311	1,214,638			
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	3,185,959			
Non-capital losses of previous tax years from Schedule 4	331	30,532,851			
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		34,933,448	►	34,933,448	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	35,059,670	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	458,904	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 458,904 x 415 *** ______ D / 11,250 = ______ E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0")	425	458,904	F
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			G
Amount F **minus** amount G	427	458,904	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	/ 335	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, and before January 1, 2018 / Number of days in the tax year	335 / 335	x 17.5 % =	2
Amount A, B, C, or H, whichever is the least		x	Number of days in the tax year after December 31, 2017 / Number of days in the tax year	/ 335	x 18 % =	3

Total of amounts 1, 2 and 3 (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.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount 490	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] 500	L Business limit assigned to corporation identified in column J [4] 505
1.				
			Total 510	Total 515

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)			A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B	
Amount K13 from Part 13 of Schedule 27		C	
Personal services business income	432	D	
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E	
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F	
Aggregate investment income from line 440 on page 6*		G	
Subtotal (**add** amounts B to G)		►	H
Amount A **minus** amount H (if negative, enter "0")			I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %			J

Enter amount J on line 638 on page 8.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)			K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		L	
Amount K13 from Part 13 of Schedule 27		M	
Personal services business income	434	N	
Amount used to calculate the credit union deduction (amount F from Schedule 17)		O	
Subtotal (**add** amounts L to O)		►	P
Amount K **minus** amount P (if negative, enter "0")			Q
General tax reduction – Amount Q **multiplied** by 13 %			R

Enter amount R on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . . 440 ______ A

Amount A ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 335) x 26 2/3 % = ______ 1

Amount A ______ x (Number of days in the tax year after December 31, 2015 335 / Number of days in the tax year 335) 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 335) x 9 1/3 % = ______ 3

Amount C ______ x (Number of days in the tax year after December 31, 2015 335 / Number of days in the tax year 335) 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 335) x 35 = ... ______ 5

(Number of days in the tax year after December 31, 2015 335 / Number of days in the tax year 335) 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 427 on page 4, whichever is the least . . . . . ______ K

Amount I . . . . . ______ L

Foreign business income tax credit from line 636 on page 8 . . . . . ______ x 4 = ______ M

Subtotal (total of amounts K to M) ______ ▶ ______ N

Subtotal (amount J **minus** amount N) ______ O

Amount O ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 335) x 26 2/3 % = ______ 7

Amount O ______ x (Number of days in the tax year after December 31, 2015 335 / Number of days in the tax year 335) x 30 2/3 % = ______ 8

Subtotal (amount 7 **plus** amount 8) ______ ▶ ______ P

Part I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . . ______ Q

Refundable portion of Part I tax – Amount F, P, or Q, whichever is the least . . . . . 450 ______ R

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460			
Deduct:				
Dividend refund for the previous tax year	465			
		►		A
Add:				
Refundable portion of Part I tax from line 450 on page 6			B	
Total Part IV tax payable from Schedule 3			C	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
Subtotal (add amounts B, C, and line 480)		►		D
Refundable dividend tax on hand at the end of the tax year – Amount A **plus** amount D	485			

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 . . . . 31,934,000 E

Amount E	31,934,000	x	Number of days in the tax year before January 1, 2016 / Number of days in the tax year	/ 335	x 33 1/3 % =		1
Amount E	31,934,000	x	Number of days in the tax year after December 31, 2015 / Number of days in the tax year	335 / 335	x 38 1/3 % =	12,241,367	2

Subtotal (amount 1 **plus** amount 2)	12,241,367	►	12,241,367	F
Refundable dividend tax on hand at the end of the tax year from line 485 above				G
Dividend refund – Amount F or G, whichever is less				H

Enter amount H on line 784 on page 9.

Part I tax

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

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business **555** ______ x (Number of days in the tax year after December 31, 2015 335 / Number of days in the tax year 335) x 5 % = **560** ______ B

Recapture of investment tax credit from Schedule 31 . . . **602** ______ C

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

Aggregate investment income from line 440 on page 6 . . . ______ D

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

Deduct:
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . ______ F

Net amount (amount E **minus** amount F) ______ ▶ ______ G

Amount D or G, whichever is less ______ x (Number of days in the tax year before January 1, 2016 ______ / Number of days in the tax year 335) x 6 2 / 3 % = ______ 1

Amount D or G, whichever is less ______ x (Number of days in the tax year after December 31, 2015 335 / Number of days in the tax year 335) 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	910,274
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		910,274

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	1,704,396
Total tax payable	770	2,614,670 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	4,753,705
Total credits	890	4,753,705 ▶ 4,753,705 B

Refund code 894 1 Overpayment 2,139,035

Balance (amount A **minus** amount B) -2,139,035

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 ☒

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

Certification

I, 950 Basilio (Last name) 951 John G. (First name) 954 Chief Financial Officer (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 2018-06-25 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 [redacted] 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 Martin Sultana Name of other authorized person 959 [redacted] 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: Martin Sultana

Telephone number: [redacted]

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalments	4,753,705

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 4,753,705 **A**

Total instalments credited to the taxation year per T9 4,753,705 **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 101

Form identifier 101

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Opening balance sheet information

Account	Description	GIFI		Amount
	Assets			
	Total current assets	1599	+	759,997,000
	Total tangible capital assets	2008	+	2,310,494,000
	Total accumulated amortization of tangible capital assets	2009	–	
	Total intangible capital assets	2178	+	218,670,000
	Total accumulated amortization of intangible capital assets	2179	–	
	Total long-term assets	2589	+	19,099,000
	* Assets held in trust	2590	+	
	Total assets (mandatory field)	2599	=	3,308,260,000
	Liabilities			
	Total current liabilities	3139	+	943,145,000
	Total long-term liabilities	3450	+	1,342,664,000
	* Subordinated debt	3460	+	
	* Amounts held in trust	3470	+	
	Total liabilities (mandatory field)	3499	=	2,285,809,000
	Shareholder equity			
	Total shareholder equity (mandatory field)	3620	+	1,022,451,000
	Total liabilities and shareholder equity	3640	=	3,308,260,000
	Retained earnings			
	Retained earnings/deficit – end (mandatory field)	3849	=	104,299,000

* Generic item

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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	685,002,858	
	Total tangible capital assets	2008	+	2,920,240,311	
	Total accumulated amortization of tangible capital assets	2009	–		
	Total intangible capital assets	2178	+	1,040,705,540	
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	3,962,900	
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	4,649,911,609	
	Liabilities				
	Total current liabilities	3139	+	1,341,506,918	
	Total long-term liabilities	3450	+	2,071,531,198	
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	3,413,038,116	
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	1,236,873,493	
	Total liabilities and shareholder equity	3640	=	4,649,911,609	
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	72,260,175	

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

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	+	3,046,613,209	
	Cost of sales	8518	–	2,564,252,960	
	Gross profit/loss	8519	=	482,360,249	
	Cost of sales	8518	+	2,564,252,960	
	Total operating expenses	9367	+	486,512,986	
	Total expenses (mandatory field)	9368	=	3,050,765,946	
	Total revenue (mandatory field)	8299	+	3,149,667,223	
	Total expenses (mandatory field)	9368	–	3,050,765,946	
	Net non-farming income	9369	=	98,901,277	
	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	=	98,901,277	
	Total other comprehensive income	9998	=	-1,479,920	
	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	–	28,538,430	
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	-1,479,920	
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	68,882,927	

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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 [X] 2 No [ ]

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

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

Part 2 – Type of involvement with the financial statements

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

Completed an auditor's report . . . . . 1 [ ]

Completed a review engagement report . . . . . 2 [ ]

Conducted a compilation engagement . . . . . 3 [ ]

Part 3 – Reservations

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

Has the accountant expressed a reservation? . . . . . 099 1 Yes [ ] 2 No [ ]

Part 4 – Other information

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

Prepared the tax return (financial statements prepared by client) . . . . . 1 [X]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 [ ]

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

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

Are subsequent events mentioned in the notes? . . . . . 104 1 Yes [ ] 2 No [ ]

Is re-evaluation of asset information mentioned in the notes? . . . . . 105 1 Yes [ ] 2 No [ ]

Is contingent liability information mentioned in the notes? . . . . . 106 1 Yes [ ] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . 107 1 Yes [ ] 2 No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . 108 1 Yes [X] 2 No [ ]

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes [ ] 2 No [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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Assets – lines 1000 to 2599

1000	119,353,700	1060	250,287,631	1062	268,088,226
1120	20,017,961	1400	5,055,655	1480	15,803,961
1484	6,395,724	1599	685,002,858	1900	2,920,240,311
2008	2,920,240,311	2010	139,901,646	2012	900,803,894
2178	1,040,705,540	2240	3,962,900	2589	3,962,900
2599	4,649,911,609				

Liabilities – lines 2600 to 3499

2620	395,947,813	2680	262,573	2700	794,902,413
2860	39,330,115	2920	1,522,835	2960	17,996,142
2961	91,545,027	3139	1,341,506,918	3220	300,488,567
3240	14,852,142	3300	1,671,620,962	3320	69,241,431
3321	15,328,096	3450	2,071,531,198	3499	3,413,038,116

Shareholder equity – lines 3500 to 3640

3500	350,770,958	3540	817,695,181	3580	-3,852,821
3600	72,260,175	3620	1,236,873,493	3640	4,649,911,609

Retained earnings – lines 3660 to 3849

3660	33,831,328	3680	70,362,847	3700	-31,934,000
3849	72,260,175				

SCHEDULE 101

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 101

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Assets – lines 1000 to 2599

1000	155,688,000	1060	177,717,000	1062	338,158,000
1066	11,632,000	1120	17,957,000	1400	23,608,000
1480	24,277,000	1484	10,960,000	1599	759,997,000
1900	2,310,494,000	2008	2,310,494,000	2010	124,041,000
2012	94,629,000	2178	218,670,000	2200	8,256,000
2421	10,843,000	2589	19,099,000	2599	3,308,260,000

Liabilities – lines 2600 to 3499

2600	94,723,000	2620	318,866,000	2700	229,514,000
2860	161,286,000	2920	60,119,000	2960	11,091,000
2961	67,546,000	3139	943,145,000	3220	222,832,000
3240	9,426,000	3300	1,038,012,000	3320	56,713,000
3321	15,681,000	3450	1,342,664,000	3499	2,285,809,000

Shareholder equity – lines 3500 to 3640

3500	355,272,000	3540	567,286,000	3580	-4,406,000
3600	104,299,000	3620	1,022,451,000	3640	3,308,260,000

Retained earnings – lines 3660 to 3849

3660	104,299,000	3849	104,299,000

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Description

Sequence number 0003 01

Other comprehensive income – lines 7000 to 7020

7002	-2,013,720	7010	-533,800

Revenue – lines 8000 to 8299

8000	3,046,613,209	8089	3,046,613,209	8100	1,405,890
8210	-5,398,749	8230	106,925,017	8234	121,856
8299	3,149,667,223				

Cost of sales – lines 8300 to 8519

8320	2,564,252,960	8518	2,564,252,960	8519	482,360,249

Operating expenses – lines 8520 to 9369

8670	121,933,987	8710	54,821,202	9270	309,757,797
9367	486,512,986	9368	3,050,765,946	9369	98,901,277

Extraordinary items and taxes – lines 9970 to 9999

9970	98,901,277	9990	28,538,430	9998	-1,479,920
9999	68,882,927				

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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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*.

	Line	Amount		Total	
Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125				68,882,927	A
Add:					
Provision for income taxes – current	101	28,538,430			
Interest and penalties on taxes	103	75,819			
Amortization of tangible assets	104	121,933,987			
Loss on disposal of assets	111	5,398,749			
Charitable donations and gifts from Schedule 2	112	29,507			
Scientific research expenditures deducted per financial statements	118	1,567,321			
Non-deductible club dues and fees	120	132,134			
Non-deductible meals and entertainment expenses	121	235,491			
Non-deductible automobile expenses	122	24,743			
Reserves from financial statements – balance at the end of the year	126	80,372,719			
Subtotal of additions		238,308,900	▶	238,308,900	
Other additions:					
Financing fees deducted in books	216	102,227			

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	39,566
2	Solar Sunbelt GP - Taxable income	870,871
3	Interest on capital lease - building	957,924
4	12(1)(x) income	61,886,099
	Total of column 2	63,754,460

	Line	Amount		Total	
Total of column 2 ▶	296	63,754,460			
Subtotal of other additions	199	63,856,687	▶	63,856,687	
Total additions	500	302,165,587	▶	302,165,587	B
Amount A **plus** amount B				371,048,514	C
Deduct:					
Gain on disposal of assets per financial statements	401	140,848			
Capital cost allowance from Schedule 8	403	177,629,549			
SR&ED expenditures claimed in the year on line 460 from Form T661	411	2,250,084			
Reserves from financial statements – balance at the beginning of the year	414	65,552,699			
Subtotal of deductions		245,573,180	▶	245,573,180	
Other deductions:					
Non-taxable/deductible other comprehensive income items	347	533,800			
Book income on joint ventures	348	121,856			

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Deduction under 20(1)(e) ITA	224,330
2	13(7.4) Election	64,324,400

	1 Description 705	2 Amount 395
3	PY ITCs recorded in accounting income	486,900
4	See attached	24,850,600

Total of column 2	89,886,230 ▶ 396	89,886,230	
Subtotal of other deductions	499	90,541,886 ▶	90,541,886
Total deductions	510	336,115,066 ▶	336,115,066 D

Net income (loss) for income tax purposes (amount C **minus** amount D) . . . . 34,933,448 E

Enter amount E on line 300 of the T2 return.

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Explanatory note

THE TAXPAYER HEREBY ELECTS, PURSUANT TO SUBSECTION 13(7.4) TO NOT INCLUDE $64,324,400 IN INCOME PURSUANT TO PARAGRAPH 12(1)(x). ACCORDINGLY, THE TAXPAYER HAS REDUCED THE COST OF PROPERTY ACQUIRED DURING THE YEAR BY $64,324,400.

Description	Operator (Note)	Amount	
Election 13(7.4)		61,886,099	00
Election 13(7.4) - stranded meters recovery	+	2,438,301	00
	+		
	Total	64,324,400	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Description	Operator (Note)	Amount	
AFUDC - interest capitalized for book purposes - deductible for tax		2,668,430	00
OMERS contributions deductible for tax 20.1(q), capitalized for accounting	+	3,867,294	00
Customer contribution revenue amortization	+	6,510,214	00
Cash payment on capital leases	+	1,310,752	00
Net energy expenses RSVA, not taxable	+	9,693,160	00
Accrual for current ITCs recorded for accounting purposes	+	800,000	00
Canadian renewable conservation expenses	+	750	00
	+		
	Total	24,850,600	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Inducement

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

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

Tax credits whose amount should be added to income

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

Federal

A		
X	Investment tax credit from apprenticeship job creation expenditures	2,586
	Investment tax credit from child care spaces expenditures	
	Canadian film or video production tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Film or video production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Investment tax credit claimed on contributions made to SR&ED farming organizations	

Ontario

A		
X	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	3,618
X	Ontario co-operative education tax credit	2,496
X	Ontario apprenticeship training tax credit	30,866
	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
	Ontario book publishing tax credit	
	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
	Ontario business-research institute tax credit	
	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

Deduction summary as per paragraph 20(1)(e) of the ITA

Federal

Deduction summary as per paragraph 20(1)(e) of the ITA

	Description	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	E Annual deduction (This amount is posted to one of the lines 395 of Schedule 1)	F Balance at the end of the year
1.	2016 Financing Costs (PSI)	2016-12-31	46,840	10,138	8,598	28,104
2.	Jan 2017 Financing Costs (PSI)	2017-01-30	22,834	375	4,191	18,268
3.	2016 Financing Costs (HUC)	2016-12-31	15,306	3,313	2,810	9,183
4.	2015 Financing Costs (EHM)	2015-12-31	139,766	58,204	25,656	55,906
5.	2014 Financing Costs (PSI)	2014-12-31	981,697	605,645	180,202	195,850
6.	2013 Financing Costs (HUC)	2013-12-31	855,651	852,778	2,873	
		Totals	2,062,094	1,530,453	224,330	307,311

Deduction as per paragraph 20(1)(e) of the ITA

This workchart allows you to determine the tax deduction as per paragraph 20(1)(e) of the Income Tax Act (ITA). It relates to the expenses of issuing or selling shares, units or interests and expenses of borrowing money.

Ensure that any of these expenses deducted in the financial statements have been added back on line 216, "Financing fees deducted in books," and/or on line 235, "Share issue expense" to Schedule 1, if applicable.

* If the check box was selected, the annual deduction will be equal to the amount in column C.

1 Description: 2016 Financing Costs (PSI)

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 335 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2016-12-31	46,840	10,138	36,702	8,598	8,598	28,104

2 Description: Jan 2017 Financing Costs (PSI)

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 335 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2017-01-30	22,834	375	22,459	4,191	4,191	18,268

3 Description: 2016 Financing Costs (HUC)

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 335 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2016-12-31	15,306	3,313	11,993	2,810	2,810	9,183

4 Description: 2015 Financing Costs (EHM)

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 335 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2015-12-31	139,766	58,204	81,562	25,656	25,656	55,906

5 Description: 2014 Financing Costs (PSI)

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 335 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2014-12-31	981,697	605,645	376,052	180,202	180,202	195,850

6 Description: 2013 Financing Costs (HUC)

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	**A** Expense amount	**B** Amounts deductible in the preceding taxation years	**C** Balance before the annual expense (column A minus column B)	**D** 20 % of amount A x number of days in the taxation year 335 / **365**	**E** Annual deduction (C or D, whichever is less)*	**F** Balance at the end of the year (column C minus column E)
☐	2013-12-31	855,651	852,778	2,873	157,065	2,873	

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- For use by corporations to claim any of the following:
  - – the eligible amount of charitable donations to qualified donees;
  - – the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers;
  - – the eligible amount of gifts of certified cultural property;
  - – the eligible amount of gifts of certified ecologically sensitive land; or
  - – the additional deduction for gifts of medicine.
- All legislative references are to the federal *Income Tax Act*, unless otherwise specified.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts are eligible for a 5-year carryforward except for gifts of certified ecologically sensitive land made after February 10, 2014, which are eligible for a 10-year carryforward. Provincial food donation tax credits must be applied in the current tax year.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - – Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - – If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017 to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File a completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
William Osler Foundation	300
Peel Children's Centre	23,500
Eramosa Karst	1,000
Barrie & District Christmas Cheer	2,500
OSJ Charities Trust Fund	1,407
Alzeimer Society	100
Canadian Cancer Society	100
Canadian Cancer Society	100
Heart and Stroke	100
Heart and Stroke	100
Heart and Stroke	100
Heart and Stroke	100
Heart and Stroke	100
Subtotal	29,507
Add: Total donations of less than $100 each	
Total donations in current tax year	29,507

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year		1,185,131	1A	1,185,131	1,185,131
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240	1,185,131		1,185,131	1,185,131
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include on line 112 of Schedule 1)	210	29,507		29,507	29,507
Subtotal (line 250 **plus** line 210)		29,507	1B	29,507	29,507
Subtotal (line 240 **plus** amount 1B)		1,214,638	1C	1,214,638	1,214,638
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		1,214,638	1D	1,214,638	1,214,638
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter on line 311 of the T2 return)	260	1,214,638		1,214,638	1,214,638
Charitable donations closing balance (amount 1D **minus** line 260)	280				

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in line 260 (for donations made after December 31, 2013) . . . . **262** ______

Ontario community food program donation tax credit for farmers (line 262 **multiplied** by 25 %) . . . . ______ 1E

Enter amount 1E on line 420 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1E. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in line 260 (for donations made after December 31, 2015) . . . . **263** ______

Nova Scotia food bank tax credit for farmers (line 263 **multiplied** by 25 %) . . . . ______ 1F

Enter amount 1F on line 570 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 1F. For more information, see section 50A of the Nova Scotia *Income Tax Act*.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in line 260 (for donations made after February 16, 2016 and before January 1, 2019) . . . . **265** ______

British Columbia farmers' food donation tax credit (line 265 **multiplied** by 25 %) . . . . ______ 1G

Enter amount 1G on line 683 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 1G. For more information, see section 20.1 of the British Columbia *Income Tax Act*.

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-01-30	600	600	600
2nd prior year	2016-12-31	257,794	257,794	257,794
3rd prior year	2015-12-31	481,842	481,842	481,842
4th prior year	2014-12-31	444,895	444,895	444,895
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2005-12-31			
14th prior year	2004-12-31			
15th prior year	2003-12-31			
16th prior year	2002-12-31			
17th prior year	2001-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)		1,185,131	1,185,131	1,185,131

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

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes* **multiplied** by 75 %			26,200,086 2A
Taxable capital gains arising in respect of gifts of capital property included in Part 1 **	**225**		
Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01)	**227**		
The amount of the recapture of capital cost allowance in respect of charitable donations	**230**		
Proceeds of disposition, **less** outlays and expenses**	2B		
Capital cost**	2C		
Amount 2B or 2C, whichever is less	**235**		
Line 230 or 235, whichever is less		2D	
Subtotal (**add** lines 225, 227 and amount 2D)		2E	
Amount 2E **multiplied** by 25 %			2F
Subtotal (amount 2A **plus** amount 2F)			26,200,086 2G
Maximum allowable deduction for charitable donations (amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is less)			1,214,638 2H

* For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

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

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			3A		
Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount 3A **minus** line 439)	440				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year (include on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			3B		
Subtotal (line 440 **plus** amount 3B)			3C		
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			3D		
Gifts of certified cultural property closing balance (amount 3C **minus** amount 3D)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-01-30			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2005-12-31			
14th prior year	2004-12-31			
15th prior year	2003-12-31			
16th prior year	2002-12-31			
17th prior year	2001-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

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

Part 4 – Gifts of certified ecologically sensitive land

	Line	Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			4A	
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539			
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount 4A **minus** line 539)	540			
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550			
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014 (include on line 112 of Schedule 1)	510			
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014 (include on line 112 of Schedule 1)	520			
Subtotal (**add** lines 550, 510, and 520)			4B	
Subtotal (line 540 **plus** amount 4B)			4C	
Adjustment for an acquisition of control	555			
Amount applied in the current year against taxable income (enter on line 314 of the T2 return)	560			
Subtotal (line 555 **plus** line 560)			4D	
Gifts of certified ecologically sensitive land closing balance (amount 4C **minus** amount 4D)	580			

* For the federal and Alberta, gifts made before February 11, 2014 , expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-01-30			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year*	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2005-12-31			
14th prior year	2004-12-31			
15th prior year	2003-12-31			
16th prior year	2002-12-31			
17th prior year	2001-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 5 – Additional deduction for gifts of medicine

		Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			5A		
Additional deduction for gifts of medicine expired after five tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount 5A **minus** line 639)	640				
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	602				
Cost of gifts of medicine made before March 22, 2017	601				
Subtotal (line 602 **minus** line 601)			5B		
Amount 5B **multiplied** by 50 %			5C		
Eligible amount of gifts	600				

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 **610** ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

where:

a is the **lesser** of line 601 and amount 5C
b is the eligible amount of gifts (line 600)
c is the proceeds of disposition (line 602)

		Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			5D		
Subtotal (line 640 **plus** amount 5D)			5E		
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			5F		
Additional deduction for gifts of medicine closing balance (amount 5E **minus** amount 5F)	680				

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made before March 19, 2007, expire after five tax years and gifts made after March 18, 2007, expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-01-30			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2005-12-31			
14th prior year	2004-12-31			
15th prior year	2003-12-31			
16th prior year	2002-12-31			
17th prior year	2001-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

***** For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, gifts made before March 19, 2007, expire after five tax years and gifts made after March 18, 2007, expire after twenty tax years.

Québec – Gifts of musical instruments

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

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2017-01-30	
2nd prior year	2016-12-31	
3rd prior year	2015-12-31	
4th prior year	2014-12-31	
5th prior year	2013-12-31	
6th prior year*	2012-12-31	
7th prior year	2011-12-31	
8th prior year	2010-12-31	
9th prior year	2009-12-31	
10th prior year	2008-12-31	
11th prior year	2007-12-31	
12th prior year	2006-12-31	
13th prior year	2005-12-31	
14th prior year	2004-12-31	
15th prior year	2003-12-31	
16th prior year	2002-12-31	
17th prior year	2001-12-31	
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

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Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a),(a.1), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- All legislative references are to the federal *Income Tax Act*.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only if** the payer corporation is **connected.**

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing column J and K use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business Number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD 220	E Non-taxable dividends under section 83 230
1			2			
					Total of column E (enter amount on line 402 of Schedule 1)	

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d)[note 1] 240	F1 Eligible dividends (included in column F)	F2	G Dividends included in column F that was received **before** 2016 241	H Total taxable dividends paid by **connected** payer corporation (for tax year in column D) 250	I Dividend refund of the **connected** payer corporation (for tax year in column D)[note 2] 260	J Part IV tax before deductions. Dividends (from column G) received **before** 2016 **multiplied** by 33 1/3%[note 3] 270	K Part IV tax before deductions. Dividends received **after** 2015 (column F **minus** column G) **multiplied** by 38 1/3%[note 4] 275
1								
	Total of column F (include this amount on line 320 of the T2 Return)						**Total of column J** (enter amount on line a in Part 2)	**Total of column K** (enter amount on line b in Part 2)

1 If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270 or column 275 as applicable according to the date received. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For dividends received **before** 2016 from **connected** corporations, Part IV tax on dividends is equal to: column G **multiplied** by column I **divided** by column H.

4 For dividends received **after** 2015 from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by the result of column F **minus** column G.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received **before** 2016, before deductions (total of column J in part 1) . . . . . . ______ a

Part IV tax on dividends received **after** 2015, before deductions (total of column K in part 1) . . . . ______ b

Part IV tax before deductions (amount a **plus** amount b) . . . . ______ ▶ ______ L

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) . . . . **320** ______

Subtotal (amount L **minus** line 320) ______ M

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax . . . . **330** ______ c

Non-capital losses from previous years claimed to reduce Part IV tax . . . . **335** ______ d

Current-year farm loss claimed to reduce Part IV tax . . . . **340** ______ e

Farm losses from previous years claimed to reduce Part IV tax . . . . **345** ______ f

Total losses applied against Part IV tax (total of amounts c to f) ______ g

If your tax year begins after December 31, 2015:

Amount g **multiplied** by 38 1 / 3 % . . . . ______ h

If your tax year begins before January 1, 2016:

Amount b or M whichever is less

______ ÷ 38 1 / 3 % . . . = ______ 1

Amount 1 or g, whichever is less . . . . ______ 2

Amount g **minus** amount 2 . . . . ______ 3

Amount 2 ______ x 38 1 / 3 % = ______ i

Amount 3 ______ x 33 1 / 3 % = ______ j

Subtotal (amount i **plus** amount j) ______ k

Amount h or amount k, whichever applies depending on your tax year start date . . . . ______ N

Part IV tax payable (amount M **minus** amount N, if negative enter "0") . . . . **360** ______
(enter amount on line 712 of the T2 return)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

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

	O Name of connected recipient corporation 400	P Business Number 410	Q Tax year-end of connected recipient corporation in which the dividends in column R were received YYYY/MM/DD 420	R Taxable dividends paid to connected corporations 430	R1 Eligible dividends (included in column R)
1	Alectra Inc.	72780 2324 RC0001	2017-12-31	27,834,000	
2	Alectra Inc.	72780 2324 RC0001	2017-12-31	4,100,000	
3					

Total of column R 31,934,000

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

Eligible dividends (included in line 450) 450a

Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column R **plus** line 450) 460 31,934,000

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 31,934,000

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

Total dividends paid in the tax year 500 31,934,000

Deduct:

Dividends paid out of capital dividend account 510

Capital gains dividends 520

Dividends paid on shares described in subsection 129(1.2) 530

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year 540

Subtotal (total of lines 510 to 540) ▶ S

Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount S) 31,934,000 T

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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			34,933,448	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)	3,185,959	c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d		
Subtotal (total of amounts a to d)	3,185,959	▶	3,185,959	B
Subtotal (amount A **minus** amount B; if positive, enter "0")				C
Deduct: (increase a loss)				
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				D
Subtotal (amount C **minus** amount D)				E
Add: (decrease a loss)				
Current-year farm loss (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")				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		50,086,750	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	50,086,750	▶	50,086,750	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		h		
Subtotal (amount g **plus** amount h)			▶		I
Subtotal (amount H **plus** amount I)				50,086,750	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	30,532,851	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)		30,532,851	▶	30,532,851	K
Non-capital losses before any request for a carryback (amount J **minus** amount K)				19,553,899	L

Deduct – **Request to carry back non-capital loss to:**

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903		o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)			▶		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180			19,553,899	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 . . . . **330** ______ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9) . . . . **335** ______ h

Subtotal (total of amounts e to h) ______ ► ______ D

Farm losses before any request for a carryback (amount C **minus** amount D) ______ E

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income . . . . **921** ______ i

Second previous tax year to reduce taxable income . . . . **922** ______ j

Third previous tax year to reduce taxable income . . . . **923** ______ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . **931** ______ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . **932** ______ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . **933** ______ n

Subtotal (total of amounts i to n) ______ ► ______ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) **380** ______ G

Note 8: A farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business			485		A
Minus the deductible farm loss:					
(amount A above ______ – $2,500) **divided** by 2 =		a			
Amount a or $ 15,000 (note 10), whichever is less					b
			2,500		c
Subtotal (amount b **plus** amount c)			2,500	2,500	B
Current-year restricted farm loss (amount A **minus** amount B)					C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d	
Deduct: Restricted farm loss expired (note 11)	400		e	
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	402			D
Add:				
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405		f	
Current-year restricted farm loss (from amount C) Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.	410		g	
Subtotal (amount f **plus** amount g)				E
Subtotal (amount D **plus** amount E)				F
Deduct:				
Restricted farm losses from previous tax years applied against current farming income Enter amount h on line 333 of the T2 return.	430		h	
Section 80 – Adjustments for forgiven amounts	440		i	
Other adjustments	450		j	
Subtotal (total of amounts h to j)				G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)				H

Deduct – Request to carry back restricted farm loss to:

First previous tax year to reduce farming income	941		k	
Second previous tax year to reduce farming income	942		l	
Third previous tax year to reduce farming income	943		m	
Subtotal (total of amounts k to m)				I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	480			J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: A restricted farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after 7 tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)			510		B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Listed personal property losses from previous tax years applied against listed personal property gains	530		c		
Enter amount c on line 655 of Schedule 6.					
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E
Deduct – Request to carry back listed personal property loss to:					
First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)			580		G

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number 600	Tax year ending yyyy/mm/dd 602	Corporation's share of limited partnership loss 604	Corporation's at-risk amount 606	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses 608	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** column 6) 620
1.							

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number 630	Tax year ending yyyy/mm/dd 632	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary 634	Corporation's at-risk amount 636	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses 638	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) 650
1.							

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

	1	2	3	4	5	6
	Partnership account number 660	Limited partnership losses at the end of the previous tax year 662	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary 664	Current-year limited partnership losses (from line 620) 670	Limited partnership losses applied in the current year (must be equal to or less than line 650) 675	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) 680
1.						

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . 190 Yes ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
1st preceding taxation year 2017-01-30	281,136	N/A		N/A			281,136
2nd preceding taxation year 2016-12-31	37,227,185	N/A		N/A	17,954,422		19,272,763
3rd preceding taxation year 2015-12-31	12,578,429	N/A		N/A	12,578,429		
4th preceding taxation year 2014-12-31		N/A		N/A			
5th preceding taxation year 2013-12-31		N/A		N/A			
6th preceding taxation year 2012-12-31		N/A		N/A			
7th preceding taxation year 2011-12-31		N/A		N/A			
8th preceding taxation year 2010-12-31		N/A		N/A			
9th preceding taxation year 2009-12-31		N/A		N/A			
10th preceding taxation year 2008-12-31		N/A		N/A			
11th preceding taxation year 2007-12-31		N/A		N/A			
12th preceding taxation year 2006-12-31		N/A		N/A			
13th preceding taxation year 2005-12-31		N/A		N/A			
14th preceding taxation year 2004-12-31		N/A		N/A			
15th preceding taxation year 2003-12-31		N/A		N/A			
16th preceding taxation year 2002-12-31		N/A		N/A			
17th preceding taxation year 2001-12-31		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total	50,086,750				30,532,851		19,553,899

* **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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

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

Part 1 – Allocation of taxable income

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

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500)	270			
Ontario small business deduction (from Schedule 500)	402			
Subtotal (line 270 **minus** line 402)				5A
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 (total of lines 274 to 277)				5B
Gross Ontario tax (amount 5A plus amount 5B)				5C
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario political contributions tax credit (from Schedule 525)	415			
Ontario non-refundable tax credits (total of lines 404 to 415)				5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")				5E
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 5E **minus** amount 416) (if negative, enter "0")				5F
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 5F **minus** the total of lines 418 and 420) (if negative enter "0")				5G
Ontario corporate minimum tax (from Schedule 510)	278	2,444,454		
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal (line 278 **plus** amount 280)		2,444,454	2,444,454	5H
Total Ontario tax payable before refundable credits (amount 5G **plus** amount 5H)			2,444,454	5I
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	349,813		
Ontario apprenticeship training tax credit (from Schedule 552)	454	387,824		
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	2,421		
Ontario refundable tax credits (total of lines 450 to 470)		740,058	740,058	5J
Net Ontario tax payable or refundable credit (amount 5I **minus** amount 5J) (if a credit, enter a negative amount) Include this amount on line 255.			290 1,704,396	

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 1,704,396

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.

Statement of Real Estate Rental Properties (Regulation 1100(11))

1

Identification

Address of property

For the period from: 2017-01-31 to 2017-12-31 Foreign source ☐ Was this the final year of your rental operation? ☐ Yes ☒ No

Co-owners

Indicate your share %

Partnership – Real estate rental held by a partnership

Name of the partnership

Indicate your share %

Net income (net loss) for taxation purposes – Indicate your share
If a T5013 slip has been provided, enter the amount in box 107 or 110.
If there is no net income or no net loss, enter "0."

Income

Total of your gross rents		8,825
Other related income Specify:	+	
Gross income	=	8,825 a

Expenses

	Total expenses	Non-rental use portion %		Deductible expenses
Advertising				
Insurance			+	
Interest			+	
Maintenance and repairs			+	
Management and administration fees			+	
Motor vehicle expenses (not including CCA)			+	
Office expenses			+	
Legal, accounting, and other professional fees			+	
Property taxes			+	
Salaries, wages, and benefits (employer's contributions)			+	
Travel			+	
Utilities			+	
Other expenses	135,047		+	135,047
Total	135,047			
Deductible expenses			=	135,047 b

Net income (loss) before adjustments (line a **minus** line b)			-126,222
Co-owners – Indicate your share	%		
Other expenses of the co-owner Specify:		–	
Subtotal		=	-126,222
Recaptured capital cost allowance (co-owners – enter your share of the amount)		+	
Subtotal		=	-126,222
Terminal loss (co-owners – enter your share of the amount)		–	
Net income (net loss) before cost allowance		=	-126,222

Expenses (continued)

Net income (net loss) before cost allowance		-126,222
Capital cost allowance	–	
Net income (net loss)	=	-126,222
Partnerships – Indicate your share %		
Other expenses of the partner		
Specify:	–	
Net income (net loss)	=	-126,222

The net income is carried over to the line *Real estate rental properties (under regulation 1100(11))* of Schedule 7.
The net loss is carried over to the line *Losses from rental properties (under regulation 1100(11))* of Schedule 7.

Calculation of capital cost allowance (CCA)

1 Class number	Description	2 Undepreciated capital cost (UCC) at the start of the year	3 Cost of acquisitions during the year	4 Net adjustments	5 Proceeds of dispositions during the year
	Totals				

1 Class number	Description	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of CCA	10 Terminal loss	11 CCA for the year (col. 7 x col. 8 or an adjusted amount)	12 UCC at the end of the year	Adjusted cost base of the land
	Totals							

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

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** Yes [ ] No [X]

	1 Class number * (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) (see note 1 below) (203)	4 Adjustments and transfers (see note 2 below) (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) (see note3 below) (211)	7 Reduced undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5 **minus** column 6)	8 CCA rate % (see note 4 below) (212)	9 Recapture of capital cost allowance (line 107 of Schedule 1) (see note 5 below) (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) (see note 6 below) (217)	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) (220)
1.	1		353,466,881	3,494,287	519,875,908	0	1,747,144	875,089,932	4	0	0	32,126,589	844,710,487
2.	1b				11,185,233	0		11,185,233	6	0	0	615,954	10,569,279
3.	1b	2185 Derry Rd			3,718,753	0		3,718,753	6	0	0	204,786	3,513,967
4.	1b	Aquitaine Substation			435,142	0		435,142	6	0	0	23,963	411,179
5.	1b	BCM Building			737,230	0		737,230	6	0	0	40,598	696,632
6.	1b	Erin Mills Substation			1,677,965	0		1,677,965	6	0	0	92,403	1,585,562
7.	1b	Rubin MS			653,768	0		653,768	6	0	0	36,002	617,766
8.	1b	Winston Churchill Substation			123,118	0		123,118	6	0	0	6,780	116,338
9.	2		42,102,270		54,939,633	0		97,041,903	6	0	0	5,343,951	91,697,952
10.	3				3,283,149	0		3,283,149	5	0	0	150,665	3,132,484
11.	6				9,413	0		9,413	10	0	0	864	8,549
12.	8		33,056,569	2,786,729	7,941,976	0	1,393,365	42,391,909	20	0	0	7,781,529	36,003,745
13.	8	Solar Business - Office Equip	976			0		976	20	0	0	179	797
14.	10		4,713,846	1,420,638	15,954,196	145,860	637,389	21,305,431	30	0	0	5,866,290	16,076,530
15.	10.1	#48560			4,724	N/A		4,724	30	N/A	N/A	1,301	3,423
16.	10.1	019-07			1,144	N/A		1,144	30	N/A	N/A	315	829
17.	10.1	020-07			801	N/A		801	30	N/A	N/A	221	580
18.	10.1	50740-14 NW			13,771	N/A		13,771	30	N/A	N/A	1,896	
19.	10.1	50826-14 CH			13,771	N/A		13,771	30	N/A	N/A	1,896	
20.	10.1	51239-14 DP			13,771	N/A		13,771	30	N/A	N/A	1,896	
21.	10.1	Dodge Sprinter Van			566	N/A		566	30	N/A	N/A	156	410
22.	10.1	Explorer JM			13,771	N/A		13,771	30	N/A	N/A	3,792	9,979
23.	10.1	Ford Escape Hybrid			566	N/A		566	30	N/A	N/A	156	410

	1 Class number * 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) (see note 1 below) 203	4 Adjustments and transfers (see note 2 below) 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) (see note3 below) 211	7 Reduced undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5 **minus** column 6)	8 CCA rate % (see note 4 below) 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) (see note 5 below) 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) (see note 6 below) 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
24.	10.1	Ford Escape Hybrid			566	N/A		566	30	N/A	N/A	156	410
25.	10.1	Lexus PG			19,673	N/A		19,673	30	N/A	N/A	2,708	
26.	10.1	Vehicle 023-08			1,620	N/A		1,620	30	N/A	N/A	446	1,174
27.	10.1	Vehicle 024-09			1,620	N/A		1,620	30	N/A	N/A	446	1,174
28.	12		2,279,554	4,655,514	2,629,879	0	2,327,757	7,237,190	100	0	0	6,642,352	2,922,595
29.	13	Addiscott Ops Centre	838,958			0		838,958	NA	0	0	33,851	805,107
30.	13	Barrie Hydro - right to use	421,267			0		421,267	NA	0	0	28,815	392,452
31.	13	PS Inc - 2005 Addition	157,409			0		157,409	NA	0	0	13,868	143,541
32.	14	Churchill Meadows			37,412,760	0		37,412,760	NA	0	0	1,857,306	35,555,454
33.	14	Dundas			52,985	0		52,985	NA	0	0	4,138	48,847
34.	14	H1 Midhurst CC	3,945,838			0		3,945,838	NA	0	0	286,701	3,659,137
35.	14	Nebo Road			961,804	0		961,804	NA	0	0	38,788	923,016
36.	14	Vansickle Substation			7,088,426	0		7,088,426	NA	0	0	284,916	6,803,510
37.	14	Winona			6,631,052	0		6,631,052	NA	0	0	557,151	6,073,901
38.	14.1		5,726,540	126,441,532	37,500,132	0	63,220,766	106,447,438	5	0	0	5,354,521	164,313,683
39.	17		307,330	37,828	587,607	0	18,914	913,851	8	0	0	67,099	865,666
40.	43.1	HUC			54,409	0		54,409	30	0	0	14,981	39,428
41.	43.2	PSI Smart Grid	25,143	114,901		0	57,451	82,593	50	0	0	37,903	102,141
42.	43.2	Solar Business - Solar Panels	26,614,796	89,488		0	44,744	26,659,540	50	0	0	12,234,172	14,470,112
43.	45		10,576		15,595	0		26,171	45	0	0	10,809	15,362
44.	47		408,643,150	210,932,677	779,369,161	631,583	105,150,547	1,293,162,858	8	0	0	94,950,040	1,303,363,365
45.	50		1,685,569	1,799,577	3,143,613	265	899,656	5,728,838	55	0	0	2,891,886	3,736,608
46.	52				15,596	0		15,596	100	0	0	14,314	1,282
47.	95		59,917,831	26,679,202	23,155,431	0	13,339,601	96,412,863	0	0	0		109,752,464
48.	95	Solar Business - WIP	3,250,627		-3,249,743	0		884	0	0	0		884
		Totals	947,165,130	378,452,373	1,515,990,555	777,708	188,837,334	2,651,993,016				177,629,549	2,663,148,211

* 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%).

Note 1. 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).

Note 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.

Note 3. 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*.

Note 4. 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.

Note 5. For every entry in column 9, "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.

Note 6. 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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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.	ALECTRA INC.		72780 2324 RC0001	1					
2.	ALECTRA ENERGY SOLUTIONS INC		72859 9895 RC0001	3					
3.	ALECTRA POWER SERVICES INC.		88009 0212 RC0002	3					
4.	ALECTRA ENERGY SERVICES INC.		80393 0734 RC0001	3					
5.	HORIZON SOLAR CORPORATION		80586 8866 RC0001	3					
6.	UTIL-ASSIST INC.		84277 2741 RC0001	3					
7.	ALECTRA REAL ESTATE HOLDINGS		72695 9091 RC0001	2					
8.	BRAMPTON HYDRO INC.		86486 7635 RC0001	2					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Employee future benefits	20,382,386	36,324,303	64,770,930	56,706,689	64,770,930
2	Allowance for doubtful account:	3,295,888	2,120,191	3,264,806	5,416,079	3,264,806
3	Inventory obsolescence	285,180	350,000		635,180	
4	Enivornmental liability		603,051	978,056	603,051	978,056
5	Vested sick leave		59,465	44,766	59,465	44,766
6	Accrued vacation pay		2,132,235		2,132,235	
7	Legal claim provision			100,000		100,000
8	Other deferred credits			1,219,085		1,219,085
9	Transition Accrual			9,987,254		9,987,254
10	Employee future benefits - Sola			7,822		7,822
11						
	Reserves from Part 2 of Schedule 13					
	Totals	23,963,454	41,589,245	80,372,719	65,552,699	80,372,719

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

Attached Schedule with Total

Part 1 – Financial statement reserves – Federal – Transfer on an amalgamation or the wind-up of a subsidiary

Title Part 1 – Financial statement reserves – Federal – Transfer on an amalgama

Description	Operator (Note)	Amount	
Employee Future Benefits - Enersource Hydro Mississauga Inc.		6,372,191	00
Employee Future Benefits - Horizon Utilities Corporation	+	29,952,112	00
	+		
	Total	36,324,303	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Financial statement reserves – Federal – Transfer on an amalgamation or the wind-up of a subsidiary

Title Part 1 – Financial statement reserves – Federal – Transfer on an amalgama

Description	Operator (Note)	Amount	
Allowance for doubtful accounts - Enersource Hydro Mississauga Inc.		170,191	00
Allowance for doubtful accounts - Horizon Utilities Corporation	+	1,750,000	00
Allowance for doubtful accounts - Horizon Utilities Corporation	+	200,000	00
	+		
	Total	2,120,191	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Financial statement reserves – Federal – Transfer on an amalgamation or the wind-up of a subsidiary

Title Part 1 – Financial statement reserves – Federal – Transfer on an amalgama

Description	Operator (Note)	Amount	
Environmental liability - Enersource Hydro Mississauga Inc.		603,051	00
	+		
	Total	603,051	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Financial statement reserves – Federal – Transfer on an amalgamation or the wind-up of a subsidiary

Title Part 1 – Financial statement reserves – Federal – Transfer on an amalgama

Description	Operator (Note)	Amount	
Inventory reserves - Horizon Utilities Corporation		350,000	00
	+		
	Total	350,000	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Financial statement reserves – Federal – Transfer on an amalgamation or the wind-up of a subsidiary

Title Part 1 – Financial statement reserves – Federal – Transfer on an amalgama

Description	Operator (Note)	Amount
Vested sick leave - Horizon Utilities Corporation		59,465 00
	+	
	Total	59,465 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Financial statement reserves – Federal – Transfer on an amalgamation or the wind-up of a subsidiary

Title Part 1 – Financial statement reserves – Federal – Transfer on an amalgama

Description	Operator (Note)	Amount	
Accrued vacation pay - Horizon Utilities Corporation		2,132,235	00
	+		
	Total	2,132,235	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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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 2017

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	ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	1	500,000	100.0000	500,000
2	ALECTRA INC.	72780 2324 RC0001	1	500,000		
3	ALECTRA ENERGY SOLUTIONS INC.	72859 9895 RC0001	1	500,000		
4	ALECTRA POWER SERVICES INC.	88009 0212 RC0002	1	500,000		
5	ALECTRA ENERGY SERVICES INC.	80393 0734 RC0001	1	500,000		
6	HORIZON SOLAR CORPORATION	80586 8866 RC0001	1	500,000		
7	UTIL-ASSIST INC.	84277 2741 RC0001	1	500,000		
8	ALECTRA REAL ESTATE HOLDINGS INC.	72695 9091 RC0001	1	500,000		
9	BRAMPTON HYDRO INC.	86486 7635 RC0001	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 24

FIRST-TIME FILER AFTER INCORPORATION, AMALGAMATION, OR WINDING-UP OF A SUBSIDIARY INTO A PARENT

Name of corporation	Business Number	Tax year end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1 – Type of operation

100 For those corporations filing for the first time after incorporation or amalgamation, please identify the type of operation that applies to your corporation:

99 Other

Part 2 – First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information:

	Name of predecessor corporation(s) **200**	Business Number (If a corporation is not registered, enter "NR") **300**
1	PowerStream Inc.	85750 3346 RC0002
2	Enersource Hydro Mississauga Inc.	88267 0920 RC0002
3	Horizon Utilities Corporation	86654 9090 RC0001

Part 3 – First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information:

Name of subsidiary corporation(s) **400**	Business Number (If a corporation is not registered, enter "NR") **500**	Commencement date of wind-up (YYYY/MM/DD) **600**	Date of wind-up (YYYY/MM/DD) **700**

T2 SCH 24 (04)

Canada

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years;
  - if you are subject to a recapture of ITC; or
  - if you are claiming:
    - The **Ontario Research and Development Tax Credit**;
    - The **Ontario Innovation Tax Credit.**
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - qualified scientific research and experimental development (SR&ED) expenditures (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
    - Expenditures related to child care spaces that occurred after March 21, 2017 no longer qualify for the investment tax credit. Under a transitional rule, the investment tax credit will be available for eligible expenditures incurred before 2020 under a written agreement entered before March 22, 2017.
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified members of a partnership and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For tax purposes**,** Canada includes the **exclusive economic zone of Canada** as defined in the *Oceans Act* (which generally consists of an area of the sea that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil of that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 15 % rate**.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred expenditures after March 18, 2007 and before March 22, 2017 (or before 2020 if you entered into a written agreement before March 22, 2017) for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

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

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . **102** 1 Yes [ ] 2 No [X]

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . **103** ______
(Enter this amount on line 350 of Part 8)

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**

Total of investments for qualified property and qualified resource property ______ A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year				B1
Credit deemed as a remittance of co-op corporations	210			
Credit expired	215			
Subtotal (line 210 **plus** line 215)			▶	C1
ITC at the beginning of the tax year (amount B1 **minus** amount C1)			220	
Credit transferred on amalgamation or wind-up of subsidiary	230			
ITC from repayment of assistance	235			
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) ______ x 10 % =	240			
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) ______ x 5 % =	242			
Credit allocated from a partnership	250			
Subtotal (total of lines 230 to 250)			▶	D1
Total credit available (line 220 **plus** amount D1)				E1
Credit deducted from Part I tax	260			
Credit carried back to previous years (amount H1 in Part 6)		a		
Credit transferred to offset Part VII tax liability	280			
Subtotal (total of line 260, amount a, and line 280)			▶	F1
Credit balance before refund (amount E1 **minus** amount F1)				G1
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)			310	
ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310)			320	

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

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

	Year	Month	Day			
1st previous tax year				Credit to be applied	901	
2nd previous tax year				Credit to be applied	902	
3rd previous tax year				Credit to be applied	903	
				Total of lines 901 to 903 (enter at amount a in Part 5)		H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)		I1
Credit balance before refund (from amount G1 in Part 5)		J1
Refund (40 % of amount I1 or J1, whichever is less)		K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if you don't claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		2,769,954		
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		▶ +		
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*		2,769,954 ▶	350	2,769,954
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	2,769,954

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

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

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

If you answered **no** to the question on line 385 above or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied)	390	
Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million	398	

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:			$ 8,000,000	
Taxable income for the previous tax year (line 390 in Part 9) or $500,000, whichever is more		x 10 =		A2
Excess ($8,000,000 **minus** amount A2; if negative, enter "0")				B2
$ 40,000,000 **minus** line 398 in Part 9		b		
Amount b **divided** by $ 40,000,000				C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)*				D2
For an associated corporation:				
If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49*		400		E2

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D2 or E2 ______ x Number of days in the tax year / 365 = 335 / 365 = ______ F2

Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies) **410** ______

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less*	420		x	35 %	=		G2
Line 350 **minus** line 410 (if negative, enter "0")	430	2,769,954					
Amount from line 430 ___ x (Number of days in the tax year before 2014 / Number of days in the tax year) ___ x 20% =			c				
Amount from line 430** 2,769,954 x (Number of days in the tax year after 2013 / Number of days in the tax year) 335 / 335 x 15 % =		415,493	d				
Subtotal (amount c **plus** amount d)		415,493	▶			415,493	H2
Line 410 **minus** line 350 (if negative, enter "0")			e				
Capital expenditures (line 360 in Part 8) or amount e, whichever is less*	440		x	35 %	=		I2
Line 360 **minus** amount e (if negative, enter "0")	450						
Amount from line 450 ___ x (Number of days in the tax year before 2014 / Number of days in the tax year) ___ x 20% =			f				
Amount from line 450** ___ x (Number of days in the tax year after 2013 / Number of days in the tax year) 335 / 335 x 15 % =			g				
Subtotal (amount f **plus** amount g)			▶				J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ______

The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC when your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. ***

460		x	35 %	=		h	
480		x	20 %	=		i	
490		x	15 %	=		j	
Subtotal (**add** amounts h to j)						▶	K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) 415,493 L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013. For tax years that have a start date **after** 2013, multiply the amount by 15%.

*** If you are reporting a repayment for a tax year which included two calendar years with different rates (such as a 2014 tax year that started in 2013), the amount of repayment is allocated between the two ITC rates as follows:
- For the first part of the tax year, enter on the line next to the applicable ITC rate, the result of the following calculation: The full repayment amount **multiplied** by the number of days in the tax year which were in the first calendar year, **divided** by the total number of days in the tax year.
- For the last part of the tax year which is in the second calendar year, enter on the line next to the applicable ITC rate, the difference between the first part calculated above and the full repayment amount.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year			1,045,564	M2
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)				
ITC at the beginning of the tax year (amount M2 **minus** amount N2)	520		1,045,564	N2
Credit transferred on amalgamation or wind-up of subsidiary	530			
Total current-year credit (from amount L2 in Part 11)	540	415,493		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		415,493	415,493	O2
Total credit available (line 520 **plus** amount O2)			1,461,057	P2
Credit deducted from Part I tax	560			
Credit carried back to previous years (amount S2 in Part 13)				k
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount k, and line 580)				Q2
Credit balance before refund (amount P2 **minus** amount Q2)			1,461,057	R2
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)	610			
ITC closing balance on SR&ED (amount R2 **minus** line 610)	620		1,461,057	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day				
1st previous tax year				Credit to be applied	911		
2nd previous tax year				Credit to be applied	912		
3rd previous tax year				Credit to be applied	913		
				Total of lines 911 to 913 (enter at amount k in Part 12)			S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)?	650	1 Yes [ ] 2 No [X]	
Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11)			I
Refundable credits (amount I or amount R2 in Part 12, whichever is less)*			T2
Amount T2 or amount G2 in Part 11, whichever is less			U2
Net amount (amount T2 **minus** amount U2; if negative, enter "0")			V2
Amount V2 **multiplied** by 40 %			W2
Amount U2			X2
Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12)			Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12)	1,461,057	Z2
Amount Z2 or amount G2 in Part 11, whichever is less		AA2
Net amount (amount Z2 **minus** amount AA2; if negative, enter "0")	1,461,057	BB2
Amount BB2 or amount I2 in Part 11, whichever is less		CC2
Amount CC2 **multiplied** by 40 %		DD2
Amount AA2		EE2
Refund of ITC (amount DD2 **plus** amount EE2)		FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less
	Subtotal (enter amount A3 on line C3 in Part 17)	A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred 750	F Amount from column D or E, whichever is less
				Subtotal (total of column F) (enter amount B3 on line D3 in Part 17)	B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 17) **760** ______

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 in amount A8 in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826
Total of column 826	

Total of column 826 ►			A4
Total pre-production mining expenditures (total of lines 810 to 821 and amount A4)	830		
Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B4
Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B4 **plus** line 835)			C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year . . . . ______ D4

Credit deemed as a remittance of co-op corporations . . . . . . **841** ______

Credit expired . . . . **845** ______

Subtotal (line 841 **plus** line 845) ______ ► ______ E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) . . . . . . **850** ______

Credit transferred on amalgamation or wind-up of subsidiary . . . . . . **860** ______

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18) . .	**870**	______	x	10 %	= ______	m
Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18) . .	**872**	______	x	5 %	= ______	n
Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18) . .	**874**	______	x	7 %	= ______	o
Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18) . .	**876**	______	x	4 %	= ______	p

Current year credit (total of amounts m to p) **880** ______ ► ______ F4

Total credit available (total of lines 850, 860, and amount F4) . . . . ______ G4

Credit deducted from Part I tax . . . . **885** ______

Credit carried back to previous years (amount I4 in Part 20) . . . . . . ______ q

Subtotal (line 885 **plus** amount q) ______ ► ______ H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) . . . . . . **890** ______

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				. . . . Credit to be applied	**921**	______
2nd previous tax year				. . . . Credit to be applied	**922**	______
3rd previous tax year				. . . . Credit to be applied	**923**	______

Total of lines 921 to 923 (enter at amount q in Part 19) ______ I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
2.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
3.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
4.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
5.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
6.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
7.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
8.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
9.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
10.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
11.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
12.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
13.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
14.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
15.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
16.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
17.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
18.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
19.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
20.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
21.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
22.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
23.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
24.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
25.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
26.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
27.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
28.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
29.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
30.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
31.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
32.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
33.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
34.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
35.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
36.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
37.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]
38.	[redacted]	Powerline Technician	[redacted]	[redacted]	[redacted]

Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22) 65,822 A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year		38,456	B5
Credit deemed as a remittance of co-op corporations	612		
Credit expired after 20 tax years	615		
Subtotal (line 612 **plus** line 615)			C5
ITC at the beginning of the tax year (amount B5 **minus** amount C5)	625	38,456	
Credit transferred on amalgamation or wind-up of subsidiary	630		
ITC from repayment of assistance	635		
Total current-year credit (amount A5 in Part 21)	640	65,822	
Credit allocated from a partnership	655		

Subtotal (total of lines 630 to 655)		65,822 ▶	65,822	D5
Total credit available (line 625 **plus** amount D5)			104,278	E5
Credit deducted from Part I tax	660			
Credit carried back to previous years (amount G5 in Part 23)		r		
Subtotal (line 660 **plus** amount r)		▶		F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5)	690		104,278	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year Month Day				
1st previous tax year		Credit to be applied	931		
2nd previous tax year		Credit to be applied	932		
3rd previous tax year		Credit to be applied	933		
		Total of lines 931 to 933 (enter at amount r in Part 22)			G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred after March 18, 2017 and before March 22, 2017 (or before 2020 if you entered into a written agreement before March 22, 2017) to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year (total of column 695)	715		
Specified child care start-up expenditures from the current tax year	705		
Total gross eligible expenditures for child care spaces (line 715 **plus** line 705)			A6
Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6	725		
Excess (amount A6 **minus** line 725) (if negative, enter "0")			B6
Repayments by the corporation of government and non-government assistance	735		
Total eligible expenditures for child care spaces (amount B6 **plus** line 735)	745		

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24)			x	25 % =		C6
Number of child care spaces	755		x	$ 10,000 =		D6
ITC from child care spaces expenditures (amount C6 or D6, whichever is less)						E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year					F6
Credit deemed as a remittance of co-op corporations	765				
Credit expired after 20 tax years	770				
Subtotal (line 765 **plus** line 770)			►		G6
ITC at the beginning of the tax year (amount F6 **minus** amount G6)			775		
Credit transferred on amalgamation or wind-up of subsidiary	777				
Total current-year credit (amount E6 in Part 25)	780				
Credit allocated from a partnership	782				
Subtotal (total of lines 777 to 782)			►		H6
Total credit available (line 775 **plus** amount H6)					I6
Credit deducted from Part I tax	785				
Credit carried back to previous years (amount K6 in Part 27)			s		
Subtotal (line 785 **plus** amount s)			►		J6
ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6)			790		

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

	Year Month Day				
1st previous tax year	2017-01-30	Credit to be applied	941		
2nd previous tax year	2016-12-31	Credit to be applied	942		
3rd previous tax year	2015-12-31	Credit to be applied	943		
		Total of lines 941 to 943 (enter at amount s in Part 26)			K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . **792** ______

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . **795** ______

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . . ______ A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ______

Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799) . . . . ______ B7

Enter amount B7 at amount B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (amount F3 in Part 17) . . . . ______ A8

Recaptured child care spaces ITC (amount B7 in Part 28) . . . . ______ B8

Total recapture of investment tax credit (amount A8 **plus** amount B8) . . . . ______ C8

Enter amount C8 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (line 260 in Part 5) . . . . ______ D8

ITC from SR&ED expenditures deducted from Part I tax (line 560 in Part 12) . . . . ______ E8

ITC from pre-production mining expenditures deducted from Part I tax (line 885 in Part 19) . . . . ______ F8

ITC from apprenticeship job creation expenditures deducted from Part I tax (line 660 in Part 22) . . . . ______ G8

ITC from child care space expenditures deducted from Part I tax (line 785 in Part 26) . . . . ______ H8

Total ITC deducted from Part I tax (total of amounts D8 to H8) . . . . ______ I8

Enter amount I8 on line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
	65,822				65,822

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2017-01-30	2,456			2,456
2016-12-31	12,000			12,000
2015-12-31	24,000			24,000
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				*
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
				*
Total	38,456			38,456

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

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
	415,493				415,493

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2017-01-30	51,523			51,523
2016-12-31	360,320			360,320
2015-12-31	429,326			429,326
2014-12-31	204,395			204,395
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				*
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
				*
Total	1,045,564			1,045,564

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

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	350,770,958		
Retained earnings	104	72,260,175		
Contributed surplus	105			
Any other surpluses	106	817,695,181		
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	2,597,398,517		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		3,838,124,831 ▶	3,838,124,831	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)		3,838,124,831	A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal (**add** lines 121 to 124)		▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190	3,838,124,831	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		3,838,124,831	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	3,838,124,831	

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)		Taxable income earned in Canada					
3,838,124,831	x	Taxable income earned in Canada / Taxable income	610	1,000 / 1,000	=	**Taxable capital employed in Canada** 690	3,838,124,831

Notes: 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** ____________

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ____________

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ____________

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ____________

Total deductions (**add** lines 711, 712, and 713) ____________ ▶ ____________ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ____________

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.225%)		I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in calculating income for th

Description	Operator (Note)	Amount
Schedule 13 - non-deductible reserves		
Deferred tax liability	+	
	Total	

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Operator (Note)	Amount	
Due to related parties		39,330,115	00
Customer deposits liability	+	91,545,027	00
Current portion of loans and borrowings	+	794,902,413	00
Long term loans from parent	+	1,671,620,962	00
	+		
	Total	2,597,398,517	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Schedule 43

Calculation of Parts IV.1 and VI.1 Taxes

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to calculate a corporation's Part IV.1 tax for dividends received on taxable preferred shares and taxable restricted financial institution (RFI) shares, and its Part VI.1 tax for dividends paid on short-term preferred shares and taxable preferred shares.
- Use this schedule to elect under subsection 191.2(1) to pay Part VI.1 tax at a rate of 40% on taxable preferred shares. This rate would apply to all future dividends paid on that class or series of shares.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- **Restricted Financial Institution**, **taxable RFI share**, **taxable preferred share**, and **short-term preferred share** are terms defined in subsection 248(1).
- If Part IV.1 or VI.1 taxes are payable, file one completed copy of this schedule with your *T2 Corporation Income Tax Return* no later than six months after the end of the tax year. If you are making an election under subsection 191.2(1), see subsection 191.2(1) of the Act for information on the period in which to make the election.
- For corporations without taxable income that have Part IV.1 or VI.1 taxes payable, and that have a permanent establishment in more than one jurisdiction, complete only columns A, B and D in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*.
- For Part IV.1 tax, an excepted dividend is a dividend as described in section 187.1 and subsections 191(4) and 191(5).
- For Part VI.1 tax, an excluded dividend is a dividend as described in subsections 191(1), 191(4), 191(5), and the proposed subsection 191(6).
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Dividend allowance

Basic dividend allowance . . . . 500,000 A

Minus:

Taxable dividends (other than excluded dividends) paid in the calendar year immediately preceding the calendar year in which the tax year ended. These dividends are on taxable preferred shares or shares that would be taxable preferred shares if they were issued after June 18, 1987, and were not grandfathered shares (see point 1 in Part 2 below if the corporation is associated) . . . . B

1,000,000 C

Excess (amount B **minus** amount C) (if negative, enter "0") **110** ▶ D

Dividend allowance (amount A **minus** amount D) (if negative, enter "0") . . . . **115** 500,000 E

Part 2 – Agreement among associated corporations to allocate the dividend allowance

Date filed (do not use this area) . . . . **116** Year Month Day

Is this an amended agreement? . . . . **117** 1 Yes ☐ 2 No ☒

Calendar year to which the agreement applies . . . . **118** Year 2017

1. Enter the total of non-excluded dividends paid by all associated corporations at line B above.
2. Allocate the dividend allowance (amount E above) among associated corporations in column 140, as indicated below.
3. Apply the special rules provided under paragraph 191.1(6)(b) if a corporation has two or more tax years ending in the same calendar year during which it is associated with another taxable Canadian corporation that has a tax year ending in that calendar year.
4. If an associated corporation has more than one tax year ending in a calendar year, it has to file an agreement for each of these tax years.

Allocation of dividend allowance

	Name of each associated corporation **120**	Business number (If a corporation is not registered, enter "NR.") **130**	Dividend allowance allocated **140**
1	ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	
2	ALECTRA INC.	72780 2324 RC0001	500,000
3	ALECTRA ENERGY SOLUTIONS INC.	72859 9895 RC0001	
4	ALECTRA POWER SERVICES INC.	88009 0212 RC0002	
5	ALECTRA ENERGY SERVICES INC.	80393 0734 RC0001	
6	HORIZON SOLAR CORPORATION	80586 8866 RC0001	
7	UTIL-ASSIST INC.	84277 2741 RC0001	
8	ALECTRA REAL ESTATE HOLDINGS INC.	72695 9091 RC0001	

Allocation of dividend allowance

	Name of each associated corporation 120	Business number (If a corporation is not registered, enter "NR.") 130	Dividend allowance allocated 140
9	BRAMPTON HYDRO INC.	86486 7635 RC0001	
		Total (cannot be more than amount E)	500,000

Part 3 – Part VI.1 tax payable

Complete the calculation of the dividend allowance in Part 1.

Dividend allowance: amount at line 115 (from Part 1) or, if associated, the amount allocated at line 140 (from Part 2) ..... **210** ______ F

Note: If the tax year is less than 51 weeks, prorate the dividend allowance based on the number of days in the tax year divided by 365. Enter this amount at line 210 instead of the amount from line 115 or 140.

1) Taxable dividends (other than excluded dividends) paid by the corporation in the year on short-term preferred shares ..... **220** ______ G

Deduct:

Amount F or G, whichever is less ..... ______ H

Tax rate, whichever applies*: 40 % x ______ I = ______ J

* The tax rate is 50% for dividends paid in a tax year that ends before 2010, 45% for dividends paid in a tax year that ends after 2009 and before 2012, and 40% for dividends paid in a tax year that ends after 2011.

2) Taxable dividends (other than excluded dividends) paid by the corporation in the year on taxable preferred shares (other than short-term preferred shares) of all classes for which the corporation is making an election under subsection 191.2(1) ..... **230** ______ K

Deduct:

Dividend allowance (amount F) ..... ______ L

Amount H ..... ______ M

Net amount (amount L **minus** amount M) ..... ______ N

Amount K or N, whichever is less ..... ______ O

40 % x ______ P = ______ Q

3) Taxable dividends (other than excluded dividends) paid by the corporation in the year on taxable preferred shares (other than short-term preferred shares) of all classes for which the corporation **is not** making an election under subsection 191.2(1) ..... **240** ______ R

Deduct:

Dividend allowance (amount F) ..... ______ S

Amount H ..... ______ T

Amount O ..... ______ U

Subtotal (amount T **plus** amount U) ..... ______ ▶ ______ V

Net amount (amount S **minus** amount V) ..... ______ W

Amount R or W, whichever is less ..... ______ X

25 % x ______ Y = ______ Z

4) Complete this calculation if the corporation has made an agreement under section 191.3 to pay all or part of a related corporation's Part VI.1 tax otherwise payable for the year (complete and file Schedule 45).

Part VI.1 tax transferred from a related corporation ..... **250** 910,274 AA

Subtotal (**add** amounts J, Q, Z, and AA) 910,274 BB

Less: Part VI.1 tax transferred to a related corporation ..... **260** ______ CC

Part VI.1 tax payable (amount BB **minus** amount CC) ..... **270** 910,274 DD

Enter amount DD on line 724 of the T2 return.

Note: Part VI.1 tax payable has the same instalment requirements and balance due date as Part I tax payable.

Part 4 – Part IV.1 tax payable

This tax does not apply to dividends received by financial intermediary corporations or corporations that were private corporations at the time the dividends were received. Part IV.1 tax applies only if the dividend in question was deductible under section 112 or 113, or under subsection 138(6) or 115(1). Part IV.1 tax payable is due on or before the balance due date of the corporation or the restricted financial institution for a tax year.

Taxable dividends (other than excepted dividends) received in the year on taxable preferred shares [other than a share of a class for which the corporation has made an election under subsection 191.2(1)] ..... **310** ______ EE

Taxable dividends (other than excepted dividends) received in the year by a restricted financial institution on taxable RFI shares (see section 187.3) ..... **320** ______ FF

Total dividends subject to Part IV.1 tax (amount EE **plus** amount FF) ..... **330** ______ GG

Part IV.1 tax payable ..... Amount GG ______ x 10 % = **340** ______ HH

Enter amount HH on line 716 of the T2 return.

Portion of dividends included in amount GG that is also subject to Part IV tax ..... **350** ______ x 10.00 % * = **360** ______ II

Enter amount II on line 320 of Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Calculation*.

* 10% and/or 30%, whichever applies [see subsection 186(1.1)].

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SCHEDULE 45

AGREEMENT RESPECTING LIABILITY FOR PART VI.1 TAX

- Use this schedule to transfer all or a part of the Part VI.1 tax liability of a corporation (transferor corporation) to a related taxable Canadian corporation (transferee corporation) (section 191.3). Such transfers are beneficial where the transferor corporation does not have enough Part I tax to use the deduction for Part VI.1 tax under paragraph 110(1)(k).
- The transferee corporation has to be related to the transferor corporation throughout a tax year of the transferor corporation and throughout the last tax year of the transferee corporation ending by the end of that tax year of the transferor corporation. Corporations that are related only because of a right referred to in paragraph 251(5)(b) cannot make this agreement. The Part VI.1 tax liability cannot be transferred if the two corporations are related only by virtue of being controlled by the federal or a provincial or territorial government.
- An agreement or amended agreement has to be filed by the transferor corporation and the transferee corporation:
  - no later than six months after the end of the transferor's tax year for which the Part VI.1 tax would otherwise be payable; or
  - no later than 90 days after the mailing of a notice of assessment of Part I or Part VI.1 tax payable (or notification that no tax is payable) to either corporation for the tax year for which the agreement is filed.
- The transferor and the transferee corporations have to attach certified copies of the resolutions of the directors (or the documents of persons legally entitled to administer the affairs of the corporation) authorizing such an agreement.
- The transferee corporation has to include the amount of tax specified in this agreement in its Part VI.1 tax payable. The transferor corporation will deduct this amount from its Part VI.1 tax otherwise payable. Both corporations remain jointly and severally liable to pay the tax specified in this agreement, including any interest and penalties on this amount of tax.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Agreement

Date filed (do not use this area) . . . . 101 Year Month Day

It is hereby agreed that Part VI.1 tax in the amount of 105 910,274 is transferred from the transferor corporation to the related transferee corporation(s).

110 Name of transferor corporation	115 Business Number	120 Tax year-end Year Month Day
Alectra Inc.	72780 2324 RC0001	2017-12-31

	Name of transferee corporation(s) 225	Business Number 230	Part VI.1 tax transferred $ 233	Tax year-end to which this agreement applies (YYYY/MM/DD) 235
1.	ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	910,274	2017-12-31

Total (cannot be more than the Part VI.1 tax on line 105) 910,274

T2 SCH 45 (07)

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

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

		Provide only one number per shareholder				
	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	ALECTRA INC.	72780 2324 RC0001			100.000	100.000
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

On: 2017-12-31

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

Eligibility for the various additions

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

2006 addition

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

Change in the type of corporation

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

Amalgamation (first year of filing after amalgamation)

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

Winding-up

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

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year				100	131,646,280	A
Taxable income for the year (DICs enter "0") *	110		B			
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120					
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less *	130					
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140					
Subtotal (**add** lines 120, 130, and 140)			C			
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")	150					
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))				190		D
Eligible dividends received in the tax year	200					
Dividends deductible under section 113 received in the tax year	210					
Subtotal (line 200 **plus** line 210)						E
Becoming a CCPC (amount W5 in Part 4)	220					
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)	230	313,178,688				
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)	240					
Subtotal (**add** lines 220, 230, and 240)	290	313,178,688			313,178,688	F
Subtotal (**add** amounts A, D, E, and F)					444,824,968	G
Eligible dividends paid in the previous tax year	300					
Excessive eligible dividend designations made in the previous tax year	310					
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)						
Subtotal (line 300 **minus** line 310)						H
GRIP before adjustment for specified future tax consequences (amount G **minus** amount H) (amount can be negative)				490	444,824,968	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount N3 in Part 2)				560		
GRIP at the end of the tax year (line 490 **minus** line 560) Enter this amount on line 160 of Schedule 55.				590	444,824,968	

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

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

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

First previous tax year 2017-01-30

Description	Amount		Amount		Amount	
Taxable income before specified future tax consequences from the current tax year				A1		
Enter the following amounts before specified future tax consequences from the current tax year:						
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		B1				
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less		C1				
Aggregate investment income (line 440 of the T2 return)		D1				
Subtotal (**add** amounts B1, C1, and D1)				E1		
Subtotal (amount A1 **minus** amount E1) (if negative, enter "0")						F1

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

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

Taxable income after specified future tax consequences . . . . ______ G1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H1

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I1

Aggregate investment income (line 440 of the T2 return) . . . . ______ J1

Subtotal (**add** amounts H1, I1, and J1) ______ ▶ ______ K1

Subtotal (amount G1 **minus** amount K1) (if negative, enter "0") ______ ▶ ______ L1

Subtotal (amount F1 **minus** amount L1) (if negative, enter "0") ______ M1

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

(amount M1 **multiplied** by 0.72) . . . . **500** ______

Second previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ______ A2

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ B2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ C2

Aggregate investment income (line 440 of the T2 return) 32,300 D2

Subtotal (**add** amounts B2, C2, and D2) 32,300 ▶ 32,300 E2

Subtotal (amount A2 **minus** amount E2) (if negative, enter "0") ______ ▶ ______ F2

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

Taxable income after specified future tax consequences . . . . ______ G2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H2

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I2

Aggregate investment income (line 440 of the T2 return) . . . . ______ J2

Subtotal (**add** amounts H2, I2, and J2) ______ ▶ ______ K2

Subtotal (amount G2 **minus** amount K2) (if negative, enter "0") ______ ▶ ______ L2

Subtotal (amount F2 **minus** amount L2) (if negative, enter "0") ______ M2

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

(amount M2 **multiplied** by 0.72) . . . . **520** ______

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

Third previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ______ A3

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ B3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ C3

Aggregate investment income (line 440 of the T2 return) 459,543 D3

Subtotal (**add** amounts B3, C3, and D3) 459,543 ▶ 459,543 E3

Subtotal (amount A3 **minus** amount E3) (if negative, enter "0") ______ ▶ ______ F3

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

Taxable income after specified future tax consequences . . . . ______ G3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ H3

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ I3

Aggregate investment income (line 440 of the T2 return) . . . . ______ J3

Subtotal (**add** amounts H3, I3, and J3) ______ ▶ ______ K3

Subtotal (amount G3 **minus** amount K3) (if negative, enter "0") ______ ▶ ______ L3

Subtotal (amount F3 **minus** amount L3) (if negative, enter "0") ______ M3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount M3 **multiplied by** 0.72) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ N3

Enter amount N3 on line 560 in part 1.

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

nb. 1 Post amalgamation . . . [X] Post wind-up . . . . . . [ ]

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

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

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

Corporation's GRIP at the end of its last tax year 148,819,178 A4

Eligible dividends paid by the corporation in its last tax year . . . . ______ B4

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ C4

Subtotal (amount B4 **minus** amount C4) ______ ▶ ______ D4

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount A4 **minus** amount D4) 148,819,178 E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

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

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

nb. 2 Post amalgamation . . . X Post wind-up . . . . . . ☐

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

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

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

Corporation's GRIP at the end of its last tax year			164,359,510	A4
Eligible dividends paid by the corporation in its last tax year		B4		
Excessive eligible dividend designations made by the corporation in its last tax year		C4		
Subtotal (amount B4 **minus** amount C4)		►		D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)			164,359,510	E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

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

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

nb. 1 Corporation becoming a CCPC . . . . . . [ ] Post amalgamation . . . . [X] Post wind-up . . . . [ ]

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

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

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

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ________ A5

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ________ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses	________	C5
Net capital losses	________	D5
Farm losses	________	E5
Restricted farm losses	________	F5
Limited partnership losses	________	G5
Subtotal (**add** amounts C5 to G5)	________ ► ________	H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses	________	I5
Net capital losses	________	J5
Farm losses	________	K5
Restricted farm losses	________	L5
Limited partnership losses	________	M5
Subtotal (**add** amounts I5 to M5)	________ ► ________	N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ________ ► ________ O5

Subtotal (**add** amounts A5, B5, and O5) ________ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ________ Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ________ R5

All the corporation's reserves deducted in its previous/last tax year . . . . ________ S5

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ________ T5

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ________ U5

Subtotal (**add** amounts Q5 to U5) ________ ► ________ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") . . . . ________ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

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

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

	Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3		31,934,000	
Total taxable dividends paid in the tax year	100	31,934,000	
Total eligible dividends paid in the tax year	150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160	444,824,968	B
Excessive eligible dividend designation (line 150 **minus** line 160)			C
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	180		D
Subtotal (amount C **minus** amount D)			E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190		F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

	Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3			
Total taxable dividends paid in the tax year	200		
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)			G
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	280		H
Subtotal (amount G **minus** amount H)			I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290		J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule if the corporation had a permanent establishment, under 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.
- Legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only and is not required to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year . . . . 11.5 % A

Part 2 – Ontario basic income tax

Ontario taxable income * . . . . ______ B

Ontario basic income tax: Amount B **multiplied** by Ontario basic rate of tax for the year (amount A from Part 1) . . . . . . ______ C

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

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

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1).

Amount from line 400 of the T2 return 35,059,670 1

Amount from line 405 of the T2 return . . . . ______ 2

Amount from line 427 of the T2 return. . . . . ______ 3

Enter the least of amounts 1, 2 or 3 . . . . ______ D

Ontario domestic factor (ODF): Ontario taxable income * / Taxable income earned in all provinces and territories ** = 1,000.00 / 1,000 = ... 1.00000 E

Amount D × amount E ______ a

Ontario taxable income (amount B from Part 2) ______ b

Ontario small business income (lesser of amount a or b) . . . . ______ F

Number of days in the tax year before January 1, 2018 / Number of days in the tax year = 335 / 335 x 7 % = 7.00000 % G1

Number of days in the tax year after December 31, 2017 / Number of days in the tax year = ____ / 335 x 8 % = ____ % G2

OSBD rate for the year (rate G1 **plus** G2) . . . . 7.00000 % G3

Ontario small business deduction (Amount F **multiplied** by amount G3) . . . . ______ H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore areas 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) . . . . ______ I

Enter amount I at amount K in Part 5 of this schedule or at amount B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – 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		
Ontario adjusted small business income (amount I)		K		
Subtotal (amount J **minus** amount K) (if negative, enter "0")		L		
Amount L **multiplied** by amount G3				M
Ontario domestic factor (amount E)			1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by amount N)				O

Enter amount O on line 410 of Schedule 5.

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Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC earned in the tax year to reduce Ontario corporate income tax payable in any of the three previous tax years;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - add an ORDTC transferred after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
  - 4.5% for tax years that end before June 1, 2016;
  - 3.5% for tax years that start after May 31, 2016; and
  - prorated for a tax year that ends on or after June 1, 2016, and includes May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	2,872,840	A		
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105	2,421	B		
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		2,870,419	C		
Eligible expenditures transferred to the corporation by another corporation	110		D		
Subtotal (amount C **plus** amount D)		2,870,419	▶	2,870,419	E
Eligible expenditures the corporation transferred to another corporation				115	F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")				120 2,870,419	G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016 .... 210 ______ x 4.5 % = 215 ______ H

Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.

Number of days in the tax year before June 1, 2016 / Number of days in the tax year	240 / 241	152 / 366	x	4.5 %	=	1.8689 %	1
Number of days in the tax year after May 31, 2016 / Number of days in the tax year	242 / 243	214 / 366	x	3.5 %	=	2.0464 %	2

Subtotal (percentage 1 **plus** percentage 2) 3.9153 % 3

Repayments for a tax year that ends on or after June 1, 2016 and includes May 31, 2016 ...... 211 ______ x percentage 3 3.9153 % = 216 ______ I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016	212		x	3.5 %	= 217		J
Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014	220	x 1 / 4 =	x	4.5 %	= 225		K
Eligible repayments (total of amounts H to K)					229		L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)		x	4.5 %	= 200		M
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *				205		N
Eligible repayments (amount L in Part 2)						O
Current part of the ORDTC for tax years that end before June 1, 2016 (total of amounts M to O)				230		P

For a tax year that ends on or after June 1, 2016, and includes May 31, 2016

Number of days in the tax year before June 1, 2016 / Number of days in the tax year ______ x 4.5 % = ______ % 4

Number of days in the tax year after May 31, 2016 / Number of days in the tax year ______ x 3.5 % = ______ % 5

Subtotal (percentage 4 **plus** percentage 5) ______ % 6

Ontario SR&ED expenditure pool (amount G in Part 1)		x	percentage 6 ______ %	= 201		Q
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *				206		R
Eligible repayments (amount L in Part 2)						S
Part of the ORDTC for a tax year that ends on or after June 1, 2016, and includes May 31, 2016 (total of amounts Q to S)				231		T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)	2,870,419	x	3.5 %	= 202	100,465	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *				207		V
Eligible repayments (amount L in Part 2)						W
The ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)				232	100,465	X

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year			245,208	Y
ORDTC expired after 20 tax years		300		Z
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)		305	245,208	AA
ORDTC transferred to the corporation on amalgamation or windup		310		BB
Current part of ORDTC (amount P, T or X in Part 3 whichever applies)	100,465 CC			

Are you waiving all or part of the current part of the ORDTC? **315** Yes 1 [ ] No 2 [X]

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Waiver of the current part of the ORDTC	320	DD			
Subtotal (amount CC **minus** amount DD)	100,465 ▶		100,465	EE	
ORDTC available for deduction (total of amounts AA, BB and EE)			345,673 ▶		345,673 FF
ORDTC claimed ** (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)				GG	
ORDTC carried back to previous tax years (from Part 5)				HH	
Subtotal (amount GG **plus** amount HH)			▶		II
ORDTC balance at the end of the tax year (amount FF **minus** amount II)			325		345,673 JJ

** This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount FF); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 on page 5 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2017-01-30	Credit to be applied	901	
2nd previous tax year	2016-12-31	Credit to be applied	902	
3rd previous tax year	2015-12-31	Credit to be applied	903	

Total (total of amount 901 to 903)(enter at amount HH in Part 4)

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

You can complete this part to show all the credits from previous tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
2001-12-31	
2002-12-31	
2003-12-31	
2004-12-31	
2005-12-31	
2006-12-31	
2007-12-31	

	Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
	2008-12-31	
	2009-12-31	
	2010-12-31	
	2011-12-31	
	2012-12-31	
	2013-12-31	
	2014-12-31	
	2015-12-31	134,867
	2016-12-31	97,883
	2017-01-30	12,458
Current tax year	2017-12-31	100,465

Total (equals line 325 in Part 4) 345,673

The amount available from the 20th previous tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 7 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate ******* of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

Complete the columns for each disposition for which a recapture applies, using the calculation formats below.

*** Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – Complete this part If you meet all of the above conditions

	KK Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	LL Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	MM Amount from column 700 or 710, whichever is less
1.			

Total of column MM (enter at amount WW in Part 8) ________ NN

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			

Total of column TT (enter at amount XX in Part 8) ______ UU

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter at amount ZZ in Part 8) . . . . **760** ______ VV

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount NN from Part 7) . . . . ______ WW

Recaptured federal ITC for Calculation 2 (amount UU from Part 7) . . . . ______ XX

Amount WW **plus** amount XX . . . . ______ x 23.56 % = ______ YY

Corporate partner's share of the excess of ORDTC for Calculation 3 (amount VV from Part 7) . . . . ______ ZZ

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) . . . . ______ AAA

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures			Capital Expenditures	
Total expenditures for SR&ED		2,343,805				
Add						
• payment of prior years' unpaid expenses (other than salary or wages)	+					
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	729,604				
• expenditures on shared-use equipment				+		
• other additions	+			+		
Subtotal	=	3,073,409		=		
Less						
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–					
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–					
• 20% of contract expenditures for SR&ED performed on your behalf	–	200,569				
• prescribed expenditures not allowed by regulations	–			–		
• other deductions	–			–		
• non-arm's length transactions						
– expenditures for non-arm's length SR&ED contracts	–					
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–			–		
Subtotal	=	2,872,840	I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)				=	2,872,840	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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	4,649,911,609
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	2,579,268,001
Total assets (total of lines 112 to 116)		7,229,179,610
Total revenue of the corporation for the tax year **	142	3,431,726,974
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	369,941,085
Total revenue (total of lines 142 to 146)		3,801,668,059

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	68,882,927
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	28,538,430		
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	870,871		
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		29,409,301		29,409,301 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	121,856		
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	2,730,822		
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 OCI tax recovery	382	533,800		
383	384			
385	386			
387	388			
389	390			
Subtotal		3,386,478		3,386,478 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	94,905,750

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	94,905,750	
Deduct:				
CMT loss available (amount R from Part 7)	4,370,402			
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available	4,370,402 ▶		4,370,402	C
Net income subject to CMT calculation (if negative, enter "0")		520	90,535,348	

Amount from line 520	90,535,348 x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 335	x 4 % =		1
Amount from line 520	90,535,348 x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	335 / 335	x 2.7 % =	2,444,454	2
		Subtotal (amount 1 **plus** amount 2)			2,444,454	3

Gross CMT: amount on line 3 above x OAF **	540	2,444,454	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		2,444,454	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		2,444,454	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 *		6,645,887	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		6,645,887	▶ 620	6,645,887	
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)				6,645,887	H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)				6,645,887	J
Add:					
Net CMT payable (amount E from Part 3)		2,444,454			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		2,444,454	▶	2,444,454	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	9,090,341	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)				6,645,887	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)	2,444,454	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:			2,444,454	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)			740,058		
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 *		4,370,402 Q		
Deduct:				
CMT loss expired *	700			
CMT loss carryforward at the beginning of the tax year * (see note below)		4,370,402 ►	720	4,370,402
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)				4,370,402 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)				4,370,402
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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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	ALECTRA INC.	72780 2324 RC0001	1,899,896,000	46,435,000
2	ALECTRA ENERGY SOLUTIONS INC.	72859 9895 RC0001	1,671,000	908,000
3	ALECTRA POWER SERVICES INC.	88009 0212 RC0002	10,370,000	13,939,000
4	ALECTRA ENERGY SERVICES INC.	80393 0734 RC0001	41,517,000	5,465,000
5	HORIZON SOLAR CORPORATION	80586 8866 RC0001	0	0
6	UTIL-ASSIST INC.	84277 2741 RC0001	4,533,000	8,777,000
7	ALECTRA REAL ESTATE HOLDINGS INC.	72695 9091 RC0001	1	0
8	BRAMPTON HYDRO INC.	86486 7635 RC0001	621,281,000	294,417,085
		Total	450 2,579,268,001	550 369,941,085

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 524

ONTARIO SPECIALTY TYPES

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to identify the specialty type of a corporation carrying on business in the province of Ontario through a permanent establishment if:
  – its tax year includes January 1, 2009;
  – the tax year is the first year after incorporation or an amalgamation; or
  – there is a change to the specialty type.
- If none of the listed specialty types applies, tick box 99 "Other."
- Unless otherwise noted, references to sections, subsections, and clauses are from the *Taxation Act, 2007* (Ontario).

Specialty types

100 Identify the specialty type that applies to your corporation:

- [ ] 01 Family farm corporation – See subsection 64(3).
- [ ] 02 Family fishing corporation – See subsection 64(3).
- [ ] 03 Mortgage investment corporation – See subsection 130.1(6) of the federal *Income Tax Act*.
- [ ] 04 Credit union – See subsection 137(6) of the federal Act.
- [ ] 06 Bank – See subsection 248(1) of the federal Act.
- [ ] 08 Financial institution prescribed by regulation only – See clause 66(2)(f).
- [ ] 09 Registered securities dealer – See subsection 248(1) of the federal Act.
- [ ] 10 Farm feeder finance co-operative corporation
- [ ] 11 Insurance corporation – See subsection 248(1) of the federal Act.
- [ ] 12 Mutual insurance – See subsection 27(2) of the *Taxation Act, 2007* (Ontario) and paragraph 149(1)(m) of the federal Act.
- [ ] 13 Specialty mutual insurance
- [ ] 14 Mutual fund corporation – See subsection 131(8) of the federal Act.
- [ ] 15 Bare trustee corporation
- [ ] 16 Professional corporation (incorporated professional only) – See subsection 248(1) of the federal Act.
- [ ] 17 Limited liability corporation
- [ ] 18 Generator of electrical energy for sale, or producer of steam for use in the generation of electrical energy for sale – See subsection 33(7).
- [X] 19 Hydro successor, municipal electrical utility, or subsidiary of either – See subsection 91.1(1) and section 88 of the *Electricity Act, 1998* (Ontario).
- [ ] 20 Producer and seller of steam for uses other than for the generation of electricity – See subsection 33(7).
- [ ] 21 Mining corporation
- [ ] 22 Non-resident corporation
- [ ] 99 Other (if none of the previous descriptions apply)

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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
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- 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)
ALECTRA UTILITIES CORPORATION

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	2017-01-31	1969563

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
55	JOHN STREET NORTH	

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
HAMILTON	ON	CA	L8R 3M8

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 Basilio (Last name) **451** John G. (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.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Martin Sultana

120 Telephone number including area code: [redacted]

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

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

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

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * . . . **300** 600,001

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$400{,}000}{\$200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Eligible percentage for determining the eligible amount . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
1.	[redacted]	Powerline Technician
2.		Powerline Technician
3.		Powerline Technician
4.		Powerline Technician
5.		Powerline Technician
6.		Powerline Technician
7.		Powerline Technician
8.		Powerline Technician
9.		Powerline Technician
10.		Powerline Technician
11.		Powerline Technician
12.		Powerline Technician
13.		Powerline Technician
14.		Powerline Technician
15.		Powerline Technician
16.		Powerline Technician
17.		Powerline Technician
18.		Powerline Technician
19.		Powerline Technician
20.		Powerline Technician
21.		Powerline Technician
22.		Powerline Technician
23.		Powerline Technician

	A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
24.	[redacted]	Powerline Technician
25.	[redacted]	Powerline Technician
26.	[redacted]	Electrical Engineering Technology
27.	[redacted]	Computer Systems Technician
28.	[redacted]	Electrical Engineering - Technologist
29.	[redacted]	Electrical Engineering Technology
30.	[redacted]	Business Administration
31.	[redacted]	Management Engineering
32.	[redacted]	Accounting & Financial Mgmt
33.	[redacted]	Physics & Astronomy
34.	[redacted]	Electrical Engineering Technology
35.	[redacted]	Electrical Engineering Technology
36.	[redacted]	Bachelor of Technology - Process Automation
37.	[redacted]	Business Administration
38.	[redacted]	Electrical Engineering Technology
39.	[redacted]	Computer Programmer Analyst
40.	[redacted]	Business Marketing - Co-op
41.	[redacted]	Electrical Engineering Technology
42.	[redacted]	Electrical Engineering Technology
43.	[redacted]	Electrical Engineering Technology
44.	[redacted]	Electrical Engineering Technology
45.	[redacted]	Electrical Engineering Technology
46.	[redacted]	Electrical Engineering Technology
47.	[redacted]	Electrical Engineering
48.	[redacted]	Electrical Engineering
49.	[redacted]	Electrical Engineering
50.	[redacted]	Business Administration
51.	[redacted]	Environment & Business
52.	[redacted]	Business Administration Co-op
53.	[redacted]	Business Administration Co-op
54.	[redacted]	Bachelor of Applied Science & Engineering
55.	[redacted]	Bachelor of Applied Science & Engineering
56.	[redacted]	Bachelor of Applied Science & Engineering
57.	[redacted]	Bachelor of Applied Science & Engineering
58.	[redacted]	Bachelor of Applied Science & Engineering
59.	[redacted]	Bachelor of Applied Science & Engineering
60.	[redacted]	Bachelor of Applied Science & Engineering
61.	[redacted]	Bachelor of Applied Science & Engineering
62.	[redacted]	Bachelor of Applied Science & Engineering
63.	[redacted]	Bachelor of Applied Science & Engineering
64.	[redacted]	Powerline Technician
65.	[redacted]	Powerline Technician
66.	[redacted]	Electrical Engineering Technology
67.	[redacted]	Electrical Engineering Technology
68.	[redacted]	Electrical Engineering Technology
69.	[redacted]	Electrical Engineering
70.	[redacted]	Electrical Engineering
71.	[redacted]	Electrical Engineering
72.	[redacted]	Electrical Engineering
73.	[redacted]	Electrical Engineering
74.	[redacted]	Electrical Engineering
75.	[redacted]	Electrical Engineering
76.	[redacted]	Electrical Engineering
77.	[redacted]	Electrical Engineering
78.	[redacted]	Electrical Engineering Technology

	A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
79.	[redacted]	Electrical Engineering Technology
80.		Electrical Engineering Technology
81.		Electrical Engineering
82.		Electrical Engineering Technology
83.		Electrical Engineering Technology
84.		Electrical Engineering Technology/Technician
85.		Powerline Technician (Co-op)
86.		Powerline Technician (Co-op)
87.		Business Adminstration
88.		Electrical Engineering Technology/Technician
89.		Electrical Engineering Technology/Technician
90.		Electrical Engineering Technology/Technician
91.		Electrical Engineering Technology/Technician
92.		Bachelor of Applied Science & Engineering
93.		BAS- Electircal Engineering
94.		Electrical Engineering Technology/Technician
95.		Electrical Engineering Technology/Technician
96.		AFMPHC - Accounting and Financial Management, Hor
97.		Network Engineering
98.		Engineering Technology
99.		Electrical Technologist
100.		Business Administration
101.		Business Administration
102.		Business Administration
103.		Network Engineering
104.		Network Engineering
105.		Engineering Technology
106.		Electrical Technologist
107.		Electrical Technologist
108.		Electrical Technologist
109.		Electrical Technologist
110.		Electrical Technologist
111.		Electrical Technologist
112.		Engineering Technology
113.		Engineering Technology
114.		Engineering Technology
115.		Business Administration
116.		Engineering Technology
117.		Engineering Technology
118.		Finance
119.		Electrical Technologist
120.		Electrical Technologist
121.		Network Engineering
122.		Network Engineering
123.		Electrical Engineering Technology
124.		Electrical Engineering Technology
125.		Electrical Engineering Technology
126.		Public Relations Corporate Communications
127.		Business/Commerce
128.		Business
129.		Electrical Engineering Technology

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
1.	[redacted]	2017-01-09	2017-05-09
2.		2017-05-01	2017-09-01
3.		2017-05-01	2017-09-01
4.		2017-05-01	2017-09-01
5.		2017-01-09	2017-04-28
6.		2017-01-09	2017-04-28
7.		2017-01-09	2017-04-28
8.		2017-05-15	2017-08-25
9.		2017-05-15	2017-08-25
10.		2017-05-15	2017-08-25
11.		2017-05-15	2017-09-01
12.		2017-05-15	2017-09-01
13.		2017-05-15	2017-09-01
14.		2017-05-15	2017-08-25
15.		2017-09-05	2017-12-31
16.		2017-09-05	2017-12-31
17.		2017-09-05	2017-12-31
18.		2017-09-05	2017-12-22
19.		2017-05-15	2017-09-01
20.		2017-05-15	2017-09-01
21.		2017-05-15	2017-09-01
22.		2017-01-31	2017-05-05
23.		2017-01-31	2017-05-05
24.		2017-09-05	2017-12-29
25.		2017-09-05	2017-12-29
26.		2017-01-03	2017-05-05
27.		2017-01-03	2017-04-28
28.		2017-01-03	2017-04-28
29.		2017-01-03	2017-04-28
30.		2017-01-03	2017-04-28
31.		2017-01-04	2017-04-28
32.		2017-01-09	2017-04-26
33.		2017-01-03	2017-04-20
34.		2017-04-24	2017-09-04
35.		2017-05-01	2017-09-01
36.		2017-05-01	2017-09-01
37.		2017-04-26	2017-09-01
38.		2017-05-01	2017-09-01
39.		2017-05-01	2017-09-01
40.		2017-05-01	2017-08-31
41.		2017-08-28	2017-12-31
42.		2017-08-28	2017-12-31
43.		2017-08-28	2017-12-31
44.		2017-09-05	2017-12-31
45.		2017-09-05	2017-12-31
46.		2017-09-05	2017-12-31
47.		2017-01-03	2017-04-20
48.		2017-05-01	2017-08-31
49.		2017-09-01	2017-12-31
50.		2017-08-28	2017-12-31
51.		2017-08-28	2017-12-29
52.		2017-08-21	2017-12-29
53.		2017-09-28	2017-12-29
54.		2017-01-01	2017-04-28

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
55.	[redacted]	2017-05-01	2017-09-01
56.	[redacted]	2017-01-01	2017-04-28
57.	[redacted]	2017-05-01	2017-09-01
58.	[redacted]	2017-01-01	2017-04-28
59.	[redacted]	2017-05-01	2017-08-31
60.	[redacted]	2017-01-01	2017-04-28
61.	[redacted]	2017-05-01	2017-09-01
62.	[redacted]	2017-01-01	2017-04-28
63.	[redacted]	2017-05-01	2017-09-01
64.	[redacted]	2017-01-31	2017-05-05
65.	[redacted]	2017-09-05	2017-12-29
66.	[redacted]	2017-01-31	2017-05-05
67.	[redacted]	2017-01-10	2017-04-28
68.	[redacted]	2017-01-30	2017-04-28
69.	[redacted]	2017-04-24	2017-09-01
70.	[redacted]	2017-05-01	2017-08-25
71.	[redacted]	2017-09-05	2017-12-31
72.	[redacted]	2017-05-01	2017-08-25
73.	[redacted]	2017-09-05	2017-12-31
74.	[redacted]	2017-05-01	2017-08-25
75.	[redacted]	2017-09-05	2017-12-31
76.	[redacted]	2017-05-02	2017-08-25
77.	[redacted]	2017-09-05	2017-12-31
78.	[redacted]	2017-05-08	2017-08-31
79.	[redacted]	2017-05-15	2017-08-25
80.	[redacted]	2017-09-05	2017-12-31
81.	[redacted]	2017-08-29	2017-12-31
82.	[redacted]	2017-09-05	2017-12-29
83.	[redacted]	2017-10-11	2017-12-31
84.	[redacted]	2017-09-05	2017-12-31
85.	[redacted]	2017-01-01	2017-05-05
86.	[redacted]	2017-01-01	2017-05-05
87.	[redacted]	2017-01-01	2017-04-21
88.	[redacted]	2017-09-05	2017-12-31
89.	[redacted]	2017-01-02	2017-04-28
90.	[redacted]	2017-04-24	2017-09-01
91.	[redacted]	2017-09-04	2017-12-29
92.	[redacted]	2017-05-01	2017-09-01
93.	[redacted]	2017-05-01	2017-09-01
94.	[redacted]	2017-05-01	2017-09-01
95.	[redacted]	2017-05-02	2017-09-01
96.	[redacted]	2017-09-05	2017-12-31
97.	[redacted]	2017-05-02	2017-09-01
98.	[redacted]	2017-05-02	2017-08-25
99.	[redacted]	2017-01-03	2017-04-28
100.	[redacted]	2017-01-03	2017-04-28
101.	[redacted]	2017-05-01	2017-08-25
102.	[redacted]	2017-09-05	2017-12-31
103.	[redacted]	2017-01-03	2017-04-28
104.	[redacted]	2017-05-01	2017-09-01
105.	[redacted]	2017-01-03	2017-04-28
106.	[redacted]	2017-01-09	2017-04-28
107.	[redacted]	2017-05-01	2017-08-25
108.	[redacted]	2017-01-03	2017-04-28

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
109.	[redacted]	2017-05-01	2017-08-25
110.		2017-01-03	2017-04-28
111.		2017-05-01	2017-08-25
112.		2017-01-03	2017-04-28
113.		2017-05-01	2017-08-25
114.		2017-09-05	2017-12-31
115.		2017-05-02	2017-08-25
116.		2017-05-02	2017-08-25
117.		2017-09-05	2017-12-31
118.		2017-05-02	2017-08-25
119.		2017-05-02	2017-09-01
120.		2017-09-04	2017-12-29
121.		2017-09-05	2017-12-31
122.		2017-08-29	2017-12-31
123.		2017-01-01	2017-04-30
124.		2017-01-01	2017-04-30
125.		2017-05-01	2017-08-31
126.		2017-05-01	2017-08-31
127.		2017-08-01	2017-12-31
128.		2017-09-01	2017-12-31
129.		2017-09-01	2017-12-31

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	[redacted]	25.000 %		17
2.		10.000 %	[redacted]	25.000 %		18
3.		10.000 %	[redacted]	25.000 %		18
4.		10.000 %	[redacted]	25.000 %		18
5.		10.000 %	[redacted]	25.000 %		16
6.		10.000 %	[redacted]	25.000 %		16
7.		10.000 %	[redacted]	25.000 %		16
8.		10.000 %	[redacted]	25.000 %		15
9.		10.000 %	[redacted]	25.000 %		15
10.		10.000 %	[redacted]	25.000 %		15
11.		10.000 %	[redacted]	25.000 %		16
12.		10.000 %	[redacted]	25.000 %		16
13.		10.000 %	[redacted]	25.000 %		16
14.		10.000 %	[redacted]	25.000 %		15
15.		10.000 %	[redacted]	25.000 %		16
16.		10.000 %	[redacted]	25.000 %		16
17.		10.000 %	[redacted]	25.000 %		16
18.		10.000 %	[redacted]	25.000 %		15
19.		10.000 %	[redacted]	25.000 %		16
20.		10.000 %	[redacted]	25.000 %		16
21.		10.000 %	[redacted]	25.000 %		16
22.		10.000 %	[redacted]	25.000 %		13
23.		10.000 %	[redacted]	25.000 %		13
24.		10.000 %	[redacted]	25.000 %		16
25.		10.000 %	[redacted]	25.000 %		16
26.		10.000 %	[redacted]	25.000 %		17
27.		10.000 %	[redacted]	25.000 %		16
28.		10.000 %	[redacted]	25.000 %		16
29.		10.000 %	[redacted]	25.000 %		16
30.		10.000 %	[redacted]	25.000 %		16
31.		10.000 %	[redacted]	25.000 %		16
32.		10.000 %	[redacted]	25.000 %		15
33.		10.000 %	[redacted]	25.000 %		14
34.		10.000 %	[redacted]	25.000 %		19
35.		10.000 %	[redacted]	25.000 %		18
36.		10.000 %	[redacted]	25.000 %		18
37.		10.000 %	[redacted]	25.000 %		18
38.		10.000 %	[redacted]	25.000 %		18
39.		10.000 %	[redacted]	25.000 %		18
40.		10.000 %	[redacted]	25.000 %		17
41.		10.000 %	[redacted]	25.000 %		18
42.		10.000 %	[redacted]	25.000 %		18
43.		10.000 %	[redacted]	25.000 %		18
44.		10.000 %	[redacted]	25.000 %		16
45.		10.000 %	[redacted]	25.000 %		16
46.		10.000 %	[redacted]	25.000 %		16
47.		10.000 %	[redacted]	25.000 %		14
48.		10.000 %	[redacted]	25.000 %		17
49.		10.000 %	[redacted]	25.000 %		17
50.		10.000 %	[redacted]	25.000 %		18
51.		10.000 %	[redacted]	25.000 %		18

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
52.		10.000 %	[redacted]	25.000 %		19
53.		10.000 %	[redacted]	25.000 %		13
54.		10.000 %	[redacted]	25.000 %		17
55.		10.000 %	[redacted]	25.000 %		18
56.		10.000 %	[redacted]	25.000 %		17
57.		10.000 %	[redacted]	25.000 %		18
58.		10.000 %	[redacted]	25.000 %		17
59.		10.000 %	[redacted]	25.000 %		17
60.		10.000 %	[redacted]	25.000 %		17
61.		10.000 %	[redacted]	25.000 %		18
62.		10.000 %	[redacted]	25.000 %		17
63.		10.000 %	[redacted]	25.000 %		18
64.		10.000 %	[redacted]	25.000 %		13
65.		10.000 %	[redacted]	25.000 %		16
66.		10.000 %	[redacted]	25.000 %		13
67.		10.000 %	[redacted]	25.000 %		15
68.		10.000 %	[redacted]	25.000 %		13
69.		10.000 %	[redacted]	25.000 %		19
70.		10.000 %	[redacted]	25.000 %		17
71.		10.000 %	[redacted]	25.000 %		16
72.		10.000 %	[redacted]	25.000 %		17
73.		10.000 %	[redacted]	25.000 %		16
74.		10.000 %	[redacted]	25.000 %		17
75.		10.000 %	[redacted]	25.000 %		16
76.		10.000 %	[redacted]	25.000 %		16
77.		10.000 %	[redacted]	25.000 %		16
78.		10.000 %	[redacted]	25.000 %		16
79.		10.000 %	[redacted]	25.000 %		15
80.		10.000 %	[redacted]	25.000 %		16
81.		10.000 %	[redacted]	25.000 %		17
82.		10.000 %	[redacted]	25.000 %		16
83.		10.000 %	[redacted]	25.000 %		11
84.		10.000 %	[redacted]	25.000 %		16
85.		10.000 %	[redacted]	25.000 %		18
86.		10.000 %	[redacted]	25.000 %		18
87.		10.000 %	[redacted]	25.000 %		16
88.		10.000 %	[redacted]	25.000 %		16
89.		10.000 %	[redacted]	25.000 %		17
90.		10.000 %	[redacted]	25.000 %		19
91.		10.000 %	[redacted]	25.000 %		17
92.		10.000 %	[redacted]	25.000 %		18
93.		10.000 %	[redacted]	25.000 %		18
94.		10.000 %	[redacted]	25.000 %		18
95.		10.000 %	[redacted]	25.000 %		17
96.		10.000 %	[redacted]	25.000 %		16
97.		10.000 %	[redacted]	25.000 %		17
98.		10.000 %	[redacted]	25.000 %		16
99.		10.000 %	[redacted]	25.000 %		16
100.		10.000 %	[redacted]	25.000 %		16
101.		10.000 %	[redacted]	25.000 %		17
102.		10.000 %	[redacted]	25.000 %		16
103.		10.000 %	[redacted]	25.000 %		16
104.		10.000 %	[redacted]	25.000 %		18

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
105.		10.000 %	[redacted]	25.000 %		16
106.		10.000 %	[redacted]	25.000 %		16
107.		10.000 %	[redacted]	25.000 %		17
108.		10.000 %	[redacted]	25.000 %		16
109.		10.000 %	[redacted]	25.000 %		17
110.		10.000 %	[redacted]	25.000 %		16
111.		10.000 %	[redacted]	25.000 %		17
112.		10.000 %	[redacted]	25.000 %		16
113.		10.000 %	[redacted]	25.000 %		17
114.		10.000 %	[redacted]	25.000 %		16
115.		10.000 %	[redacted]	25.000 %		16
116.		10.000 %	[redacted]	25.000 %		16
117.		10.000 %	[redacted]	25.000 %		16
118.		10.000 %	[redacted]	25.000 %		16
119.		10.000 %	[redacted]	25.000 %		17
120.		10.000 %	[redacted]	25.000 %		17
121.		10.000 %	[redacted]	25.000 %		16
122.		10.000 %	[redacted]	25.000 %		17
123.		10.000 %	[redacted]	25.000 %		17
124.		10.000 %	[redacted]	25.000 %		17
125.		10.000 %	[redacted]	25.000 %		17
126.		10.000 %	[redacted]	25.000 %		17
127.		10.000 %	[redacted]	25.000 %		21
128.		10.000 %	[redacted]	25.000 %		17
129.		10.000 %	[redacted]	25.000 %		17

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	[redacted]	[redacted]	[redacted]		[redacted]
2.	[redacted]	[redacted]	[redacted]		[redacted]
3.	[redacted]	[redacted]	[redacted]		[redacted]
4.	[redacted]	[redacted]	[redacted]		[redacted]
5.	[redacted]	[redacted]	[redacted]		[redacted]
6.	[redacted]	[redacted]	[redacted]		[redacted]
7.	[redacted]	[redacted]	[redacted]		[redacted]
8.	[redacted]	[redacted]	[redacted]		[redacted]
9.	[redacted]	[redacted]	[redacted]		[redacted]
10.	[redacted]	[redacted]	[redacted]		[redacted]
11.	[redacted]	[redacted]	[redacted]		[redacted]
12.	[redacted]	[redacted]	[redacted]		[redacted]
13.	[redacted]	[redacted]	[redacted]		[redacted]
14.	[redacted]	[redacted]	[redacted]		[redacted]
15.	[redacted]	[redacted]	[redacted]		[redacted]
16.	[redacted]	[redacted]	[redacted]		[redacted]
17.	[redacted]	[redacted]	[redacted]		[redacted]
18.	[redacted]	[redacted]	[redacted]		[redacted]
19.	[redacted]	[redacted]	[redacted]		[redacted]
20.	[redacted]	[redacted]	[redacted]		[redacted]
21.	[redacted]	[redacted]	[redacted]		[redacted]

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
22.	[redacted]	[redacted]	[redacted]		[redacted]
23.	[redacted]	[redacted]	[redacted]		[redacted]
24.	[redacted]	[redacted]	[redacted]		[redacted]
25.	[redacted]	[redacted]	[redacted]		[redacted]
26.	[redacted]	[redacted]	[redacted]		[redacted]
27.	[redacted]	[redacted]	[redacted]		[redacted]
28.	[redacted]	[redacted]	[redacted]		[redacted]
29.	[redacted]	[redacted]	[redacted]		[redacted]
30.	[redacted]	[redacted]	[redacted]		[redacted]
31.	[redacted]	[redacted]	[redacted]		[redacted]
32.	[redacted]	[redacted]	[redacted]		[redacted]
33.	[redacted]	[redacted]	[redacted]		[redacted]
34.	[redacted]	[redacted]	[redacted]		[redacted]
35.	[redacted]	[redacted]	[redacted]		[redacted]
36.	[redacted]	[redacted]	[redacted]		[redacted]
37.	[redacted]	[redacted]	[redacted]		[redacted]
38.	[redacted]	[redacted]	[redacted]		[redacted]
39.	[redacted]	[redacted]	[redacted]		[redacted]
40.	[redacted]	[redacted]	[redacted]		[redacted]
41.	[redacted]	[redacted]	[redacted]		[redacted]
42.	[redacted]	[redacted]	[redacted]		[redacted]
43.	[redacted]	[redacted]	[redacted]		[redacted]
44.	[redacted]	[redacted]	[redacted]		[redacted]
45.	[redacted]	[redacted]	[redacted]		[redacted]
46.	[redacted]	[redacted]	[redacted]		[redacted]
47.	[redacted]	[redacted]	[redacted]		[redacted]
48.	[redacted]	[redacted]	[redacted]		[redacted]
49.	[redacted]	[redacted]	[redacted]		[redacted]
50.	[redacted]	[redacted]	[redacted]		[redacted]
51.	[redacted]	[redacted]	[redacted]		[redacted]
52.	[redacted]	[redacted]	[redacted]		[redacted]
53.	[redacted]	[redacted]	[redacted]		[redacted]
54.	[redacted]	[redacted]	[redacted]		[redacted]
55.	[redacted]	[redacted]	[redacted]		[redacted]
56.	[redacted]	[redacted]	[redacted]		[redacted]
57.	[redacted]	[redacted]	[redacted]		[redacted]
58.	[redacted]	[redacted]	[redacted]		[redacted]
59.	[redacted]	[redacted]	[redacted]		[redacted]
60.	[redacted]	[redacted]	[redacted]		[redacted]
61.	[redacted]	[redacted]	[redacted]		[redacted]
62.	[redacted]	[redacted]	[redacted]		[redacted]
63.	[redacted]	[redacted]	[redacted]		[redacted]
64.	[redacted]	[redacted]	[redacted]		[redacted]
65.	[redacted]	[redacted]	[redacted]		[redacted]
66.	[redacted]	[redacted]	[redacted]		[redacted]
67.	[redacted]	[redacted]	[redacted]		[redacted]
68.	[redacted]	[redacted]	[redacted]		[redacted]
69.	[redacted]	[redacted]	[redacted]		[redacted]
70.	[redacted]	[redacted]	[redacted]		[redacted]
71.	[redacted]	[redacted]	[redacted]		[redacted]
72.	[redacted]	[redacted]	[redacted]		[redacted]
73.	[redacted]	[redacted]	[redacted]		[redacted]
74.	[redacted]	[redacted]	[redacted]		[redacted]

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
75.	[redacted]	[redacted]	[redacted]		[redacted]
76.	[redacted]	[redacted]	[redacted]		[redacted]
77.	[redacted]	[redacted]	[redacted]		[redacted]
78.	[redacted]	[redacted]	[redacted]		[redacted]
79.	[redacted]	[redacted]	[redacted]		[redacted]
80.	[redacted]	[redacted]	[redacted]		[redacted]
81.	[redacted]	[redacted]	[redacted]		[redacted]
82.	[redacted]	[redacted]	[redacted]		[redacted]
83.	[redacted]	[redacted]	[redacted]		[redacted]
84.	[redacted]	[redacted]	[redacted]		[redacted]
85.	[redacted]	[redacted]	[redacted]		[redacted]
86.	[redacted]	[redacted]	[redacted]		[redacted]
87.	[redacted]	[redacted]	[redacted]		[redacted]
88.	[redacted]	[redacted]	[redacted]		[redacted]
89.	[redacted]	[redacted]	[redacted]		[redacted]
90.	[redacted]	[redacted]	[redacted]		[redacted]
91.	[redacted]	[redacted]	[redacted]		[redacted]
92.	[redacted]	[redacted]	[redacted]		[redacted]
93.	[redacted]	[redacted]	[redacted]		[redacted]
94.	[redacted]	[redacted]	[redacted]		[redacted]
95.	[redacted]	[redacted]	[redacted]		[redacted]
96.	[redacted]	[redacted]	[redacted]		[redacted]
97.	[redacted]	[redacted]	[redacted]		[redacted]
98.	[redacted]	[redacted]	[redacted]		[redacted]
99.	[redacted]	[redacted]	[redacted]		[redacted]
100.	[redacted]	[redacted]	[redacted]		[redacted]
101.	[redacted]	[redacted]	[redacted]		[redacted]
102.	[redacted]	[redacted]	[redacted]		[redacted]
103.	[redacted]	[redacted]	[redacted]		[redacted]
104.	[redacted]	[redacted]	[redacted]		[redacted]
105.	[redacted]	[redacted]	[redacted]		[redacted]
106.	[redacted]	[redacted]	[redacted]		[redacted]
107.	[redacted]	[redacted]	[redacted]		[redacted]
108.	[redacted]	[redacted]	[redacted]		[redacted]
109.	[redacted]	[redacted]	[redacted]		[redacted]
110.	[redacted]	[redacted]	[redacted]		[redacted]
111.	[redacted]	[redacted]	[redacted]		[redacted]
112.	[redacted]	[redacted]	[redacted]		[redacted]
113.	[redacted]	[redacted]	[redacted]		[redacted]
114.	[redacted]	[redacted]	[redacted]		[redacted]
115.	[redacted]	[redacted]	[redacted]		[redacted]
116.	[redacted]	[redacted]	[redacted]		[redacted]
117.	[redacted]	[redacted]	[redacted]		[redacted]
118.	[redacted]	[redacted]	[redacted]		[redacted]
119.	[redacted]	[redacted]	[redacted]		[redacted]
120.	[redacted]	[redacted]	[redacted]		[redacted]
121.	[redacted]	[redacted]	[redacted]		[redacted]
122.	[redacted]	[redacted]	[redacted]		[redacted]
123.	[redacted]	[redacted]	[redacted]		[redacted]
124.	[redacted]	[redacted]	[redacted]		[redacted]
125.	[redacted]	[redacted]	[redacted]		[redacted]
126.	[redacted]	[redacted]	[redacted]		[redacted]
127.	[redacted]	[redacted]	[redacted]		[redacted]

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
128.	[redacted]	[redacted]	[redacted]		[redacted]
129.					

Ontario co-operative education tax credit (total of amounts in column K) 500 349,813 L

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ______ x percentage on line 170 in Part 1 ______ % = ... ______ M

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received.
Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Martin Sultana

120 Telephone number: [redacted]

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

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

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

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

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 600,001

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

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

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

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

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

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

Specified percentage . . . . **314** 25.000 %

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

Part 4 – Ontario apprenticeship training tax credit

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

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
1.	434a	Powerline Technician	[redacted]
2.	434a	Powerline Technician	
3.	434a	Powerline Technician	
4.	434a	Powerline Technician	
5.	434a	Powerline Technician	
6.	434a	Powerline Technician	
7.	434a	Powerline Technician	
8.	434a	Powerline Technician	
9.	434a	Powerline Technician	
10.	434a	Powerline Technician	
11.	434a	Powerline Technician	
12.	434a	Powerline Technician	
13.	434a	Powerline Technician	
14.	434a	Powerline Technician	
15.	434a	Powerline Technician	
16.	434a	Powerline Technician	
17.	434a	Powerline Technician	
18.	434a	Powerline Technician	
19.	434a	Powerline Technician	
20.	434a	Powerline Technician	
21.	434a	Powerline Technician	
22.	434a	Powerline Technician	
23.	434a	Powerline Technician	
24.	434a	Powerline Technician	
25.	434a	Powerline Technician	
26.	434a	Powerline Technician	
27.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
28.	434a	Powerline Technician	[redacted]
29.	434a	Powerline Technician	
30.	434a	Powerline Technician	
31.	434a	Powerline Technician	
32.	434a	Powerline Technician	
33.	434a	Powerline Technician	
34.	434a	Powerline Technician	
35.	434a	Powerline Technician	
36.	434a	Powerline Technician	
37.	434a	Powerline Technician	
38.	434a	Powerline Technician	
39.	434a	Powerline Technician	
40.	434a	Powerline Technician	
41.	434a	Powerline Technician	
42.	434a	Powerline Technician	
43.	434a	Powerline Technician	
44.	434a	Powerline Technician	
45.	434a	Powerline Technician	
46.	434a	Powerline Technician	
47.	434a	Powerline Technician	
48.	434a	Powerline Technician	
49.	434a	Powerline Technician	
50.	434a	Powerline Technician	
51.	434a	Powerline Technician	
52.	434a	Powerline Technician	
53.	434a	Powerline Technician	
54.	434a	Powerline Technician	
55.	434a	Powerline Technician	
56.	434a	Powerline Technician	
57.	434a	Powerline Technician	
58.	434a	Powerline Technician	
59.	434a	Powerline Technician	
60.	434a	Powerline Technician	
61.	434a	Powerline Technician	
62.	434a	Powerline Technician	
63.	434a	Powerline Technician	
64.	434a	Powerline Technician	
65.	434a	Powerline Technician	
66.	434a	Powerline Technician	
67.	434a	Powerline Technician	
68.	434a	Powerline Technician	
69.	434a	Powerline Technician	

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
1.	[redacted]	2017-01-03	2017-01-03	2017-12-31
2.		2016-10-11	2017-01-31	2017-12-31
3.		2016-10-11	2017-01-31	2017-12-31
4.		2016-05-09	2017-01-31	2017-12-31
5.		2016-05-09	2017-01-31	2017-12-31
6.		2014-09-05	2017-01-31	2017-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
7.	[redacted]	2014-09-05	2017-01-31	2017-12-31
8.		2017-09-05	2017-09-05	2017-12-31
9.		2017-09-05	2017-09-05	2017-12-31
10.		2017-09-05	2017-09-05	2017-12-31
11.		2017-09-19	2017-09-19	2017-12-31
12.		2017-03-13	2017-03-13	2017-12-31
13.		2017-03-13	2017-03-13	2017-12-31
14.		2017-03-13	2017-03-13	2017-12-31
15.		2017-03-13	2017-03-13	2017-12-31
16.		2017-03-13	2017-03-13	2017-12-31
17.		2016-06-09	2017-01-31	2017-12-31
18.		2016-06-09	2017-01-31	2017-12-31
19.		2016-06-09	2017-01-31	2017-12-31
20.		2016-06-09	2017-01-31	2017-12-31
21.		2015-09-21	2017-01-31	2017-12-31
22.		2015-09-21	2017-01-31	2017-12-31
23.		2014-02-09	2017-01-31	2017-12-31
24.		2014-02-09	2017-01-31	2017-12-31
25.		2014-02-09	2017-01-31	2017-12-31
26.		2013-09-23	2017-01-31	2017-09-22
27.		2013-09-23	2017-01-31	2017-09-22
28.		2013-09-23	2017-01-31	2017-09-22
29.		2013-09-23	2017-01-31	2017-09-22
30.		2013-09-23	2017-01-31	2017-09-22
31.		2013-09-23	2017-01-31	2017-09-22
32.		2013-09-23	2017-01-31	2017-09-03
33.		2017-01-03	2017-01-31	2017-12-31
34.		2016-01-04	2017-01-31	2017-12-31
35.		2017-01-03	2017-01-31	2017-12-31
36.		2017-01-03	2017-01-31	2017-12-31
37.		2017-09-05	2017-09-05	2017-12-31
38.		2016-01-04	2017-01-31	2017-12-31
39.		2016-01-04	2017-01-31	2017-12-31
40.		2016-01-04	2017-01-31	2017-12-31
41.		2015-01-05	2017-01-31	2017-12-31
42.		2015-01-05	2017-01-31	2017-12-31
43.		2015-09-08	2017-01-31	2017-12-31
44.		2015-01-05	2017-01-31	2017-12-31
45.		2015-01-05	2017-01-31	2017-12-31
46.		2015-01-05	2017-01-31	2017-12-31
47.		2015-01-05	2017-01-31	2017-12-31
48.		2014-08-06	2017-01-31	2017-12-31
49.		2014-08-06	2017-01-31	2017-12-31
50.		2014-01-06	2017-01-31	2017-12-31
51.		2014-01-06	2017-01-31	2017-12-31
52.		2013-09-20	2017-01-31	2017-09-19
53.		2014-01-06	2017-01-31	2017-12-31
54.		2014-01-06	2017-01-31	2017-12-31
55.		2013-09-20	2017-01-31	2017-09-19
56.		2016-01-04	2017-02-28	2017-12-31
57.		2016-01-04	2017-02-28	2017-12-31
58.		2016-01-04	2017-02-28	2017-12-31
59.		2015-08-31	2017-02-28	2017-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
60.	[redacted]	2015-08-31	2017-02-28	2017-12-31
61.		2014-09-02	2017-02-28	2017-12-31
62.		2014-11-24	2017-02-28	2017-12-31
63.		2016-10-31	2017-02-28	2017-12-31
64.		2016-10-31	2017-02-28	2017-12-31
65.		2016-10-31	2017-02-28	2017-12-31
66.		2014-10-06	2017-02-28	2017-07-06
67.		2014-10-06	2017-02-28	2017-03-16
68.		2014-10-06	2017-02-28	2017-03-09
69.		2015-09-16	2017-02-28	2017-12-31

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

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

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

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
1.		363	[redacted]
2.		335	[redacted]
3.		335	[redacted]
4.		335	[redacted]
5.		335	[redacted]
6.	335		[redacted]
7.	335		[redacted]
8.		118	[redacted]
9.		118	[redacted]
10.		118	[redacted]
11.		104	[redacted]
12.		294	[redacted]
13.		294	[redacted]
14.		294	[redacted]
15.		294	[redacted]
16.		294	[redacted]
17.		335	[redacted]
18.		335	[redacted]
19.		335	[redacted]
20.		335	[redacted]
21.		335	[redacted]
22.		335	[redacted]
23.	335		[redacted]
24.	335		[redacted]
25.	335		[redacted]
26.	235		[redacted]
27.	235		[redacted]
28.	235		[redacted]
29.	235		[redacted]
30.	235		[redacted]
31.	235		[redacted]
32.	216		[redacted]
33.		335	[redacted]
34.		335	[redacted]
35.		335	[redacted]
36.		335	[redacted]
37.		118	[redacted]
38.		335	[redacted]
39.		335	[redacted]
40.		335	[redacted]
41.	335		[redacted]
42.	335		[redacted]
43.		335	[redacted]
44.	335		[redacted]
45.	335		[redacted]
46.	335		[redacted]
47.	335		[redacted]
48.	335		[redacted]
49.	335		[redacted]
50.	335		[redacted]
51.	335		[redacted]
52.	232		[redacted]

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
53.	335		[redacted]
54.	335		[redacted]
55.	232		[redacted]
56.		307	[redacted]
57.		307	[redacted]
58.		307	[redacted]
59.		307	[redacted]
60.		307	[redacted]
61.	307		[redacted]
62.	307		[redacted]
63.		307	[redacted]
64.		307	[redacted]
65.		307	[redacted]
66.	129		[redacted]
67.	17		[redacted]
68.	10		[redacted]
69.		307	[redacted]

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.
For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*) or ($5,000 × H2/365*), whichever applies.
* 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
1.	[redacted]	[redacted]	[redacted]
2.	[redacted]	[redacted]	[redacted]
3.	[redacted]	[redacted]	[redacted]
4.	[redacted]	[redacted]	[redacted]
5.	[redacted]	[redacted]	[redacted]
6.	[redacted]	[redacted]	[redacted]
7.	[redacted]	[redacted]	[redacted]
8.	[redacted]	[redacted]	[redacted]
9.	[redacted]	[redacted]	[redacted]
10.	[redacted]	[redacted]	[redacted]
11.	[redacted]	[redacted]	[redacted]
12.	[redacted]	[redacted]	[redacted]
13.	[redacted]	[redacted]	[redacted]
14.	[redacted]	[redacted]	[redacted]
15.	[redacted]	[redacted]	[redacted]
16.	[redacted]	[redacted]	[redacted]
17.	[redacted]	[redacted]	[redacted]
18.	[redacted]	[redacted]	[redacted]
19.	[redacted]	[redacted]	[redacted]
20.	[redacted]	[redacted]	[redacted]
21.	[redacted]	[redacted]	[redacted]
22.	[redacted]	[redacted]	[redacted]
23.	[redacted]		[redacted]
24.	[redacted]		[redacted]
25.	[redacted]		[redacted]

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	**K** Eligible expenditures **multiplied** by specified percentage (see note 4) 460
26.	[redacted]	[redacted]	[redacted]
27.	[redacted]	[redacted]	[redacted]
28.	[redacted]	[redacted]	[redacted]
29.	[redacted]	[redacted]	[redacted]
30.	[redacted]	[redacted]	[redacted]
31.	[redacted]	[redacted]	[redacted]
32.	[redacted]	[redacted]	[redacted]
33.	[redacted]	[redacted]	[redacted]
34.	[redacted]	[redacted]	[redacted]
35.	[redacted]	[redacted]	[redacted]
36.	[redacted]	[redacted]	[redacted]
37.	[redacted]	[redacted]	[redacted]
38.	[redacted]	[redacted]	[redacted]
39.	[redacted]	[redacted]	[redacted]
40.	[redacted]	[redacted]	[redacted]
41.	[redacted]	[redacted]	[redacted]
42.	[redacted]	[redacted]	[redacted]
43.	[redacted]	[redacted]	[redacted]
44.	[redacted]	[redacted]	[redacted]
45.	[redacted]	[redacted]	[redacted]
46.	[redacted]	[redacted]	[redacted]
47.	[redacted]	[redacted]	[redacted]
48.	[redacted]	[redacted]	[redacted]
49.	[redacted]	[redacted]	[redacted]
50.	[redacted]	[redacted]	[redacted]
51.	[redacted]	[redacted]	[redacted]
52.	[redacted]	[redacted]	[redacted]
53.	[redacted]	[redacted]	[redacted]
54.	[redacted]	[redacted]	[redacted]
55.	[redacted]	[redacted]	[redacted]
56.	[redacted]	[redacted]	[redacted]
57.	[redacted]	[redacted]	[redacted]
58.	[redacted]	[redacted]	[redacted]
59.	[redacted]	[redacted]	[redacted]
60.	[redacted]	[redacted]	[redacted]
61.	[redacted]	[redacted]	[redacted]
62.	[redacted]	[redacted]	[redacted]
63.	[redacted]	[redacted]	[redacted]
64.	[redacted]	[redacted]	[redacted]
65.	[redacted]	[redacted]	[redacted]
66.	[redacted]	[redacted]	[redacted]
67.	[redacted]	[redacted]	[redacted]
68.	[redacted]	[redacted]	[redacted]
69.	[redacted]	[redacted]	[redacted]

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

For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.

For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	[redacted]		[redacted]
2.	[redacted]		[redacted]
3.	[redacted]		[redacted]
4.	[redacted]		[redacted]
5.	[redacted]		[redacted]
6.	[redacted]		[redacted]
7.	[redacted]		[redacted]
8.	[redacted]		[redacted]
9.	[redacted]		[redacted]
10.	[redacted]		[redacted]
11.	[redacted]		[redacted]
12.	[redacted]		[redacted]
13.	[redacted]		[redacted]
14.	[redacted]		[redacted]
15.	[redacted]		[redacted]
16.	[redacted]		[redacted]
17.	[redacted]		[redacted]
18.	[redacted]		[redacted]
19.	[redacted]		[redacted]
20.	[redacted]		[redacted]
21.	[redacted]		[redacted]
22.	[redacted]		[redacted]
23.	[redacted]		[redacted]
24.	[redacted]		[redacted]
25.	[redacted]		[redacted]
26.	[redacted]		[redacted]
27.	[redacted]		[redacted]
28.	[redacted]		[redacted]
29.	[redacted]		[redacted]
30.	[redacted]		[redacted]
31.	[redacted]		[redacted]
32.	[redacted]		[redacted]
33.	[redacted]		[redacted]
34.	[redacted]		[redacted]
35.	[redacted]		[redacted]
36.	[redacted]		[redacted]
37.	[redacted]		[redacted]
38.	[redacted]		[redacted]
39.	[redacted]		[redacted]
40.	[redacted]		[redacted]
41.	[redacted]		[redacted]
42.	[redacted]		[redacted]
43.	[redacted]		[redacted]
44.	[redacted]		[redacted]
45.	[redacted]		[redacted]
46.	[redacted]		[redacted]
47.	[redacted]		[redacted]
48.	[redacted]		[redacted]
49.	[redacted]		[redacted]
50.	[redacted]		[redacted]
51.	[redacted]		[redacted]
52.	[redacted]		[redacted]
53.	[redacted]		[redacted]

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
54.	[redacted]		[redacted]
55.			
56.			
57.			
58.			
59.			
60.			
61.			
62.			
63.			
64.			
65.			
66.			
67.			
68.			
69.			

Ontario apprenticeship training tax credit (total of amounts in column N) **500** 387,824 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

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

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

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

See the privacy notice on your return.

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SCHEDULE 568

ONTARIO BUSINESS-RESEARCH INSTITUTE TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to claim the Ontario business-research institute tax credit (OBRITC) under section 97 of the *Taxation Act, 2007* (Ontario).
- The OBRITC is a 20% refundable tax credit based on qualified expenditures incurred in Ontario under an eligible contract with an eligible research institute (ERI).
- A list of eligible research institutes and the applicable ERI codes for eligible contracts can be found on our website. Go to **www.cra.gc.ca/ctao** and select "business-research institute tax credit".
- The criteria for a corporation to be eligible for the OBRITC include the eligibility requirements in Part 1 of this schedule.
- The annual qualified expenditure limit is $20 million. If a corporation is associated with other corporations at any time in the calendar year, the $20 million limit must be allocated among the associated corporations.
- Qualifying corporations are defined in subsection 97(3) of the *Taxation Act, 2007* (Ontario).
- For each eligible contract, you must complete a separate Schedule 569, *Ontario Business-Research Institute Tax Credit Contract Information*.
- Keep the eligible contract to support your claim. Do not submit the contract with the *T2 Corporation Income Tax Return*.
- To claim the OBRITC, include the following with the *T2 Corporation Income Tax Return*:
  – a completed copy of this schedule; and
  – a completed copy of Schedule 569 for each eligible contract.

Part 1 – Eligibility

1. Did the corporation, for the tax year, carry on business in Ontario through a permanent establishment in Ontario? . . . . **100** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax for the tax year under Part III of the *Taxation Act, 2007* (Ontario)? . . . . **105** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, the corporation is **not eligible** for the OBRITC.

Part 2 – Qualified expenditure limit for the tax year

Was the corporation associated at any time in the tax year with another corporation? . . . . **200** 1 Yes [X] 2 No [ ]

If the corporation answered **no** at line 200, enter $20,000,000 on line 205. If the corporation answered **yes** at line 200, complete Part 3 and enter on line 205 the expenditure limit allocated to the corporation in column 310 in Part 3.

Qualified expenditure limit . . . . **205** 20,000,000 A

If the tax year is 51 weeks or more, enter amount A on line 210.

If the tax year of the filing corporation is less than 51 weeks, complete the following proration calculation:

$$\text{Amount A} \quad 20{,}000{,}000 \times \frac{\text{days in the tax year } 335}{365} = \quad 18{,}356{,}164 \quad \text{B}$$

Qualified expenditure limit for the tax year (amount A or amount B, whichever applies) . . . . **210** 18,356,164 C

Part 3 – Allocation of the $20 million expenditure limit between associated corporations

Use this part to allocate the $20 million expenditure limit to the filing corporation and all its associated corporations for each of their tax years ending in the calendar year. See subsection 38(4) of Ontario Regulation 37/09 for expenditure limit allocation rules for associated corporations. Attach additional schedules if you need more space.

	Name of all associated corporations, including the filing corporation (include the associated corporations that have a tax year that ends in the calendar year) 300	Business Number (enter "NR" if corporation is not registered) 305	Expenditure limit allocated 310
1.	ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	20,000,000
2.	ALECTRA INC.	72780 2324 RC0001	
3.	ALECTRA ENERGY SOLUTIONS INC.	72859 9895 RC0001	
4.	ALECTRA POWER SERVICES INC.	88009 0212 RC0002	
5.	ALECTRA ENERGY SERVICES INC.	80393 0734 RC0001	
6.	HORIZON SOLAR CORPORATION	80586 8866 RC0001	
7.	UTIL-ASSIST INC.	84277 2741 RC0001	
8.	ALECTRA REAL ESTATE HOLDINGS INC.	72695 9091 RC0001	
9.	BRAMPTON HYDRO INC.	86486 7635 RC0001	
		Total expenditure limit (cannot exceed $20 million) 315	20,000,000 D

Enter the expenditure limit allocated to the corporation on line 205 in Part 2.

Part 4 – Calculation of the Ontario business-research institute tax credit

Total number of eligible contracts used to determine the OBRITC for this tax year 400 2

Total qualified expenditures for all eligible contracts identified on line 400 for this tax year (total of amounts on line 310 in Part 3 of each **Schedule 569**) . . . . 405 12,105 E

Qualified expenditure limit for the tax year (amount C in Part 2) . . . . 18,356,164 F

Qualified expenditures for the OBRITC for the tax year (amount E or F, whichever is less) 410 12,105

Ontario business-research Institute tax credit (line 410 x 20 %) . . . . 2,421 G

Enter amount G on line 470 of Schedule 5, *Tax Calculation Supplementary – Corporations*.

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SCHEDULE 569

ONTARIO BUSINESS-RESEARCH INSTITUTE TAX CREDIT CONTRACT INFORMATION

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to support your claim for the Ontario business-research institute tax credit (OBRITC), which is made on Schedule 568, *Ontario Business-Research Institute Tax Credit*. Complete a separate Schedule 569 for each eligible contract.
- The OBRITC is a 20% refundable tax credit based on qualified expenditures incurred in Ontario under an eligible contract with an eligible research institute (ERI). An ERI, for purposes of the OBRITC, is defined in subsection 97(27) of the *Taxation Act, 2007* (Ontario).
- A list of eligible research institutes and the applicable ERI codes for eligible contracts can be found on our web site. Go to **www.cra.gc.ca/ctao** and select "business-research institute tax credit".
- The eligibility requirements in Part 2 of this schedule must be met for the qualifying corporation to claim an OBRITC for this contract.
- Eligible contracts entered into before August 10, 2007 were subject to advanced ruling legislation. OBRITC claims relating to one of these contracts must have the corresponding Ontario Ministry of Revenue ruling reference number entered at line 130 in Part 1 of this schedule.
- Corporations can only claim the OBRITC for the number of days in the tax year that the corporation **was not** connected to the ERI. Connected corporations, for the purposes of the OBRITC, are defined in subsection 97(4) of the *Taxation Act*, 2007 (Ontario).
- Eligible contracts and qualified expenditures are defined in subsections 97(6) and 97(8), respectively, of the *Taxation Act, 2007* (Ontario).
- According to subsections 97(16) and (19) of the *Taxation Act, 2007* (Ontario), qualified expenditures must be reduced by contributions the corporation received, is entitled to receive or may reasonably expect to receive. Qualified expenditures include repayment of government assistance made by the corporation during the year. Contribution and government assistance are defined in subsection 97(27) of the *Taxation Act, 2007* (Ontario).

Part 1 – Contract details

100 Name of person to contact for more information: Martin Sultana

105 Telephone number including area code: [redacted]

110 Name of the ERI on the contract: RYERSON UNIVERSITY

115 ERI code: 111

120 Date of contract (Year Month Day): 2017-12-30

If the date on line 120 is before August 10, 2007, was the contract subject to an advanced ruling? . . . **125** 1 Yes ☐ 2 No ☒

For all contracts entered into before August 10, 2007, enter the Ontario Ministry of Revenue ruling reference number . . . **130** ____ – ____

Is the claim filed for an OBRITC earned through a partnership?* . . . **135** 1 Yes ☐ 2 No ☒

If the answer on line 135 is **yes**, are you a specified member? . . . **140** 1 Yes ☐ 2 No ☐

If the answer on line 135 is **yes**, what is the name of the partnership? . . . **145** ____

Enter the corporation's percentage share of the income or loss of the partnership's fiscal period ending in the corporation's tax year . . . **150** ____ %

* When a corporate member of a partnership is claiming an amount for qualified expenditures incurred during the tax year under the eligible contract by the partnership, complete Schedule 569 as if the partnership were a corporation. Each corporate member, other than a specified member, should file a Schedule 569 as if it, instead of the partnership, had entered into the contract with the ERI and can claim the corporation's share of the partnership's qualified expenditures. Specified members of a partnership cannot claim an OBRITC. A definition of "specified member" can be found in subsection 248(1) of the federal *Income Tax Act*.

Part 2 – Eligibility

Contract:

1. Did the corporation enter into a contract with an ERI?	200	1 Yes X	2 No
2. Do the terms of the contract state that the ERI agrees to perform, in Ontario, scientific research and experimental development (SR&ED) related to the business carried on in Canada by the corporation?	205	1 Yes X	2 No
3. Was the corporation entitled to exploit the results of the SR&ED carried out under the contract?	210	1 Yes X	2 No

If you answered **no** to question 1, 2, or 3, the contract is **not** an **eligible** contract for the purposes of an OBRITC.

Expenditures:

4. Were the expenditures made by a payment of money by the corporation to the ERI or by a prescribed payment?	215	1 Yes X	2 No
5. Were the expenditures incurred in respect of SR&ED carried on in Ontario by the ERI?	220	1 Yes X	2 No
6. Are the expenditures identified in subparagraph 37(1)(a)(i), (i.1) or (ii) of the federal *Income Tax Act* and would they also qualify as qualified expenditures, as defined in subsection 127(9) of the federal Act, other than prescribed types of expenditures and certain salaries or wages?	225	1 Yes X	2 No
7. Were the expenditures incurred by the corporation for purposes of SR&ED related to the business carried on in Canada by the corporation?	230	1 Yes X	2 No

If you answered **no** to question 4, 5, 6, or 7, the expenditures are **not eligible** expenditures for the purposes of an OBRITC.

Part 3 – Qualified expenditures for this contract for the tax year

Qualified expenditures incurred in the tax year **300** 7,105

If the corporation answered **yes** at line 135 in Part 1, and **no** at line 140 in Part 1, determine the partnerships' share of qualified expenditures available to claim in the tax year:

Line 300 7,105 x percentage on line 150 in Part 1 % = A

Number of days in this tax year that the corporation was **not** connected to the ERI identified on line 110 in Part 1 . . . . . **305** 335

Qualified expenditures for this contract for the tax year:

$$\frac{\text{(Line 300 or amount A, whichever applies) x line 305}}{\text{number of days in the tax year}} \quad \frac{2,380,175}{335} =$$ . . . . . **310** 7,105 B

Enter amount B on line 405 of **Schedule 568**, *Ontario Business-Research Institute Tax Credit*.

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SCHEDULE 569

ONTARIO BUSINESS-RESEARCH INSTITUTE TAX CREDIT CONTRACT INFORMATION

Name of corporation	Business Number	Tax year-end Year Month Day
ALECTRA UTILITIES CORPORATION	72860 4299 RC0001	2017-12-31

- Use this schedule to support your claim for the Ontario business-research institute tax credit (OBRITC), which is made on Schedule 568, *Ontario Business-Research Institute Tax Credit*. Complete a separate Schedule 569 for each eligible contract.
- The OBRITC is a 20% refundable tax credit based on qualified expenditures incurred in Ontario under an eligible contract with an eligible research institute (ERI). An ERI, for purposes of the OBRITC, is defined in subsection 97(27) of the *Taxation Act, 2007* (Ontario).
- A list of eligible research institutes and the applicable ERI codes for eligible contracts can be found on our web site. Go to **www.cra.gc.ca/ctao** and select "business-research institute tax credit".
- The eligibility requirements in Part 2 of this schedule must be met for the qualifying corporation to claim an OBRITC for this contract.
- Eligible contracts entered into before August 10, 2007 were subject to advanced ruling legislation. OBRITC claims relating to one of these contracts must have the corresponding Ontario Ministry of Revenue ruling reference number entered at line 130 in Part 1 of this schedule.
- Corporations can only claim the OBRITC for the number of days in the tax year that the corporation **was not** connected to the ERI. Connected corporations, for the purposes of the OBRITC, are defined in subsection 97(4) of the *Taxation Act*, 2007 (Ontario).
- Eligible contracts and qualified expenditures are defined in subsections 97(6) and 97(8), respectively, of the *Taxation Act, 2007* (Ontario).
- According to subsections 97(16) and (19) of the *Taxation Act, 2007* (Ontario), qualified expenditures must be reduced by contributions the corporation received, is entitled to receive or may reasonably expect to receive. Qualified expenditures include repayment of government assistance made by the corporation during the year. Contribution and government assistance are defined in subsection 97(27) of the *Taxation Act, 2007* (Ontario).

Part 1 – Contract details

100 Name of person to contact for more information: Martin Sultana

105 Telephone number including area code: [redacted]

110 Name of the ERI on the contract: QUEEN'S UNIVERSITY

115 ERI code: 109

120 Date of contract (Year Month Day): 2017-07-13

If the date on line 120 is before August 10, 2007, was the contract subject to an advanced ruling? . . . **125** 1 Yes [ ] 2 No [X]

For all contracts entered into before August 10, 2007, enter the Ontario Ministry of Revenue ruling reference number . . . . **130** ______ – ______

Is the claim filed for an OBRITC earned through a partnership?* . . . . **135** 1 Yes [ ] 2 No [X]

If the answer on line 135 is **yes**, are you a specified member? . . . . **140** 1 Yes [ ] 2 No [ ]

If the answer on line 135 is **yes**, what is the name of the partnership? . . . . **145** ______

Enter the corporation's percentage share of the income or loss of the partnership's fiscal period ending in the corporation's tax year . . . . **150** ______ %

* When a corporate member of a partnership is claiming an amount for qualified expenditures incurred during the tax year under the eligible contract by the partnership, complete Schedule 569 as if the partnership were a corporation. Each corporate member, other than a specified member, should file a Schedule 569 as if it, instead of the partnership, had entered into the contract with the ERI and can claim the corporation's share of the partnership's qualified expenditures. Specified members of a partnership cannot claim an OBRITC. A definition of "specified member" can be found in subsection 248(1) of the federal *Income Tax Act*.

Part 2 – Eligibility

Contract:

1. Did the corporation enter into a contract with an ERI?	200	1 Yes X	2 No
2. Do the terms of the contract state that the ERI agrees to perform, in Ontario, scientific research and experimental development (SR&ED) related to the business carried on in Canada by the corporation?	205	1 Yes X	2 No
3. Was the corporation entitled to exploit the results of the SR&ED carried out under the contract?	210	1 Yes X	2 No

If you answered **no** to question 1, 2, or 3, the contract is **not** an **eligible** contract for the purposes of an OBRITC.

Expenditures:

4. Were the expenditures made by a payment of money by the corporation to the ERI or by a prescribed payment?	215	1 Yes X	2 No
5. Were the expenditures incurred in respect of SR&ED carried on in Ontario by the ERI?	220	1 Yes X	2 No
6. Are the expenditures identified in subparagraph 37(1)(a)(i), (i.1) or (ii) of the federal *Income Tax Act* and would they also qualify as qualified expenditures, as defined in subsection 127(9) of the federal Act, other than prescribed types of expenditures and certain salaries or wages?	225	1 Yes X	2 No
7. Were the expenditures incurred by the corporation for purposes of SR&ED related to the business carried on in Canada by the corporation?	230	1 Yes X	2 No

If you answered **no** to question 4, 5, 6, or 7, the expenditures are **not eligible** expenditures for the purposes of an OBRITC.

Part 3 – Qualified expenditures for this contract for the tax year

Qualified expenditures incurred in the tax year **300** 5,000

If the corporation answered **yes** at line 135 in Part 1, and **no** at line 140 in Part 1, determine the partnerships' share of qualified expenditures available to claim in the tax year:

Line 300 5,000 x percentage on line 150 in Part 1 % = A

Number of days in this tax year that the corporation was **not** connected to the ERI identified on line 110 in Part 1 . . . . . **305** 335

Qualified expenditures for this contract for the tax year:

$$\frac{\text{(Line 300 or amount A, whichever applies) x line 305}}{\text{number of days in the tax year}} \quad \frac{1{,}675{,}000}{335} = \quad \textbf{310} \quad 5{,}000 \text{ B}$$

Enter amount B on line 405 of **Schedule 568**, *Ontario Business-Research Institute Tax Credit*.

G-Staff-4

Reference(s): Net Impact of Capitalization Policy for all Rate Zones

Please confirm that there are no retrospective adjustments or restatements made to the carrying values of capital assets as a result of applying the new capitalization policies in the BRZ, HRZ, and ERZ, respectively. If there are any retrospective adjustments or restatements, please quantify and explain the nature of the adjustment(s).

Response:

The capitalization policy change was applied at the date of the merger, being January 31, 2017 or February 28, 2017. There were no retrospective adjustments made as a result of this change.

G-Staff-5

Net Impact of Capitalization Policy for all Rate Zones

Reference(s): Exhibit 2, Tab 4, Schedule 7; Exhibit 2, Tab 2, Schedule 7
EB-2017-0024 Response to Technical Conference Undertakings J.2.32
EB-2017-0024 Response to Technical Conference Undertakings JT.Staff-7

In responses to technical conference undertakings in the previous year's application (EB-2017-0024), Alectra indicated that, as a result of a review of all entities' accounting policies, there was an impact to OM&A in the PowerStream rate zone due to a reclassification of costs between burden pools. Alectra identified this item as a change in estimates, rather than a change in capitalization policy.

a) Please confirm whether or not there are any other changes in accounting estimates in 2017 for the PRZ that also impacted depreciation or capitalized amounts of assets.

b) Please quantify the revenue requirement impact for 2017 and explain the impacts due to reclassification of costs between burden pools, and any other changes in accounting estimates for 2017 for the PRZ.

c) Are there any other changes in estimates to capital assets or reclassification of costs between burden pools, in any of the other rate zones that were recorded in 2017 as a result of the review of the accounting policies? If so please quantify and explain the revenue requirement impact and include a table providing each of the components of revenue requirement for each rate zone, for 2017.

d) Please confirm whether or not these impacts are included in the calculation of amounts included in the Earnings Sharing Mechanism account in the HRZ, or in the Changes in Capitalization Policy deferral accounts for the BRZ or ERZ, respectively. If these impacts were not included, please explain why not.

Response:

a) There are no other changes in accounting estimates for the PRZ that impacted depreciation or capitalized amounts.

This notwithstanding, Alectra Utilities reiterates its position in its 2018 electricity distribution rate application that changes in accounting policy or estimates that arise as a consequence of merger conformance should not be settled through variance account or other rate adjustment mechanisms within the OEB-approved rebasing deferral period. Within such period, these changes are non-cash and as a result, have no economic value. These are matters that should be addressed in rebasing applications. Alectra Utilities submits that the OEB should address such in the broader context of its Mergers, Acquisitions, Amalgamations and Divestitures ("MAADs") policy which, in its present form, clearly allocates economic outcomes from a merger within a rebasing deferral period to shareholders. The OEB, in considering and making such changes to revise its MAADs policy, should revisit the approach taken in the case of the Alectra Utilities application, and take such necessary decisions as to unwind the Decision made in EB-2017-0024.

b) The revenue requirement impact in 2017 due to the reclassification of costs between burden pools is $131K. Table 1 below provides the total net impact of the reclassification between burden pools.

Table 1 - Net Impact of Reclassification of Costs between Burden Pools

($000s)	2017 Actual
OM&A	194
Depreciation	(2)
Depreciation	(49)
Return on Capital	(11)
Total Net Impact	**131**

c) There were no other changes to capital assets or burden pools as a result of a review in accounting policies during 2017.

d) Please see Alectra Utilities' response to part c). There were no other changes in estimates or reclassification of costs between burden pools for the Enersource, Brampton or Horizon Utilities rate zones.

G-Staff-6

Net Impact of Capitalization Policy for HRZ, BRZ, and ERZ

Reference(s): Exhibit 2, Tab 4, Schedule 7; Exhibit 2, Tab 2, Schedule 7

a) Please confirm that the only items affected by the change in capitalization policy for each of the HRZ, BRZ, and ERZ are the Direct Labour Costs, Benefit Costs, Material Handling Costs, and Fleet Costs, as identified in Exhibit 2, Tab 4, Schedule 7, and Exhibit 2, Tab 2, Schedule 7.

b) If there are other items affected by the change in capitalization policy, please include their financial impacts in the schedules noted above and recalculate the amounts to be disposed of in Change in Capitalization Policy 1508 Sub-accounts for each rate zone, respectively.

Response:

a) Alectra Utilities confirms that only items affected by the change in capitalization policy are the Direct Labour Costs, Benefit Costs, Material Handling Costs, and Fleet Costs as identified in Exhibit 2, Tab 4, Schedule 7 and Exhibit 2, Tab 2, Schedule 7.

b) Alectra Utilities confirms that there are no other changes.

G-Staff-7

OM&A allocation

Reference(s): Exhibit 2, Tab 1, Schedule 6, pages 10-11

Alectra proposes to allocate 2017 post integration OM&A to rate zones using 2014-2016 premerger actual OM&A as the basis. In doing so, it is proposing to use an average of 2014-2016 premerger OM&A; adjusted for difference in the Alectra Utilities capitalization policy, and then scaled to the number of months each rate zone was included in the merged financials. The percentage shares are then applied to the combined Alectra OM&A costs. In addition, Horizon's OM&A was tracked on a standalone basis, and this amount is added to its share of the combined Alectra OM&A.
This method implicitly assigns the same growth rate in OM&A expense to all rate zones from 2014-2016 to 2017.

a) Has Alectra considered adjusting for different growth rates between the service areas? If so, please provide the methodology considered and the results.

b) As a scenario, please:
   I. Calculate the historical average metered connection count for each rate zone in 2014-2016.
   II. Calculate a revised OM&A per customer using the revised OM&A from the third row of Table 26 and the connection count calculated above
   III. Multiply the resulting cost per customer by the 2017 average connection count.
   IV. Use that adjusted figure to arrive at a prorated OM&A reflecting the number of months each rate zone was accounted for on an aggregate basis.
   V. Calculate the proportion of prorated OM&A attributable to Horizon rate zone.
   VI. **Calculate the resulting 2017 OM&A for Horizon rate zone including both its share of 2017 Alectra Utilities OM&A plus its one month of premerger OM&A.**

Response:

a) Alectra Utilities did not consider any alternative approaches which rely on a growth rate to allocate OM&A expenses to rate zones. Alectra Utilities believes that the allocation of OM&A expenses is primarily driven by inflationary increases, whereby any consideration of applying a growth rate should be applied equally to all rate zones. Under this premise, the allocation methodology proposed in rate application evidence would remain unchanged. The allocation of OM&A based on the 3 year actual historical average of 2014-2016 was chosen as it represented the most appropriate allocation methodology based on available information.

b) The calculations in response to part b) are provided in G-Staff-7_Attach 1_OM&A. In summary, applying the “growth rate” approach proposed by Board Staff results in a $553,344 reduction to the OM&A expense allocation to the HRZ. As discussed in the response to part a) above, Alectra believes the allocation methodology proposed by Board Staff does not accurately represent the allocation of OM&A expenses. Board Staff’s allocation methodology calculates an average historical OM&A / customer by rate zone and applies this amount to the actual metered connections to apply a growth rate to the rate zones. Total OM&A expenses are not driven by increases in customers. In addition, the calculation of an average historical OM&A / customer is not representative of future year changes in customers.

G-STAFF-7 ATTACHMENT 1
OM&A

G-Staff-7_Attach 1_OM&A

i) Total Metered Connection Count

	2014	2015	2016	Average	Average %
Enersource RZ	201,359	203,466	204,728	203,184	21.2%
Brampton RZ	149,618	154,105	158,630	154,118	16.1%
PowerStream RZ	353,284	358,772	364,505	358,854	37.5%
Horizon Utilities RZ	240,076	241,986	244,114	242,059	25.3%
	944,337	**958,329**	**971,977**	**958,214**	**100%**

ii) Revised OM&A / Customer

	2014-2016 OM&A Average	2014-2016 Customer Avg	2014-2016 Average / Cust
Enersource RZ	$ 54,508,996	203,184	**$ 268**
Brampton RZ	$ 31,008,213	154,118	**$ 201**
PowerStream RZ	$ 86,165,101	358,854	**$ 240**
Horizon Utilities RZ	$ 54,621,688	242,059	**$ 226**
	226,303,998	**958,214**	**$ 935**

iii & iv) Total Customer Count

	2017 Actual Customers	2014-2016 Average / Cust	2017 Allocation of Total OM&A	2017 Prorated Allocation of Total OM&A	Revised %	Months	Prorated	Revised %
Enersource RZ	197,617	268	$ 53,015,427	$ 53,905,946	23.82%	11	$ 49,413,784	24.13%
Brampton RZ	154,638	201	$ 31,112,903	$ 31,635,517	13.98%	10	$ 26,362,931	12.87%
PowerStream RZ	355,105	240	$ 85,265,001	$ 86,697,227	38.31%	11	$ 79,472,458	38.80%
Horizon Utilities RZ	235,635	226	$ 53,172,157	$ 54,065,308	23.89%	11	$ 49,559,866	24.20%
	942,995	**935**	**$ 222,565,488**	**226,303,998**	**100.0%**		**204,809,038**	**100.0%**

v) Allocation to Rate Zones:

LDC/Rate Zone	Alectra 2017	Revised Allocation %	Allocated Amount	Rate Zone Specific	OM&A by Rate Zone
Brampton RZ		12.87%	$ 29,337,594		$ 29,337,594
Enersource RZ		24.13%	$ 54,989,391	$ 1,153,000	$ 56,142,391
Horizon Utilities RZ		24.20%	$ 55,151,956		$ 55,151,956
PowerStream RZ		38.80%	$ 88,439,737	$ 2,403,000	$ 90,842,737
Alectra	$ 227,918,678				
Total	**$ 227,918,678**	**100.00%**	**$ 227,918,678**	**$ 3,556,000**	**$ 231,474,678**

vi) HRZ 2017 OM&A for ESM calculation

		Notes
Horizon Utilities Corporation - 1 month ending Jan 31/17	$ 5,266,751	1
HRZ share of Alectra OM&A - 11 months ending Dec 31/17	$ 55,151,956	2
Total for 2017	$ 60,418,707	

Comparison of Methodologies

Horizon OM&A based on actual 3 year average OM&A	$ 60,972,051
Horizon OM&A based on actual 3 year average OM&A & Growth Rate	$ 60,418,707
Decrease to Horizon OM&A in comparison to filed evidence	$ (553,344)

G-Staff-8

Group 1 DVAs

Reference(s): 1595 Analysis Workform

On July 18, 2018, the OEB issued the 1595 Analysis Workform to be included with all 2019 IRM applications. Please complete the 1595 Analysis Workform for each of Alectra's rate zones

Response:

Alectra Utilities has completed the 1595 Analysis Workform for the Enersource, Horizon Utilities and Brampton rate zones. The Work forms are filed as attachments: G-Stafff-8_Attach 1_ERZ_1595 Workform; G-Stafff-8_Attach 2_HRZ_1595 Workform; and G-Stafff-8_Attach 3_BRZ_1595 Workform.

Alectra Utilities requests disposition Account 1595, Disposition and Recovery/Refund of Regulatory Balances (2017) for the Enersource, Brampton and Horizon Utilities rate zones. Alectra Utilities does not request disposition of Account 1595, Disposition and Recovery/Refund of Regulatory Balances (2017) for the PowerStream Rate Zone as the recovery/refund of these balances have not been completed.

The 1595 Analysis Workform has been completed in accordance with Chapter 3 of the Ontario Energy Board's ("OEB") *Filing Requirements for Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications,* dated July 12, 2018 (the "Filing Requirements"). The Filing Requirements state, at p. 32: *"Initially, residual balances will be assessed for materiality and could prompt further review before disposition is approved. Balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts attributable to GA, and the other being the remainder of Group 1 and Group 2 Accounts (if applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the original amounts previously approved for disposition would be considered material."*

As presented in Tables 1 to 3 below, the residual balances attributable to GA and the remainder of the Group 1 and Group 2 Accounts (if applicable) do not exceed +/- 10% of the original amounts.

Table 1 - Rate Rider Collections/Returns Variance – Enersource Rate Zone

Components of the 1595 Account Balances:	Collections/Returns Variance (%)
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment	1.7%
Account 1589 - Global Adjustment	4.3%

Table 2 - Rate Rider Collections/Returns Variance – Horizon Utilities Rate Zone

Components of the 1595 Account Balances:	Collections/Returns Variance (%)
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment	4.7%
Account 1589 - Global Adjustment	-2.2%

Table 3 - Rate Rider Collections/Returns Variance – Brampton Rate Zone

Components of the 1595 Account Balances:	Collections/Returns Variance (%)
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment	1.0%
Account 1589 - Global Adjustment	-5.1%

G-Staff-9

Group 1 DVAs

Reference(s): IRM Rate Generator Models

The OEB issued an updated IRM Rate Generator Model on July 24, 2018. Please review the changes and make any necessary revisions to the IRM Rate Generator Models that were originally filed by Alectra for each applicable Rate Zone.

Response:

Alectra Utilities has reviewed the Ontario Energy Board's ("OEB") IRM Rate Generator Model ("RGM"), issued July 24, 2018, and has completed the OEB's RGM Model for the Enersource, PowerStream and Brampton rate zones. The RGM Models are filed as attachments: G-Staff-9-Attach 1_RGM BRZ; G-Staff-9_Attach 2_RGM ERZ; and G-Staff-9_Attach 3_RGM PRZ.

For the Horizon Utilities Rate Zone ("RZ"), Alectra Utilities has filed an updated IRM Model, RTSR Workform and Customer Bill Impacts. These models are filed as attachments: G-Staff-9_Attach 4_ IRM HRZ; G-Staff-9_Attach 5_IRM Customer Bill Impacts HRZ; and G-Staff-9-Attach 6_IRM RTSR Work Form HRZ.

A summary of the changes and/or updates made to the OEB's RGM Model is provided below:

1. RRR billing determinants for the 10/11 month period embedded in the RGM has been replaced with the 12 months billing determinants for each rate zone;
2. Total customer count information embedded in the RGM has been replaced with customer count by rate zone;
3. The 2.1.7 RRR balances for Alectra Utilities' Group 1 Accounts embedded in the RGM has been replaced with the Group 1 Account balances for each rate zone;
4. The 1580 sub-account CBR Class B balances have been added to the Account 1580 WMS control account to be disposed through the general purpose Group 1 Deferral and Variance Account ("DVA") rate riders, in accordance with the Chapter 3 *Filing Requirements for Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications,* dated July 12, 2018 (the "Filing Requirements"). At p. 16 of the Filing Requirements, the OEB states: *"However, in the event that the allocated CBR Class B amount results in a volumetric*

rate rider that rounds to zero at the fourth decimal place in one or more rate classes, the entire balance in Account 1580, Sub-account CBR Class B will be added to the Account 1580 WMS control account to be disposed through the general purpose Group 1 DVA rate riders (accounting guidance to be updated to reflect this change)." This change has been reflected in both the RGM for the Enersource, Brampton and PowerStream rate zones and the IRM Model for the Horizon Utilities RZ; and

5. The LRAMVA rate riders were updated in response to interrogatories BRZ-Staff-46, ERZ-Staff-97, HRZ-Staff-36 and PRZ-Staff-69.
6. Alectra Utilities requests disposition of Account 1595, Disposition and Recovery/Refund of Regulatory Balances (2017) for the Enersource, Brampton and Horizon Utilities rate zones. Alectra Utilities has filed the 1595 Workforms in response to interrogatory G-Staff-8.

The following additional updates impacting rate rider calculations are specific to individual rate zones:

1. Horizon Utilities RZ:
    a. The Earnings Sharing Mechanism ("ESM") rate riders have been updated in response to interrogatory HRZ-Staff-16;
    b. DVA rate riders have been updated due to a correction to the Allocation of Group 1 Account Balances to Non-WMP Classes in the General Service 50-4999 kW rate class in Tab 8 'Calculation of Def Var RR' of the IRM Model;
    c. An update to total metered Class A consumption in response to interrogatories HRZ-Staff-14 and HRZ-Staff-15.

2. PowerStream RZ:
    a. DVA rate riders have been updated as a result of a change to the Account 1588 RSVA – Power Principal Adjustments during 2017 in the Continuity Schedule in response to interrogatory PRZ-Staff-60.

G-Staff-10

Group 1 DVAs

Ref: IRM Models – Continuity Schedules for all Rate Zones

a) Did the IESO render invoices to each of Alectra's rate zones on an individual or consolidated basis for each month in 2017?

b) If the IESO rendered consolidated invoices to Alectra at any point in 2017, please explain, in detail, the process for how Alectra allocated the costs to all of the applicable Group 1 accounts for each respective rate zone.

c) If the IESO rendered consolidated invoices to Alectra at any point in 2017, please explain how this affected Alectra's processes with respect to RPP Settlement for each individual rate zone.

Response:

a) The IESO rendered invoices to each of Alectra Utilities' rate zones on an individual basis for each month in 2017.

b) Please see Alectra Utilities' response to part a).

c) Please see Alectra Utilities' response to part a).

G-Staff-11

Group 1 DVAs

Ref: IRM Models – Continuity Schedules for all Rate Zones

Please confirm that the IESO costs accrued for Class A customers are the same as the unbilled revenue accrued for Class A customers, for each Rate Zone. If not, please provide the impact to account 1589 and make an adjustment to the GA Analysis Workform as well as the DVA Continuity schedule for 2017.

Response:

Alectra Utilities confirms that the IESO costs accrued for Class A customers are the same as the unbilled revenue accrued for Class A customers for each rate zone.

G-Staff-12

GA Analysis Workforms
Ref: GA Analysis Workforms 2017 – BRZ, PRZ, ERZ

OEB staff is unable to reconcile the amounts reported in Note 2 of the GA Analysis Workforms with amounts reported in RRR filings.

a) Please see the table below and reconcile the variances identified in the BRZ, PRZ, and ERZ.

Per GA Workforms						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**Total**
Total Metered excluding WMP	C = A+B	4,384,247,158	3,937,310,163	8,207,774,786	7,049,393,114	**23,578,725,220**
RPP	A	2,097,471,058	1,736,945,678	3,673,621,965	2,388,059,258	**9,896,097,959**
Non RPP	B = D+E	2,286,776,100	2,200,364,485	4,534,152,821	4,661,333,856	**13,682,627,261**
Non-RPP Class A	D	793,637,760	736,046,422	802,973,439	1,462,047,390	**3,794,705,012**
Non-RPP Class B*	E	1,493,138,340	1,464,318,063	3,731,179,381	3,199,286,466	**9,887,922,250**
Per RRR Filings						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**RRR - Alectra**
Total Metered excluding WMP	C = A+B	4,384,247,157	3,871,215,898	8,207,774,786	7,049,393,113	**23,512,630,954**
RPP	A	2,097,471,058	1,604,098,790	3,645,484,459	2,370,910,346	**9,717,964,653**
Non RPP	B = D+E	2,286,776,099	2,267,117,108	4,562,290,327	4,678,482,767	**13,794,666,301**
Non-RPP Class A	D					**3,794,705,011**
Non-RPP Class B*	E					**9,999,961,290**
Variance						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**RRR - Alectra**
Total Metered excluding WMP	C = A+B	1	66,094,265	0	1	**66,094,266**
RPP	A	0	132,846,888	28,137,506	17,148,912	**178,133,306**
Non RPP	B = D+E	1	-66,752,623	-28,137,506	-17,148,911	**-112,039,040**
Non-RPP Class A	D					**1**
Non-RPP Class B*	E					**-112,039,040**

b) Please update Note 2 of the applicable GA Analysis Workforms accordingly.

Response:

a) Alectra Utilities has reconciled the variances for the Brampton, PowerStream and Enersource rate zones in Table 1, below. The updated amounts, highlighted in the Table 1, have been reflected in Note 2 of the GA Analysis workform, and reconcile to the 2017 Annual RRR filing. The differences in the Enersource and PowerStream rate zones were attributed to wholesale market participant load inadvertently included in the RPP load. For the Brampton Rate Zone, the wholesale market participant load was included in the total metered load as well as the RPP load.

Table 1 – Billing Determinants Reconciliation

GA Workforms						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	Total
Total Metered excluding WMP	C = A+B	4,384,247,158	3,871,215,898	8,207,774,786	7,049,393,113	**23,512,630,955**
RPP	A	2,097,471,058	1,604,098,790	3,645,484,459	2,370,910,346	**9,717,964,653**
Non RPP	B = D+E	2,286,776,100	2,267,117,108	4,562,290,327	4,678,482,767	**13,794,666,302**
Non RPP Class A	D	793,637,760	736,046,422	802,973,439	1,462,047,390	**3,794,705,012**
Non RPP Class B*	E	1,493,138,340	1,531,070,686	3,759,316,887	3,216,435,377	**9,999,961,290**
Per RRR Filings						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**RRR - Alectra**
Total Metered excluding WMP	C = A+B	4,384,247,157	3,871,215,898	8,207,774,786	7,049,393,113	**23,512,630,953**
RPP	A	2,097,471,058	1,604,098,790	3,645,484,459	2,370,910,346	**9,717,964,653**
Non RPP	B = D+E	2,286,776,099	2,267,117,108	4,562,290,327	4,678,482,767	**13,794,666,300**
Non RPP Class A	D					**3,794,705,011**
Non RPP Class B*	E					**9,999,961,290**
Variance						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**RRR - Alectra**
Total Metered excluding WMP	C = A+B	1	-	0	1	**2**
RPP	A	-	-	- 0	-	- **0**
Non RPP	B = D+E	1	-	0	1	**2**
Non RPP Class A	D					**1**
Non RPP Class B*	E					**0**

b) Alectra Utilities has updated Note 2 in the respective GA Workforms. In addition, the GA workform for the Horizon Utilities Rate Zone has been updated in response to interrogatories HRZ-Staff-28 and HRZ-Staff-29. The updated GA workforms are filed as attachments: G-Staff-12_Attach 1_ GA Workform HRZ; G-Staff-12_Attach 2_ GA Workform BRZ; G-Staff-12_Attach 3_ GA Workform PRZ; and G-Staff-12_Attach 4_ GA Workform ERZ.

HRZ-Staff-13

Cost of Power calculations

Reference(s): Exhibit 2/Tab 1/Schedule 5

Alectra Utilities stated that the updated Cost of Power amounts incorporate (i) the RPP price increase effective May 1, 2018; (ii) Hydro One 2018 UTRs and 2017 STRs approved by the OEB February 1, 2018 and December 21, 2016, respectively; (iii) an update to the Alectra Utilities demand for the Horizon Utilities RZ from 2016 to 2017 actuals in the RTSR model; (iv) an update to the SME charge as a result of an update to the number of customers and change in the SME rate from $0.79/month to $0.57/month; (v) a change in the ratio of RPP to non-RPP volumes; and (vi) a decrease in the Wholesale Market Service Rate of $0.0008/kWh from $0.0044/kWh to $0.0036/kWh as approved by the OEB on November 2015; and (vii) a decrease in the RRRP Charge from $0.0021/kWh to $0.0003/kWh approved by the OEB on June 22, 2017.

a) Please provide the electronic calculation for the Cost of Power amounts with the updates stated above.

Response:

a) An electronic version of the cost of power calculation is provided as HRZ-Staff-13_Attach 1_2019 Cost of Power Calculation.

HRZ-Staff-14

Global Adjustment

Reference(s): Attachment 6 IRM Model HRZ – Tab 6. GA Calculation

For the Large Use (2) rate class the total metered Class A consumption is greater than the total metered Non-RPP consumption.

a) Please explain how the total metered Class A consumption can be greater than the total metered Non-RPP consumption

b) As a result of Class A consumption being larger than total metered Non-RPP consumption the allocation of the GA amount is negative. Alectra has then chosen to have a negative rate rider for Large Use (2) customers. Since the GA amount is allocated proportionally based on consumption this results in an over recovery from all rate classes. Please explain how Alectra deems this to be a fair allocation method?

Response:

a) Alectra Utilities has updated the Class A consumption for the Large Use (2) class in Tab 6. ‘GA Calculation’ of the IRM Model. The value in cell E21 has been corrected to be consistent with cell C21 in the IRM Model. Therefore, for the Large Use (2) rate class, the total metered Class A consumption is equal to the total metered Non-RPP consumption. An updated IRM RGM has been filed in Alectra Utilities’ response to Interrogatory G-Staff-9.

b) As a result of the update identified in part a) of the response, the allocation of the GA amount is no longer negative.

HRZ-Staff-15

Global Adjustment

Reference(s): Attachment 6 IRM Model HRZ – Tab 7. CBR Calculation

For the Large Use (1) rate class the total metered Class A kW consumption is greater than the total metered Non-RPP kW consumption. As a result of Class A kW consumption being larger than total metered Non-RPP kW consumption the rate rider should be a negative rate rider but the arithmetic makes it a positive rate rider.

a) Please explain how the total metered Class A kW consumption can be greater than the total metered Non-RPP kW consumption.

b) Please correct the rate rider calculation for Large Use (1) or provide a justification for the calculation.

Response:

a) Alectra Utilities has updated the Class A kW consumption for the Large Use (1) rate class in Cell F25 of Tab 7. 'CBR Calculation' in the IRM Model. Therefore, the Large Use (1) rate class total metered Class A kW consumption is equal to the total metered Non-RPP kW consumption. An updated IRM model has been filed in Alectra Utilities' response to Interrogatory G-Staff-9.

b) Please see response to part a).

HRZ-Staff-16

ESM Rate Rider

Reference(s): Attachment 11 ESM Rate Rider Model Horizon RZ_20180622
Table 32, EB-2014-0002 Settlement Proposal, September 22, 2014

Alectra Utilities provided the fixed and volumetric rates for each rate class in Tab 1. Revenue Proportions in the referenced attachment. These rates appear to be the rate filed in Alectra Utilities draft rate order from the 2018 application and not the final approved rates in the tariff sheet.

a) Please confirm the 2018 rates and update as required.

Alectra Utilities provided the 2019 approved load forecast from the settlement proposal as the approved billing determinants in Tab 1. Revenue Proportions in the referenced attachment. The load forecast for the Large Use 1 and Large Use 2 determinants do not match the approved load forecast.

b) Please provide an explanation and reconciliation for the difference.

Response:

a) The 2018 Board approved rates have been updated to reflect the Board's Decision and Final Rate Order, issued May 3, 2018. An updated ESM Rate Rider Model has been filed in response to interrogatory HRZ-Staff 17.

b) The Board issued its Decision and Order on December 11, 2014 in Horizon Utilities' Custom IR Application for 2015-2019 Distribution Rates (EB-2014-0002). Horizon Utilities filed a Draft Rate Order on December 18, 2014, as directed by the Board. In response to a request by OEB staff, Horizon Utilities filed additional information on December 23, 2014. This included the filing of 'Exhibit 8 Tables 7-18' which included annualized kWh and kW data for each year. On page 12 of Exhibit 8, LU1 and LU2 kW data is presented as 569,520 kW and 2,136,952 kW, respectively. This is consistent with the data included in Attachment 11, the ESM Rate Rider Model.

HRZ-Staff-17

Net Impact of Capitalization Policy and Earnings Sharing Mechanism (ESM)

Reference(s): Exhibit 2, Tab 1, Schedule 2
Exhibit 2, Tab 1, Schedule 6

On page 11 of 17 in Exhibit 2, Tab 1, Schedule 2, Alectra states:

"Alectra Utilities reported $985,377 in deferral account 1508 Sub-account Earnings Sharing Variance Account in its 2017 Reporting and Record Keeping Requirements ("RRRs") for 2017 for the Horizon Utilities RZ; which was based on an initial assessment of the calculation…An update to the calculation based on a further assessment and review of the impact of the capitalization policy change on earnings resulted in a reduction of $170,557 in the amount of earnings sharing."

Please provide a detailed calculation and explain how the $170,557 adjustment was derived.

Response:

The adjustment of $170,557 is related to the use financial statement data to determine the initial estimate of the ESM impact. The ESM amount presented in the 2019 Rate Application was based on the RRR filing which included a detailed review and mapping of accounts to ensure amounts were in accordance with the RRR filing guidelines.

The ESM calculation provided in the 2019 Application includes an estimate for the impact of the capitalization policy change in 2017, based on Alectra Utilities' response to Undertaking JT.Staff-7 in the 2018 Rate Application (EB-2017-0024). In the Ontario Energy Board's ("OEB") Decision and Partial Accounting Order, issued December 20, 2017, the OEB stated: *"The revenue requirement will be calculated each year based on actual costs for OM&A, depreciation expense, income tax or PILs, and return on capital (debt and equity)."* As a result, Alectra Utilities has updated the ESM calculation to reflect the actual 2017 impact of the capitalization policy change. Table 1 below provides a comparison of the impact based on estimated and actual amounts.

Table 1 – Capitalization Policy Impact

Capitalization Policy Impact ($000s)	2017 Actual	2017 Estimate	Change
Enersource RZ	1,866	1,792	74
Horizon Utilities RZ	5,399	6,280	(882)
Brampton RZ	(1,831)	(2,350)	519
PowerStream	194	557	(363)
Total OM&A Impact	**5,628**	**6,279**	**(651)**

This ESM update results in an achieved ROE of 9.456% and a resulting decrease to the ESM amount to be refunded to rate payers of $114,812 as shown in Table 2 below.

Table 2 – ESM Update - Capitalization Policy

2017 Regulatory ROE for ESM	2017 Actuals ESM - Proposed	Annual Filing EB-2016-0077	2017 Actuals ESM Updated	Annual Filing EB-2016-0077	Variance
Adjusted Regulatory net income	$ 19,807,963	$ 18,281,100	$ 19,579,645	$ 18,281,100	
Deemed equity	$ 207,042,402	$ 208,212,985	$ 207,077,086	$ 208,212,985	
ROE	9.567%	8.780%	9.456%	8.780%	
% Return in excess of approved in rates		0.787%		0.676%	-0.111%
$ Return in excess of approved in rates		$1,629,640		$1,400,016	($229,624)
Amount payable to rate payers		$814,820		$700,008	($114,812)

In addition, as identified in Alectra Utilities' response to HRZ-Staff-21, in completing the reconciliation of the components of adjustments to tax, Alectra Utilities determined that adjustments were required which results in a change to the net tax deductions of ($2,013,290) bringing the total net deductions to ($12,152,295). The result of this change in isolation of the change in actual capitalization amounts results in an achieved ROE of 9.825% and a resulting increase to the ESM amount to be refunded to rate payers of $266,761 as shown in Table 3 below.

Table 3 – ESM Update – Tax Deductions

2017 Regulatory ROE for ESM	2017 Actuals ESM - Proposed	Annual Filing EB-2016-0077	2017 Actuals ESM Updated	Annual Filing EB-2016-0077	Variance
Adjusted Regulatory net income	$ 19,807,963	$ 18,281,100	$ 20,341,485	$ 18,281,100	
Deemed equity	$ 207,042,402	$ 208,212,985	$ 207,042,402	$ 208,212,985	
ROE	9.567%	8.780%	9.825%	8.780%	
% Return in excess of approved in rates		0.787%		1.045%	0.258%
$ Return in excess of approved in rates		$1,629,640		$2,163,162	$533,522
Amount payable to rate payers		$814,820		$1,081,581	$266,761

The combined impact of including the two required changes, which were identified above as: i) update for 2017 actual capitalization amounts; and ii) revision to the net tax deductions, results in an achieved ROE of 9.714% and a resulting increase of $151,949 to the ESM amount to be refunded to rate payers, as presented in Table 3 below.

Table 4 – ESM Update – Capitalization Policy and Tax Deductions

2017 Regulatory ROE for ESM	2017 Actuals ESM - Proposed	Annual Filing EB-2016-0077	2017 Actuals ESM Updated	Annual Filing EB-2016-0077	Variance
Adjusted Regulatory net income	$ 19,807,963	$ 18,281,100	$ 20,113,167	$ 18,281,100	
Deemed equity	$ 207,042,402	$ 208,212,985	$ 207,057,276	$ 208,212,985	
ROE	9.567%	8.780%	9.714%	8.780%	
% Return in excess of approved in rates		0.787%		0.934%	0.147%
$ Return in excess of approved in rates		$1,629,640		$1,933,538	$303,898
Amount payable to rate payers		$814,820		$966,769	$151,949

A revised ESM Rate Rider Model has been provided as HRZ-Staff-17_Attach 1_ESM Rate Rider Model.

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ESM

Reference(s): Exhibit 2, Tab 1, Schedule 6, Table 20

The following questions relate to amounts shown in Table 20 – Calculation of Regulatory Net Income – Horizon Utilities RZ:

a) **The amount of $51,910,112 identified as actual interest cost does not reconcile to the amount of $61,202,001 reported in RRR 2.1.5.6. Please explain this difference, showing the multiple elements that $51,910,112 is comprised of, and update the evidence if necessary.**

b) **OEB staff is unable to trace the amount of $10,501,164 (income tax expense) to the RRR 2.1.5.6 filings or to the Audited Financial Statements of Alectra for 2017. Please explain how this figure is calculated and what components it is comprised of.**

c) **Please provide a detailed analysis of the amount of ($121,366,548) "other rate zones regulatory net income before interest and taxes", showing all the rate zones separately, and reconciling to the total for Alectra. Please show the calculation of all rate zones' net income before interest and taxes to a level of detail equal to that of what was provided in the "2017 RRR" Column in RRR 2.1.13 for financial mapping purposes.**

d) **Please confirm that the PRZ, ERZ and BRZ's regulatory net income before interest and taxes have been adjusted for CDM Net income, renewable generation (income) loss, merger costs, and the share of Joint Venture net income, as those items were already adjusted from the total regulated net income (loss) per RRR 2.1.7 figure reported. If so, please explain on what basis the above mentioned adjustments were allocated to each rate zone.**

Response:

a) The amount of $51,910,112 represents net interest expense, which includes $54,333,002 of interest expense offset by $2,422,890 of interest income as reported in RRR 2.1.7, Trial Balance.

The interest expense after adjustments of $61,202,001 as filed in Tab 'Input Appendices' of the RRR 2.1.5.6 ROE Filing, is comprised of $54,333,002 of actual interest expense less

$1,246,820 of Deferral and Variance Account ("DVA") interest expense plus merger financing savings of $8,114,819.

Alectra Utilities confirms that no update is required.

b) The income tax expense amount on Table 20 represents the income tax provision and should have been $10,516,520 which ties to the RRR 2.1.5.6 filing and Audited Financial Statements. This amount is comprised of: i) future deferred tax expense of $10,986,040; and ii) current tax expense of ($469,520). The difference of $15,356 has no impact on the ESM calculation.

c) A detailed analysis of the $121,366,548 "other rate zones regulatory net income before interest and taxes" for the purposes of the Horizon Utilities ESM calculation is provided in Table 1 below.

Alectra Utilities Corporation (AUC) - MIFRS Income for 11 months ending December 31, 2017
Attribution and or Allocation of Net Income to Horizon Rate Zone (HRZ) for 2017 ESM Calculation (000's)

Revenue	Alectra Utilities	Horizon Rate Zone	Pooled/ Non-distribution	AUC 2.1.13 Details	Notes
Distribution Revenue	$368,305	$103,901	$0	$472,207	
Electricity Sales	$2,027,157	$462,534	$0	$2,489,691	
Other Revenue	$24,091	$4,792	($11,519)	$17,364	1
Total Revenue	**$2,419,553**	**$571,227**	**($11,519)**	**$2,979,261**	
Expenses					
Cost of Power	$2,027,157	$462,534	$0	$2,489,691	
Operating expenses	$175,769	$55,705	$ 2,033	$233,508	2
Depreciation & amortization	$93,620	$20,356	$0	$113,977	
Total expenses	**$2,296,546**	**$538,595**	**$2,033**	**$2,837,176**	
Income from operating activities	**$123,007**	**$32,632**	**($13,552)**	**$142,086**	
Loss on PP&E derecognition	$1,625	$1,565	$0	$3,190	
Share of net income from JV	$0	$0	($559)	($559)	3
Interest Income	$0	$0	($2,423)	($2,423)	
Interest expense	$0	$0	$54,333	$54,333	
Income before income taxes	**$121,382**	**$31,067**	**($64,903)**	**$87,545**	
Income tax expense	$15	$0	$ 10,517	$10,517	
Net income	**$121,367**	**$31,067**	**($75,419)**	**$77,029**	

NOTES

These amounts are directly attributable/tracked by the rate zone.
These amount are not directly attributable/tracked by rate zone and involve a portion of allocation
These amounts are replaced by deemed amounts / calculations and do not need to be split.

			CR (DR)
1.	Pooled/Non-Distribution consists of:		
	CDM net income	as per RRR ROE 2.1.5.6 Appendix 1	$949
	Renewable generation net revenue (loss)	as per RRR ROE 2.1.5.6 Appendix 1	($12,468)
			($11,519)
2.	Pooled/Non-Distribution consists of:		
	merger costs		$2,033

3. Joint venture income from 50% interest in Collus PowerStream is investment income and not distribution income.

d) Alectra Utilities confirms that CDM net income, renewable generation (income) loss, and the share of Joint Venture were allocated directly to the respective rate zone, as these items were tracked by rate zone. Alectra Utilities does not track merger costs separately by rate zone. As such, the total net merger costs were removed from total Alectra Utilities OM&A costs. The resulting Alectra Utilities OM&A relied on the allocation approach identified in Table 26 of the 2019 Application, which allocates OM&A to the rate zones based on the reported 2014-2016 premerger actual OM&A amounts from the legacy utilities.

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ESM

Reference(s): Exhibit 2, Tab 1, Schedule 6, Table 24

Please present the amounts in Table 24 by allocating General Plant (GP) to the Horizon Rate Zone based on Horizon Rate Zone's 2017 average Distribution Plant (DP) Assets as a percentage of the total average 2017 DP Assets for Alectra.

Response:

For illustrative purposes, Table 24 has been presented by allocating General Plant to the Horizon Utilities Rate Zone ("HRZ") based on HRZ's 2017 average Distribution Plant Assets of $407.7MM, as a percentage of the total average 2017 Distribution Plant Assets for Alectra Utilities of $2,195.2MM. This change results in an increase in the allocation of General Plant Assets to the HRZ of $4.1MM, which increases the average General Plant net fixed assets to $43,395,318. The allocation methodology used by Alectra Utilities is discussed in the response to Interrogatory ERZ-Staff-24.

Table 24 Revised – Calculation of Average Net Fixed Assets

Description	January 1, 2017	December 31, 2017	Average
Distribution Assets	$ 393,011,067	$ 422,396,256	$ 407,703,662
General Plant	$ 43,380,554	$ 43,410,081	$ 43,395,318
Total	**$ 436,391,621**	**$ 465,806,337**	**$ 451,098,979**

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ESM

Reference(s): Exhibit 2, Tab 1, Schedule 6, Table 29

a) Please explain the nature of the "merger adjustments" made to Horizon Utilities RZ share of depreciation expense and quantify their impact.

b) Please provide more detail on the derecognition expenses that have been added to the Horizon Utilities RZ total for depreciation expense. Are these costs related to the merger of Alectra Utilities? If so, why are they not excluded from total depreciation expense?

Response:

a) The merger adjustments made to Horizon Utilities share of depreciation expense are represented by the net of merger-related capital transition costs and capital savings. The merger capital costs are related to general plant capital expenditures that were in progress at December 31, 2017 and not included in the in-service additions. Accordingly, the amount in work-in-progress needs to be deducted before adjusting capital amounts for merger costs for the ESM. The merger capital savings represents the net avoided capital costs as a result of the merger. For purposes of the ESM, capital additions and related depreciation expense were adjusted to remove the merger impact. This calculation and impact on depreciation is provided in Table 1 below.

Table 1 – Depreciation Reconciliation

Merger Related Capital Costs & Savings:	
Capital Transition Costs	$22,794,043
Capital Savings	($17,890,669)
Net merger capital costs (savings) subtotal	**$4,903,374**
Adjust for merger capital costs in WIP	($22,077,486)
Net merger capital costs (savings) to remove (add) to capital	**($17,174,112)**

Merger Related Capital Adjustments to Calculate Impact on Depreciation Expense:

GP effective Average Rate	**At Cost**					
	Open Feb 1/17	**Net Additions**	**Close Dec 31/17**	**adjust re 1/2 yr.**	**Adjusted Cost**	Depreciation
Total General Plant	**$394,223,568**	**($3,951,688)**	**$390,271,880**	**$1,975,844**	**$392,247,724**	**$29,060,493**
Effective average full year rate - Useful life in years and %					13.50	7.41%

Alectra General Plant Net Merger Capital Cost Adjustment

Net merger capital savings to add to capital	$ 17,174,112					
Depreciation expense impact	average rate	7.41%	$ 1,272,380	half year basis	11 months	$ 583,174

Alectra General Plant depreciation allocated based on Dec 31/16 General Plant depreciation by rate zone

General Plant	2016 Depreciation Expense	Allocation Alectra Depreciation Expense	2017 Depreciation Expense
Rate Zone	Dec 31/16	Percentage	Dec 31/16
Horizon	$7,006,612	22.10%	$ 5,917,653
Enersource	$7,487,110	23.62%	$ 7,147,293
Brampton	$2,184,969	6.89%	$ 1,924,055
PowerStream	$15,019,619	47.38%	$ 13,522,480
Merger adjustment			$ 583,174
Total	$31,698,310	100.00%	**$ 29,094,654**

b) These are actual derecognition expenses for the Horizon Utilities Rate Zone. Derecognition expenses relate to adjustments made to remove distribution plant with existing book value and is tracked by rate zone.

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ESM

Reference(s): Exhibit 2, Tab 1, Schedule 6, Table 31

Please explain on what basis the Horizon Utilities RZ share of Alectra Utilities adjustments for tax of ($10,139,005) was determined. More specifically, please provide a table breaking out the components of the net additions/(deductions) for tax, identifying which portions were directly attributable and those that were not directly attributable to the HRZ, indicating what allocators were assigned to each. Please provide explanations regarding the choice of allocator and why Alectra considers it to be appropriate.

Response:

Table 1 below details the calculation of the taxable income for Alectra's 2017 financial statement tax provision, where the income tax expense reconciles to the 2.1.13 RRR filing. In addition, the components of net additions/(deductions) for tax of ($10,139,005) and the allocation basis for each item to Horizon Rate Zone are provided in Table 1 below. The net adjustments to tax were determined based on rate zone specific data where possible. In cases where the adjustments for tax were not identifiable to a specific rate zone, the allocation relied on was consistent with the OM&A allocation.

In completing the reconciliation of the components of adjustments to tax, Alectra Utilities determined that some adjustments to the original data presented were required. The revised components of net additions/(deductions) for tax results in a net deduction of ($12,152,295), compared to $(10,139,005) as originally filed. The details for the change are also shown in Table 1 below.

Table 1 – Reconciliation of additions/ (deductions) for tax

	AUC - LDC Provision IFRS	Per Filing HRZ Portion	Revised HRZ Portion	Allocation Basis	Adjustments
Net Income before tax	99,454,037				
Additions:					
Interest and penalities on taxes	75,819				
Amortization of tangible assets	116,773,494	21,953,638	20,355,959	From ESM depreciation calculation	Depreciation included derecognition
Derecognition expense	5,635,328	1,564,672	1,564,672	HRZ specific	
Non-deductible club dues and fees	140,792	34,410	34,410	OM&A %	
Non-deductible meals	235,230	57,490	57,490	OM&A %	
Non-deductible automobile expenses	15,452	3,776	3,776	OM&A %	
Amortization	265,786	-	-	Not Attributable to HRZ	
Non-deductible reserves - closing	80,364,899	30,754,715	30,754,715	HRZ specific	
Capital Items Expensed	140,000	140,000	140,000	HRZ specific	
Debt issuance cost	102,227	-	-	Not Attributable to HRZ	
Interest on capital lease - building	957,924	234,117	-	Not Attributable to HRZ	Rate zone specific correction
12(1)(x) income on capital contributions	61,886,099	4,687,789	4,687,789	HRZ specific	
Total Additions	266,593,050	59,430,607	57,598,811		
Deductions:					
Accounting loss (gain) on sale of assets	(518,417)	(368,527)	(368,526)	HRZ specific	
Reverse book income on joint venture	(121,856)	-	-	Not Attributable to HRZ	
Removal Costs (Included in deprecation above; deductible for tax)	(94,469)	-	-	Not Attributable to HRZ	
SR&ED and Apprenticeship ITCs	(460,402)	6,285	6,285	HRZ specific	
CCA	(165,769,927)	(29,755,422)	(29,755,422)	HRZ specific	
Capitalized Interest (AFUDC) (income recorded in P&L)	(2,668,430)	-	(306,323)	HRZ specific	Originally identified as not attributable to HRZ
Deductible OMERS contributions 20.1(q); capitalized for accounting	(223,631)	-	-	Not Attributable to HRZ	
Less: Amortization of deferred revenue (IFRS)	(6,510,214)	-	-	Not Applicable	
Stranded Meter Rate Rider applied against UCC	(2,438,301)	-	-	Not Attributable to HRZ	
13(7.4) election	(61,886,099)	(4,687,789)	(4,687,789)	HRZ specific	
Non-deductible - opening	(76,554,199)	(34,443,812)	(34,443,812)	HRZ specific	
Cash payment on capital leases	(1,310,752)	(320,348)	-	Not Attributable to HRZ	Rate zone specific correction
20(1)(e)	(233,437)	-	-	Not Attributable to HRZ	
Regulatory Balance Movement - Energy Accounts	(9,693,160)	-	-	Not Applicable	
Accounting accrual for ITCs	(800,000)	-	(195,520)	OM&A %	Originally identified as not attributable to HRZ
Total Deductions	(329,283,295)	(69,569,612)	(69,751,106)		
Total	36,763,792	(10,139,005)	(12,152,295)		
Donation carryforward utilization	(1,185,131)				
	35,578,661				
Loss utilization	(35,578,661)				
	-				
	26.50%				
Current Tax Expense	- [A]				
One-time adjustments to current tax for prior years	(28,065) [A]				
Deferred Tax Expense	28,506,495 [A]				
Total IFRS Tax Expense	28,478,430 SUM OF [A]				

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ESM

Reference(s): Exhibit 2, Tab 4, Schedule 7
Exhibit 2, Tab 2, Schedule 7
Exhibit 2, Tab 1, Schedule 6

a) Please confirm that Alectra has prepared the HRZ ESM calculation on the basis of Alectra's post-amalgamation capitalization policy.

b) Please provide details for the financial impact of the change in capitalization policy for Horizon Utilities RZ for 2017, in the same manner as provided in Exhibit 2, Tab 4, Schedule 7 and Exhibit 2, Tab 2, Schedule 7 for the Brampton and Enersource RZs, respectively.

c) Please confirm that the full revenue requirement impact for 2017 relating to the change in capitalization policy for the BRZ and the ERZ has been recorded in the associated deferral accounts.

d) Please confirm the dollar amount and % of revenue requirement impact relating to the change in capitalization policy that Alectra is returning to HRZ customers through its ESM.

e) If Alectra is returning the full revenue requirement impact associated with the change in capitalization policy to its BRZ and ERZ but is returning less than the full amount to the HRZ customers, please explain why it is appropriate to treat the HRZ customers differently from the customers of the other two Alectra rate zones.

f) Please recalculate the ESM, and the bill impact to a Residential Class customer consuming 750 kWh per month, for the Alectra HRZ whereby the full revenue requirement impact associated with the change in capitalization policy has been returned to Alectra HRZ's customers.

Response:

a) Alectra Utilities confirms that the Horizon Utilities Rate Zone's ESM calculation was prepared on the basis of Alectra Utilities' post-amalgamation capitalization policy.

b) Tables 1 to 4 below provide the total 2017 impact of the change in capitalization policy for the Horizon Utilities Rate Zone.

Table 1 – Capitalization Policy Total Net Financial Impact HRZ

Capitalization Policy Impact	2017 Actual
Total OM&A Impact	$5,398,529
Total Depreciation Impact	($67,482)
Total PILs Impact	($1,373,386)
Total Return on Capital Impact	($294,572)
Total Net Impact	**$3,663,090**

Table 2 - Capitalization Policy Total OM&A and Depreciation Impact HRZ

OM&A Impact	2017 Actual
Direct Labour Costs	$2,098,365
Benefit Costs	$0
Material Handling Costs	$1,810,241
Fleet Costs	$1,489,924
Total Impact	**$5,398,529**

Table 3 - Capitalization Policy Total PILs Impact HRZ

OM&A Impact	2017 Actual
Direct Labour Costs	$2,098,365
Benefit Costs	$0
Material Handling Costs	$1,810,241
Fleet Costs	$1,489,924
Total Impact	**$5,398,529**

Depreciation Impact	2017 Actual
Depreciation Expense	($67,482)
Total Depreciation Impact	**(67,482)**

Table 4 - Capitalization Policy Total Return on Capital Impact HRZ

Return on Capital	2017 Actual
Increased capitalization	$5,398,529
Depreciation Expense	($67,482)
Increased Capital in Rate Base	$5,331,048
Deemed ShortTerm Debt %	4.00%
Deemed LongTerm Debt %	56.00%
Short Term Interest	1.76%
Long Term Interest	3.47%
Deemed ShortTerm Debt %	$213,242
Deemed Long Term Debt %	$2,985,387
Short Term Interest	$3,753
Long Term Interest	$103,593
Return on Rate Base - Interest	$107,346
Deemed Equity	$2,132,419
	8.78%
Return on Capital - Equity	$187,226
Return on Capital	**($294,572)**

c) Alectra Utilities confirms that the full revenue requirement impact for 2017 relating to the change in capitalization policy for the BRZ and the ERZ has been recorded in the associated deferral accounts.

d) Alectra Utilities confirms that the entire result of the calculated ESM of $1,629,640 of which 50% or $814,320 is to be refunded to rate payers (revised in response to HRZ-Staff 17 to an ESM of $1,933,538 of which 50% or $966,769 is to be refunded to rate payers) is a result of the change in capitalization policy. The % of revenue requirement of the refunded amount $814,320 is 0.71% ($966,769 is 0.84%).

e) In Alectra Utilities 2018 Electricity Distribution Rate ("EDR") Application Decision, the OEB stated: *"For the remainder of the Custom IR term, the effect on earnings resulting from the change in the capitalization policy will be dealt with through the ESM."*

f) Please see response to part e). The impact of the change in capitalization policy has been addressed through the ESM in accordance with the OEB’s Decision in Alectra Utilities’ 2018 EDR Application.

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Capital Investment Variance Account ("CIVA")

Reference(s): Exhibit 2, Tab 1, Schedule 6, pp. 15-17 of 17

a) Please explain why Alectra believes it is appropriate to base capital additions on the post-amalgamation capitalization policy for the purposes of calculating the CIVA, whereas the capital additions forecast for 2017 in the Custom IR Application (EB-2014-0002) were based on the pre-merger capitalization policy.

b) Please make an adjustment to the information presented in Tables 32, 33, and 35 to reflect the impacts of the changes to the capitalization policy for 2017 relating to the Horizon Utilities RZ.

Response:

a) As directed by the OEB in its Decision in Alectra Utilities' 2018 Electricity Distribution Rate ("EDR") Application, Alectra Utilities was directed to flow the impact of the capitalization policy change through the ESM. In the Decision, the OEB stated: "*For the remainder of the Custom IR term, the effect on earnings resulting from the change in the capitalization policy will be dealt with through the ESM."* Although the ESM was contemplated based on the pre-merger capitalization policy, Alectra Utilities was directed to flow the impact of the post-amalgamation capitalization policy through the ESM. Similarly and consistently, for the purpose of calculating the CIVA, it is appropriate to base capital additions on the post-amalgamation capitalization policy.

b) For illustrative purposes, Tables 32, 33 and 35 from Exhibit 2, Tab 1, Schedule 6, pp. 15-17, have been adjusted to reflect the impact of the change in capitalization policy. Alectra Utilities' 2017 adjusted in-service capital additions for the Horizon Utilities RZ are $2.1MM higher than the capital additions forecast in the Custom IR Application. Therefore, no CIVA entry would be made as capital additions were higher than forecast.

Table 32 – 2015 to 2017 Capital Additions, Excluding Capitalization Policy Impact

Capital Additions	Actual	Custom IR Application (EB-2014-0002)	Variance	EDR Application
2015	**$ 46,643,216**	**$ 38,314,524**	**$ 8,328,692**	**EB-2016-0077**
2016	**$ 44,295,265**	**$ 41,147,533**	**$ 3,147,732**	**EB-2017-0024**
2017 inclusive of Capitalization Policy	$ 52,393,539	$ 45,626,114	$ 6,767,425	EB-2018-0016
Adjustment for Capitalization Policy	($ 4,677,439)	$ 0		
2017 Adjusted	**$ 47,716,100**	**$ 45,626,114**	**$ 2,089,986**	**EB-2018-0016**
Cumulative total	**$ 138,654,581**	**$ 125,088,171**	**$ 13,566,410**	

Table 33 – Alectra Utilities 2017 Capital Additions by Rate Zone, Excluding Capitalization Policy Impact

	Horizon Utilities RZ
1) Distribution Plant (DP)	
2017 pre-Alectra	$ 1,239,563
2017 Alectra	$ 45,429,350
Total DP additions	**$ 46,668,913**
2) General Plant (GP)	
2017 pre-Alectra	$ 212,809
2017 Alectra	$ 5,511,817
Total GP additions	**$ 5,724,626**
3) Capitalization Policy Adjustment	**($ 4,677,439)**
Total new capital additions	**$ 47,716,100**

Table 35 – Horizon Utilities RZ 2017 Capital Additions, Excluding Capitalization Policy Impact

Horizon Utilities Rate zone	Net Capital Additions
DP capital additions	$ 0
Jan 1- 31, 2017	$ 1,239,563
Feb 1 - Dec 31, 2017	$ 45,429,350
Total DP additions	**$ 46,668,913**
GP Additions	
GP capital additions - January 2017	$ 212,809
Share of Alectra GP additions	$ 5,511,817
Total GP additions	**$ 5,724,626**
Capitalization Policy Adjustment	**($ 4,677,439)**
Total capital additions	**$47,716,100**

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ESM and CIVA

Reference(s): Exhibit 2, Tab 1, Schedule 6

For the purposes of allocating costs in the post-integration period that are not directly attributable to the Horizon Utilities RZ, Alectra has utilized the following approaches:

1. **allocated OM&A based on a 2014-2016 historical average of OM&A costs for each rate zone (Table 26);**
2. **allocated GP depreciation based on 2016 GP depreciation for each rate zone (Table 30); and**
3. **allocated GP Capital Additions based on 2016 Rate Base (Tables 34 and 35)**

Please provide rational or an explanation for the inconsistencies in Alectra's approach to selecting the allocators used for assigning costs to the Horizon Utilities RZ. For example, what is the basis for using historical averages versus the most recent historical year as benchmarks in cost allocation?

Response:

Alectra Utilities relied on these allocation methodologies as they represented the most appropriate allocation methodology based on the information available. The allocation approaches differed as consideration was given to each of the items that required an allocation methodology. The rationale for each of the allocation methodologies is as follows:

1. The use of a 3-year historical average for the allocation of OM&A costs was explained in the response to G-Staff-7 where the reliance of 3 years of actual historical data removes inconsistences of any one year.

2. With the formation of Alectra Utilities, General Plant Assets are not identifiable by rate zone. The purpose of general plant is to support the overall business. The best information available by rate zone is represented by the net fixed assets and depreciation expense at the end of 2016. Alectra Utilities relied on an approach to allocate the December 31, 2017 General Plant net book value to the rate zones based on the 2016 net book value of general Plant for each rate zone. Consistently, the

allocation of General Plant depreciation was based on the 2016 General Plant depreciation for each rate zone.

3. As mentioned above the purpose of general plant is to support the overall business, thus general plant should be allocated to the rate zones based on the proportion each represents of the overall distribution business. Alectra Utilities has used the 2016 rate base from 2016 ROE filings by the legacy utilities as the allocator that most appropriately represents the proportion each rate zone is of the total distribution business.

HRZ-Staff-25

Group 1 DVAs

Reference(s): IRM Model HRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform HRZ

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) **Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively.**

b) **Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.**

c) **Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.**

If another approach is used, please explain in detail.

Response:

Alectra Utilities confirms that in booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, the Horizon Utilities RZ used approach a) above.

HRZ-Staff-26

Group 1 DVAs

Reference(s): IRM Model HRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform HRZ

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).

b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.

c) Has CT 1142 been trued up with the IESO for all of 2017?

d) Which months from 2017 were trued up in 2018?

e) Have all of the 2017 related true-ups been reflected in the applicant's DVA Continuity Schedule in this proceeding?

f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included. Where applicable, please separate components by month (eg. indicate the target month being settled/adjusted and the month in which the adjustment(s) were recorded in the general ledger). As well, please separate the components by the initial price-variance true-up (1-month lag) and the subsequent quantity-variance true-up (5-month lag).

Response:

a) The initial RPP related GA for settlement forms submitted by day 4 after the month-end is determined by applying the 2^{nd} Estimate GA rate posted by the IESO to the estimated RPP related consumption for the trade month. The estimated RPP consumption is derived as follows:

- Total kWh from MV90 for all grid supply points
- Add: Embedded Generation
- Less: kWh for Interval Metered Customers billed at Spot from MV90
- Less: Estimated kWh for Non-Interval Metered Customers billed at Spot (based on billed and unbilled estimates)

b) Alectra Utilities' true ups for the Horizon Utilities Rate Zone are performed in two steps after the initial RPP submission to allow for the completion of all billing cycles for RPP customers as described below:

1. True-up of Prior Month Claim using Actual Purchases and Energy Prices:
   In the month after the initial RPP claim is submitted, the prior month's claim is recalculated using updated values for the actual GA rate as published by the IESO. This is then compared with the initial estimated RPP claim submitted and an adjustment for the difference is made to CT 1142. Although this results in a more accurate claim, eligible kWhs are still based on estimated consumption. The RPP claim is trued up five months later when actual consumption becomes available.

2. True-up of "Current Month (5-month lag)" Claim using Actual Billed Consumption:
   A second true up is performed five months after the initial RPP submission to allow for the completion of all billing cycles for RPP customers. The actual billed RPP consumption for the trade month is obtained from the Customer Information System ("CIS") for each of the TOU and Tiered buckets. The OEB approved RPP rates and actual GA rate as published by the IESO are applied to the volumes. This is then compared with the first RPP true-up submitted and an adjustment for the difference is made to CT 1142.

c) Alectra Utilities confirms that CT 1142 has been trued up for all of 2017.

d) Alectra Utilities confirms that the months of August to December 2017 were trued up in 2018.

e) Alectra Utilities confirms that all of the true-ups related to 2017 have been reflected in the Deferral and Variance Account ("DVA") Continuity Schedule for the Horizon Utilities Rate Zone ("RZ").

f) The adjustment made to 1588 on the DVA Continuity Schedule of ($1,407,107) is comprised of the reversal of the prior year RPP Settlement true up booked in the current year in the amount of ($819,534), combined with the current year RPP settlement true-up booked in the subsequent year in the amount of ($587,573). This amount is included in the cell BF28 in the DVA Continuity Schedule of Horizon Utilities RZ's IRM Model. The principal adjustment for the current year amount has been updated as discussed in response to interrogatory HRZ-Staff-28. The DVA continuity schedule in the Horizon Utilities RZ's IRM model has been updated and filed as part of Alectra Utilities response to Interrogatory G-Staff-9.

The adjustment made to 1589 on the DVA continuity schedule of $3,650,554 is comprised of the reversal of the prior year RPP Settlement true up booked in the current year in the amount of $1,808,419, combined with the inclusion of the current year RPP settlement true-up booked in the subsequent year in the amount of $1,842,135. This amount is included in cell BF29 of the DVA Continuity Schedule of Horizon Utilities RZ's IRM Model. The principal adjustment for the current year amount has been updated as discussed in Alectra Utilities' response to Interrogatory HRZ-Staff-28. The DVA continuity schedule in the Horizon Utilities RZ's IRM model has been updated and filed as part of Alectra Utilities response to interrogatory G-Staff-9.

HRZ-Staff-27

Group 1 DVAs

Reference(s): IRM Model HRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform HRZ

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?

e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.

f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?

g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The total cost for CT 148 is estimated by multiplying the 2nd estimate GA rate as published by the IESO by the total Class B purchases during the month. CT148 is pro-rated based on RPP and Non-RPP consumption and then booked into Account 1588 and 1589, respectively. Class B, RPP purchases are derived as follows:

- Total purchases from all grid supply points
- Add: Embedded generation load (MV90)
- Less: Interval Metered load billed at spot (MV90)

- Less: Non-Interval Metered load billed at spot (based on billed and unbilled estimates)

b) The true-up for GA related costs are completed in two-steps:

1. In the following month, the initial cost accrued in accounts 1588 and 1589 are reversed and replaced with actual costs per the IESO invoice. The split between RPP and non-RPP are determined using the same approach as described in the response to part a) above and booked into accounts 1588 and 1589 accordingly.

2. When actual consumption data becomes available, the initial RPP claim is trued-up with updated volumes and price and submitted to the IESO for settlement. The trued-up settlement amount is recorded in account 1588.

c) To determine what the Non-RPP volume is, first Class B volumes are calculated as follows:

- Total purchases from all grid supply points
- Add: Embedded generation load (MV90)
- Less: Class A load (MV90)

The remaining Class B load is then allocated between RPP and Non-RPP. The majority of Non-RPP customers are interval metered customers billed at spot. Actual meter data for these customers is available and obtained from MV90. The load for the remaining non-RPP, non-interval metered customers billed at spot is based on actual billed data and unbilled estimates.

d) The initial recording in Accounts 1588 and 1589 are trued up based on actual consumption proportions for RPP and non-RPP consumption.

e) The months of August to December 2017 were trued up in 2018 for the actual proportion between RPP and non- RPP consumption.

f) Alectra Utilities confirms that all the true-ups for 2017 consumption are reflected in the DVA Continuity Schedule for 2017.

g) Please see Alectra Utilities' response to Interrogatory HRZ-Staff-26, part f).

HRZ-Staff-28

Group 1 DVAs

**Reference(s): IRM Model HRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform HRZ**

a) An amount of ($1,407,107) in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the HRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of ($819,473), pertaining to the reversal of Principal Adjustments from 2016, and ($587,573). Please explain, in detail, what the amount of ($587,573) represents and how it was calculated.

b) An amount of $3,650,554 in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the HRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of $1,808,419, pertaining to the reversal of Principal Adjustments from 2016, and $1,842,135. The amount of $1,842,135 has been identified on the GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how this figure was calculated.

c) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

Response:

a) The principal adjustment made to Account 1588 of ($1,407,107) is comprised of the reversal of the prior year RPP settlement true-up booked in the current year in the amount of ($819,473), combined with the current year RPP settlement true-up booked in the subsequent year in the amount of ($587,573). The detailed calculation of the current year RPP true-up calculation which was booked in 2018 in the amount of ($587,573) is provided in Table 1 below.

Table 1 – Account 1588 RPP True-Up Reconciliation

ue- to	Total RPP Consumption (kWh) (A)	WHASP (B)	RPP kWHs Billed @ WHASP C=(A x B)	Actual Billed (D)	E=(C-D)	Estimated Settlement on Form 1598 (F)	True-up (E-F)
	203,734,522	$ 0.01838	$ 3,743,675	$ 17,038,266	$ (13,294,591)	$ (13,151,413)	$ (143,178)
7	183,142,024	$ 0.02525	$ 4,624,891	$ 15,213,883	$ (10,588,992)	$ (10,916,160)	$ 327,168
	170,711,522	$ 0.00917	$ 1,565,392	$ 14,080,172	$ (12,514,780)	$ (11,043,201)	$ (1,471,579)
7	173,327,681	$ 0.01418	$ 2,457,224	$ 14,339,702	$ (11,882,478)	$ (12,319,865)	$ 437,387
'	205,713,040	$ 0.02102	$ 4,324,317	$ 16,738,051	$ (12,413,734)	$ (12,676,364)	$ 262,630
			$ 16,715,499	**$ 77,410,075**	**$ (60,694,576)**	**$ (60,107,003)**	**$ (587,573)**

Alectra Utilities has made a correction to the adjustment of $587,573 in the IRM Model. The adjustment was inputted as a credit, instead of a debit. The principal adjustment on the DVA continuity schedule has been revised in the IRM model filed in Alectra Utilities' response to Interrogatory G-Staff-9. The total principal adjustment is now ($231,961).

b) The principal adjustment made to Account 1589 of $3,650,554 is comprised of the reversal of the prior year RPP settlement true-up booked in the current year in the amount of $1,808,419, combined with the current year RPP settlement true-up booked in the subsequent year in the amount of $1,842,135. The detailed calculation of the current year RPP true-up calculation which was booked in 2018 in the amount of $1,842,135 is provided in Table 2 below.

Table 2 – Account 1589 RPP True-Up Reconciliation

ue- to	Total RPP Consumption (kWh) (A)	CLASS B ACTUAL GA RATE (B)	RPP kWHs Billed @ ACTUAL GA RATE C=(A x B)	Estimated Settlement on Form 1598 (F)	True-up (E-F)
	203,734,522	$ 0.10109	$ 20,594,780	$ 20,474,107	$ 120,673
7	183,142,024	$ 0.08864	$ 16,233,709	$ 16,537,333	$ (303,624)
	170,711,522	$ 0.12563	$ 21,447,311	$ 18,779,492	$ 2,667,819
7	173,327,681	$ 0.09704	$ 16,819,718	$ 17,514,449	$ (694,731)
'	205,713,040	$ 0.09207	$ 18,940,000	$ 18,888,002	$ 51,998
			$ 94,035,517	**$ 92,193,383**	**$ 1,842,135**

Alectra Utilities has made a correction to the adjustment of $1,842,135 in the IRM Model. The adjustment was inputted as a debit, instead of a credit. In addition, an amount for unbilled to actual revenue differences has been calculated and added to the adjustment amount. The principal adjustment has been revised in the IRM model filed in Alectra Utilities' response to Interrogatory G-Staff-9. The total principal adjustment is now $972,163.

c) Alectra Utilities confirms that the principal adjustments made in the DVA continuity schedule for the reversal of the adjustment related to 2017 booked in 2016 are reflected in the GL transactions in 2016 and the adjustment related to 2017 booked in 2018 are reflected in the GL transactions in 2018.

HRZ-Staff-29

Group 1 DVAs

Reference(s): IRM Model HRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform HRZ
Exhibit 2 – Tab 1 – Schedule 8 – Settlement Process with IESO

On pages 3-4 of 5 of Exhibit 2 – Tab 1 – Schedule 8 (HRZ Settlement Process with IESO), Alectra has indicated that there is a five month lag to determine actual consumption in a given month for non-interval metered customers, which is why there is also a five month lag to true-up RPP Settlements with the IESO with respect to quantity variances.

If a five month lag exists to determine actual total kWh in a given month for non-interval metered customers, please explain why reconciling items 2a and 2b have not been quantified or included in the GA Analysis Workform to adjust for the differences between estimated/accrued and actual unbilled revenue.

Response:

Alectra Utilities has calculated an amount $1,005,879 for current year end unbilled to actual revenue differences for the Horizon Utilities Rate Zone and has included this amount as item 2b) in the GA Analysis Workform. Alectra Utilities has filed an updated GA Analysis Workform in Alectra Utilities' response to Interrogatory G-Staff-12.

HRZ-Staff-30

Group 1 DVAs

Reference(s): IRM Model HRZ Tab 3 DVA Continuity Schedule

With respect to the HRZ, the total amount being requested for disposition in Account 1588 is ($5,319,006). Considering that the variance between RPP revenue and the cost of energy attributable to RPP customers is settled with the IESO on a monthly basis, or subsequently trued-up in later months as actual data becomes available, the remaining amounts at the end of a particular year should be relatively small (the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

Please explain why such a large, material balance exists in Account 1588 as of December 31, 2017 adjusted for dispositions during 2018, and reconcile the significant difference.

Response:

Alectra Utilities has updated the adjustment related to Account 1588 in the Continuity Schedule, in the response to Interrogatory HRZ-Staff-28. The principal adjustment of ($1,407,107) has been updated to ($231,961) and as a result, the total amount being requested for disposition in Account 1588 is ($4,122,795). The updated IGM model has been filed in Alectra Utilities' response to Interrogatory G-Staff-9.

The balance in Account 1588 is primarily driven by unbilled to actual differences in the month of December 2017. Total energy revenue accrued was $21MM and total energy costs accrued was $16MM, resulting in a variance of $5MM.

HRZ-Staff-31

Group 1 DVAs

Reference(s): 2017 GA Analysis Workform HRZ
Exhibit 2 – Tab 1 – Schedule 8 – Settlement Process with IESO

Please explain how the GA billing rate is determined for billing cycles that span more than one load month for the HRZ

Response:

Alectra Utilities determines the Global Adjustment ("GA") billing rate for billing cycles that span more than one load month for the Horizon Utilities Rate Zone, by prorating the total consumption for the billing period by the number of days in each respective month. The prorated consumption for each month is then applied to the GA 1st estimate rate for the respective month.

HRZ-Staff-32

LRAMVA

**Reference(s): Tab 2 of LRAMVA workform (Attachment 12)
EB-2014-0002, Exhibit 3, Tab 1, Schedule 2, Table 3-6 and Table 3-7 (Pages 10 and 11 of 33)**

Horizon RZ's LRAMVA threshold is based on Table 3-6 of Exhibit 3 from its last rebasing application.

a) Please confirm the amount of CDM adjustment in the load forecast and the LRAMVA threshold approved in the last rebasing application.

b) Please provide rationale for using incremental savings in 2015 (as the LRAMVA threshold in 2015) and cumulative savings in 2015 and 2016 (as the LRAMVA threshold in 2016).

c) Please discuss the appropriateness of the LRAMVA threshold used for comparison against actual savings.

d) In table 2-c, please remove the LRAMVA threshold for 2017 (i.e., cells D78 to F78) if it is not relevant to the current LRAMVA disposition.

Response:

a) Alectra Utilities confirms that the LRAMVA threshold approved in Horizon Utilities 2015 Custom Incentive Rate Application is based on Table 3-6 from Exhibit 3, Tab 1, Schedule 2 of the CIR Application. The LRAMVA threshold provided in Table 3-6 is presented below.

Table 3-6 Estimated CDM Savings by Customer Class (kWh)

Year	Residential	GS < 50 kW	GS > 50 kW	Total
2014	12,575,666	4,393,315	11,173,019	28,142,000
2015	3,350,520	928,649	15,255,036	19,534,205
2016	3,103,523	846,487	15,255,036	19,205,046
2017	3,027,867	846,487	15,255,036	19,129,390
2018	3,027,867	846,487	15,255,036	19,129,390
2019	3,027,867	846,487	15,255,036	19,129,390

b) Alectra Utilities' predecessor Horizon Utilities developed regression models using a customer class specific approach in order to forecast loads for each customer class. As provided in Exhibit, 3, Tab 1, Schedule 2, p. 5 of the CIR Application, this model used both actual and estimated CDM load data. Past CDM activity, including persistence of measures is embedded in the historical data. The forecast is adjusted for incremental CDM savings, based on anticipated incremental CDM programs and initiatives. As the forecast is adjusted for incremental CDM savings, the CDM threshold for the purpose of the LRAMVA calculation was 19,534,205 kWh for 2015 and the sum of 2015 and 2016 incremental CDM savings for 2016, or 38,739,251 kWh for 2016.

c) Please see Alectra Utilities' response to part b) above.

d) Alectra Utilities has removed the LRAMVA threshold for 2017.

HRZ-Staff-33

LRAMVA

Reference(s): Tab 5 of LRAMVA workform (Attachment 12)

The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

Response:

a) The IESO performs evaluations for all of its programs, which includes examining gross energy savings from the programs and the net-to-gross ratio (“NTGR”). From these evaluations the IESO calculates net energy savings by initiative within a program group (residential, business, industrial and low income). Peak load savings are also calculated, and reported by initiative within a program group. For initiatives implemented under the Residential and Low Income Programs, 100% of CDM savings were attributed to the Residential Rate Class. For initiatives implemented under the Commercial and Industrial programs that apply to more than one rate class, the savings were estimated by rate class, based on participant-specific information, where available.

HRZ-Staff-34

LRAMVA

Reference(s): Tab 5 of LRAMVA workform (Attachment 12)

It appears that 2,781 kW of savings from the Home Depot Home Appliance Market Uplift (Conservation Fund) Pilot Program was not allocated to a customer class. As a result, savings from this pilot program are not included in the LRAMVA.

a) At row 277 of Table 5-b, please confirm the customer class in which savings from the Home Depot Home Appliance Market Uplift (Conservation Fund) Pilot Program are allocated, and any associated changes to Table 5-b.

Response:

a) Alectra Utilities confirms that savings from the Home Depot Home Appliance Market Uplift (Conservation Fund) Pilot Program should be allocated 100% to the Residential Rate Class. Table 5-b has been updated accordingly. An updated LRAMVA workform is filed in Alectra Utilities' response to Interrogatory HRZ-Staff-36.

HRZ-Staff-35

LRAMVA

Reference(s): Tab 8 of LRAMVA workform (Attachment 12)

Horizon RZ is claiming 16,589.91 kW of demand savings from streetlighting projects in 2016. Please confirm:

a) the impact of streetlighting savings in the Horizon RZ and the amounts deducted from the retrofit program.

b) whether monthly streetlighting savings was based on the OEB approved load profile for streetlighting customers from the last cost of service application. If not, please explain how the monthly breakdown of the streetlighting savings was determined.

c) the conversion factor to adjust energy savings to demand savings for the streetlighting project.

d) the specific reference source of the NTG value (i.e., NTG ratio of 0.78) in the IESO Results Report.

e) whether the persistence of the savings from the 2015 streetlighting project is claimed in 2016.
   i. If yes, please confirm that the persistence of savings is based on actual streetlighting savings.
   ii. Please confirm whether the rate of savings persistence is consistent with the assumptions made by the IESO.

Response:

a) The impact of streetlighting savings in the Horizon Utilities RZ is 900,782 kWh. This amount was deducted from the retrofit program on Row 307 of Tab "7. 2015-2020 LRAM". In the initial LRAMVA Workform submitted, the streetlight demand savings related to St. Catharine's LED project were not included in the total peak demand calculation. The LRAMVA Workform has been updated to reflect the additional peak demand savings from the St. Catharine's streetlighting LED project completed in 2016.

b) Alectra Utilities confirms that the monthly breakdown of streetlight savings is based on actual monthly billed demand for the Hamilton and St. Catharine's streetlight accounts. Total annual actual billed demand is compared to the annual billed demand before the implementation of LED streetlights. The difference is then adjusted for the Net-to-Gross ("NTG") ratio.

c) Alectra Utilities relied on actual billed data from the Customer Information System ("CIS"), therefore, no conversion factor is required to adjust energy savings to demand savings.

d) Alectra Utilities relied on the NTG ratio provided by the IESO for streetlight savings in the *2016 IESO Streetlight Project Verified Result Report*. The NTG ratio of 0.78 used for Hamilton streetlighting savings can be found in HRZ-Staff-35_Attach 1_SL NTG Ratio Hamilton, cell AO 13818. The NTG ration of 0.74 used for St. Catharine streetlighting savings can be found in HRZ-Staff-35_Attach 2_SL NTG Ratio St Catharines, cell AM4.

e) i) The persistence of the savings is based on actual streetlighting savings as the actual billed demand is compared to the billed demand before the implementation of LED streetlights. Therefore, persistence is embedded in the monthly billed data.

ii) Please see Alectra Utilities' response to part e) i).

HRZ-Staff-36

Reference(s): LRAMVA

a) If the Horizon RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.

b) Please confirm any changes to the LRAMVA workform in Tab 1-a.

Response:

a) Alectra Utilities has made changes to the LRAMVA Workform for the Horizon Utilities Rate Zone (“RZ”) as a result of its response to Interrogatory HRZ-Staff-34. In addition, the Workform has been updated to include the 2016 persistence savings related to 2015 CDM programs, and adjustment savings related to the 2016 CDM programs from the IESO’s recently published 2017 Final Verified Annual LDC CDM Program Results Report (the “2017 Final CDM Results Report”). The Workform has also been updated to include 2016 peak demand savings achieved from the City of St. Catharine LED project which was not captured in the previously filed LRAMVA Workform.

b) Based on the 2017 Final CDM Results Report, an additional 8,821,747 kWh energy savings and 4,276 kW peak demand savings have been identified for 2016 persistence savings related to 2015 CDM programs and additional 2016 CDM program savings. The LRAMVA balance was updated from $649,803 to $764,014. Alectra Utilities has filed an updated LRAMVA Workform as attachment HRZ-Staff-36_Attach 1_LRAMVA Workform HRZ and the 2017 Final CDM Results Report as attachment HRZ-Staff-36_Attach 2_2017 Final CDM Results Report. Alectra Utilities confirms that the above changes are included in Tab 1-a of the LRAMVA Workform.

BRZ-Staff-37

CBR Rate Rider

Reference(s): Exhibit 2/Tab 2/Schedule 5, Page 8
Attachment 15

The rate rider for Capacity Based Recovery (CBR) is inconsistent between the written evidence and the tariff.

	Exhibit 2/Tab 2/Schedule 5 Page 8 / Table 63	Attachment 15
Residential	-$0.00004 /kWh	-$0.0000 / kWh
General Service Less than 50 kW	-$0.00004 /kWh	(none)
General Service 50 to 699 kW	-$0.01435 /kW	-$0.0144 / kW
Street Lighting	-$0.01422 /kW	-$0.0142 /kW
Embedded Distributor	-$0.00004 /kW	-$0.0000 / kWh
Distributed Generation	-$0.00004 /kW	-$0.0000 / kWh

Alectra states "Alectra Utilities proposes that the CBR B balance be cleared with a volumetric rate rider to five decimal places in 2018 for the Brampton RZ." However, the tariff of rates and charges in Attachment 15 includes this charge rounded to 4 digits. Also, the table in the written evidence is proposing to dispose of the rate rider for Embedded Distributor and Distributed Generation on kilowatts, while kilowatt hours is used in the tariff.

a) Please detail which rate riders are correct, and amend the tariff as required.

Response:

a) Alectra Utilities has updated its treatment of the Capacity Based Recovery ("CBR") balances in accordance with Chapter 3 of the Ontario Energy Board's ("OEB") *Filing Requirements for Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications,* dated July 12, 2018 (the "Filing Requirements"). At p. 16 of the Filing Requirements, the OEB states: *"However, in the event that the allocated CBR Class B amount results in a volumetric rate rider that rounds to zero at the fourth decimal place in one or more rate classes, the entire balance in Account 1580, Sub-account CBR Class B will be added to the Account 1580 WMS control account to be disposed through the general purpose Group 1 DVA rate* *riders (accounting guidance to be updated to reflect this change).* The 1580 sub-account CBR Class B balances have been added to the Account 1580 WMS control account to be disposed through the general purpose Group 1 Deferral and Variance Account (”DVA”) rate riders. This update has been reflected in the IRM Rate Generator Models for the PowerStream, Enersource and Brampton rate zones and IRM Model for the Horizon Utilities Rate Zone filed in Alectra Utilities’ response to Interrogatory G-Staff-9.

BRZ-Staff-38

Group 1 DVAs

Reference(s): IRM Model BRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform BRZ

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively.

b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.

c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.

If another approach is used, please explain in detail.

Response:

Alectra Utilities confirms that in booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, Brampton RZ used approach c) above.

BRZ-Staff-39

Group 1 DVAs

Reference(s): IRM Model BRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform BRZ

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).

b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.

c) Has CT 1142 been trued up with the IESO for all of 2017?

d) Which months from 2017 were trued up in 2018?

e) Have all of the 2017 related true-up amounts been reflected in the applicant's DVA Continuity Schedule in this proceeding?

f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The initial RPP related GA for settlement forms submitted by day 4 after the month-end is determined by applying the 2nd Estimate GA rate posted by the IESO to the estimated RPP related consumption for the month. The estimated RPP consumption is determined by taking the total kWh purchased during the month and allocating it between non-RPP customers and RPP customers based on the actual consumption during the same month of the prior year.

b) Alectra Utilities performs true ups for the Brampton Rate Zone one month after the initial RPP submission. The actual billed RPP consumption for the prior month is obtained from the Customer Information System ("CIS") for each of the TOU and Tiered buckets. The OEB approved RPP rates and actual GA rate as published by the IESO are applied to the volumes. This is then compared with the monthly estimated RPP claims submitted and an adjustment for the difference is made to CT 1142.

c) Alectra Utilities confirms that CT 1142 has been trued up with the IESO for all of 2017.

d) Alectra Utilities confirms that the month of December 2017 was trued up with the IESO in January 2018.

e) Alectra Utilities confirms that all of the true-up amounts related to 2017 have been reflected in the Deferral and Variance Account ("DVA") Continuity Schedule of the Rate Generator Model ("RGM"). An updated RGM was filed in Alectra Utilities' response to Interrogatory G-Staff-9.

f) The adjustment made to 1588 on the DVA continuity schedule of ($623,541) is comprised of the true-up amount related to December 2017 that was claimed in January 2018 in the amount of $179,597 and the reversal of the prior year RPP Settlement true up booked in the current year of ($803,138). This amount is included in the cell BF28 in the DVA Continuity Schedule of in the RGM Model. The adjustment made to 1589 on the DVA continuity schedule of $2,212,711 is comprised of the true-up amount related to December 2017 that was claimed in January 2018 in the amount of $593,356 and the reversal of the prior year RPP Settlement true up booked in the current year of $1,619,355. This amount is included in the cell BF29 of the DVA Continuity Schedule in the RGM Model.

BRZ-Staff-40

Group 1 DVAs

Reference(s): IRM Model BRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform BRZ

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?

e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.

f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017.

g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The total cost for CT 148 is estimated by multiplying the 2nd estimate GA rate as published by the IESO by the total Class B purchases during the month. CT148 is pro-rated based on RPP and Non-RPP consumption and then booked into Account 1588 and 1589, respectively.

b) The true-up for GA related costs are completed in two-steps:

1. In the following month, the initial cost accrued in accounts 1588 and 1589 are reversed and replaced with actual costs per the IESO invoice. The split between RPP and non-RPP are determined using the same approach as described in the response to part a) above and booked into accounts 1588 and 1589 accordingly.

2. When actual consumption data becomes available, the initial RPP claim is trued-up with updated volumes and price and submitted to the IESO for settlement. The trued-up settlement amount is recorded in account 1588.

c) The non-RPP kWh volume that is used for the initial recording of expenses in Account 1589 is calculated by applying the same proportion of non-RPP kWh to total system load from the same period of the prior year to the actual total load of the current month. The estimated non-RPP kWh is multiplied by the second estimate GA rate resulting in the initial GA expense recorded in Account 1589.

d) The initial recording in Accounts 1588 and 1589 are trued up based on actual proportions for RPP and non-RPP consumption.

e) The month of December 2017 was trued up in January 2018 for the actual proportion between RPP and non- RPP consumption.

f) Alectra Utilities confirms that all of the true-ups for 2017 consumption were reflected in the DVA Continuity Schedule for 2017.

g) Please see Alectra Utilities’ response to Interrogatory BRZ-Staff-39, part f).

BRZ-Staff-41

Group 1 DVAs

Reference(s): IRM Model BRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform BRZ

a) An amount of ($623,541) in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the BRZ DVA Continuity Schedule appears to be comprised of two elements, based on the comments in the cell: an amount of ($803,139), pertaining to the reversal of Principal Adjustments from 2016, and $179,597, pertaining to RPP True-ups for December 2017 recorded in January 2017. Please confirm that Alectra meant to explain the second part of the entry as "RPP True-up for December 2017 made in January 2018" and please explain, in detail, how this amount was calculated.

b) An amount of $2,212,711 in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the BRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of $1,619,355, pertaining to the reversal of Principal Adjustments from 2016, and $593,356. The amount of $593,356 has been identified on the BRZ GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how this figure was calculated.

c) Please confirm that the debit amount of $593,356, included in cell BZ29 of the BRZ DVA Continuity Schedule and as reconciling item 1b on the BRZ GA Analysis Workform, should actually be a credit entry, since the explanation describes this entry as "CR 593k relates to current year but recorded in the GL the following year, therefore, should record the CR in current year". If so, please adjust the BRZ DVA Continuity Schedule and BRZ GA Analysis Workform.

d) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

Response:

a) Alectra Utilities confirms that this is the RPP True-up for December 2017 made in January 2018. Table 1 below provides the detailed calculation for Account 1588 principal adjustment of $179,597.

Table 1 – 1588 RPP True Up Reconciliation

RPP Customers	December 2017 RPP kWhs estimated	RPP price	Estimated Spot Price	$ RPP - $ Spot (difference claimed)	December 2017 RPP kWhs actual	RPP price	Actual Spot Price	$ RPP - $ Spot (actual difference)	December True-up included in January 2018 Claim
	A	B	C	D = A*(B-C)	A1	B1	C1	D1 = A1*(B1-C1)	E= D1-D
First Block kWh	12,438,005	0.0770	0.0203	704,658.15	12,645,949	0.0770	0.0194	729,001.31	
Second Block KWh	9,891,763	0.0900	0.0203	688,997.20	8,940,503	0.0900	0.0194	631,619.92	
TOU On Peak KWh	21,772,349	0.1320	0.0203	2,430,961.82	22,104,247	0.1320	0.0194	2,489,977.52	
TOU Mid Peak KWh	20,078,096	0.0950	0.0203	1,498,902.77	20,321,521	0.0950	0.0194	1,537,262.49	
TOU Off Peak KWh	77,577,482	0.0650	0.0203	3,464,116.23	78,414,148	0.0650	0.0194	3,579,372.24	
	141,757,696			**8,787,636.18**	**142,426,368**			**8,967,233.47**	**179,597.30**

b) Table 2 below provides the detailed calculation for the Account 1589 principal adjustment of $593,356.

Table 2 – 1589 RPP True Up Reconciliation

RPP Customers	December 2017 RPP kWhs estimated	GA 2nd Estimate	Estimated RPP kWh @ GA 2nd estimate	December 2017 RPP kWhs actual	Actual GA	Actual RPP kWh @ GA actual Rate	December True-up included in January 2018 Claim
	A	B	C= A*B	A1	B1	C1= A1*B1	D= C1 - C
Total RPP	141,757,696	0.09669	13,706,551.61	142,426,368	0.0921	13,113,195.66	
			13,706,551.61			**13,113,195.66**	**(593,355.95)**

c) Alectra Utilities confirms that the December 2017 RPP Settlement True-up amount of $593,356 that was claimed in January 2018 represents the increase in Cost of Power and therefore a debit in Account 1589. This amount has been presented correctly in both the Deferral and Variance Account ("DVA") Continuity Schedule and the GA Analysis Workform. Alectra Utilities has updated the reference in the GA Workform.

d) Alectra Utilities confirms that the principal adjustments made in the DVA continuity schedule for the reversal of the adjustment related to 2017 booked in 2016 are reflected in the GL transactions in 2016 and the adjustment related to 2017 booked in 2018 are reflected in the GL transactions in 2018.

BRZ-Staff-42

Group 1 DVAs

Reference(s): 2017 GA Analysis Workform BRZ

The calculated value from the BRZ 2017 GA Analysis Workform for cells "F59/D26" = 1.1048 (the calculated loss factor). However, Alectra's BRZ OEB-approved total loss factor is 1.0341 (for secondary metered customers < 5,000 kW, which should constitute the majority of the GA consumption billed). Please reconcile this difference.

Response:

Alectra Utilities has incorporated the following adjustments to the GA Analysis Workform for the Brampton Rate Zone:

- The metered kWh for non-RPP Class B customers in Note 2(e) has been updated to 1,531,070,686 kWh. This adjustment has been discussed in Alectra Utilities' response to Interrogatory G-Staff-12.
- The unbilled loss adjusted consumption for previous and current months in Note 4(g) and 4(h) have been corrected to exclude Class A unbilled load that was inadvertently included in the original submission. The total unbilled non-RPP Class B loss adjusted consumption, is 1,580,187,085 kWh.

The calculated loss factor is 1,580,187,085 / 1,531,070,686 = 1.0321.

BRZ-Staff-43

LRAMVA

Reference(s): Tab 2 of LRAMVA workform (Attachment 20)
EB-2014-0083, 2015 Decision and Order, Settlement Table 12, Page 48 of 49

The Brampton rate zone has an LRAMVA threshold of 53,726,380 kWh approved in its 2015 cost of service application. This threshold is applied against 2016 actual savings.

a) Please complete table 2-a of the LRAMVA workform with the energy savings for the GS 50-699 kW and GS 700-4999 kW customer classes, in order to be consistent with Settlement Table 12 from the last cost of service application.

b) Please provide the reference source on the LRAMVA threshold as requested in table 2-a of the LRAMVA workform.

c) In table 2-c, please remove the LRAMVA threshold for 2017 (i.e., cells D50 to G50) if it is not relevant to the current LRAMVA disposition.

Response:

a) Alectra Utilities has completed Table 2-a of the LRAMVA workform with the energy savings for the GS 50-699 kW and GS 700-4999 kW customer classes, in order to be consistent with Settlement Table 12 from Hydro One Brampton's 2015 Cost of Service Application (EB-2014-0083).

b) Alectra Utilities has provided the reference source on the LRAMVA threshold as requested in Table 2-a of the LRAMVA workform.

c) Alectra Utilities has removed the LRAMVA threshold for 2017 in Table 2-c. Alectra Utilities has filed an updated LRAMVA workform the Brampton Rate Zone in response to Interrogatory BRZ-Staff-46.

BRZ-Staff-44

LRAMVA

Reference(s): Tab 5 of LRAMVA workform (Attachment 20)

The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

Response:

a) The IESO performs evaluations for all of its programs, which includes examining gross energy savings from the programs and the net-to-gross ratio (“NTGR”). From these evaluations the IESO calculates net energy savings by initiative within a program group (residential, business, industrial and low income). Peak load savings are also calculated, and reported by initiative within a program group. For initiatives implemented under the Residential and Low Income Programs, 100% of CDM savings were attributed to the Residential Rate Class. For initiatives implemented under the Commercial and Industrial programs that apply to more than one rate class, the savings were estimated by rate class, based on participant-specific information, where available.

BRZ-Staff-45

LRAMVA

Reference(s): Tabs 4 and 5 of LRAMVA workform (Attachment 20)

The program level savings from 2013, 2014 and 2015 CDM programs were not entered into Table 4-c, Table 4-d and Table 5-a.

a) Please complete the following tables with IESO verified program savings:
- **Table 4-c**
- **Table 4-d**
- **Table 5-a**

b) Please confirm whether there were changes to the persisting savings amounts from 2013, 2014 and 2015 in 2016.

Response:

a) Alectra Utilities has completed the following tables with IESO verified program savings:
- Table 4-c
- Table 4-d
- Table 5-a

b) Alectra Utilities confirms that there are no changes to persisting savings amounts from 2014 and 2015 in 2016. There are minor changes to persisting savings amounts from 2013 in 2016, to align with the results reported in the IESO's Verified Persistence Savings Report for 2011-2014. The Persistence Saving Report and an updated LRAMVA workform have been filed in Alectra Utilities' response to Interrogatory BRZ-Staff-46.

Table 1 below, provides the impact of the changes to 2013 persistence in 2016.

Table 1 - LRAMVA Persistence Comparison

Filed	Residential	GS<50 kW	GS 50 to 699 kW	GS 700 to 4,999 kW	Large Use	Street Lighting
Lost Revenue in 2016 from 2013 programs	$ 25,541	$ 75,090	$ 109,875	$ 56,145	$ 14,741	$ -
Lost Revenue in 2016 from 2014 programs	$ 66,147	$ 74,231	$ 52,336	$ 7,981	$ 11,006	$ -
Lost Revenue in 2016 from 2015 programs	$ 121,211	$ 94,042	$ 65,610	$ 29,994	$ 906	$ -
Total Lost Revenues in 2016	**$ 212,900**	**$ 243,363**	**$ 227,821**	**$ 94,120**	**$ 26,653**	**$ -**

Revised	Residential	GS<50 kW	GS 50 to 699 kW	GS 700 to 4,999 kW	Large Use	Street Lighting
Lost Revenue in 2016 from 2013 programs	$ 25,220	$ 76,343	$ 113,770	$ 57,707	$ 14,775	$ -
Lost Revenue in 2016 from 2014 programs	$ 66,147	$ 74,231	$ 52,336	$ 7,981	$ 11,006	$ -
Lost Revenue in 2016 from 2015 programs	$ 121,211	$ 94,042	$ 65,610	$ 29,994	$ 906	$ -
Total Lost Revenues in 2016	**$ 212,578**	**$ 244,615**	**$ 231,716**	**$ 95,681**	**$ 26,687**	**$ -**

Variance	Residential	GS<50 kW	GS 50 to 699 kW	GS 700 to 4,999 kW	Large Use	Street Lighting
Lost Revenue in 2016 from 2013 programs	$ 321	-$ 1,252	-$ 3,895	-$ 1,562	-$ 34	$ -
Lost Revenue in 2016 from 2014 programs	$ -	$ -	$ -	$ -	$ -	$ -
Lost Revenue in 2016 from 2015 programs	$ -	$ -	$ -	$ -	$ -	$ -
Total Lost Revenues in 2016	**$ 321**	**-$ 1,252**	**-$ 3,895**	**-$ 1,562**	**-$ 34**	**$ -**

BRZ-Staff-46

Reference(s): LRAMVA

a) If the Brampton RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.

b) Please confirm any changes to the LRAMVA workform in Tab 1-a.

c) Please file Brampton RZ's 2014 persistence savings report verified by the IESO to confirm the 2013 and 2014 persisting savings in 2016.

Response:

a) Alectra Utilities has filed an updated LRAMVA workform as attachment BRZ-Staff-46_Attach 1_LRAMVA Workform BRZ.

The LRAMVA workform has been updated in Alectra Utilities' responses to Interrogatories BRZ-Staff-43 and BRZ-Staff-45. In addition, the workform has been updated to include the 2016 persistence savings related to 2015 CDM programs, and adjustment savings related to the 2016 CDM programs from the IESO's recently published 2017 Final Verified Annual LDC CDM Program Results Report (the "2017 CDM Results Report").

b) Alectra Utilities has identified the changes in Tab 1-a of the LRAMVA workform.

c) Alectra has filed the IESO's 2011-2014 Persistence Report as BRZ-Staff-46_Attach 2_2011-2014 Persistence Report BRZ. Alectra Utilities' 2017 CDM Results Report is provided in response to HRZ-Staff-36.

PRZ-Staff-47

Group 1 DVAs

Reference(s): IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform PRZ

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) **Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[1].**

b) **Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.**

c) **Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.**

If another approach is used, please explain in detail.

Response:

Alectra Utilities confirms that in booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, PowerStream RZ used approach a) above.

[1] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

PRZ-Staff-48

Group 1 DVAs

Reference(s): IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform PRZ

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).

b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.

c) Has CT 1142 been trued up with the IESO for all of 2017?

d) Which months from 2017 were trued up in 2018?

e) Have all of the 2017 related true-up amounts been reflected in the applicant's DVA Continuity Schedule in this proceeding?

f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The initial RPP related GA for settlement forms submitted by day 4 after the month-end is determined by applying the 2nd Estimate GA rate posted by the IESO to the estimated RPP related consumption for the trade month. The estimated RPP related consumption is derived using a combination of billed and unbilled estimates. Current month actual billed consumption is obtained from the Customer Information System ("CIS") and the unbilled portion is estimated by prorating the actual billed consumption to the end of the month.

b) Alectra Utilities' true ups for the PowerStream Rate Zone are performed three months after the initial RPP submission to allow for the completion of all billing cycles for RPP customers. The actual billed RPP consumption for the trade month is obtained from the CIS for each of the TOU and Tiered buckets. The OEB approved RPP rates and actual GA rate as published by the IESO are applied to the volumes. This is then compared with the monthly estimated RPP claims submitted and an adjustment for the difference is made to CT 1142.

c) Alectra Utilities confirms that CT 1142 has been trued up with the IESO for all of 2017.

d) Alectra Utilities confirms that the months of October, November and December 2017 were trued up in 2018.

e) Alectra confirms that all of the true-up amounts related to 2017 have been reflected in the Deferral and Variance Account ("DVA") Continuity Schedule in the Rate Generator Model ("RGM") for the PowerStream Rate Zone. An updated RGM was filed in Alectra Utilities' response to Interrogatory G-Staff-9.

f) Alectra Utilities has updated the adjustments made on the DVA Continuity Schedule. This is discussed further in Alectra Utilities' response to Interrogatory PRZ-Staff-50

PRZ-Staff-49

Group 1 DVAs

**Reference(s): IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform PRZ**

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?

e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.

f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?

g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The total cost for CT 148 is estimated by multiplying the 2nd estimate GA rate as published by the IESO by the total Class B purchases during the month. CT148 is pro-rated based on RPP and Non-RPP consumption and then booked into Account 1588 and 1589, respectively. Class B, RPP purchases are calculated using a combination of billed and unbilled estimates. Current month actual billed consumption is obtained from the Customer Information System (“CIS”) the unbilled portion is estimated by prorating the actual billed consumption to the end of the month. The RPP portion of the GA cost is submitted to the IESO for settlement.

b) The true-up for GA related costs are completed in two-steps:

1. In the following month, the initial cost accrued in accounts 1588 and 1589 are reversed and replaced with actual costs per the IESO invoice. The split between RPP and non-RPP are determined using the same approach as described in the response to part a) above and booked into accounts 1588 and 1589 accordingly.

2. When actual consumption data becomes available, the initial RPP claim is trued-up with updated volumes and price and submitted to the IESO for settlement. The trued-up settlement amount is recorded in account 1588.

c) Non-RPP volumes for the initial recording of GA expenses are determined using actual billed data combined with estimated unbilled volumes. Estimated unbilled volumes are determined using the last bill segment and prorating it to the end of the month.

d) The initial recording in Accounts 1588 and 1589 are trued up based on actual consumption proportions for RPP and non-RPP consumption.

e) The months of October, November and December 2017 were trued up in 2018 for the actual proportion between RPP and non- RPP consumption.

f) Alectra Utilities confirms that the all true-ups for 2017 consumption is reflected in the DVA Continuity Schedule for 2017.

g) Please see Alectra Utilities' response to Interrogatory PRZ-Staff-48, part f).

PRZ-Staff-50

Group 1 DVAs

Reference(s): IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform PRZ
Exhibit 2 – Tab 1 – Schedule 8 – Settlement Process with IESO

a) **An amount of $4,413,063 in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the PRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of $811,309, pertaining to the reversal of Principal Ad justments from 2016, and $3,601,754. Please explain, in detail, what the amount of $3,601,754 represents and how it was calculated.**

b) **An amount of ($430,861) in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the PRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of ($4,970,749), pertaining to the reversal of Principal Adjustments from 2016, and $4,539,888. The amount of $4,539,888 has been identified on the PRZ GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how this figure was calculated.**

c) **Please confirm that the debit amount of $4,539,888, included in cell BZ29 of the PRZ DVA Continuity Schedule and as reconciling item 1b on the PRZ GA Analysis Workform, should actually be a credit entry, since the explanation describes this entry as "CR 4,540k relates to current year but recorded in the GL the following year, therefore, should record the CR in current year". If so, please adjust the PRZ DVA Continuity Schedule and PRZ GA Analysis Workform.**

d) **The items identified as reconciling items 1a and 1b in the PRZ GA Analysis Workform pertain to RPP Settlement True-up impacts on Account 1589 – Global Adjustment. However, in last year's application (EB-2017-0024), in responses to Technical Conference Undertakings (JT.Staff-5), Alectra indicated that these adjustments pertain to differences between accrued and actual GA unbilled revenue. Please confirm that the items identified as 1a and 1b in the PRZ GA Analysis Workform under reconciling items should have been input as items 2a and 2b (unbilled revenue variances from 2016 and 2017, respectively). Please update the PRZ GA Workform accordingly.**

e) **If the items in question in part d) above are, in fact, unbilled revenue variances from 2016 and 2017, respectively, please explain why there are no amounts included for items 1a and 1b for RPP settlement true-ups, as Alectra has indicated on pages 3-4 of**

4 of Exhibit 2 – Tab 3 – Schedule 6 (PRZ Settlement Process with IESO) that there is a three-month lag between estimated consumption figures and actual consumption figures for RPP and Non-RPP quantities that impact true-up adjustments with the IESO.

f) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

Response:

a) The amount of $4,413,063 in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of in the Deferral and Variance Account ("DVA") DVA Continuity Schedule for the PowerStream Rate Zone ("RZ") is comprised of an amount of $811,309, pertaining to the reversal of Principal Adjustments from 2016, and $3,601,754, pertaining to the subsequent adjustments made during 2018, related to 2017.

Alectra Utilities included a debit adjustment in the amount of $3,601,754 to Account 1588 in the DVA Continuity Schedule for the impact of RPP settlement true up related to 2017. This amount should have been a credit amount as shown in the detailed calculation in Table 1 below. The DVA Continuity Schedule has been updated with an adjustment totaling a credit of ($2,790,445) which is comprised of a debit of $811,309 and a credit of $3,601,754. The updated Rate Generator Model ("RGM") has been filed in Alectra Utilities' response to Interrogatory G-Staff-9.

Table 1 – RPP True-Up Reconciliation

Oct-17 Estimate

TOU TIER	ESTIMATED KWH	ESTIMATED RPP AMOUNT	ESTIMATED TCOP AMOUNT	ESTIMATED GA AMOUNT	VARIANCE
Tier 1	24,386,410	1,877,737	210,986	2,919,782	1,253,032
Tier 2	36,140,708	3,252,664	312,682	4,327,126	1,387,145
On-peak	51,288,528	6,770,084	443,738	6,140,775	(185,571)
Mid-peak	46,880,339	4,453,635	405,599	5,612,980	1,564,944
Off-peak	169,176,229	10,996,456	1,463,679	20,255,470	10,722,693
Total	327,872,214	27,350,577	2,836,685	39,256,134	14,742,243

Oct-17 Actual

TOU TIER	Actual KWH	Actual RPP AMOUNT	Actual TCOP AMOUNT	Actual GA AMOUNT	Actual VARIANCE
Tier 1	24,683,046	1,900,597	310,985	3,100,947	1,511,336
Tier 2	31,017,296	2,791,557	431,238	3,896,703	1,536,384
On-peak	44,393,655	5,859,802	648,820	5,577,173	366,191
Mid-peak	43,236,558	4,107,451	619,727	5,431,812	1,944,089
Off-peak	154,410,113	10,036,592	2,220,781	19,398,542	11,582,731
Total	297,740,668	24,695,999	4,231,552	37,405,178	16,940,731

Oct-17 True-up Jan-18

TOU TIER	TRUE UP KWH	TRUE UP RPP AMOUNT	TRUE UP TCOP AMOUNT	TRUE UP GA AMOUNT	TRUE UP VARIANCE
Tier 1	296,636	22,860	99,999	181,165	258,304
Tier 2	(5,123,412)	(461,107)	118,556	(430,423)	149,239
On-peak	(6,894,873)	(910,282)	205,082	(563,602)	551,762
Mid-peak	(3,643,781)	(346,185)	214,128	(181,168)	379,144
Off-peak	(14,766,117)	(959,864)	757,102	(856,928)	860,038
Total	(30,131,546)	(2,654,578)	1,394,867	(1,850,956)	2,198,488

Nov-17 Estimate

TOU TIER	ESTIMATED KWH	ESTIMATED RPP AMOUNT	ESTIMATED TCOP AMOUNT	ESTIMATED GA AMOUNT	VARIANCE
Tier 1	27,402,211	2,109,966	377,110	2,649,503	916,647
Tier 2	26,473,551	2,382,619	364,330	2,559,728	541,438
On-peak	41,757,470	5,511,985	574,667	4,037,532	(899,785)
Mid-peak	41,364,644	3,929,641	569,261	3,999,549	639,169
Off-peak	144,751,543	9,408,850	1,992,075	13,996,027	6,579,251
Total	281,749,419	23,343,061	3,877,443	27,242,338	7,776,720

Nov-17 Actual

TOU TIER	Actual KWH	Actual RPP AMOUNT	Actual TCOP AMOUNT	Actual GA AMOUNT	Actual VARIANCE
Tier 1	27,478,263	2,115,826	369,887	2,666,504	920,565
Tier 2	28,271,912	2,544,472	378,931	2,743,507	577,966
On-peak	46,061,664	6,080,145	620,440	4,469,824	(989,881)
Mid-peak	43,754,250	4,156,700	588,702	4,245,912	677,914
Off-peak	153,126,042	9,953,225	2,061,694	14,859,353	6,967,821
Total	298,692,130	24,850,368	4,019,654	28,985,099	8,154,384

Nov-17 True-up Feb-18

TOU TIER	TRUE UP KWH	TRUE UP RPP AMOUNT	TRUE UP TCOP AMOUNT	TRUE UP GA AMOUNT	TRUE UP VARIANCE
Tier 1	76,052	5,861	(7,223)	17,001	3,918
Tier 2	1,798,361	161,853	14,602	183,779	36,527
On-peak	4,304,193	568,160	45,773	432,291	(90,096)
Mid-peak	2,389,606	227,058	19,440	246,363	38,745
Off-peak	8,374,499	544,376	69,619	863,326	388,570
Total	16,942,711	1,507,307	142,211	1,742,761	377,664

Dec-16 Estimate

TOU TIER	ESTIMATED KWH	ESTIMATED RPP AMOUNT	ESTIMATED TCOP AMOUNT	ESTIMATED GA AMOUNT	VARIANCE
Tier 1	29,112,247	2,241,632	575,476	2,814,849	1,148,693
Tier 2	29,999,792	2,699,981	593,021	2,900,680	793,720
On-peak	50,474,715	6,662,663	997,759	4,880,402	(784,503)
Mid-peak	46,900,109	4,455,509	927,098	4,534,774	1,006,363
Off-peak	166,417,199	10,817,117	3,289,651	16,090,878	8,563,412
Total	322,904,062	26,876,902	6,383,004	31,221,582	10,727,684

Dec-16 Actual

TOU TIER	Actual KWH	Actual RPP AMOUNT	Actual TCOP AMOUNT	Actual GA AMOUNT	Actual VARIANCE
Tier 1	30,333,255	2,335,674	685,825	2,792,774	1,142,926
Tier 2	32,487,667	2,923,891	757,330	2,991,140	824,580
On-peak	50,052,400	6,606,935	1,143,266	4,608,324	(855,345)
Mid-peak	47,111,011	4,475,602	1,080,765	4,337,512	942,675
Off-peak	191,321,040	12,435,875	4,519,395	17,614,930	9,698,450
Total	351,305,374	28,777,976	8,186,581	32,344,681	11,753,286

Dec-17 True-up Mar-18

TOU TIER	TRUE UP KWH	TRUE UP RPP AMOUNT	TRUE UP TCOP AMOUNT	TRUE UP GA AMOUNT	TRUE UP VARIANCE
Tier 1	1,221,008	94,041	110,349	(22,074)	(5,767)
Tier 2	2,487,876	223,910	164,310	90,460	30,860
On-peak	(422,315)	(55,728)	145,507	(272,077)	(70,842)
Mid-peak	210,902	20,093	153,667	(197,261)	(63,688)
Off-peak	24,903,841	1,618,757	1,229,744	1,524,052	1,135,039
Total	28,401,312	1,901,074	1,803,577	1,123,099	1,025,602

b) The items identified as reconciling items 1a and 1b in the GA Analysis workform for the PowerStream RZ should have been recorded in 2a and 2b as these adjustments pertain to differences between accrued and actual GA unbilled revenue. The GA workform has been updated to show an amount of ($4,970,749), pertaining to the reversal of prior year end unbilled to actual revenue, and $4,539,888 pertaining to the current year end unbilled to actual differences under adjusting items 2a and 2b respectively.

c) Adjustment item 2a should be a credit amount of ($4,970,749), which is the reversal of the December 2016 GA revenue difference and 2b should be debit amount of $4,539,888, which represents an over-accrual of GA revenue for December 2017.

d) Please see Alectra Utilities' response to part b).

e) Alectra Utilities accrues the Class B GA cost based on the Class B non-RPP consumption and the GA second estimate rate for the PowerStream RZ. When the actual GA rate is published the accrual is reversed and the actual costs are recorded. Alectra Utilities does not record the GA cost related to Class B RPP customers in the GA accounts, therefore, there is no RPP true-up adjustments.

f) Alectra Utilities confirms that the principal adjustments made in the DVA continuity schedule for the reversal of the adjustment related to 2017 booked in 2016 are reflected in the GL transactions in 2016 and the adjustment related to 2017 booked in 2018 are reflected in the GL transactions in 2018.

PRZ-Staff-51

Group 1 DVAs

Reference(s): 2017 GA Analysis Workform PRZ

The calculated value from the PRZ 2017 GA Analysis Workform for cells "F59/D26" = 1.0433 (the calculated loss factor). However, Alectra's PRZ OEB-approved total loss factor is 1.0369 (for secondary metered customers < 5,000 kW, which should constitute the majority of the GA consumption billed). Please reconcile this difference.

Response:

The Class B, Non-RPP load that was reported under cell D15 of the GA Analysis workform was incorrect and should have been adjusted for wholesale market participant load. This has been updated in Alectra Utilities' response to Interrogatory G-Staff-12. After the adjustment, the loss factor is now at 1.0355.

PRZ-Staff-52

Group 1 DVAs

Reference(s): 2017 GA Analysis Workform PRZ

In the description of the GA billing rate (Note 3) of the PRZ 2017 GA Analysis Workform, Alectra indicates:

"Limitations of PowerStream's billing system calcualtion **[sic]** ***of unbilled amounts will lead to significant timing differences between the GA revenue booked in the year versusthat*** **[sic]** ***shown in the GA Workform. Please see the attached note for a detailed discussion."***

OEB staff is unable to locate the attached note referred to above. Please provide this note or provide its content in the answer to this question.

Response:

Alectra Utilities clarifies that this note does not pertain to the 2017 GA Analysis Workform filed as part of this Application. Alectra Utilities has identified reconciling items due to unbilled estimates in items 2a and 2b in the GA Analysis Workform. The updated GA Analysis Workform has been filed in Alectra Utilities' response to Interrogatory G-Staff-12.

PRZ-Staff-53

Group 1 DVAs

Reference(s): 2017 GA Analysis Workform PRZ

Please confirm that for the PRZ, the same GA rate is used to bill unbilled revenue for a particular month as that of billed revenue. If not, please explain what GA rate is used to record unbilled revenue.

Response:

Alectra Utilities confirms that the PowerStream rate zone does not rely on the GA rate to accrue unbilled revenue. The unbilled estimate for GA revenue is determined by prorating the last actual billed amount to the end of the month.

PRZ-Staff-54

Group 1 DVAs

Reference(s): IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule

With respect to the PRZ, the total amount being requested for disposition in Account 1588 is $7,065,564. Considering that the variance between RPP revenue and the cost of energy attributable to RPP customers is settled with the IESO on a monthly basis, or subsequently trued-up in later months as actual data becomes available, the remaining amounts at the end of a particular year should be relatively small (the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

Please explain why such a large, material balance exists in Account 1588 as of December 31, 2017 adjusted for dispositions during 2018.

Response:

The Deferral and Variance Account ("DVA") Continuity Schedule for the PowerStream Rate Zone ("RZ") was filed with a 2017 Principal Adjustment for Account 1588 in cell BZ28 in the amount of $4,413,063. This amount is comprised of two elements: an amount of $811,309, pertaining to the reversal of Principal Adjustments from 2016, and $3,601,754, pertaining to the subsequent adjustments made during 2018 but related to 2017.

Alectra Utilities included a debit adjustment in the amount of $3,601,754 to Account 1588 in the DVA Continuity Schedule for the impact of RPP settlement true up related to 2017. This amount should have been a credit amount as discussed in response to interrogatory PRZ-Staff 50, part a). The DVA Continuity Schedule has been updated with an adjustment totaling a credit of ($2,790,445) which is comprised of a debit of $811,309 and a credit of $3,601,754. As a result, the total amount being requested for disposition in Account 1588 is now ($137,944). The update has been made to the Rate Generator Model ("RGM") filed in Alectra Utilities' response to Interrogatory G-Staff-9.

PRZ-Staff-55

IRM Model

Reference(s): Attachment 25 – IRM Model PowerStream RZ_20180622

Alectra Utilities provided billing determinants in Tab 4. Billing Det. For Def-Var from the reference above. These billing determinants do not match the metered consumption from the Reporting and Record Keeping Requirements.

a) Please confirm the correct billing determinants or provide an explanation with the reconciliation.

Response:

a) Alectra Utilities' April 30, 2018 Reporting and Record Keeping Requirements ("RRR") data for RRR 2.1.5.4, Demand and Revenue, included billing determinant data for the 10 and 11 month post-consolidation period. Alectra Utilities updated the RRR 2.1.5.4 filing on July 24, 2018 to include 12 month billing determinant data by rate zone.

Alectra Utilities' IRM Models filed as part of this 2019 Application on June 7, 2018, included 12 month billing determinant data for each rate zone. The updated Rate Generator Models are filed in Alectra Utilities' response to Interrogatory G-Staff-12 and include 12 month billing determinant data for all four rate zones.

PRZ-Staff-56

Incremental Capital Module

Reference(s): EB-2014-0219, Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, Pages 13-14

Excerpts from the above reference are reproduced below:

> **The Board is of the view that projects proposed for incremental capital funding during the IR term must be discrete projects, and not part of typical annual capital programs. This would apply to both ACMs and ICMs going forward…**
>
> **The use of an ACM is most appropriate for a distributor that:**
> - **does not have multiple discrete projects for each of the four IR years for which it requires incremental capital funding;**
> - **is not seeking funding for a series of projects that are more related to recurring capital programs for replacements or refurbishments (i.e. "business as usual" type projects); or**
> - **is not proposing to use the entire eligible incremental capital envelope available for a particular year.**

a) Please provide a discussion and specific justification about how each of Alectra Utilities' projects proposed for ICM funding for the Powerstream RZ meets the criteria listed specifically in bullet-point one and two.

b) Please provide a discussion on Alectra Utilities' plans if the ICM was denied.

Response:

a) Alectra Utilities is seeking the Ontario Energy Board's ("OEB") approval for incremental capital funding through the incremental capital module ("ICM") for the PowerStream Rate Zone ("PRZ"), for the following three projects: YRRT; Bathurst Ave; and Barrie TS. Each of these projects are discrete and not part of recurring capital programs. Details of each project are provided in Exhibit 3, Tab 1, Schedule 1, Attachment 31.

The OEB confirmed the availability of ICM funding for Alectra Utilities in EB-2017–0024. In its Decision, the OEB also discussed the specific criteria to be applied to any funding request. Alectra Utilities' requests in this application meet those criteria.

Further, in its *Handbook to Electricity Distributor and Transmitter Consolidations,* dated January 19, 2016 (the "MAADs Handbook"), the OEB confirmed that the ICM is available to consolidating distributors, and further, it provides distributors an opportunity to finance capital investments without having to rebase earlier than expected. In addition, the OEB confirms its relevant guidance as set out in the *Handbook for Utility Rate Applications,* dated October 13, 2016 (the "Rate Handbook"), the *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014 (the "ACM Report"), as well as Chapter 3 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications – 2017 Edition for 2018 Rate Applications,* dated July 20, 2017 (the "Filing Requirements"). Alectra Utilities' ICM requests are in accordance with these policies or requirements. The first bullet point referenced by OEB Staff states that *"the use an ACM is most appropriate for a distributor that does not have multiple discrete projects for each of the four IR years for which it requires incremental capital funding."* Alectra Utilities reiterates that the MAADs Handbook provides that consolidating distributors are eligible to request ICM funding during the rebasing deferral period. Alectra Utilities assesses its need for ICM funding annually and will determine whether or not an ICM application will be required.

The second bullet point referenced by OEB Staff states that *"the use an ACM is most appropriate for a distributor that is not seeking funding for a series of projects that are more related to recurring capital programs for replacements or refurbishments (i.e. "business as usual" type projects)."* The OEB clarifies on p. 5-8 of the 2014 ACM Report that the ICM is intended to address the treatment of a distributor's capital investment needs that arise during the rate-setting plan which are incremental to a materiality threshold. The ICM is available for discretionary and non-discretionary projects. It is not limited to extraordinary or unanticipated investments and it may be applied to projects that might be considered to be 'routine' or 'business as usual'.

b) The three ICM projects in the PRZ are mandatory projects. All three projects will need to be completed, in order for Alectra Utilities to be compliant with the Public Service Works on Highways Act ("PSWHA") for the YRRT and Bathurst projects; and Measurement Canada as well as the IESO Market Rules for the Barrie TS project. In the event that the OEB does not approve the ICM projects, Alectra Utilities would need to reassess other planned projects, and whether, and to what extent, these projects would have to be deferred and the resulting impact on customers.

PRZ-Staff-57

Incremental Capital Module

Reference(s): Attachment 29 ICM Model PRZ – Tab 4. Growth Factor

Alectra provided 2017 actual consumption in columns C, D, and E but they are different from what is in RRR.

a) Please reconcile the difference or update the tab as required.

Response:

a) Alectra Utilities provided 2017 Board-Approved billing determinants in Columns C, D and E, of Tab 4 Growth Factor in the Incremental Capital Model ("ICM"). The calculation of the growth factor, as specified in Tab 1. 'Information Sheet' of the ICM Model, is based on 2017 Board-Approved Distribution Revenues divided by 2016 Actual Distribution Revenues.

PRZ-Staff-58

Incremental Capital Module

Reference(s): Attachment 29 ICM Model PRZ – Tab 6.

In cell C46 Alectra used the OM&A expense from the original application and not what was per the OEB decision.

a) Please provide an explanation or update as required.

Response:

a) The Ontario Energy Board ("OEB"), in its Decision and Order in PowerStream's 2017 Cost of Service Application, issued on August 4, 2016, stated at p.23, "*The OEB approves an OM&A budget for 2017 that is a 3.9% increase to PowerStream's 2015 OM&A budget.*" This is consistent with OM&A expenses ($94,565,469) and property taxes ($1,601,774) presented in the Revenue Requirement Work Form filed as part of PowerStream's Draft Rate Order ("DRO") on November 2, 2016, for a total OM&A of $96,167,243. The OEB, in its Decision and Rate Order, issued on November 10, 2016, stated at p.2, *"The OEB has reviewed the information provided in support of the 2017 DRO and the proposed Tariff of Rates and Charges. The OEB approves the proposed Tariff of Rates and Charges for the 2017 rate year. The OEB is satisfied that the supporting information reflects the OEB's Decision."* This is the same OM&A value presented in the ICM Model.

PRZ-Staff-59

Incremental Capital Module

Reference(s): Attachment 29 ICM Model PRZ – Tab 10b. Proposed ACM ICM project

Alectra provided the 2019 Distribution System Plan (DSP) CAPEX as $102,074,174.

a) Please provide a reference in the DSP where this value can be found or how it was calculated.

Response:

The 2019 capital expenditure of $102.1MM included in the ICM Model represents Alectra Utilities' proposed capital investment in 2019 for the PowerStream RZ as provided in Table 100 of Exhibit 2, Tab 3, Schedule 10, p. 4. The 2019 capital expenditure as provided in PowerStream's Distribution System Plan ("DSP") for 2019 was $125.5MM. In the Ontario Energy Board's Decision and Order in PowerStream's 2017 Cost of Service Application (EB-2015-0003), the OEB directed PowerStream to reduce its 2017 capital expenditures from $131.6MM to $115.8MM, representing a 12% reduction from the proposed level. Consistent with this approach, the revised 2019 DSP capital expenditure would be $110.4MM, or a 12% reduction from the proposed level of spend in the DSP. Table 1 below compares the calculation of the maximum eligible incremental capital for the PowerStream RZ based on: 1. Alectra Utilities' 2019 capital budget; 2. 2019 DSP capital expenditures; and 3. 2019 DSP capital expenditures adjusted for the 12% reduction. In all cases, Alectra Utilities proposed ICM projects in the PowerStream RZ of $20.9MM are within the maximum eligible incremental capital amounts.

Table 1 – Maximum Eligible Incremental Capital

Eligible Incremental Capital	2019 Budget	2019 DSP	2019 DSP with 12% Reduction
2019 Capital Forecast	$102,074,174	$125,500,540	$110,440,475
Less: Materiality Threshold	$76,564,006	$76,564,006	$76,564,006
Maximum Eligible Incremental Capital	**$25,510,168**	**$48,936,534**	**$33,876,469**

PRZ-Staff-60

Incremental Capital Module

Reference(s): Attachment 31 ICM business cases PowerStream RZ
EB-2017-0024 Attachment 33 ICM business cases PowerStream RZ, Page 10

Alectra Utilities is requesting $13.27M to relocate distribution assets resulting from the construction of the York Region Rapid Transit (YRRT) VIVA Bus Rapid Transit (BRT) Y2 and H2 project. This project includes relocating approximately 6.5 km for the Y2 project and 8.5 km for the H2 project.

a) In EB-2017-0024 the referenced ICM business cases show that the forecasted gross capital expenditure for the Y2 project in 2019 is $7.3M. In the current ICM business case the forecasted gross capital expenditure in 2019 is $24.17M. Please provide a detailed explanation to the change in gross capital expenditure.

b) For the Y2 project, are the existing distribution assets that are being relocated all underground? If not, what is the number of kilometer of distribution assets that are now underground compared to the existing design?

c) Has Alectra Utilities considered an overhead distribution system compared to the underground design for the Y2 project? If not, why not?

d) How many feeders are in being relocated in both the Y2 and H2 project?

Response:

a) The YRRT Y2 and H2 business cases, as submitted in Attachment 33 of Alectra Utilities' 2018 Electricity Distribution Rate ("EDR") Application (EB-2017-0024), as well as in Attachment 31 of this Application, present a forecast of capital in-service additions.

The YRRT project in-service capital addition schedules were updated as of August 31, 2018. The YRRT Y2 and H2 in-service schedule, as submitted in the 2018 EDR Application, is reproduced in Table 1, below. Table 2 provides the most recent forecast of capital in-service additions for this project.

Table 1 - YRRT Y2 H2 In-Service Forecast 2016-2019 (as submitted in EB-2017-0024)

			Y2		
$000s	**2016**	**2017**	**2018**	**2019**	**Total Y2 Budget**
Gross	4,893	16,000	12,700	7,300	40,893
Contributed	2,574	8,000	6,350	3,650	20,574
Net	**2,319**	**8,000**	**6,350**	**3,650**	**20,319**
			H2		
	2016	**2017**	**2018**	**2019**	**Total H2 Budget**
Gross	517	11,714	12,714	3,165	28,110
Contributed	467	7,008	7,821	2,327	17,623
Net	**50**	**4,706**	**4,893**	**838**	**10,487**
			Total YRRT		
	2016	**2017**	**2018**	**2019**	**Total YRRT Budget**
Gross	5,410	27,714	25,414	10,465	69,003
Contributed	3,041	15,008	14,171	5,977	38,197
Net	**2,369**	**12,706**	**11,243**	**4,488**	**30,806**

Table 2 – Revised YRRT Y2 H2 In-Service Budget Forecast 2016-2019 as of August 31, 2018

			Y2		
	2016 Actual ($000)	**2017 Actual ($000)**	**2018 Forecast ($000)**	**2019 Forecast ($000)**	**Total Y2 Budget**
Gross	0	100	12,698	38,572	51,370
Contributed	0	50	7,057	19,478	26,585
Net	**0**	**50**	**5,641**	**19,094**	**24,785**
			H2		
	2016 Actual ($000)	**2017 Actual ($000)**	**2018 Forecast ($000)**	**2019 Forecast ($000)**	**Total H2 Budget**
Gross	0	5,284	15,463	8,630	29,377
Contributed	0	3,036	8,359	5,012	16,407
Net	**0**	**2,248**	**7,104**	**3,618**	**12,970**
			Total		
	2016 Actual ($000)	**2017 Actual ($000)**	**2018 Forecast ($000)**	**2019 Forecast ($000)**	**Total YRRT Budget**
Gross	0	5,384	28,161	47,202	80,747
Contributed	0	3,086	15,416	24,490	42,992
Net	**0**	**2,298**	**12,745**	**22,712**	**37,755**

As of August 31, 2018, the forecasted 2019 in-service addition for the YRRT project is $22.7MM. This is an increase of $18.2MM, relative to the 2019 in-service addition budget of $4.5MM, from the YRRT business case, as submitted in Attachment 33 of EB-2017-0024.

As provided in Tables 1 and 2 above, Alectra Utilities initially forecast to put $15.1MM in service between 2016 and 2017. During this period, $2.3MM was put in-service, a difference of $12.8MM. The delay in placing assets in-service in 2016 and 2017 caused an increase in the forecast of in-service additions of $1.5MM for 2018 and $18.2MM for 2019. Details related to the delay are provided below.

York Region Rapid Transit Corporation (“YRRTC”), the road authority overseeing the YRRT project, is responsible for the project schedule and sequence of work. It has continued to revise both over time. In response, Alectra Utilities has been required to modify the project scope to accommodate the changes in: project stage sequencing; requests to utilize joint use trench implementation; and the installation of underground assets at a deeper depth relative to Alectra Utilities’ construction standards. These project scope changes resulted in an increase of $6.9MM in the total project budget.

The project construction delays and subsequent delays in placing assets in-service are the result of YRRTC changes to the order of construction; modifications of the implementation sequencing in order to accommodate transportation infrastructure construction as well as joint use utilities such as telecommunications companies. Alectra Utilities’ initial construction schedule was developed to accommodate YRRTC timelines before detailed designs were developed. Although this design-build approach provides flexibility in construction for the YRRTC, this is not a typical practice for Alectra Utilities in completing road widening projects. Further, the number of utilities and contractors involved in the overall project contributed to scheduling complications. As a result of co-dependencies between utilities and contractors, at the request of the YRRTC, Alectra Utilities was required by the YRRTC to mobilize crews in different sequences and order to permit work to continue, albeit it in less sequential and less efficient manner. Alectra Utilities was limited in its ability to complete phases and to place assets into–service, as a result of having to mobilize crews to stages that were different than those that were planned.

Changes in project scope as a result of unanticipated underground congestion and requirement to implement joint trench installation required that Alectra Utilities had to relocate and install underground assets at deeper depths as well under roadways. Alectra Utilities needed to revise project designs and incur increased costs of construction to relocate assets along the Y2 and H2 sections of the project to facilitate the changes in the scope. The change of project scope and sequencing of construction to match YRRTC contractors have resulted in an increase in overall project costs of $6.9 MM.

The scheduling of the H2 portion of the project started in August 2016. Preliminary schedules were prepared prior to drawings being started to meet the YRRTC project timeline requirement. As described above, the original schedule phase sequencing and scope changed to better facilitate the transit contractors and joint use utilities construction. The H2 project was also further complicated due to YRRTC requirements to install specific concrete poles that required additional burial depth. Implementation of non-standard equipment contributed to redesigns. Alectra Utilities addressed the YRRTC requirements by resourcing construction contractors familiar with the installation of such concrete poles as this was not a standard practice within Alectra Utilities' PowerStream Rate Zone.

The scheduling of the Y2 portion of the project started in April 2016. Preliminary schedules were prepared prior to drawings being started to meet the YRRTC project timeline requirement. As described above, the original schedule phase sequencing and scope changed to better facilitate the transit contractors and joint use utilities construction. The construction dates were delayed due to design changes driven by YRRTC requirements. These were beyond Alectra Utilities' control. Due to congestion and limited space in the boulevard, Alectra Utilities was required to install ducts at 5 meter depths as opposed to 1 meter depth, as is the standard at Alectra Utilities. In some situations on the project where no space on the boulevard was available for electrical infrastructure, Alectra Utilities was required to install electrical underground system infrastructure below the roadways. This also contributed to the increase in the project cost and introduced further delays due to designs changes.

The $31.2MM increase to the 2019 in-service gross capital additions for the Y2 project section relative to the previous 2019 in-service gross capital additions forecast of $7.30MM was largely due to the project delays and changes to project scope driven by YRRTC requirements. For the

Y2 portion of the YRRT, the increase in 2019 in-service gross capital contributions due to changes driven by YRRTC, account for a $20.8MM increase in gross in-service additions. For the Y2 portion of the YRRT, the increase in 2019 in-service gross capital contributions due to change in scope driven by YRRTC and construction challenges, account for a $10.4MM increase in gross in-service additions.

Once adjusted for capital contributions, the increase to the 2019 in-service net capital additions for the Y2 project section relative to the previous 2019 in-service net capital additions forecast of $3.7MM is $15.4MM and is largely due to the project delays and changes to project scope driven by YRRTC requirements.

b) Approximately 3.4 km of the existing 16.4 km of Alectra Utilities' distribution system on the Y2 section of the YRRT project is required to be relocated underground. Table 3 below provides the breakdown of the sections that are required to be placed underground. Please refer to Alectra Utilities' response to part c) below for an explanation of the reasons why sections of the distribution system are required to be relocated underground.

Table 3 – Segments of Alectra Utilities Distribution System to be Relocated Underground – Y2 Portion of the Project

Section	Stage	Length of System (km)	Location
Y2.1	4	0.750	Weldrick to Harding
	5/6	0.375	Northern Height to 16th Ave
	7	0.600	16th Ave to Weldrick
	8	1.050	Weldrick to Elmwood
Y2.2	6	0.615	Elgin Mills to Canyon Hill
	Total	**3.390**	

c) Alectra Utilities considered an overhead distribution system compared to an underground one for the Y2 project. However, due to the limited boulevard space and the YRRTC streetscape design, an overhead system was not a feasible option. Constructing a distribution system with intermittent short (50 to 150 meters) segments of underground systems followed by short segments overhead would have increased project costs and reduced the reliability of the system. Further, in some sections of the project, the boulevard space was so limited that portions of the underground infrastructure needed to be installed under the roadway which is not a typical Alectra Utilities standard practice. The installation of underground infrastructure under roadways is not preferable as this may lead to higher future costs should Alectra Utilities require access to the infrastructure for repair or replacement.

d) In the Y2 project, a total of 11 different feeders are being relocated. There are 10 feeders in Y2.1 (27M1, 27M23, 27M6, 27M7, 27M10, 27M12, 36M1, 36M2, 36M5, 36M6) and 4 feeders in Y2.2 (27M1, 27M4, 36M1, 36M6). There are 3 feeders that overlap between Y2.1 and Y2.2 sections.

In H2 project a total of 23 different feeders are being relocated. There are 11 feeders in H2W (21M3, 21M4, 21M5, 21M6, 21M8, 21M9, 21M11, D6M2, D6M3, 5122M7, 5122M10) and 12 feeders in H2E (20M5, 20M9, 20M10, 20M11, 20M12, 20M23, 27M7, 27M12, 36M3, 36M4, 80M7, 80M25). There is one feeder that overlaps between the H2 and Y2 sections.

PRZ-Staff-61

Incremental Capital Module

Reference(s): Attachment 31 ICM business cases PowerStream RZ
PowerStream's Distribution System Plan, Exhibit G/Tab 2, Table 5.4.5.1 System Access Proposed Expenditures
PowerStream's Distribution System Plan, Exhibit G/Tab 2, 5.4.4. Capital Expenditure Summary, Page 4

In PowerStream's Distribution System Plan (DSP), the referenced table shows a planned expenditure of $8.357M for Road Authority in 2018.

a) Please provide the current forecast for Road Authority spending in 2018 without considering the YRRT project.

b) As a result of resources being allocated to the YRRT project were any capital projects in PowerStream's DSP deferred due to lack of resources?

On page 4 of the above reference, PowerStream had noted that historical System Access variances between 2011-2014 were primarily due to increased Road Authority projects in York region, Simcoe county, and the 11 municipalities. In the ICM business case Alectra Utilities had also noted that this overall project started in 2010 in figure 1.

c) Please provide the methodology PowerStream used at the time to forecast the 5 year Road Authority capital budget.

Response:

a) The current forecast for Road Authority spending in 2018 without considering the YRRT projects is $4.602MM.

b) There were no capital projects deferred in the PowerStream DSP due to lack of resources as a result of the YRRT project.

c) The methodology to forecast the 5 year Road Authority capital budget was to collect all available information from Road Authorities to determine where relocations would potentially occur in the future. Potential projects were identified based on published capital work plans by the York Region, MTO and other road authorities as well as information gathered from meetings and discussions with municipal planners. Based on identified locations, site visits together with engineering software were used to identify the existing plant potentially in conflict with the corresponding Road Authority project. Where information was available, the former PowerStream prepared preliminary project scope and high level cost estimates based on similar historical work were forecasted.

PRZ-Staff-62

Incremental Capital Module

Reference(s): Attachment 31 ICM business cases PowerStream RZ
PowerStream's Distribution System Plan, Appendix A, Project Code – 101762

In Appendix A, PowerStream had asked for a project called Road Authority Expenditure PS South. This project is to relocate distribution system assets as a result of road works on Yonge St. from Major Mackenzie Dr to 19th Ave. This is the same project as in the ICM business cases.

a) Please explain why Alectra Utilities is requesting an ICM for this project when it was already included in PowerStream's forecasted capital for 2019 and included in PowerStream's approved rates.

b) Please explain if there was a change in scope for this project from the time of the DSP to the ICM since this overall project appears to be from 2010 to 2020?

c) Was there a scope change from the DSP to the ICM? If so, please provide a detailed scope of work at the time of the DSP and a detailed scope of work for this ICM. This should include, at a minimum, preliminary engineering designs.

Response:

a) Alectra Utilities does not agree that the identified project is already included in approved rates. PowerStream's 2016-2020 Distribution System Plan ("DSP"), filed as part of its Cost of Service Application (EB-2015-0003) the Ontario Energy Board ("OEB") on May 22, 2015, was based on information known at that time. The projects at issue were not known and had not been identified by the York Region Rapid Transit Commission ("YRRTC"). Subsequent to the application, PowerStream was made aware of extensive enhancements to the transportation infrastructure and expansion on several Rapid Transit corridors. It was brought to the attention of the board during the custom IR proceedings and noted in the rate decision. (Refer to EB-2015-003, Page 14- excerpt included below).

PowerStream suggested that any reduction to its capital spending program was inappropriate, but that a reduction of $23.22 million was feasible, except that an *additional $20.00 million may be needed for York Region Rapid Transit project (Refer EB-2015-003, Page 14)*

While these were brought to the attention of the OEB during the rate application proceeding and noted in the rate application decision, the project was not included in the DSP.

Project 101762 is not limited to YRRT projects and includes all the plant relocations due to the road authority works for the entire PowerStream South (York) region.

In EB-2015-0003, the OEB approved a net amount of $7.17MM in rates for the Road Authority South projects and $1.49MM in rates for Road Authority North (101764) for a total of $8.66MM for PowerStream. For 2019, Alectra Utilities requires a net capital amount of $9.94MM to complete the projects listed in Table-1, which do not include the YRRT and the Bathurst project.

Table 1 – 2019 PRZ Road Authority Projects

2019 PRZ Road Authority Projects
MAIN STREET FROM THOMPSONS ROAD TO BROCK STREET -
BELL FARM ROAD ROW EXPANSION - ST. VINCENT TO DUCKWORTH -
HARVIE ROAD - ESSA ROAD TO BRYNE DRIVE -BARRIE
DUCKWORTH ST. ROW EXPANSION - BELL FARM TO ST. VINCENT -BARRIE
DUNLOP STREET RIGHT OF WAY EXPANSION - CEDAR POINTE TO ANNE-
ESSA ROAD NEW TRANSMISSION WATERMAIN AND ROAD-BARRIE
MAPLEVIEW DRIVE EAST IMPROVEMENTS - MADELINE TO YONGE-BARRIE
SOUTH WEST ARTERIAL ROAD - 10TH SIDEROAD-BRADFORD
HWY 427 EXTENSION, LANGSTAFF RD E/O HUNTINGTON RD -
DUNLOP STREET, ANNE ST & SUNNIDALE ROAD BRIDGES
KEELE STREET FROM STEELES AVENUE TO HIGHWAY 7
BATHURST STREET FROM NORTH OF HWY 7 TO RUTHERFORD ROAD
OH AND UG RELOCATION-10 INTERSECT., MMD(BAYVIEW AVE- LESLIE ST) AND LESLIE ST(MMD-JOHN ST), RICHMOND HILL AND MARKHAM
RUTHERFORD RD - JANE TO WESTBURNE
PERMANENT RELOCATION - PROCTOR AVE AND HENDERSON AVE.
GLEN SHIELDS AVE BRIDGE, VAUGHAN-PERMANENT RELOCATION
OTHER MISC PROJECTS

The budgeted amount for project 101762 has been allocated to the above listed road authority projects, however, there is insufficient funding to address the YRRT relocations.

b) The project scope for the Y2.2 Project was not known at the time of the DSP and no design work had been completed. The initial scope and designs were not completed until 2016. Subsequently, there have been scope changes driven by YRRTC, which has been discussed in Alectra Utilities' response to Interrogatory PRZ-Staff-60 (a).

c) Please see Alectra Utilities' response to part b).

PRZ-Staff-63

Incremental Capital Module

Reference(s): Attachment 31 ICM business cases PowerStream RZ

Alectra Utilities is requesting funding for the relocation of 7 feeders to Barrie TS as a result of the station redesign and the change in egress locations.

a) Please provide the current status of the Barrie TS upgrade and the expected in-service date

Response:

a) According to the most recent information from Hydro One for the Barrie TS project, the Environmental Assessment has been completed; detailed budget estimating has been completed; and Hydro One is finalizing its Leave to Construct Application, for filing with the Ontario Energy Board.

Hydro One has indicated that the current project timeline is for the start of construction in April 2019. As Alectra Utilities' portion of feeder relocation is required to be completed during the underground civil portion of the station renewal, Alectra Utilities will complete the feeder relocation in 2019. Once Alectra Utilities' feeders have been relocated, Hydro One will install all necessary equipment including the power transformer, breakers and protection controls in 2020.

PRZ-Staff-64

Incremental Capital Module

Reference(s): Attachment 31 ICM business cases PowerStream RZ

Alectra Utilities is relocating approximately 6 km of distribution assets due to the road widening on Bathurst St. The total for this project is approximately $7.5M and includes both overhead and underground distribution assets.

a) Please provide a detailed scope of the project. This should include the number of overhead and underground kilometer of feeder, the number of feeders, voltage level of feeders, and number of other distribution assets that are moved (e.g. transformers, switches, lighting arrestors, etc).

b) The average cost for this project is $1.25M per kilometer. Please explain how this unit cost compares to other relocation projects Alectra has done and also unit cost of neighbouring utilities. If it is higher, please provide an explanation why?

Response:

As presented on Page 3 of the ICM business case for the Bathurst Street Road Widening Project in Attachment 31, the multi-year project is scheduled for 2019 and 2020. The project has a total gross estimated cost of $12.5MM, considering capital contribution of $4.2MM has a net capital costs of $8.3MM. The total road length planned for widening is 6 km in length. Alectra Utilities has pole lines on both the east and west sides of Bathurst and is required to relocate both pole lines to accommodate the road widening. Hence, the overall length of the overhead pole line length is approximately 10 km and the approximate underground system relocation is 670 meters. The request for incremental funding is for the 2019 scope of the project which requires a net capital investment of $5.5MM.

a) Alectra Utilities is required to relocate existing infrastructure along Bathurst Street in the area north of Highway 7 to just north of Teston Road in the Region of York. This project is a Road Authority project initiated by York Region. The following assets are requested to be relocated;

Approximate Overhead pole line length:

- 5.8 km on the west side of Bathurst - 4 feeders, 27.6kV
- 4.2 km on the east side of Bathurst – 4 feeders, 27.6kV

Approximate Underground duct bank length:

- 670 meters in total
- Multiple single phase and three phase underground dips from overhead pole lines to feed existing customers.

Other distribution equipment to be relocated:

- 9 manual load interrupting switches
- 4 SCADAMATE load interrupting switches
- 31 in-line switches
- 1 recloser
- 20 single phase overhead transformers
- 1 three phase overhead transformer
- 200 Lightning Arrestors

b) The unit cost is comparable to similar 4 circuit pole line relocation namely the YRRT H2 East project. The average cost $1.25MM per km includes both the overhead and underground portion.

The following are the actual cost for the recently completed comparable 4 circuit relocation projects.

H2E-Phase 4- Total Cost - $1.61MM - Length 1.02 km– $1.58MM/km
H2E-Phase 2- Total Cost - $2.07MM - Length 1 km – $2MM/km

Alectra Utilities has not compared the unit cost to that of neighboring utilities as each large relocation project is unique in terms available space on the boulevard, soil conditions encountered, number of intersections, the number of underground dips and would not offer any meaningful comparison results.

PRZ-Staff-65

LRAMVA

Reference(s): Tab 2 of LRAMVA workform (Attachment 27)

The Powerstream RZ has an LRAMVA threshold of 137,099,754 kWh approved in its 2013 cost of service application. This threshold is applied against 2016 actual savings.

a) In table 2-c, please remove the LRAMVA threshold for 2017 (i.e., row 50) if it is not relevant to the current LRAMVA disposition.

Response:

a) Alectra Utilities has removed the LRAMVA threshold for 2017 in the LRAMVA workform. The updated LRAMVA workform has been filed in Alectra Utilities' response to Interrogatory PRZ-Staff-69.

PRZ-Staff-66

LRAMVA

Reference(s): Tab 3 of LRAMVA workform (Attachment 27)

In Powerstream RZ's LRAMVA disposition, it appears that the 2016 distribution rates should be based on 2015 rates for the first 9 months of the year and 2016 rates for the remaining 3 months of the year.

a) Please provide the distribution rates for the 2015 year (column I) in Table 3.

b) Please confirm whether you will re-submit a revised LRAMVA workform with the formulas enabled in Table 3.

Response:

a) Alectra Utilities has provided distribution rates for the 2015 year (column I) in Table 3.

b) Alectra Utilities confirms that the LRAMVA workform will be re-submitted with formulas enabled in Table 3. The updated LRAMVA worform is filed in Alectra Utilities' response to Interrogatory PRZ-Staff-69.

PRZ-Staff-67

LRAMVA

Reference(s): Tab 5 of LRAMVA workform (Attachment 27)

The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

Response:

a) The IESO performs evaluations for all of its programs, which includes examining gross energy savings from the programs and the net-to-gross ratio (“NTGR”). From these evaluations the IESO calculates net energy savings by initiative within a program group (residential, business, industrial and low income). Peak load savings are also calculated, and reported by initiative within a program group. For initiatives implemented under the Residential and Low Income Programs, 100% of CDM savings were attributed to the Residential Rate Class. For initiatives implemented under the Commercial and Industrial programs that apply to more than one rate class, the savings were estimated by rate class, based on participant-specific information, where available.

PRZ-Staff-68

LRAMVA

Reference(s): Tab 8 of LRAMVA workform (Attachment 27)
Tab 9 of LRAMVA workform (Attachment 27)

Powerstream RZ is claiming 27,559 kW of demand savings from streetlighting projects in 2016.

a) Please confirm:

- **i. whether the methodology to claim streetlighting savings is consistent with that approved in the last rates application in EB-2017-0029.**
- **ii. whether the monthly streetlighting savings was based on the Board approved load profile for streetlighting customers in the last cost of service application. If not, please explain how the monthly breakdown of the streetlighting savings was determined.**
- **iii. the conversion factor to adjust energy savings to demand savings for the streetlighting project.**
- **iv. the project savings from the three municipalities (i.e., City of Markham, City of Barrie and Town of Aurora) listed in Tab 9 were verified by the IESO, and appropriateness of the Net-to-Gross ratio used.**
- **v. whether persisting savings from 2014 and 2015 are claimed in 2016.**
  - i. **If yes, please confirm that the persistence of savings is based on actual streetlighting savings.**
  - ii. **Please confirm whether the rate of savings persistence is consistent with the assumptions made by the IESO.**

Response:

a) i) Alectra Utilities confirms that the methodology to claim streetlighting savings is consistent with that approved in Alectra Utilities 2018 Rate Application (EB-2017-0024).

ii) The monthly streetlighting savings is determined using Streetlight LED streetlights reports which contain the number of LED streetlights installed. As LED streetlights are installed, reports are received from the municipalities with the details of the existing street lights and load that have been removed and the replacement LED street lights installed and their load. Billing uses the LED Reports to update the monthly billing of street lights. Alectra Utilities has used the reduction in billed kW demand from the LED Reports for purposes of calculating the LRAMVA adjustment in respect of the SL LED projects for the PowerStream Rate Zone.

iii) As provided in response part a) ii), the monthly LED streetlight reports provide the number of lights removed and replaced with LED street lights and the corresponding load. As a result, a conversion factor is not required to adjust energy savings to demand savings.

iv) Tab 9 contains the kWh streetlight project savings from the municipalities. The kWh project savings were verified by the IESO. In the LRAMVA workform filed on June 7, 2018, streetlight savings were provided for the following three municipalities: City of Markham, City of Barrie and Town of Aurora. Based on most recent the IESO verified 2016 savings report, an additional project was completed in the Town of Bradford West Gwillimbury.

There are no kW demand savings for street light LED projects reported by the IESO in their final report as the reduction in demand does not fall into the peak kW demand savings as defined for CDM reporting to IESO. Instead, the LED reports from the municipalities were relied on. The NTG ratio used in the calculation agrees with the NTG ratio as provided in the latest IESO verified savings report for kWh streetlight savings. For 2016, the NTG ratio was 79%. This NTG was used in the LRAMVA calculation for the streetlight rate class.

v) i) ii) Alectra Utilities confirms that persisting savings from 2014 and 2015 are claimed in 2016. The LED reports track the cumulative number of streetlights that have been replaced with LED street lights. As this difference in load (kW demand) is used to calculate lost revenues, persistence savings are embedded in the cumulative reduction in demand due to the LED replacements.

PRZ-Staff-69

Reference(s): LRAMVA

a) If the Powerstream RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.

b) Please confirm any changes to the LRAMVA workform in Tab 1-a.

Response:

a) The LRAMVA Workform for the PowerStream Rate Zone has been updated in Alectra Utilities' responses to Interrogatories PRZ-Staff-65 and PRZ-Staff-56. The Workform has also been updated to include persistence savings in 2016 related to 2015 CDM programs, and adjustment savings related to the 2016 CDM programs from the IESO's recently published 2017 Final Verified Annual LDC CDM Program Results Report (the "2017 Final CDM Results Report").

b) Based on the Final Verified 2017 Final CDM Results Report, an additional 32,044,624 kWh energy savings and 7,337 kW peak demand savings have been identified for persistence savings in 2016 related to 2015 programs and additional 2016 CDM program savings. The LRAMVA balance was updated from $2,535,878 to $2,889,807. Alectra Utilities has filed an updated LRAMVA workform as attachment PRZ-Staff-69_Attach 1_LRAMVA Workform PRZ. Alectra Utilities confirms that the above changes are included in Tab 1-a of the LRAMVA workform.

ERZ-Staff-70

Billing Determinants

Reference(s): Exhibit 2/Tab 3/Schedule 10, Page 16
ERZ Rate Generator Model (Attachment 38) - Tab 4 Billing Det. for Def-Var

At reference 1, Alectra Utilities states that it filed its "first annual Reporting and Record Keeping Requirements (RRR) post consolidation on April 30, 2018. RRR data for all measures were filed for Alectra Utilities, and not individually, by rate zone".

At reference 1, Alectra Utilities has entered information from its most recent RRR for the Enersource RZ relating to consumption data.

a) Please confirm that Alectra Utilities continues to track RRR information (i.e. kWh, DVA balances etc.) by rate zone in order to populate the IRM Rate Generator Model appropriately.

b) If the answer to a) is no, please explain how the data has been extracted and populated by rate zone.

c) If the answer to a) is no, moving forward, how does Alectra Utilities intend on allocating deferral and variance account balances to each rate zone in order to ensure costs are allocated to the correct sub-set of customers?

Response:

a) Alectra Utilities clarifies that it continues to track Reporting and Record Keeping Requirements ("RRR") data for all rate zones.

b) Please see Alectra Utilities' response to part a).

c) Please see Alectra Utilities' response to part a).

ERZ-Staff-71

Deferral and Variance Account Balances

Reference(s): Rate Generator Model – Tab 3 Continuity Schedule
Rate Generator Model - Tab 4 Billing Det. for Def-Var

OEB staff notes the following discrepancies:

- **At reference 1, the continuity schedule is missing lines for Account 1595 (2014) and (2015).**
- **At reference 2, Alectra Utilities has populated columns Q, R and S with class allocation percentages for Accounts (2014), (2015), and (2017). OEB staff notes that at reference 1, there is no total claim for these sub-accounts populated in column CN.**

Please correct the discrepancies noted above and revise the total claim for the Enersource RZ if required.

Response:

Alectra Utilities has updated the OEB's Rate Generator Model ("RGM") to include the lines for Account 1595 (2014) and (2015).

Account 1595 (2017) class allocation percentages are calculated in the RGM model using the 2017 billing determinants. Alectra Utilities is requesting disposition of Account 1595 (2017). An updated RGM has been provided in Alectra Utilities' response to Interrogatory G-Staff-9.

ERZ-Staff-72

Deferral and Variance Account Balances

Reference(s): Rate Generator Model – Tab 3 Continuity Schedule
Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors, Pages 39-40
Accounting Procedures Handbook Frequently Asked Questions, July 2012, Q3

OEB staff notes that in its DVA continuity schedule, Alectra Utilities utilizes applicable sub-accounts of Account 1595 for the year-end date in which the balances are applicable as of. For example, for disposition of balances as of December 31, 2014 approved by the OEB, Alectra Utilities moves the balances into sub-accounts of 1595 (2014) and not sub-account of 1595 for (2016) (i.e. the rate year in which the amounts were approved for disposition).

OEB staff notes that both reference 2 and 3 above indicate that the method Alectra Utilities utilizes is not correct. For example, reference 2 indicates:

> **The account description of (control) Account 1595 specifies that for each year the deferral or variance account balances are approved for disposition by the Board, distributors are required to set-up under the control account three sub-accounts using the format of a vintage year classification of the year in which the balances are approved for disposition and recovery from or refund to customers.**
> **The three sub-accounts are as follows:**
> **1. Sub-account Principal Balances Approved in "20yy"**
> **2. Sub-account Carrying Charges Approved in "20yy"**
> **3. Sub-account Carrying Charges for Net Principal in "20yy"**
> **For example, if the approval of the account balances resulted in disposition through a rate rider effective on May 1, 2012, the vintage year classification represents the year the balances were approved which in this case would be "…2012" added to the suffix of the three sub-accounts. Note that the nature of the amounts recorded in the three sub-accounts remains unchanged from previously issued guidance in the October 2009 APH-FAQs and as updated in the revised 2012 APH.**

Please explain why Alectra Utilities believes its method is correct given the accounting guidance.

Response:

Alectra Utilities has completed the Ontario Energy Board's Rate Generator Model ("RGM") in the response to Interrogatory G-Staff-9. The presentation of 1595 balances in the continuity schedule is in accordance with the above-mentioned guidance.

ERZ-Staff-73

Group 1 DVAs

Reference(s):IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform ERZ (Attachment 39)

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) **Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[1].**

b) **Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.**

c) **Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.**

If another approach is used, please explain in detail.

Response:

Alectra Utilities confirms that in booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, the Enersource Rate Zone used approach a) above.

[1] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

ERZ-Staff-74

Group 1 DVAs

Reference(s): IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform ERZ (Attachment 39)

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).

b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.

c) Has CT 1142 been trued up with the IESO for all of 2017?

d) Which months from 2017 were trued up in 2018?

e) Have all of the 2017 related true-up amounts been reflected in the applicant's DVA Continuity Schedule in this proceeding?

f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The initial RPP related GA for settlement forms submitted by day 4 after the month-end is determined by applying the 2nd Estimate GA rate posted by the IESO to the estimated RPP related consumption for the month. The estimated RPP related consumption is determined in the process of completing the monthly unbilled billed revenue accrual, which is based on a combination of billed and unbilled data.

b) True-ups are performed quarterly to allow for the completion of all billing cycles for RPP customers. The actual billed RPP consumption for the previous quarter is obtained from Customer Information System ("CIS") for each of the TOU and Tiered buckets. The OEB approved RPP rates and actual GA rate as published by the IESO are applied to the volumes. This is then compared with the monthly estimated RPP claims submitted and an adjustment for the difference is made to CT 1142.

c) Alectra Utilities confirms that CT 1142 has been trued up with the IESO for all of 2017.

d) Alectra Utilities confirm that the months of October, November and December 2017 were trued up in 2018.

e) Alectra Utilities confirms that all true-up amounts related to the 2017 have been reflected in the Deferral and Variance Account ("DVA") Continuity Schedule in the Rate Generator Model ("RGM") filed in response to Interrogatory G-Staff-9.

f) The adjustment made to Account 1588 in the DVA schedule of ($998,801) is comprised of the reversal of prior year RPP settlement true-up booked in the current year in the amount of ($2,500,544) combined with the current year RPP settlement true-up booked in the subsequent year in the amount of $1,501,743. This adjustment can be found on the DVA Continuity Schedule of the RGM, cell BF28. The adjustment made to Account 1589 in the DVA Continuity Schedule of $2,871,035 is comprised of the impact of RPP Settlement true-up amounts totaling $3,577,899 as shown in Table 1 below. This adjustment can be found on the DVA Continuity Schedule of the Rate Generator Model, Column BF, row 29.

Table 1 – Account 1589 Reconciliation

Account 1589 Reconciliation	Amount
Removal of prior year RPP Settlement true-up booked in current year	$2,514,038
Inclusion of current year RPP Settlement true-up booked in subsequent year	$1,063,861
Total impact of RPP Settlement true-up reflected in DVA schedule	**$3,577,899**
Remove prior year end unbilled to actual revenue differences	$(1,530,001)
Add current year end unbilled to actual revenue differences	$980,410
Remove GA balances pertaining to Class A customers	$(157,273)
Total Adjustment made to DVA Continuity	**$2,871,035**

ERZ-Staff-75

Group 1 DVAs

Reference(s): IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
2017 GA Analysis Workform ERZ (Attachment 39)

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?

e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.

f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?

g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

a) The total cost for CT 148 is estimated by multiplying the 2nd estimate GA rate as published by the IESO by the total Class B purchases during the month. CT148 is pro-rated based on RPP and Non-RPP consumption and then booked into Account 1588 and 1589, respectively. Class B, RPP purchases are determined based on billed data and unbilled estimates as part of our unbilled revenue accrual.

b) The true-up for GA related costs is completed in two-steps:

1. In the following month, the initial cost accrued in accounts 1588 and 1589 are reversed and replaced with actual costs per the IESO invoice. The split between RPP and non-RPP is determined using the same approach as described in the response to part a) above and booked into accounts 1588 and 1589 accordingly.

2. On a quarterly basis, as actual consumption data becomes, the initial RPP claim is trued-up with updated volumes and price and submitted to the IESO for settlement. The trued-up settlement amount is recorded in account 1588.

c) Non-RPP volumes for the initial recording of GA expenses are determined as follows:

- Total purchases from all grid supply points
- Add: Embedded generation load
- Less: Class A load
- Less: Estimated RPP load from unbilled revenue accrual process

d) The initial recording in Accounts 1588 and 1589 are trued up based on actual consumption proportions for RPP and non-RPP consumption.

e) The months of October, November and December 2017 were trued up in 2018 for the actual proportion between RPP and non- RPP consumption.

f) Alectra Utilities confirms that all true-ups for 2017 consumption are reflected in the DVA Continuity Schedule for 2017.

g) Please refer to Alectra Utilities’ response to Interrogatory ERZ-Staff-74, part f).

ERZ-Staff-76

Group 1 DVAs

Reference(s): IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
2017 Analysis Workform ERZ (Attachment 39)

a) The amounts entered in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the ERZ DVA Continuity Schedule should be comprised of multiple elements: an amount of ($2,500,544), pertaining to the reversal of Principal Adjustments from 2016, as well as any other entries to adjust the 2017 closing balances. Alectra has reported a single figure of ($998,801). Please explain, in detail, what the amount of ($998,801) represents and how it was calculated by separating the amounts pertaining to reversals from 2016 adjustments and providing supporting calculations for any other adjustments.

b) An amount of $2,871,035 in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the ERZ DVA Continuity Schedule appears to be comprised of multiple elements (based on the reconciling items identified on the GA Analysis Workform): an amount of ($826,764), pertaining to the reversal of Principal Adjustments from 2016, $1,063,861 for item 1b, and $980,410 for item 2b. The amount of $1,063,831 has been identified on the GA Analysis Workform as a current year RPP Settlement True-up booked in the subsequent year. Please explain, in detail, how this figure was calculated.

c) From part b) above, the amount of $980,410 has been identified on the GA Analysis Workform as a current year differences between accrued and actual unbilled revenue. Please explain, in detail, how this figure was calculated.

d) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

Response:

a) The principal adjustment made to Account 1588 of ($998,801) is comprised of the reversal of prior year RPP settlement true-up booked in the current year in the amount of ($2,500,544), combined with the current year RPP settlement true-up booked in the subsequent year in the amount of $1,501,743. The detailed calculation of the current year RPP true-up calculation which was booked in 2018 in the amount of $1,501,743 is provided in Table 1 below.

Table 1 – RPP true-up calculation

RPP Block	Estimated Consumption (Oct - Dec 2017)	RPP Price	Estimated Spot Price (Avg Oct-Dec 2017)	Initial RPP Claim	Actual Consumption (Oct - Dec 2017)	RPP Price	Actual Spot Price (Avg Oct-Dec 2017)	Revised RPP Claim	RPP True-up
	A	B	C	D = A x (B-C)	E	F	G	H = E x (F-G)	I = D-H
Tier 1	88,454,091	0.0770	0.0143	$ 5,545,462	90,249,706	0.0770	0.0145	$ 5,643,916	$ 98,454
Tier 2	29,838,469	0.0900	0.0143	$ 2,258,566	31,828,154	0.0900	0.0145	$ 2,404,193	$ 145,626
On	87,913,133	0.1320	0.0143	$ 10,346,770	91,569,680	0.1320	0.0145	$ 10,762,795	$ 416,025
Mid	87,747,433	0.0950	0.0143	$ 7,080,613	88,254,206	0.0950	0.0145	$ 7,107,700	$ 27,087
Off	299,335,984	0.0650	0.0143	$ 15,174,271	316,380,616	0.0650	0.0145	$ 15,988,822	$ 814,551
Total	**593,289,110**			**$ 40,405,682**	**618,282,363**			**$ 41,907,425**	**$ 1,501,743**

b) The principal adjustment made to Account 1589 of $2,871,035 is comprised of the following adjusting items:

Table 2 – Account 1589 Reconciliation

Adjustment	Amount
Removal of prior year RPP Settlement true-up booked in current year	$2,514,038
Inclusion of current year RPP Settlement true-up booked in subsequent year	$1,063,861
Total impact of RPP Settlement true-up reflected in DVA schedule	**$3,577,899**
Remove prior year end unbilled to actual revenue differences	$(1,530,001)
Add current year end unbilled to actual revenue differences	$980,410
Remove GA balances pertaining to Class A customers	$(157,273)
Total Adjustment made to DVA Continuity	**$2,871,035**

The detailed calculation of the current year RPP true-up which was booked in 2018 in the amount of $1,063,861 is provided in Tables 3 to 7 below.

Table 3 – Estimated GA Cost used for Initial RPP Claim

RPP Period	Estimated Consumption (Oct - Dec 2017)	GA 2nd Estimate	Estimated RPP kWh @ GA 2nd Estimate (Oct-Dec 2017)
	A	B	C = A x B
October	177,292,050	0.11973	$ 21,227,177
November	196,618,025	0.09669	$ 19,010,997
December	219,379,035	0.09669	$ 21,211,759
Total	**593,289,110**		**$ 61,449,933**

Table 4 – GA Cost per December 2017 Year-End Estimate

RPP Period	Estimated Consumption (Oct - Dec 2017)	GA Actual / 2nd Estimate	Estimated RPP kWh @ GA 2nd Estimate (Avg. Oct-Dec 2017)
	A	B	C = A x B
October	194,765,000	0.12563	$ 24,468,327
November	204,505,700	0.09704	$ 19,845,233
December	219,379,000	0.09669	$ 21,211,756
Total	**618,649,700**		**$ 65,525,316**

At December 2017 year-end, Alectra Utilities estimated what the RPP true-up would be using more up to date consumption data and the actual GA rates that were available at the time. The difference in GA costs of $4,075,383 ($65,525,316 - $61,449,933) was booked in the G/L to capture the RPP true-up related to October to December 2017 as shown in Table 5 below. This true-up amount was completed for the purpose of recording an accrual in the GL at year-end, and was not claimed with the IESO.

Table 5 - RPP True-up captured in Dec. 2017 year-end accrual

RPP Period	Actual Consumption (Oct - Dec 2017)	GA Actual	Estimated RPP kWh @ GA 2nd Estimate (Avg Oct-Dec 2017)
	A	B	C = A x B
October	17,472,950	0.0059	$ 3,241,150
November	7,887,675	0.0004	$ 834,236
December	(35)	0.0000	$ (3)
Total	**25,360,590**		**$ 4,075,383**

In 2018, when all billing data and actual GA prices become available, another true-up calculation was performed as shown in Table 6 below. The actual GA cost was $1,063,860 lower than the estimate calculated at year-end as shown in Table 7.

Table 6 – Actual GA Cost

RPP Period	Actual Consumption (Oct - Dec 2017)	GA Actual	Estimated RPP kWh @ GA 2nd Estimate (Avg Oct-Dec 2017)
	A	B	C = A x B
October	194,420,105	0.12563	$ 24,424,998
November	203,519,127	0.09704	$ 19,749,496
December	220,343,131	0.09207	$ 20,286,992
Total	**618,282,363**		**$ 64,461,486**

Table 7 - RPP Settlement True-up

RPP Block	Actual Consumption (Oct - Dec 2017)	GA Actual	Estimated RPP kWh @ GA 2nd Estimate (Avg Oct-Dec 2017)
	A	B	C = A x B
October	(344,895)	0.0000	$ (43,349)
November	(986,573)	0.0000	$ (95,748)
December	964,131	-0.0046	$ (924,763)
Total	**(367,337)**		**$ (1,063,860)**

c) The $980,410 is made up of the difference between the December 2017 actual and accrued Class B consumption multiplied by the GA 1st estimate rate for December of $0.08391 per kWh. A reconciliation is provided in Table 8 below.

Table 8 – Unbilled Reconciliation

	2017
Actual December GA Consumption (kWhs)	273,584,172
Accrued December GA Consumption (kWhs)	261,900,105
Under/(Over) Accrued Consumption	11,684,067
GS 1st Estimate Rate (December)	0.08391
Unbilled 1st Estimate Rate (December) ($)	980,410

d) Alectra Utilities confirms that the principal adjustments made in the DVA continuity schedule for the reversal of the adjustment related to 2017 booked in 2016 are reflected in the GL transactions in 2016 and the adjustment related to 2017 booked in 2018 are reflected in the GL transactions in 2018.

ERZ-Staff-77

Group 1 DVAs

Reference(s): 2017 GA Analysis Workform ERZ (Attachment 39)
Exhibit 2/Tab 4/Schedule 6 Settlement Process with IESO

Please explain how the GA billing rate is determined for billing cycles that span more than one load month for the ERZ.

Response:

Alectra Utilities determines the Global Adjustment ("GA") billing rate for billing cycles that span more than one load month for the Enersource Rate Zone, by prorating the total consumption for the billing period by the number of days in each respective month. The prorated consumption for each month is then applied to the GA 1st estimate rate for the respective month.

ERZ-Staff-78

RTSRs

Reference(s): IRM Model ERZ (Attachment 38) - Tab 13 RTSR – Historical Wholesale

From August to September the unit Uniform Transmission Rates (UTRs) do not match the 2017 rates and appear to vary significantly throughout the months.

a) Please explain the variation or reconcile to reflect the 2017 UTRs.

Response:

a) Alectra Utilities has corrected the 'Units Billed' data in Tab. RTSR – Historical Wholesale in the updated IRM Rate Generator Model, filed in response to Interrogatory G-Staff-9. As a result of the update, the Uniform Transmission Rates match the 2017 rates.

ERZ-Staff-79

Renewable Generation Connections

Ref 1: Exhibit 2/Tab 4/Schedule 8, p.1-3
Ref 2: Attachment 41 - Renewable Generation Connection Funding

Reference 2 shows the total revenue requirement for 2019 for Renewable Generation connections is $186,013, with $32,287 being a direct benefit to Enersource RZ's customers and $153,726 to come from the Provincial Rate Protection.

a) Please confirm that Alectra Utilities is not planning to apply the rate rider to recover the direct benefit portion in 2019.

b) Please provide reconciliation between the capital amounts, OM&A and revenue requirement and the 2017 balances for Accounts 1531, 1532 and 1533.

Response:

a) Alectra Utilities confirms it is not planning to apply for the rate rider to recover the direct benefit portion in 2019.

b) Alectra Utilities has provided a reconciliation between capital amounts, OM&A and revenue requirement and the 2017 balances for Accounts 1531, 1532 and 1533, in Table 1 to 3 below.

Table 1 – Reconciliation of Net Fixed Assets to USoA 1531

Capital Reconciliation	**2017**	**2016**	**2017 Average NFA**
Account 1531 Balance	1,037,382	844,925	941,153
Less: Carrying Charges	(39,467)	(28,828)	(34,148)
Cumulative Capital Expenditures	997,915	816,096	907,006
Less: WIP	(119,803)	(55,659)	(87,731)
Cumulative Net Fixed Assets	**$878,112**	**$760,438**	**$819,275**

The capital amount in the 2017 balance in account 1531 is comprised of cumulative capital expenditures of $997,915 and carrying charges of $39,467. This capital expenditure balance was used to calculate the 2017 average net fixed assets of $819,275 in Exhibit 2, Tab 4, Schedule 8, Attachment 41 – Renewable Generation Connection Funding Enersource RZ.

Table 2 – Reconciliation of OM&A to USoA 1532

OM&A Reconciliation	**2017**	**2016**	**Change**
OM&A	200,100	148,904	51,196
Amortization	247,486	178,663	68,823
Carrying Charges	11,288	6,704	4,584
USoA 1532 Balance	**458,874**	**334,271**	**124,603**

The 2017 OM&A expenditure of $124,603 is comprised of OM&A of $51,196, amortization of $68,823 and carrying charges of $4,584. Per Attachment 41, these expenditures were used in the calculation of the 2017 revenue requirement.

Table 3 – Reconciliation of Revenue Requirement to USoA Account 1533

Revenue Reconciliation	**2017**	**2016**	**Change**
Cumulative Principal Balance	(443,204)	(320,890)	(122,314)
Carrying Charges	(11,260)	(6,689)	(4,571)
USoA 1533 Balance	**(454,464)**	**(327,579)**	**(126,885)**

The 2017 Renewable Generation Connection Funding Adder amount of $122,314 above reflects the OEB approved provincial funding amounts from Enersource RZ's 2017 Price Cap IR rate application (EB-2016-0002).

ERZ-Staff-80

Capital Expenditures

Reference(s): Exhibit 2/Tab 4/Schedule 11, Page 4

Table 143 – Capital Expenditures by Category from 2014 to 2022 ($000s) – Enersource RZ

Category	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Forecast 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022
System Access	$5,626	$12,253	$11,822	$6,617	$7,360	$13,754	$13,769	$12,709	$10,769
System Renewal	$31,244	$37,472	$35,196	$38,203	$35,323	$40,948	$34,601	$35,162	$35,738
System Service	$10,951	$56,776	$12,724	$9,966	$7,956	$13,407	$13,717	$13,522	$14,007
General Plant	$6,230	$9,546	$4,333	$4,652	$4,833	$6,206	$7,247	$8,020	$6,330
Total	**$54,051**	**$116,047**	**$64,075**	**$59,438**	**$55,472**	**$74,315**	**$69,334**	**$69,414**	**$66,844**

a) Please confirm if the forecast year expenditures include all ICM expenditures.

b) Please show Table 143 excluding all ICM expenditures.

c) Please provide year to date actuals for the capital expenditures for 2018

Response:

a) Alectra Utilities confirms the forecast year expenditures include all requested ICM expenditures.

b) Table 143 excluding approved 2015 and 2018 ICM expenditures as well as requested 2019 ICM expenditures for the ERZ is provided below:

Table 143 - Capital Expenditures by Category excluding ICM Expenditures($000s) - Enersource RZ

Category	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Forecast 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022
System Access	$5,626	$12,253	$11,822	$6,617	$7,360	$13,754	$13,769	$12,709	$10,769
System Renewal	$31,244	$37,472	$35,196	$38,203	$24,569	$30,248	$34,601	$35,162	$35,738
System Service	$10,951	$16,297	$12,724	$9,966	$7,956	$13,407	$13,717	$13,522	$14,007
General Plant	$6,230	$9,546	$4,333	$4,652	$4,833	$6,206	$7,247	$8,020	$6,330
Total	**$54,051**	**$75,568**	**$64,075**	**$59,438**	**$44,718**	**$63,615**	**$69,334**	**$69,414**	**$66,844**

c) July 31st 2018 year-to-date actual capital expenditures are provided in Table 1 below.

Table 1 – Year-to-date (YTD) July 31st 2018 Actual Capital Expenditures – Enersource RZ

Category	Actual YTD July 31st 2018 ($000s)
System Access	$4,272
System Renewal	$21,261
System Service	$2,981
General Plant	$1,898
Total	**$30,412**

ERZ-Staff-81

Incremental Capital Module

Reference(s): EB-2014-0219, Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, Pages 13-14

Excerpts from the above reference are reproduced below:

> **The Board is of the view that projects proposed for incremental capital funding during the IR term must be discrete projects, and not part of typical annual capital programs. This would apply to both ACMs and ICMs going forward…**
>
> **The use of an ACM is most appropriate for a distributor that:**
> - **does not have multiple discrete projects for each of the four IR years for which it requires incremental capital funding;**
> - **is not seeking funding for a series of projects that are more related to recurring capital programs for replacements or refurbishments (i.e. “business as usual” type projects); or**
> - **is not proposing to use the entire eligible incremental capital envelope available for a particular year.**

a) Please provide a discussion and specific justification about how each of Alectra Utilities’ projects proposed for ICM funding for the Enersource RZ meets the criteria listed specifically in bullet-point one and two.

b) Please provide a discussion on Alectra Utilities’ plans if the ICM was denied.

Response:

a) Alectra Utilities is seeking the Ontario Energy Board’s (“OEB”) approval for incremental capital funding through the incremental capital module (“ICM”) for the Enersource Rate Zone (“ERZ”), for the following two projects: Leaking Transformer Replacement Project; and Rometown. Details of each project are provided in Exhibit 3, Tab 1, Schedule 1, Attachment 46.

The OEB confirmed the availability of ICM funding for Alectra Utilities in EB-2017–0024. In its Decision, the OEB also discussed the specific criteria to be applied to any funding request. Alectra Utilities’ requests in this application meet those criteria.

Further, in its *Handbook to Electricity Distributor and Transmitter Consolidations,* dated January 19, 2016 (the "MAADs Handbook"), the OEB confirmed that the ICM is available to consolidating distributors, and further, it provides distributors an opportunity to finance capital investments without having to rebase earlier than expected. In addition, the OEB confirms its relevant guidance as set out in the *Handbook for Utility Rate Applications,* dated October 13, 2016 (the "Rate Handbook"), the *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014 (the "ACM Report"), as well as Chapter 3 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications – 2017 Edition for 2018 Rate Applications,* dated July 20, 2017 (the "Filing Requirements"). Alectra Utilities' ICM requests are in accordance with these policies or requirements. The first bullet point referenced by OEB Staff states that *"the use an ACM is most appropriate for a distributor that does not have multiple discrete projects for each of the four IR years for which it requires incremental capital funding."* Alectra Utilities reiterates that the MAADs Handbook provides that consolidating distributors are eligible to request ICM funding during the rebasing deferral period. Alectra Utilities assesses its need for ICM funding annually and will determine whether or not an ICM application will be required.

The second bullet point referenced by OEB Staff states that *"the use an ACM is most appropriate for a distributor that is not seeking funding for a series of projects that are more related to recurring capital programs for replacements or refurbishments (i.e. "business as usual" type projects)."* The OEB clarifies on pp. 5-8 of the 2014 ACM Report that the ICM is intended to address the treatment of a distributor's capital investment needs that arise during the rate-setting plan which are incremental to a materiality threshold. The ICM is available for discretionary and non-discretionary projects. It is not limited to extraordinary or unanticipated investments and it may be applied to projects that might be considered to be 'routine' or 'business as usual'.

b) The Leaking Transformer Replacement Project is a mandatory project that will still need to be completed, in order for Alectra Utilities to be compliant with Environmental Regulations. If the Rometown project is not approved, Alectra Utilities, at a minimum, will be required to replace all the poles in the area identified as poor, which includes poles that have failed pole testing, and replace the transformers showing signs of oil leaks in this area. In the event that the OEB does not approve the ICM projects, Alectra Utilities would need to reassess other planned projects, and whether, and to what extent, these projects would have to be deferred and the resulting impact on customers.

ERZ-Staff-82

Incremental Capital Funding

Reference(s): Exhibit 2/Tab 4/Schedule 11, Page 2

Alectra Utilities states that since 2014, key reliability metrics for the Enersource RZ (e.g. SAIDI, SAIFI) have been trending upward, indicating an overall deterioration in reliability performance and that Alectra Utilities is committed to addressing this upward trend and reducing the associated operational risks.

a) Please confirm the proposed 2019 ICM requests in the Enersource RZ are intended to maintain reliability.

b) Please provide a list of 2019 projects geared towards addressing negative trends in overall system performance and service quality.

Response:

a) Alectra Utilities confirms that 2019 capital investments are intended to maintain system reliability levels while addressing the areas with worst performing reliability and system condition.

b) The projects listed below are specifically geared towards addressing negative trends in overall system performance and service quality.

Table 1: 2019 ERZ Material Projects Geared Towards Addressing Negative Trends In System Performance and Service Quality

SYSTEM RENEWAL ($000)	$000s
Subdivision Rebuild - Baldwin Rd/ ROW	1,486
Subdivision Rebuild - Golden Orchard/ Grassfire	1,486
Subdivision Rebuild - Cedarglen Gate - Section 1	1,885
Subdivision Rebuild - Main Feeder renewal at Folkway Dr.	1,885
Subdivision Rebuild - Traders - Section 3	1,885
Subdivision Rebuild - Ellengale - Section 5	1,885
Subdivision Rebuild - Malton - Section 4	2,229
Subdivision - Tamar & Copenhagen	1,486
Subdivision - Clarkson - Section 4	1,981
Overhead System Replacement -Rometown	3,200
OH Rebuild - The Credit Woodlands	2,314

SYSTEM SERVICE ($000)	$000s
Substation-Dixie - Londonderry to CN Tracks	1,204
Substation-Shawson - Dixie to Luke	1,053
Substation-Rockwood MS - Equipment	2,483
Substation-Rockwood MS - Civil Construction	1,035
Subtransmission-Webb MS - Feeder Egress - Section 1	1,249
Subtransmission-Centreview - Mavis to Duke	1,249

ERZ-Staff-83

Incremental Capital Funding

Reference(s): Exhibit 2/Tab 4/Schedule 11, Pages 6-7

At the above reference, Alectra Utilities states:

> ***The top two priorities for Alectra Utilities' customers in both the Enersource and PowerStream rate zones are: delivering reasonable distribution rates; and ensuring reliable electrical service. The engagement confirms that the vast majority of customers are satisfied with the current level of reliability they experience, and expect Alectra Utilities to do what is necessary to maintain it. In principle, most customers support some form of investment program that ensures a consistently reliable and modern distribution system, which also addresses growth and system demands. Customers also expressed frustration in relation to their electricity bills; Alectra Utilities is well aware of this customer sentiment. When asked how Alectra Utilities can improve service, most common responses throughout the engagement were either "nothing" or "lower rates".***

a) Based on the above statement, the majority of customers are satisfied with reliability but are concerned with rising electricity rates. However, Alectra is proposing to increase rates, in part due to an ICM, to address reliability issues. Please explain how this aligns with the outcome of the customer engagement process.

b) Please confirm that the most consistent message during the customer engagement was a request for lower rates, and explain why Alectra Utilities has responded to that message by proposing an increase in the proposed ICM projects by adding the full replacement of the Rometown Area Overhead System Rebuild as opposed to the partial replacement as initially contemplated (i.e. $3.2M versus $1.85M, respectively).

Response:

a) Consistent with the findings from Alectra Utilities' 2017 customer engagement, among competing priorities, most customer rate classes generally value price first, followed by "ensuring reliable electrical service". In this respect, most customers are willing to spend more in order to maintain a reliable system. This is apparent from page 5 of the Innovative Report which shows that the majority of customers, with the exclusion of Large Use customers in the PowerStream RZ (6 of 13), feel that the utility should invest what it takes to replace the system's aging infrastructure to maintain system reliability (see 2019 ICM Customer Engagement Report, Page 5). Large proportions of customers also support specific investments that enhance system performance, including a plurality (38%) of residential customers in the Enersource RZ who feel that the Rometown overhead system should be replaced with an underground system (see 2019 ICM Customer Engagement Report, Page 7). In relation to the Bathurst Road Widening project in the PowerStream RZ, residential customers are divided, with 46% preferring the current mix to 45% preferring the all underground system option at a higher rate impact (see 2019 ICM Customer Engagement Report, Page 8).

b) As noted above, among competing priorities, most customer rate classes generally value price first, followed by “ensuring reliable electrical service”. That said, the majority of customers in all four rate classes, in both rate zones found Alectra Utilities’ proposed rate increase to be reasonable (see 2019 ICM Customer Engagement Report, Page 8). Additionally, at least a plurality of customers in all Enersource RZ rate classes (Residential: 56%, Small Business: 45%, Mid-Market: 48%, Large Use: 4 of 9) supported either the full replacement of the Rometown overhead system, or replacement with an underground system, both options that were explained to exceed the proposed monthly increase. A majority of customers in all Enersource RZ rate classes believe that Alectra Utilities should invest in renewal now, rather than defer to the future (see 2019 ICM Customer Engagement Report, Page 5).

ERZ-Staff-84

ROE Calculation

Reference(s): Exhibit 2/Tab 4/Schedule 11, Page 13
Attachment 45 – 2017 ROE Alectra Utilities

At the above reference, Alectra Utilities states:

Alectra Utilities' 2017 consolidated ROE was calculated to be 8.43%, 47 basis points below a calculated ROE for Alectra of 8.90%. Alectra Utilities calculated a consolidated deemed ROE percentage for the first time as of April 30, 2018 using the weighted average of the OEB-approved rate base amounts for each rate zone, from the most recent OEB-approved rebasing application for each of the predecessor companies.

a) Please provide the calculation of how Alectra Utilities determined its overall weighted average rate base.

b) Please provide the actual and deemed ROE for each rate zone

c) Please explain why Alectra Utilities finds it appropriate to use a consolidated ROE instead of the ROE for each rate zone for the means test.

Response:

a) Table 1 below provides the calculation of deemed ROE for Alectra Utilities, using the weighted average of the OEB-approved rate base for each rate zone.

Table 1 – ROE Calculation for Alectra Utilities

ROE ($000s)	ERZ	HRZ	BRZ	PRZ	Alectra Utilities
OEB Approved Rate Base	$610,457	$520,532	$404,619	$1,082,805	$ 2,618,413
IFRS Adjustment[1]	$ 13,041				$ 13,041
Approved Rate Base	**$623,498**	**$520,532**	**$404,619**	**$1,082,805**	**$ 2,631,454**
OEB Approved ROE	**8.93%**	**8.78%**	**9.30%**	**8.78%**	**8.90%**

1. In EB-2016-0002, the OEB approved Enersource's proposal to address the expiration of its IFRS adjustment from its 2013 COS
2. ERZ 2013 COS rate base per EB-2012-0033
3. BRZ 2015 COS rate base per EB-2014-0083
4. PRZ 2017 COS rate base per EB-2015-0003
5. HRZ CIR Update to 2017 rate base per EB-2016-0077

b) Alectra Utilities filed its first annual Reporting and Record Keeping Requirements ("RRRs") post consolidation on April 30, 2018. RRR data for all measures were filed for Alectra Utilities, and not individually, by rate zone. The 2017 deemed ROE for each rate zone, as approved in each utility's last rebasing application or Custom IR Update is provided in Table 1 above. Actual 2017 ROE was calculated for Alectra Utilities, and not by rate zone.

c) Alectra Utilities' approach to reporting, including the reporting of a consolidated ROE for Alectra, is informed by the Board's Decision in its MAAD's Application (EB-2016-0025).

On page 26 of the Decision and Order, the OEB indicated that:

> *"The Handbook, however, sets out that having consolidating entities operate as one entity as soon as possible after the transaction is in the best interest of consumers. The OEB is of the view that this principle continues to be applicable in this case. The OEB does not require, nor encourage reporting on a "separate" utility basis. Rather the expectation of the OEB is that LDC Co shall report in accordance with the requirements of its licence."*

ERZ-Staff-85

Incremental Capital Module

Reference(s): Attachment 29 ICM Model ERZ – Tab 10b. Proposed ACM ICM project

Alectra provided the 2019 Distribution System Plan (DSP) CAPEX as $73,315,118.

a) Please provide a reference in the DSP where this value can be found or how it was calculated.

Response:

a) The 2019 capital expenditure included in the ICM Model for the Enersource RZ was $74.3MM and not $73.3MM referenced in the interrogatory above. The 2019 capital expenditure of $74.3MM included in the ICM Model represents Alectra Utilities' proposed capital budget in 2019 for the Enersource RZ as provided in Table 143 of Exhibit 2, Tab 4, Schedule 11, p. 4. The 2019 capital expenditure as provided in Enersource's Distribution System Plan ("DSP") for 2019 was $76.9MM. Table 1 below compares the calculation of the maximum eligible incremental capital for the Enersource RZ based on: 1. Alectra Utilities' 2019 capital budget; and 2. 2019 DSP capital expenditures. In both cases, Alectra Utilities proposed ICM projects in the Enersource RZ of $9.4MM are within the maximum eligible incremental capital amounts.

Table 1 – Maximum Eligible Incremental Capital

Eligible Incremental Capital	2019 Budget	2019 DSP
2019 Capital Forecast	$74,315,118	$76,933,472
Less: Materiality Threshold	$35,531,495	$35,531,495
Maximum Eligible Incremental Capital	**$38,783,623**	**$41,401,977**

ERZ-Staff-86

Incremental Capital Funding

Reference(s): Attachment 46 ICM Business Cases Enersource RZ, Page 1 of 6

At the above reference, Alectra Utilities states:

> ***Through its inspection program in the Enersource Rate Zone, in the City of Mississauga, Alectra Utilities identified a number of poles that are in poor condition (i.e., signs of rotting, mechanical damage, insect infestation, and cracking). These inspections, which involved visual as well as resistograph testing of the poles' residual strength, also revealed the poor condition of overhead assets, including: the existence of leaning poles; deteriorated porcelain insulators (which are prone to cracking and shattering which leads to failures, outages and pole fires) and transformers showing signs of leaking oil. Consequently, the area south of Queen Elizabeth Way and east of Dixie Road (i.e., Rometown) was identified as needing investment renewal.***

a) Please confirm that the transformers proposed to be replaced in the reference above are different from those slated for replacement in Alectra Utilities' Leaking Transformer Replacement Project?

Response:

a) Alectra Utilities confirms that the transformers proposed to be replaced under the Rometown project are different than those slated for replacement in the Leaking Transformer Replacement Project.

ERZ-Staff-87

Incremental Capital Funding

Reference(s): Exhibit 2/Tab 4/Schedule 11, Page 12, Table 155

Table 155 – 2019 Eligible Capital Projects by Category – Enersource RZ

Project Description	Capital Expenditures
Leaking Transformer Replacement Project	$7,500,000
Rometown	$3,200,000
System Renewal	**$10,700,000**
Total Enersource RZ Incremental Capital Funding	**$10,700,000**

The table above lists Alectra Utilities' proposed ICM project for the Enersource RZ.

a) Has Alectra considered deferring lower priority projects included in the existing base capital budget envelope to create adequate headroom to implement the projects listed in Table 155?

   i. If yes, please describe in detail the results of this consideration.

   ii. If no, why not?

b) For each of the eligible capital projects listed above, please describe the exceptional cause(s) that prompted the need for these projects and that became known since the base capital budget was originally set in 2013.

c) Does Alectra Utilities' base capital (non-ICM) budget also include pole and transformer replacement programs?

   i. If yes, do the ICM line items simply represent an expansion of the pole and transformer replacement programs already included in the base capital budget?

   ii. Are the projects listed in Table 155 the lowest priority pole and transformer replacement projects, or are they higher priority than the projects in the base capital list?

   iii. If the latter, why aren't the ICM projects included in base capital, and the lower priority projects proposed for the ICM, since it is possible that some or all of the ICM projects may not be approved by the OEB.

Response:

a) Yes, Alectra Utilities considered deferring lower priority projects. As part of the Asset Management Practice and Capital Investment Plan Optimization processes, Alectra Utilities evaluated each project in the ERZ capital investment plan to pace and prioritize investments, based on business values, objectives and risks as outlined in Exhibit 2, Tab 4, Schedule 11, page 1. The portfolio of projects presented, which also includes the projects listed in Attachment 48 for the Enersource RZ, incorporates prudent investment needs with the most cost effective option for ratepayers.

b) Leaking Transformer Replacement Project:

In 2013, as a result of increasing environmental clean-up costs, the transformer inspection methodology in the Enersource RZ was enhanced to capture additional asset condition parameters for distribution transformers. The transformer inspection practice was updated to include opening of the transformer door, as well as inspecting the internal components of the device where deemed necessary by the inspector. This method of inspection provided greater detail regarding the internal condition of oil containment features, levels of corrosion and cable and connection issues. The improved transformer inspection practice revealed a large number of leaking transformers, which was not known when the base capital budget was originally set in 2013.

It is important for Alectra Utilities to address environmental risks, including by preventing the release of transformer insulating oil into the environment. Not addressing this situation will result in significantly higher costs in the form of clean-up costs to remediate public and private property.

Rometown Area Overhead System Rebuild:

Since 2014, Enersource RZ has increased the frequency and detail of its inspections, reviewing outage data more rigorously, as well as striving to implement additional analytical methods to guide the pacing of asset replacements. To supplement and enhance the overhead system inspection, Alectra conducted additional testing of wood poles, utilizing the resistograph technology which commenced in 2015. Enhanced inspections supplemented with pole testing provide Alectra Utilities the ability to determine remaining pole strength through the detection of decay and cavities in wood poles. As per the 2016 Asset Condition Assessment (“ACA”) study, 34.3% (68 out of 198) of poles in this area were flagged “Poor” and 28.3% (56 out of 198) of poles "Fair", based on the parameters of pole physical condition, mechanical damage, pole leaning and cracks.

The primary driver of the renewal need in the Rometown area is the condition of the assets, Alectra Utilities has experienced several outages in the area as a result of the deteriorated overhead system assets. Please refer to response ERZ-Staff-89 for details related to these equipment failure outages. Alectra Utilities does not run overhead assets to failure as this would introduce hazards and significant risk to the public. The business case in Attachment 46 identifies that the assets in Rometown are substandard and that there is significant concern that they will begin to fail. Upon identifying deteriorated overhead assets through inspection, pole testing and asset condition, Alectra Utilities determined that it is necessary to address the renewal need.

Alectra Utilities initially considered a partial rebuild for the Rometown area to urgently replace those particular elements of the overhead system that were in the most problematic condition. However, after engaging with customers, Alectra Utilities determined that its customers preferred that Alectra Utilities now undertake a full replacement of the overhead system in the Rometown Area. This understanding of customer preference influenced Alectra Utilities to revise its recommended solution. Please refer to Attachment 49, pages 24-26, pages 47-49, pages 70-72 and pages 93-95 for details relating to customer responses and preferences relating to the solutions considered for the Rometown Area.

c)

i. The Leaking Transformer ICM project constitutes a specific project designed to replace only the backlog of leaking transformers as of January 1, 2017 identified from the 2013 to 2016 inspections. The annual transformer replacement program is an ongoing program intended to address transformers found defective or no longer suitable for service due to public safety and environmental concerns due to physical damage, corrosion, oil leaks or faulted windings and irreparable bushing inserts. This annual program is not limited to PCB and leaking transformers only. In its Decision and Order in EB-2017-0024[1], the OEB found that there was such a material change to the program

[1] EB-2017-0024, Page 58

that it is neither “typical” nor “ongoing” from the program approved by the OEB for 2013 rates. The OEB has determined that while this is still a transformer replacement program, it is not a typical ongoing capital program and approved the ICM funding for the 2018 scope of the multi-year project.

The Rometown Project is not an expansion of the existing pole replacement program included in base capital. The pole replacement program addresses the typical ongoing replacement of poles that are damaged by vehicle accidents, fire or suffer similar events that require immediate replacement. The pole replacement program also addresses proactive individual pole replacement due to substandard conditions. The proactive replacement of poles is completed based on priority and funding availability. For greater clarity, the ongoing pole replacement program addresses individual pole replacement and does not include other overhead system renewal, for example, conductors. By comparison, in the Rometown overhead system rebuild project, every pole will be replaced, new conductors installed, and the entire area rebuilt. This is materially different from the pole replacement program.

ii. Due to the mandatory requirement to meet environmental regulations of addressing oil leaks, the Leaking Transformer Replacement Project is considered the same priority as the ongoing Transformer Replacement Program, which is also deemed mandatory as it addresses damaged, failed and hazardous transformers.

The ongoing Pole Replacement Program addresses individual pole replacements due to damage such as vehicle accidents and hazards and is considered mandatory and is of higher priority than the Rometown Overhead Rebuild project. The other 2019 Overhead System Rebuild project in the Credit Woodlands area has been determined to be of higher priority to Rometown.

iii. Alectra Utilities has capital investment needs for the Enersource RZ that are not funded through existing distribution rates. Furthermore, each eligible project is a discrete project that meets or exceeds the materiality level for the Enersource RZ. Each project is distinct, materially different than a typical, recurring annual capital program, and has been evaluated in the asset management and capital planning process as required in 2019.

ERZ-Staff-88

Incremental Capital Funding

Reference(s): Exhibit 2/Tab 4/Schedule 11, Page 14
EB-2017-0024 Decision and Order, Page 27

Alectra Utilities states that in contrast to the 2019 Pole Replacement Program, the proposed Rometown Area Overhead System Rebuild project targets a defined system area with known substandard assets, based on identified system renewal needs. [emphasis added]

In the OEB's EB-2017-0024 Decision and Order, the OEB found that "a discrete project is not simply distinguishable or defined at a new location – or all capital would be eligible. ICM projects do need to be different in kind from those that are carried out through typical base capital programs".

a) Please provide an explanation as to why Alectra Utilities believes that its Rometown Area Overhead System Rebuild project is sufficiently different from its ongoing pole replacement program besides being in a specified defined area within the Enersource RZ.

Response:

a) As explained in Alectra Utilities' response to Interrogatory ERZ-Staff-87 c) i), the Rometown Overhead Rebuild Project is not an expansion of the ongoing pole replacement program already included in base capital. The pole replacement program is typical ongoing replacement of poles that are damaged by vehicle accidents, catch fire or suffer similar events that require immediate replacement as well as proactive individual pole replacement due to substandard condition and poles that are no longer dependable for service. The proactively replaced poles are completed based on priority and funding availability. For greater clarity, the ongoing pole replacement program addresses individual pole replacement and does not include other overhead system renewal (for example, conductors are not replaced). In the Rometown overhead system rebuild project, every pole will be replaced, new conductor will be installed, and the entire area will be rebuilt. This is materially different in scope compared to the pole replacement program.

In the referenced Decision and Order of the OEB in EB-2017-0024[1], the OEB continues to state that ICM projects do need to be different in kind from those that are carried out through typical base capital programs. The Rometown Overhead Rebuild project is materially different in scope than the typical ongoing pole replacement program.

Further, in its finding regarding the requested 2018 ICM overhead system rebuild projects at Church St. as well as Lake/John, the OEB's stated[2] that the capital costs of the Church St. project ($1.02MM) and Lake/John project ($0.93MM) were not significant in comparison to the overall budget of Alectra Utilities for 2018. In contrast, the full Rometown rebuild, as preferred by customers in ERZ, requires a capital investment of $3.2MM, which is significant with respect to Alectra Utilities' total capital budget.

[1] EB-2017-0024 Decision and Order, page 27

[2] EB-2017-0024 Decision and Order, pages. 55-56.

ERZ-Staff-89

Rometown Area Overhead System Rebuild

Reference(s): Attachment 46 ICM Business Cases Enersource RZ

<u>Project Name</u>
Rometown Area Overhead System Rebuild

Alectra Utilities states that through its inspection program in the Enersource RZ, it identified a number of poles that are in poor condition (i.e., signs of rotting, mechanical damage, insect infestation, and cracking). These inspections, which involved visual as well as resistograph testing of the poles' residual strength, also revealed the poor condition of overhead assets, including: the existence of leaning poles; deteriorated porcelain insulators (which are prone to cracking and shattering which leads to failures, outages and pole fires) and transformers showing signs of leaking oil. Consequently, the area south of Queen Elizabeth Way and east of Dixie Road (i.e., Rometown) was identified as needing investment renewal.

a) What are the reliability impacts of the deteriorating poles based on historical performance for the Rometown area mentioned above from 2011 to 2017?

b) Based on the table below provided by Alectra Utilities, equipment failure in the area does not seem to be causing exceptional levels of outages. Please provide evidence that this is the case.

Table 1 – Outage History due to Equipment Failure in Rometown Area

Year	Number of Outages	Customers Impacted	Customer Interruption Minutes
2012	2	1,565	1,565
2013	0	0	0
2014	1	13	1,586
2015	3	37	3,251
2016	0	0	0
2017	0	0	0
Total	**6**	**1,615**	**6,402**

c) Please provide a breakdown of annual historical failure data (# of failures, # customer outage minutes) for each of the years 2010 to 2018 for the following asset groups: Overhead switches, insulators, wood poles, concrete poles, underground transformers, overhead transformers, padmount switchgears.

d) Are there other areas in the Enersource RZ with conditions similar to those in the Rometown area?

   i. If yes, why have these projects been prioritized and the others deferred?

ii. Could these projects be considered as discretionary and candidates for deferral? If no, why not?

Response:

a) As provided in the business case for the Rometown Area Overhead Rebuild, the primary driver for the renewal of the overhead system is the deteriorated and substandard condition of the assets in the area and not historical reliability performance. Secondly, Alectra Utilities does not run overhead assets to failure so as to avoid unsafe situations for the public or damage to private property. Further, Alectra Utilities initially considered a partial rebuilding of the area to address only the problematic conditions in the overhead system. However, customer preference to undertake a full replacement of the overhead system in the area influenced Alectra Utilities decision to revise the recommended solution.

In regards to deteriorating pole condition and historical performance as provided in Table 1 above, the outage in 2014 impacting 13 customers for 1,586 interruption minutes was caused by a pole failure which required the pole to be reset and braced. In 2015, three outages due to equipment failure on the overhead system caused 3,251 minutes of interruption of service for 37 customers. Attachment 46, specifically the Rometown business case, speaks to the primary driver for the System Rebuild is address deteriorated all overhead system assets, which will prevent future outages.

b) The primary driver for the Rometown Area Overhead System Rebuild is the need to address the deteriorated and substandard condition of the overhead system in the area and not exceptional levels of historical outages in the Rometown area. Alectra Utilities does not run overhead asset to failure as this would introduce hazards and significant risk to the public. The business case in Attachment 46 identified that the assets in the Rometown area are substandard and that there is a significant concern that they will begin to fail. Upon identification of substandard and deteriorated overhead assets through inspection, pole testing and asset condition assessment, Alectra Utilities determined that it is necessary to proactively address the renewal need. Alectra Utilities has experienced failures of poles with higher health indexes than the assets in this area and has determined that capital investment to renew the system in the area is required in 2019.

c) The historical failure data from 2010 to year-to-date 2018 for Rometown is provided in Table 1 below. It is important to reiterate that Alectra Utilities does not run overhead assets to failure and instead proactively replaces overhead assets to minimize the hazard to the public and property damage. Pole failures (concrete or wood) are not recorded separately; they are included under 'Overhead' category. Similarly, transformer failures (both overhead and underground) are tracked and reported on a combined-basis in the system. It is also important to note that the Rometown overhead system project area does not include several of the asset classes requested such as underground transformers and padmount switchgear. Consequently, there will be not be failure data available in this area for these assets.

Table 1 - Historical Equipment Failure Statistics for Rometown from 2010-2018

Year	Cause Code	Number Outages	Number of Customer Minutes	Customers Impacted
2011	Overhead(including poles)	0	0	0
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0
2012	Overhead(including poles)	0	0	0
	Switches	0	0	0
	Insulators	2	1,565	1,565
	Transformers	0	0	0
	Switchgears	0	0	0
2013	Overhead(including poles)	0	0	0
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0
2014	Overhead(including poles)	1	1,586	13
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0

2015	Overhead(including poles)	3	3,251	37
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0
2016	Overhead(including poles)	0	0	0
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0
2017	Overhead(including poles)	0	0	0
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0
2018 (Jan - July)	Overhead(including poles)	0	0	0
	Switches	0	0	0
	Insulators	0	0	0
	Transformers	0	0	0
	Switchgears	0	0	0

d) As described in the business cases in Attachment 46 for the Rometown Area Overhead Rebuild, since 2014 Enersource has increased the frequency and level of detail of inspections and included pole testing to leverage the increased asset data collected and analyzed. Through this enhanced practice, Alectra Utilities is aware of other areas in the ERZ with substandard overhead distribution system. ERZ DSP as filed in EB-2017-0024 in Attachment 50 provides a list of overhead system renewal projects in Table 55 which were paced, prioritized and scheduled based on system renewal need.

i. Please refer to sections 3.2.3.3 Prioritization of Projects and Section and 3.2.3.4 Pacing of Investments of the ERZ DSP as filed in EB-2017-0024, Attachment 50, Pages 303-314 for details regarding the process for project selection, prioritization and pacing in the Enersource RZ.

ii. Alectra Utilities believes these investments should not be deferred or considered discretionary. Provided in Attachment 46 is the justification for the need to complete these projects in 2019. Deferral of these investments is considered to burden the utility with risks above what it considers tolerable. The other 2019 overhead system renewal project at the Credit Woodlands was determined to be a higher priority and is hence not a candidate for deferral. Furthermore, customer preference in the ERZ is for Alectra Utilities to replace the entire overhead system now.

ERZ-Staff-90

Leaking Transformer Replacement Project

**Reference(s): DSP, Section 2.4.4 – Asset Renewal – Distribution Transformers, Page 246
EB-2017-0024, Exhibit 2/Tab 4/Schedule 11, Pages 16-17**

Reference 1 states the following:

> **The Enersource RZ has 25,329 distribution transformers located throughout in the distribution system, including public spaces such as right-of-ways, rear lots of private properties, commercial lands near high traffic areas, as well as designated in-door vaults owned by customers. From 2013 to 2016, the Enersource RZ's fleet of distribution transformers was inspected, revealing that a large number of transformers were showing signs of oil leaks and/or containing PCB. [emphasis added]**

OEB staff notes that in its 2018 application[1], Alectra Utilities received OEB approval for incremental capital funding of $8.45M for the backlog of 2,244 in-service transformers identified as needing replacement. In that application, Alectra Utilities noted that the transformer replacement project is a multi-year capital project to replace transformers in a paced manner until 2021.

Reference 2 indicates that as of January 1st 2018, the backlog of remaining identified leaking transformers and transformers containing PCB oil is 1,221 and that Alectra Utilities has developed a multi-year project to address the remaining 1,221 transformers to minimize safety, environmental, financial and regulatory risks. Alectra Utilities plans to complete the replacement of transformers identified through inspections to be leaking oil or transformers containing PCB oil in 2019 based on a prioritized and paced manner to address the backlog.

The transformer replacement project investment has paced the annual investment with an annual expenditure of $8.4M in 2018 and $7.5M in 2019. The multi-year replacement project is scheduled to be completed in 2019.

a) If the entire fleet of transformers in the Enersource RZ was inspected from 2013 to the end of December 2016 and 2,244 were identified for replacement (which was subsequently approved for incremental funding in Alectra Utilities' 2018 application), please explain how there are now an additional 1,221 transformers identified showing signs of leaks.

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[1] EB-2017-0024

b) Are these leaking transformers part of the same "backlog", or are they transformers that have just recently showed signs of leaking, after they were inspected in the original timeframe of 2013 to 2016?

c) Please confirm that in a three year time-frame of 2013 to 2016, Alectra Utilities identified 2,244 transformers needing replacement, and then in a single year, 1,221 additional transformers were subsequently identified.

d) Please provide a breakdown of the cost of replacing the different types of transformers noted in the table below. Please also include in the explanation of how the replacement of 2,244 transformers cost $8.45M, however the cost of approximately half (i.e. 1,221) is still in the range of $7.5M.

Transformer Type	PCB Transformers Indicating Leaking Oil	Non-Leaking Transformers with PCB Oil	Transformers (Non-PCB) Indicating Signs of Leaking	Total
Single-Phase Pad Mount	6	45	410	461
Three-Phase Pad Mount	1	2	44	47
Vault Transformers	0	31	202	233
Pole Mount Transformers	0	7	473	480
Total	7	85	1,129	1,221

Response:

a) OEB Staff's understanding that the 1,221 transformers are incremental to the 2,244 transformers is not correct.

In the period of 2013 to 2016, through enhanced transformer inspections, Alectra Utilities identified 4,296 transformers that were leaking or contained PCBs. During that period Alectra Utilities replaced 2,052 leaking transformers incurring approximately $5.6MM in environmental remediation costs, as well as $19.4MM in capital expenditures for transformer replacement, which were not included in rates. However, at the end of 2016, 2,244 PCB and leaking transformers remained to be replaced from those identified in the 2013 to 2016 inspections. To address this backlog, Alectra Utilities created a multi-year project to replace such transformers. This multi-year project to address the backlog started in 2017.

During 2017, Alectra Utilities continued to replace leaking transformers and transformers containing PCBs. As at the end of 2017, the backlog was reduced from 2,244 transformers to 1,221 transformers. The reduction of the backlog from 2,244 to 1,221 was driven by the replacement of 628 transformers in 2017 and the removal of 395 transformers from the scope of the backlog. Alectra Utilities considered the OEB's findings in its Decision and Order in EB-2017-0024 and reconfigured the implementation of the project so as to accelerate the evolution of the project into the ongoing capital program. Alectra Utilities determined that 395 of the transformers could be removed from the backlog of transformers being addressed by the project. Instead, Alectra Utilities will monitor those 395 transformers under its inspection program and will replace them at a slower pace under its ongoing transformer replacement program, starting in 2020.

In addition, in 2017 Alectra submitted an ICM request for the 2018 scope of the multi-year project. For 2018, the OEB approved $8.45MM to complete the 2018 scope of the multi-year project. The 2018 scope will address 650 transformers, leaving a backlog of 571 as at the end of 2018. Alectra Utilities plans to complete the 2019 scope of the project, which will address all remaining transformers in the backlog, in order to meet the OEB's expectation that the leaking transformer replacement project is evolved into a typical ongoing capital program from 2020 onward.

b) As per the response to part a) above, the 1,221 leaking transformers are the remaining portion of the backlog as of January 1, 2018.

c) This is not correct. The backlog of remaining transformers as of January 1, 2017 was 2,244 transformers. As of January 1, 2018, the backlog of remaining transformers was 1,221. No transformers have been added to the backlog. Any newly identified leaking transformers as of January 1, 2017 have not been added to the backlog and are being addressed as part of the ongoing transformer replacement program.

d) For greater clarity, the $8.45MM is not the capital budget for replacing 2,244 units. The $8.45MM budget is for the 2018 scope of the multi-year project. The total estimated cost of replacement for the 1,221 units is $15.93MM, with $8.45MM forecast for 2018 and $7.5MM budgeted in 2019. Table 1 below breaks out the capital costs to replace the remaining backlog of transformers.

Table 1: Capital Budget Forecast for Leaking Transformer Replacement Project

Transformer Type	Number of Transformers	Per Unit Cost of Replacement excluding Remediation ($000)	Capital Forecast ($000)
Single-Phase Pad Mount	461	$ 10	$ 4,610
Three-Phase Pad Mount	47	$ 30	$ 1,410
Vault Transformers	233	$ 28	$ 6,553
Pole Mount Transformers	480	$ 7	$ 3,360
Total	**1,221**		**$ 15,933**

ERZ-Staff-91

Incremental Capital Module

Reference(s): Attachment 46 ICM Business Cases Enersource RZ

Alectra Utilities is requesting $3.2M from ICM to address the substandard area Rometown to address poles replacements, hazardous insulators, damaged grounds, animal contact, and clearance issues. From Alectra Utilities’ asset condition assessment, 34.3% of poles were in poor condition and 28.3% of poles were in fair condition, 5 leaky transformers were identified, and six pole mounted transformers are beyond the useful life.

a) For the geographical area identified as Rometown please provide the total number of transformers in the area and the total number of pole mounted transformers.

Response:

a) In the Rometown rebuild area there are 41 transformers, all of which are pole mounted.

ERZ-Staff-92

Incremental Capital Module

Reference(s): Attachment 46 ICM Business Cases Enersource RZ
EB-2012-0033 Exhibit 2/Tab 2/Schedule 2, Appendix 1 Page 44
EB-2012-0033 Exhibit 9/Tab 1/Schedule 1, Page 11

Alectra Utilities requested $7.5M for replacement of 1,221 leaky transformers, of which 92 have PCB oil and 1,129 do not have PCB oil. In Exhibit 9 from the reference above Enersource had an account to address the 2009 deadline for PCB transformers and Enersource had also stated it does not anticipate incurring additional costs with respect to its transformers to meet the 2025 requirement due to natural end-of-life replacements.

a) Please explain why Alectra Utilities cannot replace the remainder of the PCB oil transformers as part of its transformer replacement program as originally contemplated.

Alectra had shown in Figure 1 the possible risks of not addressing leaky transformers.

b) Please confirm if environmental remediation is only required for PCB contaminated lands or is it required for all oil leaks.

c) Please confirm if there are high risk environmental concerns if a transformer is leaking but not near water ways and have not shown signs to be leaving the site.

d) Has Alectra Utilities assessed the risk of each transformer location or is it a generalized assessment that leaky transformers have high risks?

Response:

a) Through rigorous inspection from 2013 to 2016, a large number of transformers were found to exhibit signs of oil leaks or contain oil with PCB, which could lead to significant liabilities, in the event of spills. From 2013 to 2017, Alectra Utilities has incurred $27.3MM in capital expenditures to replace 2,680 transformers that were leaking or contained PCB oil. At the end of 2016, Alectra Utilities developed a multi-year project to address the remaining backlog of 2,244 in-service leaking or PCB contaminated transformers. This multi-year project is distinct and has a separate scope from the ongoing transformer replacement program, which is required for reactive replacement of failed and hazardous transformers (i.e. rusted or damaged units). The project is required to ensure compliance with applicable environmental legislation and regulations, and to minimize the risk of environmental liability. In its Decision and Order in EB-2017-0024, the OEB found that it was prudent for Alectra Utilities to materially increase the spending on transformer replacement as a result of the new assessment of transformer condition and that the material change in the replaced of transformers is neither typical nor ongoing relative to the approved transformer replacement levels set by the OEB in the 2013 rates.

For greater clarity, the 1,221 remaining transformers to replace was as of January 1, 2018. Alectra Utilities has continued to replace transformers indicating signs of leaking or containing PCB oil in 2018 and is on track to replace 650 transformers before the end of 2018. The requested $7.5M is required to replace the remaining 571 leaking transformers and close out the multi-year project.

The PCB transformer replacement program referenced in EB-2012-0033 Exhibit 9/Tab1/Schedule 1, Page 11 was implemented to meet the PCB Regulations (SOR/2008-273) which require the removal of all underground equipment containing PCBs with concentrations of 500ppm or equipment with PCB concentration less than 500 ppm but more than 50 ppm in sensitive places (e.g. schools, hospitals, food processing plant, senior citizen homes) by December 2009. PCB Regulations (SOR/2008-273) also required all other underground equipment containing greater than 50 ppm of PCB to be removed by December 31, 2025. The 92 transformers with PCB oil that are included in the backlog as of January 1, 2018 are all below 50 ppm and were not included in the scope of the original transformer replacement program designed to meet the requirement of the PCB Regulations (SOR/2008-273).

b) Environmental remediation is required for all oil leaks. Environmental remediation is governed by Environmental Protection Act, R.S.O. 1990, c. E.19, PART X – SPILLS. The required degree of remediation is related to the extent of the spill. Environmental remediation and reporting requirements are more stringent where spills involve PCBs.

c) PCB Regulations (SOR/2008-273) section 16(1)(b)(i) identify locations with higher risk environmental concerns. These include drinking water treatment plants, food or feed processing plants, a child care facility, preschool, primary school, secondary school, hospital or senior citizens' care facility.

d) As per Environmental Protection Act, R.S.O. 1990, c. E.19, PART X – SPILLS, Alectra Utilities is obligated to remediate all oil spills into the environment. Alectra Utilities initiated a multi-year project to address a backlog of transformers identified as leaking or containing PCB oil. The multi-year project prioritized transformer replacement, in order to minimize the level of environmental damage by first focusing on leaking transformers with PCB oil, as well as transformers with more severe leaking before addressing transformers with PCB oil and transformers with minor leaking. Alectra has determined that over time and without remediation, transformers with minor leaks will continue to deteriorate, causing transformers classified as having minor leaks to become assets classified as having moderate or major leaks. The pacing of the replacements has been planned to remove leaking transformers before significant environmental damage occurs resulting in expensive environmental remediation.

ERZ-Staff-93

LRAMVA

Reference(s): Tab 2 of LRAMVA workform (Attachment 42)

The Enersource RZ has an LRAMVA threshold of 119,146,362 kWh approved in its 2013 cost of service application. This threshold is applied against 2016 actual savings.

a) In table 2-c, please remove the LRAMVA threshold values entered for 2017 (i.e., row 50) if it is not relevant to the current LRAMVA disposition.

Response:

a) Alectra Utilities has removed the LRAMVA threshold values entered for 2017 in the LRAMVA workform. The updated LRAMVA workform is filed in Alectra Utilities' response to Interrogatory ERZ-Staff-97.

ERZ-Staff-94

LRAMVA

Reference(s): Tab 3 of LRAMVA workform (Attachment 42)

In Enersource RZ's LRAMVA disposition, the data underpinning the calculation of average 2016 rates has not been provided in Table 3. It appears that the average 2016 distribution rates should be based on 2015 rates for the first 4 months of the year and 2016 rates for the remaining 8 months of the year.

a) Please provide the distribution rates for the 2015 year (column I) in Table 3.

b) Please confirm whether you will re-submit a revised LRAMVA workform with the formulas enabled in Table 3.

Response:

a) On March 3, 2016, the Ontario Energy Board ("OEB") issued a Partial Decision and Order approving Alectra Utilities predecessor Enersource's 2016 distribution rates in an interim rate order. In its decision, all rates with the exception of the ICM rate rider were approved with an implementation date of April 1, 2016 and an effective date of January 1, 2016. As a result, the 2016 rates should be based on 2015 rates for the first 3 months of the year and 2016 rates for the remaining 9 months of the year. The distribution rates for the 2015 year (column I) in Table 3 have been updated.

b) A revised LRAMVA workform with the formulas enabled in Table 3 has been filed in Alectra Utilities' response to Interrogatory ERZ-Staff-97.

ERZ-Staff-95

LRAMVA

Reference(s): Tab 5 of LRAMVA workform (Attachment 42)

The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

Response:

a) The IESO performs evaluations for all of its programs, which includes examining gross energy savings from the programs and the net-to-gross ratio (“NTGR”). From these evaluations the IESO calculates net energy savings by initiative within a program group (residential, business, industrial and low income). Peak load savings are also calculated, and reported by initiative within a program group. For initiatives implemented under the Residential and Low Income Programs, 100% of CDM savings were attributed to the Residential Rate Class. For initiatives implemented under the Commercial and Industrial programs that apply to more than one rate class, the savings were estimated by rate class, based on participant-specific information, where available.

ERZ-Staff-96

LRAMVA

Reference(s): Tab 8 of LRAMVA workform (Attachment 42)

Enersource RZ is claiming 47,823 kW of demand savings from streetlighting projects in 2016. Please confirm:

a) the number of projects and associated project savings that make up the monthly billed kW savings from January to December 2016 (i.e., cells B50 to B61).

b) whether the monthly streetlighting savings was based on the Board approved load profile for streetlighting customers in the last cost of service application. If not, please explain how the monthly breakdown of streetlighting savings was determined.

c) the conversion factor to adjust energy savings to demand savings for the streetlighting project.

d) the specific reference source of the NTG value (i.e., NTG ratio of 0.72) in the IESO Results Report.

e) whether the Enersource RZ is claiming any persisting savings from prior years in 2016.
   i. If yes, please confirm that the persistence of savings is based on actual streetlighting savings.
   ii. Please confirm whether the rate of savings persistence is consistent with the assumptions made by the IESO.

Response:

a) There is one streetlight project in the Enersource Rate Zone that was completed in two Phases. The 2016 streetlighting project generates 13,378,448 kWh in net energy savings as shown in Tab "5. 2015-2020 LRAM", row 310. The demand savings related to the streetlighting project is determined as the difference between actual monthly billed demand and the monthly billed demand prior to the LED streetlighting project implementation. The difference is then adjusted for the Net-to-gross ("NTG") ratio and determined to be 47,823 kW of demand savings from streetlight projects in 2016.

b) The streetlight savings were determined by comparing the sum of the monthly actual billed amount in the streetlight accounts for the respective year, to the yearly billed amount before the LED Streetlighting project implementation. The difference, adjusted for the NTG ratio, is 47,823 kW for 2016.

c) Alectra Utilities confirms that since actual billed data is relied upon to calculate streetlight savings, a conversion factor is not required to adjust energy savings to demand savings for the streetlighting project.

d) The NTG value for the 2013 phase of the streetlighting project can be found in ERZ-Staff-96_Attach 1_NTG 2013 SL Project. The NTG value for the 2016 phase of the streetlighting project can be found in ERZ-Staff-96_Attach 2_NTG 2016 SL Project.

e) Alectra Utilities is claiming persisting savings from prior years in 2016.

    i. The persistence of savings is based on actual streetlighting savings as the actual billed demand was compared to the billed demand before the LED project was implemented. Persistence savings is captured in the monthly billed data.
    ii. The 2016 LED project generates 13,378,448 kWh in net energy savings starting in 2016. 100% of the net energy savings were persisting into 2023. Also, the 2013 LED project generates 5,110,764 kWh in net energy savings which has 100% persistence until 2019. Therefore, the rate of persistence is assumed to be consistent with the assumptions made by the IESO as actual billing information is used to compare peak demand savings.

ERZ-Staff-97

LRAMVA

a) If the Enersource RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.

b) Please confirm any changes to the LRAMVA workform in Tab 1-a.

Response:

a) The LRAMVA workform for the Enersource Rate Zone has been updated in Alectra Utilities' response to Interrogatory ERZ-Staff-93. In addition, the Workform has been updated to include persistence savings in 2016 related to 2015 CDM programs, and adjustment savings related to the 2016 CDM programs from the IESO's recently published 2017 Final Verified Annual LDC CDM Program Results Report (the "2017 Final CDM Results Report"). .

b) Based on the 2017 Final CDM Results Report, an additional 38,381,419 kWh energy savings and 5,505 kW peak demand savings have been identified for persistence savings in 2016 related to 2015 programs and additional and additional 2016 CDM program savings. The LRAMVA balance was updated from $1,773,859 to $2,008,343. Alectra Utilities has filed an updated LRAMVA workform as attachment ERZ-Staff-97_Attach 1_LRAMVA Workform ERZ. Alectra Utilities confirms that the above changes are included in Tab 1-a of the LRAMVA workform.