EXHIBIT 4
OPERATING EXPENSES

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OVERVIEW

Operating Costs

This Exhibit provides evidence for Operating Costs, which include Operations, Maintenance and Administration ("OM&A") costs; Depreciation and Amortization expenses; Payments in Lieu of Taxes ("PILs"); and Property Taxes. More particularly, OM&A costs in this Exhibit represent OPUCN's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code ("DSC"), environmental requirements and government direction; and, to maintain distribution business service quality and reliability that meet or exceed regulated performance levels. OM&A costs also include the provision of services to customers connected to OPUCN's distribution system and meeting the requirements of the OEB's Standard Supply Service Code ("SSSC"), DSC and Retail Settlement Code ("RSC"). Operating costs for the 2021 Test Year are $20.5 million consisting of $14.1 million in OM&A costs, $0.2 million property taxes, and $6.2 million in depreciation and amortization expenses.

Operating costs are provided on a Modified International Financial Reporting Standards ("MIFRS") basis, in accordance with the Board's guidelines. OPUCN adopted MIFRS in 2012, filing a cost of service application for 2012 rates (EB-2011-0073) in compliance with the Board's letter dated March 15, 2011 – *Use of Modified IFRS as a Basis for Filing Cost of Service Applications for 2012 Rates*.

OM&A TEST YEAR LEVELS

The proposed OM&A cost for the 2021 Test Year is $14.1 million, $1.0 million or 7.7% higher than the 2019 expenditures approved by the OEB in OPUCN's latest rebasing application (EB-2014-0101), and 9.6% or $1.2 million higher than the utility's subsequent actual 2019 expenditures. Overall, the cost increases from the 2019 Board-Approved to 2021 Test Year amounts represent an average of 3.8% a year. OPUCN has endeavoured to maintain a reasonable balance between necessary investments and customer bill impacts in developing its OM&A forecasts for the 2021 Test Year.

OPUCN's previous rebasing application was filed as a Custom IR Application as provided in the Board's Renewed Regulatory Framework for Electricity ("RRFE"), and included five Test Years from 2015 to 2019. Table 4-1 – OM&A Levels 2015-2021 provides a comparison of actual and approved OM&A for the years 2015-2019 along with forecast expenses for the 2020 Bridge Year and 2021 Test Year.

TABLE 4-1 – OM&A LEVELS 2015-2021 (EXCLUDES LEAP & PROPERTY TAXES)

Year	Board Approved $	Actual $	Variance	CAGR v 2019 Approved
2015	12,054	11,678	3.1%	
2016	12,533	12,374	1.3%	
2017	12,824	12,908	(0.6)%	
2018	13,033	13,585	(4.2)%	
2019	13,102	12,874	1.7%	
2015-2019	63,546	63,418	0.2%	
2020 Bridge Year		13,845		5.7%
2021 Test Year		14,108		3.8%

2019 OM&A is unexpectedly lower by approximately $350 in 2019 resulting from a $200 reduction in provision for doubtful debts, $100 insurance recoveries related to prior year thefts, and unusually low materials and consumables usage.

OVERALL TRENDS IN COSTS

OM&A Trend Analysis

Table 4-2 - OM&A Trend Analysis provides an analyses of the key OM&A metrics from 2015 Approved and Actual through to the 2021 Test Year.

The analysis shows compound annual growth in total OM&A of 2.3% when compared to the approved OM&A amounts from the 2015 rebasing year, and 3.8% versus the 2019 rebasing year. OM&A per customer of $231 in the 2021 Test Year shows compound annual growth of 0.9% when compared to the approved OM&A amounts from the 2015 rebasing year, and 2.4% versus the 2019 rebasing year. Using the OEB 2018 Yearbook of Electricity Distributors as a guide, OPUCN estimates its projected 2021 OM&A per customer of $231 would rank in the top ten of lowest OM&A per customer expense. In addition, OPUCN projected 2021 OM&A per customer is the same as it was in 2018.

TABLE 4-2 OM&A TREND ANALYSIS

OM&A Trends $000's except per customer	2015 Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Approved	2019 Actual	2020 Bridge	2021 Test
FTE's	85	79	76	84	90	85	90	92	91
Year over Year Change		(6.8)%	(10.4)%	11.4%	6.4%	(5.3)%	0.6%	2.3%	(1.0)%
Cumulative vs 2015 Approved		(6.8)%	(10.4)%	(0.2)%	6.1%	0.5%	6.8%	9.3%	8.2%
Cumulative vs 2019 Approved								8.7%	7.7%
Labour	$7,512	$7,149	$7,131	$7,431	$8,536	$8,290	$8,806	$9,159	$9,201
Year over Year Change		(4.8)%	(5.1)%	4.2%	14.9%	(2.9)%	3.2%	4.0%	0.5%
CAGR vs 2015 Approved		(4.8)%	(2.6)%	(0.4)%	3.2%	2.0%	3.2%	3.4%	2.9%
CAGR vs 2019 Approved								10.5%	5.3%
Benefits	$2,334	$2,399	$2,336	$2,444	$2,595	$2,536	$2,628	$2,719	$2,766
Year over Year Change		2.8%	0.1%	4.6%	6.2%	(2.3)%	1.3%	3.5%	1.7%
CAGR vs 2015 Approved		2.8%	0.0%	1.6%	2.7%	1.7%	2.4%	2.6%	2.5%
CAGR vs 2019 Approved								7.2%	4.4%
Other OM&A	$2,208	$2,130	$2,908	$3,032	$2,453	$2,277	$1,440	$1,967	$2,141
Year over Year Change		(3.5)%	31.7%	4.3%	(19.1)%	(7.2)%	(41.3)%	36.6%	8.8%
CAGR vs 2015 Approved		(3.5)%	14.8%	11.2%	2.7%	0.6%	(8.2)%	(1.9)%	(0.4)%
CAGR vs 2019 Approved								(13.6)%	(3.0)%
Total OM&A	$12,054	$11,678	$12,374	$12,908	$13,585	$13,102	$12,874	$13,845	$14,108
Year over Year Change		(3.1)%	2.7%	4.3%	5.2%	(3.6)%	(5.2)%	7.5%	1.9%
CAGR vs 2015 Approved		(3.1)%	1.3%	2.3%	3.0%	1.7%	1.3%	2.3%	2.3%
CAGR vs 2019 Approved								5.7%	3.8%
Number of Customers	55,500	55,664	56,821	57,623	58,765	59,370	59,396	60,196	61,008
OM&A cost per customer	$217	$210	$218	$224	$231	$221	$217	$230	$231
Year over Year Change		(3.4)%	0.3%	2.9%	3.2%	(4.5)%	(6.2)%	6.1%	0.5%
CAGR vs 2015 Approved		(3.4)%	0.1%	1.0%	1.6%	0.3%	(0.0)%	1.0%	0.9%
CAGR vs 2019 Approved								4.2%	2.4%
Customers per FTE	657	707	751	683	655	699	658	652	667
Year over Year Change		7.6%	14.3%	(9.0)%	(4.1)%	6.7%	0.5%	(1.0)%	2.4%
CAGR vs 2015 Approved		7.6%	6.9%	1.3%	(0.1)%	1.3%	0.0%	(0.1)%	0.2%
CAGR vs 2019 Approved								(6.7)%	(2.3)%
OM&A cost per FTE	$143	$148	$164	$153	$151	$154	$143	$150	$154
Year over Year Change		4.0%	14.6%	(6.4)%	(1.1)%	1.9%	(5.8)%	5.1%	2.9%
CAGR vs 2015 Approved		4.0%	7.1%	2.4%	1.5%	1.6%	0.0%	0.8%	1.1%
CAGR vs 2019 Approved								(2.8)%	0.0%

The "Number of Customers" excludes streetlight, sentinel light and unmetered scattered load connections as per OEB's *Yearbook* calculations of "OM&A Cost per Customer" metric.

Table 4-3 - OM&A Indexed at IRM Rates illustrates the level of OM&A cost assumed under the Board expectations for productivity and efficiency, given a "steady-state mode" of operations; that is, no customer growth.

TABLE 4-3 - OM&A INDEXED AT IRM RATES

OM&A - at IRM Index Rates $000's	2019 Approved	2019 Actual	2020 Bridge	2021 Test
Total OM&A	13,102	12,874		
IRM %			1.85%	1.85%
Total OM&A @ IRM Rates			13,345	13,591
OM&A Requested				14,108
Difference				(516)

The Stretch Factors used in the index analysis in Table 4-3 correspond to current Board-Approved values for OPUCN.

The projected OM&A costs of $14.1 million in 2021 are $0.5 million higher than would be expected to be approved from 2019 to that year ($13.6 million), as calculated using IRM based adjustments for inflation less the productivity and stretch factors applicable to OPUCN. The drivers behind this request are detailed later in this application.

The "*Empirical Research in Support of Incentive Rate-Setting: 2013 Benchmarking Update*" report ("Rate Setting Report") provided to the OEB by Pacific Economics Group Research LLC (PEG) in July 2014 notes that, "for the average company, the number of customers was found to be a more important cost driver than the other two combined. For each 1% change in number of customers, cost was estimated to change by 0.44%". Applying this to OPUCN, expected OM&A costs for 2021 would be $13.8 million, or $0.3 million lower than forecast. OPUCN considers the projected OM&A costs of $14.1 million to be appropriate, and provides fuller explanations of drivers behind this amount later in this Exhibit.

OPUCN recognizes the expectation of the Board for productivity and is committed to delivering such to its customers to provide them with electricity distribution at a reasonable cost.

Table 4-4 - OM&A by Customer, which is a metric reported by the OEB in its *Annual Yearbook of Electricity Distributors*, illustrates the embedded efficiencies within OPUCN's forecast for 2021. As noted above, OPUCN estimates its projected 2021 OM&A per customer of $231 will rank in the top ten of lowest OM&A per customer expense.

TABLE 4-4 – OM&A PER CUSTOMER 2015-2021

OM&A per Customer $000's except per customer	2015 Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Approved	2019 Actual	2020 Bridge	2021 Test
Number of Customers	55,500	55,664	56,821	57,623	58,765	59,370	59,396	60,196	61,008
OM&A Costs ($000s)	12,054	11,678	12,374	12,908	13,585	13,102	12,874	13,845	14,108
OM&A per Customer	217	210	218	224	231	221	217	230	231

Inflation Rate Assumptions

The Board has specified an approach to an inflation factor within the Rate Setting Report. The Board has adopted a 2-factor input price index ("IPI") that includes a labour and non-labour component that are weighted based on estimates from a review of the proportionate cost shares by medium and large distributors (70% Non-Labour and 30% Labour).

OPUCN submits that the estimated weightings do not correspond to its actual labour and non-labour weightings for purposes of analyzing an OM&A price index. The labour (including benefits) component of OM&A is relatively consistent at 62% of OM&A with the remainder categorized as non-labour. OPUCN has used its actual historical weightings for purposes of its forecast.

OPUCN has used the 2.0% inflation rate for labour costs as per its current collective bargaining agreement, details of which are described in the Employee Compensation section below, and for other OM&A costs has used the rates from the Ontario Government's Economic Outlook 2019 fall statement (2.0% 2019, 1.9% 2020).

Summary of Operating Costs

Table 4-5 provides a summary of operating costs for the 2019 and 2019 Board-Approved Years and the relevant historical years, the 2020 Bridge Year and the 2021 Test Year.

TABLE 4-5 – SUMMARY OF OPERATING COSTS 2015-2021

$000's	2015 Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Approved	2019 Actual	2020 Bridge	2021 Test
OM&A (excluding Property Taxes)	12,054	11,678	12,374	12,909	13,585	13,102	12,874	13,845	14,108
Property Taxes	158	128	136	136	136	172	136	149	152
Depreciation & Amortization	3,841	3,798	4,437	4,362	4,982	5,393	5,703	5,964	6,217
PILS (income taxes)	196	145	339	498	816	471	749	0	0
Total Operating Costs	16,249	15,749	17,287	17,905	19,517	19,138	19,462	19,959	20,477

Associated Cost Drivers and Significant Changes

The major drivers that produce significant changes in OM&A levels in the Test Year relative to the historical years and the 2020 Bridge Year are as follows:

- Inflation;
- Labour costs associated with increased focus on customer engagement, key account management and human resources management;
- IT costs associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a CyberSecurity guidelines;
- Recurring costs associated with grid and data management tools such as OMS, GIS, and ODS (Operational Data Store) for SCADA, OMA and AMI.

In addition to OM&A, Operating Costs include Depreciation and Amortization expenses, Payments in Lieu of Taxes (“PILs”), and Property Taxes. These costs are discussed below.

Depreciation and Amortization

OPUCN adheres to Modified International Financial Reporting Standards (MIFRS) capitalization accounting treatments for rate making and regulatory reporting purposes. OPUCN’s 2012 rebasing application (EB-2011-0073) included the transition to MIFRS effective January 1, 2012. Depreciation is computed on a straight-line basis over the estimated useful life of the item of property, plant and equipment, with six months of depreciation charged in the year of addition. The depreciable amount of an asset is determined after deducting its estimated residual value, if material. OPUCN has no property, plant and equipment with residual values.

Depreciation expense includes depreciation of current and forecast fixed assets. The amortization of the Property Plant & Equipment ("PP&E") Deferral Account approved in OPUCN's 2012 Cost of Service rate application as a result of the restatement of January 1, 2012 PP&E balances under MIFRS was fully amortized over four years ending in 2015.

OPUCN's 2021 Test Year depreciation expense, excluding amortization of the PP&E Deferral account, is $6,150,784, an increase of $757,463 or 12.3% from the 2019 Board-Approved amount.

The increase in depreciation expense in 2021 is due to significantly higher capital expenditures in the period 2015-2019 than in prior years, a trend that is forecast to continue in the 2020-2025 period.

PILs

OPUCN is liable for the payment of PILs on its taxable income computed in accordance with Section 93 of the *Electricity Act 1998* (Ontario) as amended. OPUCN is exempt from paying income taxes under the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario). OPUCN proposed 2021 Test Year PILs are $0, a decrease of $359,400 or 100.0% as compared to the 2019 COS Board-Approved allowance for PILs. This reduction is due to increased timing differences between depreciation of assets for accounting purposes and depreciation of assets for income tax purposes (Capital Cost Allowance or "CCA") driven by high levels of capital expenditure, along with the CCA acceleration measures introduced on 8 April 2019 by the Federal Government as part of Canadian Bill C-97. OPUCN follows the guidance as specified in the Board's Accounting Procedures Handbook. Due to significant capital investments in recent years and the disparity between useful asset lives for taxation as compared to accounting, CCA materially exceeds depreciation creating timing differences which reduces the effective amount of PILs payable on taxable income well below the amount otherwise computed by applying the combined Federal and Ontario rates of PILs to regulatory income before PILs.

Business Environment Changes

There are significant changes to our business environment that have driven the operational decisions and requirements outlined in this Application. While the COVID-19 pandemic has current impacts to our business environment, we have prepared this application on the assumption the COVID-19 crisis will have abated by 2021. There is increasing pressure to undertake additional projects and initiatives in our current business operation within the same cost line and labour footprint which has led us to redirect internal resources and absorb downloaded costs to meet the needs and requirements of the changing business environment for our shareholder, regulatory bodies, customers, safety associations, and employees.

We have focused significant effort to further stretch and maximize our operational productivity and performance. We have developed and implemented a People Strategy that is centered on employee engagement and aligning the workforce to business objectives and strategic outcomes. This initiative has been adopted and measured through regular employee engagement surveys, the development of action items to address results and improve drivers of engagement, and implementation of programs to improve workforce engagement, focus, and productivity. To reinforce a performance based culture, we have used new technology to foster regular communication and feedback systems. We have developed our Health & Safety systems to reinforce this productivity model as evidenced by a reduction in average attendance metrics and a continuing of hours without a lost time injury (LTI). These results demonstrate that we have increased the availability and performance of our workforce for productivity and reduced operational cost. We maintain the Certificate of Recognition (COR) accreditation of our health & safety system via the Infrastructure Health & Safety Association (IHSA) which demonstrates the robustness of our program and its effectiveness.

The regulatory business environment has also impacted our business and we have undertaken increased effort to improve our reported performance indicators for the benefit of all of our industry stakeholders. These business improvements and efforts are evidenced by advancements made on our reported results for service quality, customer satisfaction, system reliability, and cost control metrics.

Our industry and business is experiencing a demographic shift which requires focus on talent management, recruitment, and succession planning to adapt to the current labour environment. In addition, technology enablement in the business environment now requires a new and enhanced skill set beyond traditional electrical utility competencies including analytical thinking, problem solving, and communication. This shift is requiring us to dedicate increased effort to securing top talent, employee mentorship and training, and development of a resource pipeline for future needs. In some areas of our business, such as trades groups, this exercise is challenging in ensuring that apprenticeship training and mentorship is completed within the staffing ratios required by safety regulations. In working towards a performance based, customer centric business operation and culture, we will need to increasingly enable our workforce with technology and tools aligned with this focus. This need necessitates a significant investment in systems, technology, employee training, and deployment. To support this within our current labour footprint, we have begun job harmonization training programs in our trades' areas to align skill sets, job tasks, and department functions with technology deployment, response times, system reliability, and productivity.

In order to meet the evolving needs of our customers, the business environment is requiring an evolution to a customer centric business model focused on access to timely information and self-service features linked to technology implementation and enhanced service delivery. There is an increased onus to be accessible to customers and seek their input and feedback as a key stakeholder to our business operations. By deploying new technology and customer engagement tools, we are increasing our efforts to build relationships with customers and anticipate their needs. We have increased communications with our customers through our website, creating a space of timely information and updates, 24/7 information availability, and improved response times. We have also introduced a self-service model to our website, changing the way our customers interact with OPUC regarding their hydro needs. Based on customer needs, expectations, and feedback, OPUC is also increasing our overall presence and involvement with our customers and community through our upgraded social media presence, customer surveys, public safety surveys, as well as town hall and open house events.

The business environment has also seen an increased need for corporate privacy and cybersecurity policies, procedures, and practices to protect our assets, system reliability, and customer information. To achieve compliance with Ontario Energy Board Cybersecurity Framework, resources have been and will continue to be deployed to implement and enhance our systems and processes in these areas.

In our current location, site security has become an ongoing and increasing concern with constant incidents of theft and vandalism to our property. In response, we have needed to redeploy resources and efforts to increased security and the development of preventative measures to safeguard our assets, people, and property..

The OEB letter dated March 25, 2020 created certain DVAs for COVID related costs. Given the unprecedented nature of the COVID-19 crisis, OPUCN has no ability to forecast 2021 impacts of COVID-19 on the OM&A budget. There are no COVID-19 related costs forecasted for inclusion in rates in this Application on the assumption that those costs will be tracked in the DVAs and disposed of by the OEB later.

Property Taxes

OPUCN pays property taxes to the City of Oshawa on the facilities that it owns. Property taxes on the administration facilities are recorded in account 6105 Taxes Other Than Income Taxes. All other Property Taxes are allocated to OM&A as an expense to the departments occupying those facilities. Table 4-6 below summarizes the Property Taxes for all of OPUCN’s properties:

TABLE 4-6 – PROPERTY TAXES 2015-2021

Location	2015 Board Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Board Approved	2019 Actual	2020 Bridge Year	2021 Test Year
36 Keewatin	7,759	7,521	7,456	6,294	5,862	8,399	5,482	5,592	5,704
1427 Harmony Rd N	8,286	8,032	7,963	7,032	6,549	8,969	6,125	6,247	6,372
S/S 0 Wentworth St E	8,334	8,078	8,009	7,770	7,439	9,021	7,146	7,288	7,434
0 Stevenson Rd S	8,395	8,740	9,317	9,932	10,406	9,087	10,841	11,058	11,279
100 Simcoe St S	51,951	50,405	50,305	49,672	47,411	56,233	70,778	72,193	73,637
25 Taunton Rd E	7,328	7,103	7,042	5,990	5,579	7,932	5,217	5,322	5,428
0 Bloor St W	9,675	9,378	9,298	9,235	9,036	10,473	8,856	9,033	9,214
E/S Wilson Rd N	2,197	3,070	3,231	3,519	3,757	2,378	2,880	2,938	2,997
495 Stevenson Rd N	8,191	7,939	7,871	7,487	7,034	8,866	6,635	6,768	6,903
0 Emma St	9,343	9,056	8,979	8,876	9,357	10,114	9,828	10,024	10,225
124 Colborne St W	6,377	6,289	6,378	6,864	7,248	6,902	7,601	7,753	7,908
490 Trick Ave	6,706	6,480	6,444	5,513	5,134	7,258	4,802	4,898	4,995
Accrual Adjustment		(4,481)	3,366	7,477	10,849		(10,530)		
Total	134,543	127,612	135,660	135,660	135,660	145,633	135,660	149,114	152,097

Summary of Cost Drivers

Table 4-7 presents OM&A costs for 2015 through 2021. OPUCN has also provided a high-level breakdown of cost drivers for each year.

TABLE 4-7 – OM&A 2015 – 2021

$000's	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual
Opening Balance	11,070	11,678	12,374	12,908	13,585	12,874	13,845
Salaries & Wages	322	(18)	301	1,105	270	443	44
Benefits	100	(63)	108	151	33	32	46
Allocated Expenses	(65)	197	(195)	(546)	(527)	231	(298)
Provision for Bad Debts	(279)	354	157	(277)	(191)	195	9
Regulatory Fees						(244)	222
Other	529	227	162	244	(296)	314	239
Total OM&A	**11,678**	**12,374**	**12,908**	**13,585**	**12,874**	**13,845**	**14,108**

The high-level cost drivers are as follows:

- Salaries and wages include overtime and incentive–based remuneration. The primary determinants of changes in salary and wage costs are annual inflation and changes in staffing levels;

- Benefits include current and post-retirement health benefits, employer payroll taxes and pensions. Changes in Ontario Municipal Employees Retirement System (“OMERS”) employer contribution rates and other benefit rates, together with actuarial valuation changes to post-retirement benefit obligations, can drive changes in these costs;
- Allocated expenses are primarily labour costs allocated to capital jobs, jobbing work and affiliates. The primary determinants of changes in allocated expenses are annual inflation and changes in staffing levels, as well as changes in levels of service provided to affiliates;
- Other includes third-party costs for existing core business requirements such as: facilities costs; repairs and maintenance on equipment, fleet and buildings; tree trimming; consulting and outside service provider costs; insurance; computer maintenance; software licences; and training and development. The primary determinants of changes in other expenses are price inflation.

SUMMARY AND COST DRIVER TABLES

Summary of Recoverable OM&A Expenses

OPUCN’s total recoverable OM&A Expenses, excluding property taxes and LEAP, are provided in Table 4-8 below, with 2015 to 2019 Actuals, 2020 Bridge Year and 2021 Test Year compared to 2015 Board-Approved, and 2019 Board-Approved.

TABLE 4-8 SUMMARY OF TOTAL RECOVERABLE OM&A EXPENSES 2015 – 2021

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge	2021 Test
Total Recoverable OM&A Expenses	11,678	12,374	12,909	13,585	12,874	13,845	14,108
Comparison to 2015 Board Approved	12,054						
$ Change	(376)	321	855	1,531	820	1,792	2,054
% Change	-3.1%	2.7%	7.1%	12.7%	6.8%	14.9%	17.0%
CAGR		2.7%	3.5%	4.1%	1.7%	2.8%	2.7%
Comparison to 2019 Board Approved	13,102						
$ Change					(228)	743	1,005
% Change					-1.7%	5.7%	7.7%
CAGR						5.7%	3.8%

Tables 4-9 and 4-10 below provide a summary of OPUCN's recoverable OM&A Expenses, excluding property taxes and LEAP, by major functions.

TABLE 4-9 – CHAPTER 2 FILING REQUIREMENT APPENDIX 2-JA - SUMMARY OF RECOVERABLE OM&A EXPENSES 2015 – 2021

Appendix 2-JA	2015 **Approved**	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 **Approved**	2019 Actuals	2020 Bridge	2021 Test
Operations	$ 1,288	$ 1,591	$ 1,647	$ 1,711	$ 2,070	$ 1,411	$ 1,995	$ 2,064	$ 1,855
Maintenance	$ 1,346	$ 1,205	$ 1,371	$ 1,013	$ 1,084	$ 1,467	$ 1,020	$ 1,207	$ 1,313
SubTotal	**$ 2,634**	**$ 2,797**	**$ 3,017**	**$ 2,724**	**$ 3,154**	**$ 2,878**	**$ 3,015**	**$ 3,271**	**$ 3,168**
%Change (year over year)		6.2%	7.9%	(9.7)%	15.8%	(8.8)%	(4.4)%	8.5%	(3.1)%
%Change (Test Year vs Last Rebasing Year (2019) - Actual)									5.5%
Billing and Collecting	$ 2,653	$ 2,170	$ 2,481	$ 2,725	$ 2,478	$ 2,915	$ 2,176	$ 2,523	$ 2,573
Community Relations	$ 1,162	$ 1,192	$ 1,303	$ 1,191	$ 1,268	$ 1,395	$ 1,172	$ 1,498	$ 1,553
Administrative and General	$ 5,605	$ 5,519	$ 5,573	$ 6,269	$ 6,684	$ 5,914	$ 6,511	$ 6,554	$ 6,813
SubTotal	**$ 9,420**	**$ 8,881**	**$ 9,357**	**$ 10,185**	**$ 10,430**	**$ 10,224**	**$ 9,859**	**$ 10,575**	**$ 10,939**
%Change (year over year)		(5.7)%	5.4%	8.9%	2.4%	(2.0)%	(5.5)%	7.3%	3.4%
%Change (Test Year vs Last Rebasing Year (2019) - Actual)									12.2%
Total	**$ 12,054**	**$ 11,678**	**$ 12,374**	**$ 12,909**	**$ 13,585**	**$ 13,102**	**$ 12,874**	**$ 13,845**	**$ 14,108**
%Change (year over year)		(3.1)%	6.0%	4.3%	5.2%	(3.6)%	(5.2)%	7.5%	1.9%

Operations	$ 1,288	$ 1,591	$ 1,647	$ 1,711	$ 2,070	$ 1,411	$ 1,995	$ 2,064	$ 1,855
Maintenance	$ 1,346	$ 1,205	$ 1,371	$ 1,013	$ 1,084	$ 1,467	$ 1,020	$ 1,207	$ 1,313
Billing and Collecting	$ 2,653	$ 2,170	$ 2,481	$ 2,725	$ 2,478	$ 2,915	$ 2,176	$ 2,523	$ 2,573
Community Relations	$ 1,162	$ 1,192	$ 1,303	$ 1,191	$ 1,268	$ 1,395	$ 1,172	$ 1,498	$ 1,553
Administrative and General	$ 5,605	$ 5,519	$ 5,573	$ 6,269	$ 6,684	$ 5,914	$ 6,510	$ 6,554	$ 6,813
Total	**$ 12,054**	**$ 11,678**	**$ 12,374**	**$ 12,909**	**$ 13,585**	**$ 13,102**	**$ 12,873**	**$ 13,845**	**$ 14,108**
%Change (year over year)		(3.1)%	6.0%	4.3%	5.2%	(3.6)%	(5.2)%	7.6%	1.9%

TABLE 4-10 – CHAPTER 2 FILING REQUIREMENT APPENDIX 2-JA - SUMMARY OF RECOVERABLE OM&A EXPENSES 2015 – 2021 VARIANCES

Appendix 2-JA Variances	2015 **Approved**	2015 Actuals	Variance	2016 **Approved**	2016 Actuals	Variance	2017 **Approved**	2017 Actuals	Variance
Operations	$1,288	$1,591	$(303)	$1,484	$1,647	$(163)	$1,593	$1,711	$(118)
Maintenance	$1,346	$1,205	$141	$1,376	$1,371	$5	$1,405	$1,013	$393
Billing and Collecting	$2,653	$2,170	$483	$2,715	$2,481	$234	$2,780	$2,725	$55
Community Relations	$1,162	$1,192	$(30)	$1,310	$1,303	$7	$1,338	$1,191	$147
Administrative and General	$5,605	$5,519	$86	$5,648	$5,573	$75	$5,707	$6,269	$(562)
Total OM&A Expenses	$12,054	$11,678	$376	$12,533	$12,374	$158	$12,824	$12,909	$(85)
Adjustments for Total non-recoverable items[3]			$0			$0			$0
Total Recoverable OM&A Expenses	$12,054	$11,678	$376	$12,533	$12,374	$158	$12,824	$12,909	$(85)
Variance from previous year					$697			$535	
Percent change (year over year)					6.0%			4.3%	

	2018 **Approved**	2018 Actuals	Variance	2019 **Approved**	2019 Actuals	Variance	2020 Bridge	Variance to 2019 Actuals	2021 Test	Variance to 2020 Bridge
Operations	$1,579	$2,070	$(491)	$1,411	$1,995	$(585)	$2,064	$69	$1,855	$(209)
Maintenance	$1,436	$1,084	$352	$1,467	$1,020	$448	$1,207	$187	$1,313	$107
Billing and Collecting	$2,846	$2,478	$368	$2,915	$2,176	$738	$2,523	$347	$2,573	$50
Community Relations	$1,366	$1,268	$98	$1,395	$1,172	$224	$1,498	$326	$1,553	$56
Administrative and General	$5,805	$6,684	$(879)	$5,914	$6,510	$(596)	$6,554	$44	$6,813	$258
Total OM&A Expenses	$13,033	$13,585	$(552)	$13,102	$12,873	$229	$13,845	$972	$14,108	$262
Adjustments for Total non-recoverable items[3]			$0			$0		$0		$0
Total Recoverable OM&A Expenses	$13,033	$13,585	$(552)	$13,102	$12,873	$229	$13,845	$972	$14,108	$262
Variance from previous year		$675			$(711)		$972		$262	
Percent change (year over year)		5.2%			(5.2)%		7.6%		1.9%	
Percent Change: Test year vs. Most Current Actual									9.6%	
Simple average of % variance for all years									3.3%	
Compound Annual Growth Rate for all years									3.2%	
Compound Growth Rate (2019 vs. 2015 Actuals)					2.5%					
Compound Growth Rate (2021 vs. 2015 Approved)									2.7%	

Operations and Maintenance Costs

The increase in Operations and Maintenance costs from 2015 Actual ($2,796,640) to the 2021 Test Year ($3,168,448) is 13.3%, equivalent to a compound annual growth rate of 2.1%. The increase from 2019 Actual ($3,014,864) to the 2021 Test Year is 5.1%, equivalent to a compound annual growth rate of 2.5%.

The main drivers of the increase are:

- Inflation estimated to average approximately 2.0% over the period to 2021;
- A new position of Maintenance Planner to implement a new Computerized Maintenance Management System (CMMS) and to lead the detailed planning and scheduling of work activities required to maintain, repair, upgrade, expand, and renew the electrical distribution system.

Billing and Collecting

The increase in Billing and Collecting costs from 2015 Actual ($2,169,794) to the 2021 Test Year ($2,573,086) is 18.6%, equivalent to a compound annual growth rate of 2.9%. The increase from 2019 Actual ($2,176,290) to the 2021 Test Year is 18.2%, equivalent to a compound annual growth rate of 8.7%.

The main drivers of the increase are:

- Inflation estimated to average approximately 2.0% over the period to 2019;
- An increase in bad debt expense of $247,895 in 2021 compared to 2015 Actual. The 2015 amount is not representative of actual run rates as it included an adjustment to the 2014 provision for expected increases in bad debts that did not materialize. The 2021 amount is based on the average bad debt expense over the period 2014 to 2019, uplifted to reflect projected customer and energy cost growth.

Community Relations

The increase in Community Relations costs from 2015 Actual ($1,192,794) to the 2021 Test Year ($1,553,443) is 30.3%, equivalent to a compound annual growth rate of 4.5%.

The increase from 2019 Actual ($1,171,525) to the 2021 Test Year is 32.6%, equivalent to a compound annual growth rate of 15.2%.

The main drivers of the increase are:

- Inflation estimated to average approximately 2.0% over the period to 2019;
- The addition of 1 FTE to manage website development and maintenance, along with fulfilling additional requirements covering customer engagement and communications in accordance with the Board's guidelines outlined in its RRFE Report'
- The transfer of 1 FTE from the parent company, previously dedicated solely to CDM, to OPUCN to continue with CDM activities but also lead a key account management initiative to include enhanced customer service, collaboration on opportunities to cost optimise energy use, and greater alignment with the City of Oshawa and Region of Durham on new energy initiatives;
- Reduced opportunities to offset costs against IESO funded CDM and other projects, partially offset by higher activity levels in affiliate companies.

Administrative and General

The increase in Administrative and General costs from 2015 Actual ($5,519,231) to the 2021 Test Year ($6,810,525) is 23.4%, equivalent to a compound annual growth rate of 3.6%. The increase from 2019 Actual ($6,510,448) to the 2021 Test Year is 4.6%, equivalent to a compound annual growth rate of 2.3%.

The main drivers of the increase are:

- Inflation estimated to average approximately 2.0% over the period to 2019;
- The addition of 1 FTE to Human Resources to accommodate shift from tactical to strategic resource, necessary due to increased levels of recruitment activity across the company, employee engagement initiatives and development of a strategy to focus efforts on high impact areas to enhance productivity and organizational performance, and assumption of responsibility for Privacy at OPUCN;

- The addition of 1 FTE to purchasing/stores function, adding a trained buyer in order to pursue a modernized and more strategic approach to job planning, buying and securing greater value from the supply base. This position effectively replaced a retired storeperson position not previously forecast to be re-filled;
- The transfer of 1 FTE (the CEO position) from the parent company. Although this presents as an FTE increase, the net cost impact is neutralised through adjustments to parent company management fees and OPUCN service charges to affiliate companies;
- The addition of 0.5 FTE to IT function to help manage increasingly complex IT infrastructure. Also, increased cost pressures associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a CyberSecurity framework;
- Increased security costs associated with security of station buildings and head office in response to increased levels of attempted theft and vandalism.

OM&A COST DRIVERS

OPUCN has provided its OM&A Cost Drivers in Table 4-11 (corresponding to the Board’s Appendix 2-JB). The closing balance for each year becomes the opening balance for the following year for purposes of assessing incremental cost drivers. The opening balance in the 2015 column reflects the Board approved amount for 2015 Test Year.

TABLE 4-11 – CHAPTER 2 FILING REQUIREMENT APPENDIX 2-JB – RECOVERABLE OM&A COST DRIVER TABLE 2011 – 2019

OM&A	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Opening Balance	12,081,304	11,702,576	12,403,144	12,937,131	13,615,234	12,906,153	13,879,393
Labour							
Inflation	0	139,763	142,795	145,619	159,672	173,420	179,647
Retirements	(190,289)	(328,548)	(302,423)	(199,282)	(609,115)	(225,402)	0
Leavers	0	(42,186)	(22,339)	(147,614)	(332,920)	(242,973)	(105,096)
Replacements	(202,622)	149,894	62,035	835,823	890,886	776,681	(21,380)
New Hires	18,036	40,581	203,105	299,744	39,707	54,667	27,333
Labour Other (incl overtime)	11,571	22,020	217,637	170,258	122,005	(183,886)	(38,624)
Labour sub-total	(363,303)	(18,476)	300,810	1,104,549	270,234	352,506	41,880
Benefits	100,418	(62,840)	108,241	151,400	32,646	91,394	46,741
Regulatory Fees & Costs	(13,589)	23,105	887	18,458	(8,727)	(250,742)	262,474
Bad Bebts	(264,007)	354,127	157,206	(276,987)	(190,648)	195,266	8,932
Pole Testing (2015/16 Polecare Int)	21,978	110,302	(132,280)				
Subcontractors	88,789	(49,186)	174,376	(46,390)	94,292	194,441	94,292
Labour & OH Allocations	151,471	196,786	(194,828)	(545,919)	(526,648)	166,380	(263,663)
Communications	38,266	55,534	(5,934)	137,351	(118,548)	73,459	16,109
Inventory Adjustment					(126,786)	126,786	
Management Fees	0	9,792	10,488	10,704	(159,996)	7,212	7,356
Other	(138,750)	81,423	115,022	124,940	25,100	16,538	48,410
Closing Balance	11,702,576	12,403,144	12,937,131	13,615,234	12,906,153	13,879,393	14,141,923

ANALYSIS OF PRINCIPAL COST DRIVERS

The principal cost drivers are further analyzed below, with material variances that are outliers to the historical trend explained.

Labour

Total labour cost is increasing at a compound annual growth rate of 3.4% (6.9 FTE's) to the 2021 Test Year versus 2015 Board-Approved amounts, and at a compound annual growth rate of 5.3% (6.5 FTE's) to the 2021 Test Year versus 2019 Approved. Factoring in related changes to parent company management fees and affiliate service fees (ref. Table 4-2 OM&A Trend Analysis), the net cost is increasing at a compound annual growth rate of 1.7% to the 2021 Test Year versus 2015 Board-Approved amounts, and at a compound annual growth rate of 1.2% to the 2021 Test Year versus 2019 Approved.

Benefits

Projected post-retirement benefits costs and projections used in the Application were provided to OPUCN by its independent advisor and actuary, Mondelis Actuarial, a firm of consultants and actuaries with considerable experience in the field of pensions and benefits. This application includes relatively consistent annual costs related to the post-retirement benefits, driven by the latest (2019) actuarial valuation. The 2019 report from Mondelis Actuarial is provided in Appendix 4-1 of this Exhibit. Changes to other benefits offered by OPUCN to its employees are limited to inflation and increases in the number of FTE's. OPUCN marketed its benefits plan in 2018 and ensured that we have secured the most competitive rate to support the structure of our benefit obligations to eligible current and retired employees.

Subcontractors

Subcontractors provide a number of critical services to OPUCN and its customers and include tree trimming, customer billing, utility locates, building and equipment maintenance, metering services, IT support, and security services.

In 2013, OPUCN undertook a review of its security systems and services which determined that a system with an increased number of 24-hour monitored video cameras along with improvements to building access systems would offer more effective security to its buildings, equipment and employees. A one-time capital investment of $55,000 made in 2013 and projected in OPUCN's last rebasing to yield annual operating savings of $120,000 effective from July 2013. Recent years have seen increased levels of theft, attempted thefts, and vandalism which has necessitated additional security measures provided by subcontractors to protect the security of station buildings, pole yard, and head office.

RECOVERABLE OM&A COSTS PER CUSTOMER AND PER FTE

Table 4-12 summarizes OM&A costs year-over-year on a per-customer and per-FTE basis.

TABLE 4-12 – CHAPTER 2 FILING REQUIREMENT APPENDIX 2-L - OM&A PER CUSTOMER AND PER FTE 2015 – 2021

OM&A	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	Last Rebasing Year (2019 OEB Approved)	2019 Actuals	2020 Bridge Year	2021 Test Year
OM&A Costs									
O&M	$2,634,298	$2,796,640	$3,017,329	$2,724,033	$3,154,138	$2,877,866	$3,014,864	$3,270,614	$3,168,448
Admin Expenses	$9,419,547	$8,881,248	$9,357,121	$10,185,304	$10,430,478	$10,224,346	$9,858,264	$10,574,863	$10,939,101
Total Recoverable OM&A from App. 2-JB	$12,053,844	$11,677,888	$12,374,450	$12,909,337	$13,584,617	$13,102,212	$12,873,127	$13,845,477	$14,107,550
Number of Customers	55,500	55,664	56,821	57,623	58,765	59,370	59,396	60,196	61,008
Number of FTEs	85	79	76	84	90	85	90	92	91
Customers/FTEs	657	707	751	683	655	699	658	652	667
OM&A cost per customer									
O&M per customer	$47	$50	$53	$47	$54	$48	$51	$54	$52
Admin per customer	$170	$160	$165	$177	$177	$172	$166	$176	$179
Total OM&A per customer	$217	$210	$218	$224	$231	$221	$217	$230	$231
OM&A cost per FTE									
O&M per FTE	$31,174	$35,522	$39,872	$32,310	$35,173	$33,889	$33,416	$35,422	$34,659
Admin per FTE	$111,471	$112,805	$123,649	$120,810	$116,314	$120,401	$109,266	$114,529	$119,662
Total OM&A per FTE	$142,645	$148,327	$163,521	$153,121	$151,487	$154,290	$142,682	$149,951	$154,321

Total OM&A per customer in 2015 was $217 and $210 for Board-Approved and Actual respectively. This metric is projected to increase in the 2021 Test Year to $231, representing a compound annual growth of 1.1% compared to 2015 Board-Approved and 1.6% to 2015 Actual. When inflation is factored in (using 2.0% as an annual average), the OM&A per customer is projected to drop significantly to $205 over the period to 2021. Table 4-13 below illustrates this in greater detail.

TABLE 4-13 – INFLATION ADJUSTED OM&A PER CUSTOMER 2015 – 2021

OM&A		Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Customers		55,500	55,664	56,821	57,623	58,765	59,396	60,196	61,008
Total Recoverable OM&A		$12,053,844	$11,677,888	$12,374,450	$12,909,337	$13,584,617	$12,873,127	$13,845,477	$14,107,550
OM&A cost per customer		$217	$210	$218	$224	$231	$217	$230	$231
OM&A Adjusted for Inflation	2.0%	$12,053,844	$11,677,888	$12,131,814	$12,408,051	$12,801,088	$11,892,780	$12,540,275	$12,527,101
Inflation adjusted OM&A per customer		$217	$210	$214	$215	$218	$200	$208	$205

The trend in the number of customers per FTE is positive, as illustrated by Table 4-12. The projected number of customers per FTE in 2021 forecasts an increase of 1.6% compared with 2015 Board-Approved and an increase of 1.4% compared with 2019 Actuals.

The OM&A cost per FTE is projected to increase by $11,677 in 2021 compared with the 2015 Board-Approved amount, and by $5,995 in 2021 compared with 2015 Actual. When inflation is factored in (using 2.0% as an annual average), the OM&A per FTE is projected to drop significantly over the period to 2021. Table 4-14 below illustrates this in greater detail.

TABLE 4-14 – INFLATION ADJUSTED OM&A PER FTE 2015 – 2021

OM&A		Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Total Recoverable OM&A		$12,053,844	$11,677,888	$12,374,450	$12,909,337	$13,584,617	$12,873,127	$13,845,477	$14,107,550
Number of FTE's		85	79	76	84	90	90	92	91
OM&A cost per FTE		$142,644.70	$148,327	$163,521	$153,121	$151,487	$142,682	$149,951	$154,321
OM&A Adjusted for Inflation	2.0%	$12,053,844	$11,677,888	$12,131,814	$12,408,051	$12,801,088	$11,892,780	$12,540,275	$12,527,101
Inflation adjusted OM&A per FTE		$142,644.70	$148,327	$160,315	$147,175	$142,749	$131,816	$135,815	$137,033

INCREASE IN OM&A EXPENSE IN RELATION TO A DECREASE IN CAPITALIZED OVERHEAD

OPUCN's rebasing in 2012 (EB-2011-0073) was completed based on MIFRS and included appropriate changes to its capitalization policy to exclude from capital any costs which are not directly attributable to an item of PP&E, as part of the transition to MIFRS.

This application does not include any further changes in OM&A expense related to capitalization policies.

PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

Overview of Program Delivery Costs

This section provides a variance analysis of OPUCN's OM&A cost by major function, consistent with section 2.4.3 of the Board's Chapter 2 Filing Requirements. Although OPUCN's internal systems are set up to capture OM&A costs primarily by cost centre or function, OPUCN has made best efforts to identify OM&A costs by program, and, if not, by major functions.

Table 4-15 below (Appendix 2-JC) summarizes OPUCN's OM&A costs by major function and is provided in this Exhibit for the 2015 Actual and Board-Approved Test year through the 2021 Test Year, along with variances between the 2021 test year against each of the 2019 OEB-approved and 2019 actuals . Table 4-16 utilises the data from Appendix 2-JC to illustrate the compound annual growth rates by program, with 2015 Board-Approved, 2015 Actual, 2019 Board-Approved and 2019 Actual all compared to 2021 Test Year.

TABLE 4-15 – CHAPTER 2 FILING REQUIREMENT APPENDIX 2-JC - OM&A COST BY PROGRAM 2015-2021

OM&A	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	Last Rebasing Year (2019 OEB Approved)	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 Test Year vs. 2019 Actuals	2021 Test Year vs. 2019 OEB-Approved
Corporate											
Management Fees	489,600	489,600	499,392	509,880	520,584	531,519	360,588	367,800	375,156	14,568	(156,363)
Post Retirement Benefits expense	669,473	752,050	694,765	734,736	771,310	748,646	739,809	771,931	787,370	47,560	38,724
Insurance - General & Property	293,731	280,258	327,052	335,883	309,278	318,880	302,518	308,877	315,055	12,537	(3,826)
Regulatory Costs	383,166	369,577	392,682	393,569	412,027	402,359	403,300	152,558	415,032	11,732	12,673
Audit, Legal & Consulting Fees	258,175	389,822	176,097	256,548	202,175	279,951	243,041	209,602	213,795	(29,247)	(66,156)
Allocations & Recoveries	17,587	(208,120)	(256,059)	(286,345)	(404,155)	(27,738)	(363,676)	(267,456)	(272,805)	90,872	(245,066)
Labour & Other Costs	617,554	453,017	838,375	910,705	1,197,502	669,325	1,373,054	1,266,344	1,267,675	(105,378)	598,351
Sub-Total Corporate	2,729,288	2,526,204	2,672,304	2,854,976	3,008,722	2,922,941	3,058,634	2,809,658	3,101,278	42,644	178,337
General & Administrative											
Finance & Regulatory Affairs	776,560	767,904	899,543	850,794	781,819	842,814	742,981	775,568	729,213	(13,768)	(113,601)
IT Operations	378,817	307,555	341,108	437,426	455,054	410,328	570,367	738,530	709,601	139,235	299,274
Community Relations	141,119	147,155	100,459	84,313	203,141	206,749	175,823	227,280	230,748	54,925	23,999
Employee Health & Safety	231,760	192,301	189,130	158,215	178,899	250,653	148,490	148,924	189,161	40,671	(61,492)
Human Resources	196,988	153,019	191,598	212,540	270,088	191,862	270,886	299,307	295,549	24,662	103,687
Purchasing & Stores	352,729	362,336	360,681	372,570	461,750	279,050	374,118	353,517	357,448	(16,670)	78,398
Sub-Total General & Administrative	2,077,973	1,930,270	2,082,520	2,115,858	2,350,751	2,181,456	2,282,665	2,543,126	2,511,721	229,056	330,265
Customer Service											
Customer Service Management	257,189	266,276	359,421	280,742	293,981	278,485	292,461	291,795	298,763	6,301	20,278
Customer Service General	1,085,423	973,391	1,010,908	1,053,968	1,041,906	1,262,741	912,636	1,149,612	1,172,583	259,947	(90,158)
Customer Billing (outsourced)	464,561	473,598	376,299	485,074	542,741	502,856	552,537	614,000	625,052	72,515	122,196
Bad Debts	426,360	374,444	459,136	718,973	441,996	462,864	233,714	422,604	431,056	197,342	(31,808)
Postage and Printing	502,487	472,750	493,468	494,914	548,178	577,855	472,848	489,921	499,719	26,871	(78,136)
Collections, Reconnects & Notices	84,164	108,282	131,449	71,896	91,247	91,102	89,927	98,350	100,120	10,193	9,018
LEAP Program	27,460	24,688	28,693	29,589	30,628	33,219	32,192	33,916	34,374	2,182	1,155
Sub-Total Customer Service	2,847,644	2,693,429	2,859,375	3,135,156	2,990,677	3,209,122	2,586,316	3,100,197	3,161,667	575,351	(47,455)

TABLE 4-15 – CHAPTER 2 FILING REQUIREMENT APPENDIX 2-JC - OM&A COST BY PROGRAM 2015-2021 (CONTINUED)

OM&A	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	Last Rebasing Year (2019 OEB Approved)	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 Test Year vs. 2019 Actuals	2021 Test Year vs. 2019 OEB-Approved
Facilities											
Facilities Management	197,627	264,637	305,113	288,133	360,973	215,051	343,187	318,432	327,396	(15,791)	112,345
Rent - Property	303,406	301,864	308,430	316,015	322,770	329,383	335,185	335,259	341,964	6,779	12,581
Vehicles Expenses	349,314	328,348	342,437	306,511	326,122	379,221	369,949	340,640	347,452	(22,496)	(31,769)
Utility Costs	111,149	105,835	99,975	107,045	82,635	120,666	82,636	89,840	91,637	9,000	(29,029)
Maintenance, Janitorial & Security	242,008	183,011	202,357	274,601	301,323	173,785	345,340	350,786	357,100	11,760	183,315
Sub-Total Facilities	1,203,503	1,183,694	1,258,311	1,292,305	1,393,823	1,218,106	1,476,297	1,434,955	1,465,549	(10,748)	247,442
Operations & Metering											
Operations Management	787,923	827,967	761,360	738,043	747,568	852,781	813,329	924,088	887,482	74,152	34,700
Engineering	314,794	280,092	206,332	284,212	396,727	429,205	436,053	402,519	408,655	(27,398)	(20,551)
Technical Design	910,923	833,640	827,549	764,413	560,144	993,836	605,311	573,062	584,523	(20,788)	(409,313)
Grid Construction and Operations	3,876,625	3,955,777	3,993,045	3,977,059	4,602,045	4,252,304	4,644,244	4,890,233	5,087,676	443,432	835,372
Underground Utility Locates	297,156	358,586	338,313	333,220	309,780	321,651	333,785	315,393	321,070	(12,715)	(581)
Tree Trimming	135,732	92,040	111,117	167,287	140,456	146,921	137,321	155,000	157,790	20,469	10,869
Meter Reading & Data Management	579,843	515,971	551,814	590,439	474,698	631,051	524,417	514,048	524,144	(273)	(106,907)
Materials, Tools & Consumables	172,740	100,009	70,821	190,440	242,398	187,530	(15,541)	206,622	210,754	226,295	23,224
Allocations to Capital & Other Jobs	(3,852,839)	(3,595,104)	(3,329,717)	(3,506,280)	(3,602,554)	(4,211,474)	(3,976,677)	(3,989,507)	(4,280,385)	(303,708)	(68,911)
Sub-Total Operations & Metering	3,222,897	3,368,979	3,530,634	3,538,835	3,871,261	3,603,806	3,502,241	3,991,458	3,901,709	399,468	297,903
Property Taxes	158,445	127,612	135,660	135,660	135,660	172,010	135,660	149,114	152,097	16,437	(19,914)
Total	12,239,749	11,830,187	12,538,804	13,072,791	13,750,894	13,307,442	13,041,813	14,028,508	14,294,020	1,252,207	986,578

OM&A Cost By Program Variance Analysis 2021 Test vs 2019 Actual

2021 OM&A costs are $1.25M higher than 2019 actuals, an annualized increase of 4.7%. 2019 actuals contains approximately $350K lower than trend costs including a $200K reduction in provision for doubtful debts, $100K insurance recoveries related to prior year thefts, and unusually low materials and consumables usage.

Corporate

2021 Corporate costs are $43K higher than 2019 actuals, an annualized increase of 0.7%.

General & Administrative

2021 General & Administrative costs are $229K higher than 2019 actuals, equal to an annualized increase of 4.9%. The principal drivers behind the higher than normal variance are:

- The addition of 1.0 FTE to IT function to help manage increasingly complex IT infrastructure. Also, increased cost pressures associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a CyberSecurity framework; and
- Safety Training manager position vacant due to maternity leave for all of 2019, external backfill for only a portion year.

Customer Service

2021 Customer Service costs are $575K higher than 2019 actuals, an annualized increase of 10.6%. The principal drivers behind the higher than normal variance are:

- 2019 included a downward revision in the bad debt provision of $200K due to improvements in collections and ageing profile of outstanding debt. 2021 is forecast in line with previous 5-year trend; and
- 2019 FTE's were 1.5 below 2019 OEB-approved and are forecast to return to this approved level in 2021.

Facilities

2021 Facilities costs are $11K lower than 2019 actuals, an annualized decrease of 0.4%.

Operations & Metering

2021 Customer Service costs are $399K higher than 2019 actuals, an annualized increase of 5.5%. The principal drivers behind the higher than normal variance are:

2019 actuals included $100K insurance recoveries related to prior year thefts, and unusually low materials and consumables usage.

OM&A Cost By Program Variance Analysis 2021 Test vs 2019 OEB-Approved

2021 OM&A costs are $987K higher than 2019 OEB-approved, an annualized increase of 3.6%, driven primarily an increase in FTE's of 6.5, higher IT and facilities costs, inflation, partially offset by reduced management fees from parent company and increased admin fees charged to affiliates.

<u>Corporate</u>

2021 Corporate costs are $178K higher than 2019 OEB-approved, an annualized increase of 3.0%. The higher than expected increase is driven by 1.0 FTE, approved in last rebasing under Community Relations, moved from Community Relations to Corporate.

<u>General & Administrative</u>

2021 General & Administrative costs are $330K higher than 2019 OEB-approved, equal to an annualized increase of 7.3%. The principal drivers behind the higher than normal variance are:

- The addition of 1 FTE to Human Resources to accommodate shift from tactical to strategic resource, necessary due to increased levels of recruitment activity across the company, employee engagement initiatives and development of a strategy to focus efforts on high impact areas to enhance productivity and organizational performance, and assumption of responsibility for Privacy at OPUCN;
- The addition of 1 FTE to purchasing/stores function, adding a trained buyer in order to pursue a modernized and more strategic approach to buying and secure greater value from the supply base. This position effectively replaced a retired storeperson position not previously forecast to be re-filled;
- The addition of 0.5 FTE to IT function to help manage increasingly complex IT infrastructure. Also, increased cost pressures associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a CyberSecurity framework;

- The addition of 1 FTE to manage website development and maintenance, along with fulfilling additional requirements covering customer engagement and communications in accordance with the Board's guidelines outlined in its RRFE Report;
- Partially offset by 1 FTE, approved in last rebasing under Community Relations, moved from Community Relations to Corporate.

Customer Service

2021 Customer Service costs are $47K lower than 2019 OEB-approved, an annualized decrease of 0.7%.

Facilities

2021 Facilities costs are $247K higher than 2019 OEB-approved, an annualized increase of 9.7%. The principal drivers behind the higher than normal variance are:

- Recent years have seen increased levels of theft, attempted thefts, and vandalism that has necessitated additional security measures provided by subcontractors to protect the security of station buildings, pole yard, and head office;
- 0.5 FTE, approved in last rebasing under Operations Management, moved from Operations Management to Facilities.

Operations & Metering

2021 Operations & Metering costs are $298K higher than 2019 OEB-approved, an annualized increase of 4.1%. The principal drivers behind the higher than normal variance are:

- The addition of 0.5 FTE, representing the introduction of an ongoing co-op program. This co-op program is critical to develop a resource pipeline for recruitment and secure top talent, support apprenticeship training while maintaining safety ratios of journeyperson and apprentice staff, and executing succession planning strategies.;
- The addition of 1.0 FTE, a Maintenance Planner who will be responsible for the implementation of a new Computerized Maintenance Management System

(CMMS) and leading the detailed planning and scheduling of work activities required to maintain, repair, upgrade, expand, and renew the electrical distribution system.

Table 4-16 illustrates the compound annual growth rates by program, with 2015 Board-Approved, 2015 Actual, 2019 Board-Approved and 2019 Actual all compared to 2021 Test Year.

TABLE 4-16 – COMPOUND ANNUAL GROWTH RATES BY PROGRAM

OM&A	CAGR 2015 Approved to 2021 Test Year	CAGR 2015 Actuals to 2021 Test Year	CAGR 2019 Approved to 2021 Test Year	CAGR 2019 Actuals to 2021 Test Year
Corporate				
Management Fees	(4.3)%	(4.3)%	(16.0)%	2.0%
Post Retirement Benefits expense	2.7%	0.8%	2.6%	3.2%
Insurance - General & Property	1.2%	2.0%	(0.6)%	2.1%
Regulatory Costs	1.3%	2.0%	1.6%	1.4%
Audit, Legal & Consulting Fees	(3.1)%	(9.5)%	(12.6)%	(6.2)%
Allocations & Recoveries	0.0%	4.6%	213.6%	(13.4)%
Labour & Other Costs	12.7%	18.7%	37.6%	(3.9)%
Sub-Total Corporate	2.2%	3.5%	3.0%	0.7%
General & Administrative				
Finance & Regulatory Affairs	(1.0)%	(0.9)%	(7.0)%	(0.9)%
IT Operations	11.0%	15.0%	31.5%	11.5%
Community Relations	8.5%	7.8%	5.6%	14.6%
Employee Health & Safety	(3.3)%	(0.3)%	(13.1)%	12.9%
Human Resources	7.0%	11.6%	24.1%	4.5%
Purchasing & Stores	0.2%	(0.2)%	13.2%	(2.3)%
Sub-Total General & Administrative	3.2%	4.5%	7.3%	4.9%
Customer Service				
Customer Service Management	2.5%	1.9%	3.6%	1.1%
Customer Service General	1.3%	3.2%	(3.6)%	13.4%
Customer Billing (outsourced)	5.1%	4.7%	11.5%	6.4%
Bad Debts	0.2%	2.4%	(3.5)%	35.8%
Postage and Printing	(0.1)%	0.9%	(7.0)%	2.8%
Collections, Reconnects & Notices	2.9%	(1.3)%	4.8%	5.5%
LEAP Program	3.8%	5.7%	1.7%	3.3%
Sub-Total Customer Service	1.8%	2.7%	(0.7)%	10.6%

TABLE 4-16 - COMPOUND ANNUAL GROWTH RATES BY PROGRAM (Continued)

OM&A	CAGR 2015 Approved to 2021 Test Year	CAGR 2015 Actuals to 2021 Test Year	CAGR 2019 Approved to 2021 Test Year	CAGR 2019 Actuals to 2021 Test Year
Facilities				
Facilities Management	8.8%	3.6%	23.4%	(2.3)%
Rent - Property	2.0%	2.1%	1.9%	1.0%
Vehicles Expenses	(0.1)%	0.9%	(4.3)%	(3.1)%
Utility Costs	(3.2)%	(2.4)%	(12.9)%	5.3%
Maintenance, Janitorial & Security	6.7%	11.8%	43.3%	1.7%
Sub-Total Facilities	3.3%	3.6%	9.7%	(0.4)%
Operations & Metering				
Operations Management	2.0%	1.2%	2.0%	4.5%
Engineering	4.4%	6.5%	(2.4)%	(3.2)%
Technical Design	(7.1)%	(5.7)%	(23.3)%	(1.7)%
Grid Construction and Operations	4.6%	4.3%	9.4%	4.7%
Underground Utility Locates	1.3%	(1.8)%	(0.1)%	(1.9)%
Tree Trimming	2.5%	9.4%	3.6%	7.2%
Meter Reading & Data Management	(1.7)%	0.3%	(8.9)%	(0.0)%
Materials, Tools & Consumables	3.4%	13.2%	6.0%	0.0%
Allocations to Capital & Other Jobs	1.8%	3.0%	0.8%	3.7%
Sub-Total Operations & Metering	3.2%	2.5%	4.1%	5.5%
Property Taxes	(0.7)%	3.0%	(6.0)%	5.9%
Total	2.6%	3.2%	3.6%	4.7%

Table 4-17 below (from Appendix 2-D) illustrates the overall level of increase (decrease) in OM&A expense in relation to any decrease (increase) in capitalized overhead.

TABLE 4-17 – OM&A EXPENSE BEFORE AND AFTER CAPITALIZATION

OM&A Before Capitalization ($000's)	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year
Corporate	2,855	3,009	3,059	2,810	3,101
General & Administrative	2,116	2,351	2,283	2,543	2,512
Customer Service	3,135	2,991	2,586	3,100	3,162
Facilities	1,292	1,394	1,476	1,435	1,466
Operations & Metering	7,331	8,209	7,662	8,234	8,229
Property Taxes	136	136	136	149	152
Total OM&A Before Capitalization (B)	16,865	18,089	17,201	18,271	18,621
Increase (Decrease)		1,224	(888)	1,070	350

Capitalized OM&A ($000's)	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year
employee benefits	2,997	3,429	3,288	3,353	3,420
initial delivery and handling costs	198	227	217	222	226
vehicle and related costs	597	683	654	668	681
Total Capitalized OM&A (A)	3,792	4,338	4,159	4,242	4,327

% of Capitalized OM&A (=A/B)	22%	24%	24%	23%	23%

Total OM&A After Capitalization (B - A)	13,073	13,751	13,042	14,029	14,294
Increase (Decrease)		678	(709)	987	266

PROGRAM AND FUNCTION OVERVIEW

OPUCN has provided Appendix 2-JC OM&A Programs in this Exhibit, on the basis of major function/department, in accordance with section 2.7.3 “Program Delivery Costs with Variance Analysis” of the Board’s Chapter 2 Filing Requirements. This section provides a brief overview of OPUCN’s major programs and functions along with additional background underlying the costs.

Operations Management

Operations Management is responsible for management and supervision of the grid construction & maintenance, technical design, and metering activities. The current number of FTE’s is 7.0, representing an increase of 1.0 from the previous Board-Approved number. The new FTE is a Maintenance Planner and will be responsible for the implementation of a new Computerized Maintenance Management System (CMMS) and leading the detailed planning and scheduling of work activities required to maintain, repair, upgrade, expand, and renew the electrical distribution system.

Engineering

The Engineering department is responsible for asset management, distribution system planning, operating standards, smart grid and green energy initiatives, technical support to the design technicians for capital projects, and provision of distribution system asset information to many departments within OPUCN.

The annual cost of the Engineering department approved in the last rebasing application for 2019 was $429,205 and three FTE’s. This application proposes a marginally lower cost of $408,689 in 2021 with four FTE’s. The change in FTE’s is not due to a new position but reflects a realignment of internal resources. The lower overall cost reflects a change in the seniority mix of staff.

Technical Design

The Technical Design department is responsible for designs and estimates related to capital projects, customer service connections and subdivisions. Customer and city growth over the period covered by this application is projected to be relatively modest and as a result no significant changes are forecast in this group. Organizational changes show this group's FTE drop to 4.0 compared to 2019 Board-Approved 8.4, with the change in FTE's offset by an equal change in the Meter Reading & Data Management group.

Grid Construction & Maintenance

The Grid Construction & Maintenance department is responsible for the construction of the capital expansion and enhancement projects, and preventative maintenance programs. Responsibility for the installation, testing, and commissioning of new and existing simple and complex metering installations also falls under this department. They respond to emergency power outages and unplanned events and repair or replace failed or defective equipment to restore services. They also assist with the development, training and enforcement of safe work procedures, through researching various guides and regulations, including: the *Occupational Health & Safety Act* and *Regulations for Construction Projects*; *Electrical and Utilities Safety Association Rule Book* and *Safe Practice Guides*; *Utility Work Protection Code*; *Ministry of Transportation Act* regarding safe work area protection and material transporting; and, *Workplace Hazardous Materials Information System* ("WHMIS").

The Board-Approved FTE's for 2019 was 28.5 and this application proposes 29.0 FTE's for 2021, the increase representing the introduction of an ongoing co-op program. This co-op program is critical to develop a resource pipeline for recruitment and secure top talent, support apprenticeship training while maintaining safety ratios of journeyperson and apprentice staff, and executing succession planning strategies. Proposed costs for 2021 are $5,040,119, an increase of $787,814 compared to 2019 Board-Approved amount. This change is a reflection of the harmonization of trades' functions within the overall Operations & Metering group to deploy technology for reliability and response-time enhancement, with total costs for this group $224,429 or 3.1% higher in 2021 compared to 2019 Board-Approved.

Underground Utility Locates

OPUCN uses its Geographic Information System (GIS) system to deliver underground utility locating services for excavating. The GIS system allows OPUCN to clear a high percentage of "dig requests" remotely using Ontario One-Call. The cost of remotely clearing a dig request is on average between 10 to 12 times less than dispatching a resource to the site to do a visual or physical check.

The costs associated with this function are closely linked to construction and development activity.

Tree Trimming

OPUCN tree trimming is carried out on a three-year cycle, which it believes to be the most efficient option in helping reduce the frequency and cause of outages resulting from tree contact

Meter Reading & Data Management

The OPUCN meter reading department is responsible for the administration and management of the Advanced Metering Infrastructure ("AMI") system and other meter data related systems. Meter installations and servicing are the responsibility of the Grid Construction & Maintenance department.

Facilities

The facilities function is responsible for general maintenance and security of OPUCN facilities and the management of the OPUCN fleet of vehicles. OPUCN's main facility, rented from the City of Oshawa, is located in downtown Oshawa and includes office space for all employees, a stores/warehouse area, along with a garage and parking lot for all company vehicles.

In 2013, OPUCN undertook a review of its security systems and services which determined that a system with an increased number of 24-hour monitored video cameras along with improvements to building access systems would offer more effective security to its buildings, equipment and employees. A one-time capital investment of $55,000 made in 2013 and projected in OPUCN's last rebasing to yield annual operating savings of $120,000 effective from July 2013. Recent years have seen increased levels of theft, attempted thefts, and vandalism that has necessitated additional security measures provided by subcontractors to protect the security of station buildings, pole yard, and head office. This increase, plus cost pressures related to waste disposal and recycling are the primary drivers behind the Maintenance, Janitorial & Security compound annual growth of 6.7% from 2015 Board-Approved to 2021 Test Year.

The proposed FTE of 1.0 compared to 2019 Board-Approved of 1.5 reflects some realignment of internal positions and not an actual change in FTE's.

Customer Service

The customer service department is responsible for liaising with OPUCN's approximate 59,500 customers. Activities performed include billing (mostly outsourced to a non-affiliated third party), call centre, collections, and other back office functions.

The number of customers serviced by OPUCN is projected to grow by approximately 5,000 (7.7%) from actual number at the end of 2015 to 2021. Despite this growth in customer numbers of 7.7%, total Customer Service costs are projected to see a compound annual growth of just 1.8% from 2015 Board-Approved to 2021 Test Year, and negative 0.7% from 2019 Board-Approved to 2021 Test Year.

OPUCN proposes to maintain FTE at 15.5 in line with 2019 Board-Approved number of 15.4.

In 2012, OPUCN initiated a concerted effort to migrate as many customers as possible to electronic billing with considerable success to date. As of April 2020, 36% of customers totalling 22,000 receive their bills electronically, compared to 19% in 2014 and below 8% in early 2012. This represents over 18,000 customers since the campaign began, or approximately $140,000 in avoided costs on an annualized basis. This has helped to offset rising postage costs which have been rising at an average annual growth rate of 4% from 2015 to 2019.

General & Administrative

The General & Administrative function is made up of the following departments: Finance & Regulatory Affairs; IT Operations; Community Relations; Employee Health & Safety; Human Resources; and Purchasing/Stores.

The projected compound annual growth of the General & Administrative function is 3.5% from 2015 Board-Approved to 2021 Test Year and 8.2% from 2019 Board-Approved to 2021 Test Year. This increase is driven primarily by increases in FTE's and higher IT costs, summarised as follows:

- The addition of 1 FTE to Human Resources to accommodate shift from tactical to strategic resource, necessary due to increased levels of recruitment activity across the company, employee engagement initiatives and development of a strategy to focus efforts on high impact areas to enhance productivity and organizational performance, and assumption of responsibility for Privacy at OPUCN;
- The addition of 1 FTE to purchasing/stores function, adding a trained buyer in order to pursue a modernized and more strategic approach to buying and secure greater value from the supply base. This position effectively replaced a retired storeperson position not previously forecast to be re-filled;
- The addition of 0.5 FTE to IT function to help manage increasingly complex IT infrastructure. Also, increased cost pressures associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a CyberSecurity framework;
- The addition of 1 FTE to manage website development and maintenance, along with fulfilling additional requirements covering customer engagement and communications in accordance with the Board's guidelines outlined in its RRFE Report;
- The transfer of 1 FTE from the parent company, previously dedicated solely to CDM, to OPUCN to continue with CDM activities but also lead a key account management initiative to include enhanced customer service, collaboration on opportunities to cost optimise energy use, and greater alignment with the City of Oshawa and Region of Durham on new energy initiatives.

Corporate

The Corporate functions include holding company management fees, executive compensation, postretirement benefit costs as well as insurance, regulatory, legal, audit, consulting and other costs. These costs in total are projected to grow at a compound annual growth rate of 2.0% from 2015 Board-Approved to 2021 Test Year and 2.6% from 2019 Board-Approved to 2021 Test Year. OPUCN is proposing 3.0 FTE's compared with 2019 Board-Approved number of 1.0, the increase explained as follows:

- 1.0 FTE, approved in last rebasing under Community Relations, moved from Community Relations to Corporate;
- The transfer of 1.0 FTE (the CEO position) from the parent company. Although this presents as an FTE increase, the net cost impact is neutralized through adjustments to parent company management fees and OPUCN service charges to affiliate companies.

ADDITIONAL DETAILS ON OPERATING COSTS

Overview of Additional Details on Operating Costs

As stated in section 2.4.3 of the Chapter 2 Filing Requirements, the Board requires further detail on the following items:

- Workforce Planning and Employee Compensation;
- Shared Services and Corporate Cost Allocation;
- Purchase of Non Affiliate Services;
- One-time Costs;
- Regulatory Costs;
- Low Income Energy Assistance Programs ("LEAP"); and
- Charitable and Political Donations.

Further information on each of these categories of costs are detailed on the following pages.

WORKFORCE PLANNING

OPUCN's 2015-2019 Custom IR application highlighted its aging workforce, particularly amongst its skilled trades departments, with many key skilled trades personnel eligible to retire or reaching retirement eligibility during the period. Succession planning was included to manage the anticipated high level of retirements in the period.

Actual retirements amongst the skilled trades department totalled 8 FTE's, in line with the forecast approved in 2015. Other retirements in the period totalled 11 FTE's, including 6 management and 5 non-trade staff.

Other leavers in the period for reasons other than retirement totalled 10, including 6 skilled trades personnel. OPUCN had 90 FTE's in 2019 compared with 85 as approved. Details of the changes are explained in the OM&A Cost By Program Variance Analysis earlier in this exhibit.

As noted in the Business Environment Changes section earlier in this exhibit, our industry and business is experiencing a demographic shift which requires focus on talent management, recruitment, and succession planning to adapt to the current labour environment. The addition of an FTE in the Human Resources department is a key component of how OPUCN plans to address these challenges. The key elements underpinning OPUCN's workforce planning and compensation strategies are:

- A People Strategy centered on employee engagement and aligning the workforce to business objectives and strategic outcomes has been developed and implemented. This initiative is measured through regular employee engagement surveys, the development of action items to address results and improve drivers of engagement, and implementation of programs to improve workforce engagement, focus, and productivity;
- To ensure a performance based culture, new technology to foster regular communication and feedback systems has been put in place;
- Continued development of Health & Safety systems to reinforce this productivity model. The reduction in average attendance metrics and continuing of hours

without a lost time injury (LTI) demonstrate increased workforce availability and productivity, together with reduced operational cost. OPUCN maintains the Certificate of Recognition (COR) accreditation for our health & safety system via the Infrastructure Health & Safety Association (IHSA) which demonstrates the robustness and effectiveness of our program;

- Continued investment in systems, technology and employee training to ensure employees are able to satisy the enhanced skill sets required beyond traditional electrical utility competencies. The job harmonization training programs in our trades' areas are an example of this strategy to align skill sets, job tasks, and department functions with changing technology;
- We have focused significant effort to further stretch and maximize our operational productivity and performance.
- Regularly benchmarking compensation planning against relevant industry comparators to ensure best combination of costs and talent.

EMPLOYEE COMPENSATION

Union

OPUCN's unionized employees are represented by the International Brotherhood of Electrical Workers ("IBEW"). The current Collective Bargaining Agreement ("CBA") is effective from March 1 2018 and expires February 28 2025. The current agreement, which was entered into in 2018, includes annual wage increases of 2.0% per year for 2018 to 2022, and 2.1% per year for 2023 and 2024. These annual wage increases reflect an in-depth analysis of inflationary and industry settlement trends. In securing a 7-year agreement with the IBEW, we have been able to accurately forecast our labour costs for this Application and make strategic business decisions for labour resources. While we have saved costs related to more frequent collective bargaining activities with a longer agreement, we have also re-focused internal efforts towards productivity and business outcomes without the disruption of renegotiation of terms.

Executive/Management/Non-Union

Executive and management compensation plan consists of salaries and benefits. Each position within the Company has been placed on a pay scale which is reviewed annually by senior management and the Board of Directors' HR Committee. Each employee's position within their respective range is reviewed based on performance and an inflationary adjustment and is regularly benchmarked to industry comparators. Changes to senior management compensation, if any, are approved by the Board of Directors. OPUCN offers a variable incentive plan to management and non-union staff which ranges between 5% and 10% of base salary, the final payout being made based on performance compared to targets set at the beginning of the year. The OPUCN management at-risk compensation plan has been developed to more strategically align corporate and individual performance outcomes. The corporate targets are set to align with the OEB scorecard.

Benefits

OPUCN utilises the default accrual basis for recovery of pension and OPEB costs and is not proposing any change in this application.

A comprehensive and competitive benefits package exists which includes medical insurance, life insurance, long-term disability insurance, vacation, non-pension post-retirement benefits, and matching contributions to the OMERS pension plan. OPUCN marketed its benefit plan in 2018 to ensure that we have secured the most competitive rate available in the market for our benefit obligations.

OPUCN's employees are members of OMERS. Table 4-18 below details the OMERS pension premium information for 2011 Actual through to the 2019 Test Year. OPUCN has forecast future premiums using current rates.

TABLE 4-18 –PENSION PREMIUM INFORMATION

	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
OMERS Premiums	691,388	700,320	721,011	791,575	837,190	885,429	895,489

OPUCN pays certain health, dental, and life insurance benefits on behalf of its retired employees. Actual premiums and expenses paid, and expenses accrued for 2015 Actual through to the 2021 Test Year are shown in Table 4-19 below. OPUCN has forecast future years expenses based on 2020 estimate plus inflation.

TABLE 4-19 –POST-RETIREMENT BENEFIT INFORMATION

	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Expenses Paid	438,212	402,484	414,235	448,108	471,076	471,673	481,106
Premiums Paid	68,348	77,824	86,465	92,073	105,526	93,757	95,632
Change in Accrued Liability	211,134	174,155	192,939	194,930	132,943	202,805	206,861
Total	**717,695**	**654,464**	**693,638**	**735,111**	**709,544**	**768,235**	**783,600**

FTE's and Costs

Information on employee numbers, costs, variances and FTE movements are summarised in the tables below. Employee complement, compensation and benefits are set out in Table 4-20 (from the Board's Appendix 2-K), year over year changes are illustrated in Table 4-21, while Table 4-22 utilises the data from Appendix 2-K to illustrate the compound annual growth rate, with 2015 Board-Approved, 2015 Actual, 2019 Board-Approved and 2019 Actual all compared to 2021 Test Year.

TABLE 4-20 –EMPLOYEE COMPLEMENT AND COMPENSATION (CHAPTER 2 APPENDICES 2-K)

	Last Rebasing Year (2015 OEB Approved	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	Last Rebasing Year (2019 OEB Approved	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)									
Management (including executive)	19	18	18	20	27	20	27	28	28
Non-Management (union and non-uni	65	60	58	64	63	65	63	64	63
Total	85	79	76	84	90	85	90	92	91
Total Salary and Wages including overtime and incentive pay ($000's)									
Management (including executive)	$ 2,113	$ 1,991	$ 1,994	$ 2,240	$ 2,942	$ 2,351	$ 3,274	$ 3,295	$ 3,287
Non-Management (union and non-uni	$ 5,400	$ 5,158	$ 5,136	$ 5,192	$ 5,594	$ 5,939	$ 5,533	$ 5,864	$ 5,913
Total	$ 7,512	$ 7,149	$ 7,131	$ 7,431	$ 8,536	$ 8,290	$ 8,806	$ 9,159	$ 9,201
Total Benefits (Current + Accrued) ($000's)									
Management (including executive)	$ 668	$ 646	$ 627	$ 707	$ 858	$ 750	$ 899	$ 934	$ 945
Non-Management (union and non-uni	$ 1,666	$ 1,752	$ 1,709	$ 1,737	$ 1,738	$ 1,786	$ 1,730	$ 1,786	$ 1,821
Total	$ 2,334	$ 2,399	$ 2,336	$ 2,444	$ 2,595	$ 2,536	$ 2,628	$ 2,719	$ 2,766
Total Compensation (Salary, Wages. Benefits) ($000's)									
Management (including executive)	$ 2,781	$ 2,637	$ 2,621	$ 2,947	$ 3,800	$ 3,101	$ 4,172	$ 4,228	$ 4,232
Non-Management (union and non-uni	$ 7,065	$ 6,910	$ 6,845	$ 6,929	$ 7,331	$ 7,725	$ 7,262	$ 7,650	$ 7,735
Total	$ 9,846	$ 9,548	$ 9,466	$ 9,875	$ 11,131	$ 10,825	$ 11,434	$ 11,878	$ 11,967

TABLE 4-21 – EMPLOYEE COMPLEMENT AND COMPENSATION YEAR OVER YEAR CHANGE

	Last Rebasing Year (2015 OEB Approved)	2015 Actuals Vs 2015 Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)								
Management (including executive)	19	(1)	(0)	2	7	0	1	(0)
Non-Management (union and non-uni	65	(5)	(3)	6	(1)	(0)	1	(1)
Total	85	(6)	(3)	8	6	0	2	(1)
Total %		(6.8)%	(3.9)%	10.6%	7.3%	0.2%	2.3%	(1.0)%
Total Salary and Wages including overtime and incentive pay ($000's)								
Management (including executive)	$2,113	$(122)	$3	$246	$702	$332	$21	$(8)
Non-Management (union and non-uni	$5,400	$(241)	$(22)	$55	$402	$(61)	$331	$50
Total	$7,512	$(363)	$(18)	$301	$1,105	$270	$353	$42
Total %		(4.8)%	(0.3)%	4.2%	14.9%	3.2%	4.0%	0.5%
Total Benefits (Current + Accrued) ($000's)								
Management (including executive)	$668	$86	$(44)	$29	$0	$(8)	$56	$35
Non-Management (union and non-uni	$1,666	$65	$(63)	$108	$151	$33	$91	$47
Total	$2,334	$151	$(106)	$137	$152	$25	$148	$82
Total %		6.5%	(4.4)%	5.9%	6.2%	0.9%	5.6%	3.0%
Total Compensation (Salary, Wages. Benefits) ($000's)								
Management (including executive)	$2,781	$(35)	$(40)	$274	$703	$324	$77	$28
Non-Management (union and non-uni	$7,065	$(176)	$(85)	$163	$554	$(29)	$423	$96
Total	$9,846	$(212)	$(125)	$438	$1,256	$295	$500	$124
Total %		(2.2)%	(1.3)%	4.6%	12.7%	2.6%	4.4%	1.0%

TABLE 4-22 –EMPLOYEE COMPLEMENT AND COMPENSATION CAGR

	CAGR 2015 Approved to 2021 Test Year	CAGR 2015 Actuals to 2021 Test Year	CAGR 2019 Approved to 2021 Test Year	CAGR 2019 Actuals to 2021 Test Year
Number of Employees (FTEs including Part-Time)				
Management (including executive)	6.4%	7.3%	18.3%	1.0%
Non-Management (union and non-uni	(0.5)%	0.8%	(1.2)%	0.5%
Total	1.3%	2.5%	3.8%	0.7%
Total Salary and Wages including overtime and incentive pay				
Management (including executive)	7.6%	8.7%	18.2%	0.2%
Non-Management (union and non-uni	1.5%	2.3%	(0.2)%	3.4%
Total	3.4%	4.3%	5.3%	2.2%
Total Benefits (Current + Accrued)				
Management (including executive)	6.0%	6.5%	12.3%	2.6%
Non-Management (union and non-uni	1.5%	0.6%	1.0%	2.6%
Total	2.9%	2.4%	4.4%	2.6%
Total Compensation (Salary, Wages. Benefits)				
Management (including executive)	7.3%	8.2%	16.8%	0.7%
Non-Management (union and non-uni	1.5%	1.9%	0.1%	3.2%
Total	3.3%	3.8%	5.1%	2.3%

Table 4-23 adds net Parent company management fees and OPUCN service fees charged to affiliates to the total compensation cost. This analysis shows a compound annual growth rate of 1.9% from 2015 Board-Approved to 2021 Test Year and 1.9% from 2019 Board-Approved to 2021 Test Year.

TABLE 4-23 –EMPLOYEE COMPENSATION NET OF PARENT COMPANY MANAGEMENT FEES & AFFILIATE CHARGES

Labour & Benefits Trends $000's	2015 Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Approved	2019 Actual	2020 Bridge	2021 Test
Labour	$7,512	$7,149	$7,131	$7,431	$8,536	$8,290	$8,806	$9,159	$9,201
Benefits	$2,334	$2,399	$2,336	$2,444	$2,595	$2,536	$2,628	$2,719	$2,766
Parent & Affiliate Fees Net	$327	$292	$168	$160	$(142)	$354	$(344)	$(349)	$(356)
Total	**$10,173**	**$9,840**	**$9,634**	**$10,035**	**$10,990**	**$11,179**	**$11,090**	**$11,529**	**$11,611**
Year over Year Change		(3.3)%	(5.3)%	4.2%	9.5%	1.7%	0.9%	4.0%	0.7%
CAGR vs 2015 Approved		(3.3)%	(2.7)%	(0.5)%	1.9%	1.9%	1.7%	2.1%	1.9%
CAGR vs 2019 Approved								3.1%	1.9%

The reasoning behind the addition of 6.5 FTE's to the 2019 Board-Approved number are explained in the 'Program And Function Overview' section earlier in this chapter. Table 4-24 below provides a summary by function of the FTE changes.

TABLE 4-24 – ANALYSIS OF FTE'S 2015 BOARD-APPROVED TO 2021 TEST YEAR

Program	2015 OEB Approved	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 OEB Approved	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 Test Year vs. 2019 Actuals	2021 Test Year vs. 2019 OEB Approved
Corporate	1.0	0.3	0.9	2.3	4.1	1.0	3.3	3.0	3.0	(0.3)	2.0
General & Administrative											
Finance & Regulatory Affairs	7.3	7.3	7.6	6.8	7.4	7.3	8.3	8.0	7.3	(0.9)	0.0
IT Operations	2.4	2.0	2.0	2.0	2.0	2.4	2.1	3.0	3.0	0.9	0.6
Community Relations	1.3	1.3	1.0	2.0	3.9	1.3	2.3	2.0	2.0	(0.3)	0.8
Employee Health & Safety	1.2	1.2	1.3	1.1	1.0	1.2	0.6	0.6	1.0	0.4	(0.2)
Human Resources	1.2	1.2	1.3	2.0	2.0	1.2	2.0	2.0	2.0	0.0	0.8
Purchasing & Stores	3.3	3.2	3.0	3.3	4.0	2.3	3.7	3.3	3.3	(0.3)	1.0
Sub-Total General & Administrative	16.7	16.2	16.1	17.2	20.3	15.7	18.9	18.9	18.7	(0.2)	3.0
Customer Service	14.4	13.0	13.0	13.3	12.2	15.4	14.0	15.5	15.5	1.5	0.1
Facilities	1.5	1.0	1.0	1.5	1.0	1.5	1.0	1.0	1.0	0.0	(0.5)
Operations & Metering											
Operations Management	6.5	6.5	6.6	5.0	6.0	6.5	6.5	7.7	7.0	0.5	0.5
Engineering	2.3	2.0	1.4	2.5	4.2	3.0	5.8	4.0	4.0	(1.8)	1.0
Technical Design	8.4	7.9	6.0	7.4	7.0	8.4	6.3	5.0	5.0	(1.3)	(3.4)
Grid Construction and Operations	29.3	27.5	25.7	27.5	26.4	28.5	26.2	29.0	29.0	2.8	0.5
Meter Reading & Data Management	4.5	4.3	5.0	7.6	8.5	5.0	8.3	8.3	8.3	0.0	3.3
Sub-Total Operations & Metering	51.0	48.3	44.6	50.0	52.1	51.4	53.0	53.9	53.3	0.3	1.8
Total	84.5	78.7	75.7	84.3	89.7	84.9	90.2	92.3	91.4	1.2	6.5

SHARED SERVICES AND CORPORATE COST ALLOCATION

Oshawa Power & Utility Corporation ("OPUC") is the parent company of OPUCN and charges OPUCN a management fee. The management fee for 2019 is $360,588 compared to 2019 Board-Approved amount of $531,519. The change reflects corporate realignments including the transfer of the CEO position from the parent company. The revised management fee charged, along with adjustments to service fees charged to affiliates, have a neutral net impact on the overall cost to OPUCN. This is illustrated above in Table 4-23. The proposed 2021 management fee is based on the 2019 rate adjusted for inflation.

OPUCN allocates a share of its administrative costs to it's affiliate companies. These allocations are based on the cost of the services provided and are reviewed annually. OPUCN charges a contracted market rate for Pole or Duct space rented by OPUCS.

A summary of charges to affiliates for services provided for each year is provided in Tables 4-25 to 4-33, corresponding to the Board's Appendix 2-N. OPUCN has provided Appendix 2-N for the 2015 and 2019 Board-Approved Years, historical years 2015 to 2019; for the 2020 Bridge Year; and for the 2021 Test Year.

There are no Board of Directors-related costs for affiliates included in OPUCN's own costs.

TABLE 4-25 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2015 BOARD APPROVED

Year: **2015**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$75,469	$70,997
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$87,279	$82,106
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$27,356	$27,356
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$22,356	$22,356
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$3,570	$3,570

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC (Parent)	*OPUCN* (LDC)	Management Fees	Cost Based	55.4%	$489,600

TABLE 4-26 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2015 ACTUAL

Year: **2015**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$83,161	$78,373
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$93,643	$88,252
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$27,356	$27,356
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$22,952	$22,952
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$6,006	$6,006
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$20,460	$19,282

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC (Parent)	*OPUCN* (LDC)	Management Fees	Cost Based	51.6%	$489,600

Table 4-27 – Chapter 2 - Appendix 2-N - Shared Services/Corporate Cost Allocations 2016 Actual

Year: **2016**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$223,588	$211,214
OPUCN	OPUCES	Miscellaneous work	Actual Cost	$75,317	$75,317
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$87,425	$82,587
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$27,356	$27,356
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$23,143	$23,143
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$3,159	$3,159
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$20,777	$19,627

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	28.5%	$499,392
(Parent)	(LDC)				

Table 4-28 – Chapter 2 - Appendix 2-N - Shared Services/Corporate Cost Allocations 2017 Actual

Year: **2017**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$271,207	$256,120
OPUCN	OPUCES	Miscellaneous work	Actual Cost	$41,987	$41,987
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$49,644	$46,882
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$27,356	$27,356
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$23,588	$23,588
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$25,720	$25,720
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$29,367	$27,733

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	55.6%	$509,880
(Parent)	(LDC)				

TABLE 4-29 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2018 ACTUAL

Year: **2018**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$463,510	$438,100
OPUCN	OPUCES	Miscellaneous work	Actual Cost	$36,407	$34,411
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$129,075	$121,999
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$29,694	$29,694
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$24,097	$24,097
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$27,636	$27,636
OPUCN	OPUC	Admin Fees	Actual Cost + Approved Rate of Return	$44,650	$42,202
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$25,081	$23,706

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	68.5%	$520,584
(Parent)	(LDC)				

TABLE 4-30 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2019 BOARD APPROVED

Year: **2019**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$81,690	$76,849
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$94,473	$88,874
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$27,356	$27,356
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$22,356	$22,356
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$3,864	$3,864

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	55.4%	$529,959
(Parent)	(LDC)				

TABLE 4-31 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2019 ACTUAL

Year: 2019

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$442,851	$418,534
OPUCN	OPUCES	Miscellaneous work	Actual Cost	$44,596	$42,147
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$182,295	$172,285
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$53,970	$53,970
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$25,366	$25,366
OPUCN	OPUCS	Miscellaneous work	Actual Cost	$34,768	$34,768
OPUCN	OPUC	Admin Fees	Actual Cost + Approved Rate of Return	$49,677	$46,949
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$29,640	$28,012

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	49.8%	$360,588
(Parent)	(LDC)				

TABLE 4-32 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2020 BRIDGE YEAR

Year: 2020

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$451,708	$426,905
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$184,420	$174,294
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$54,780	$54,780
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$25,366	$25,366
OPUCN	OPUC	Admin Fees	Actual Cost + Approved Rate of Return	$50,671	$47,888
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$30,233	$28,573

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	51.3%	$367,800
(Parent)	(LDC)				

TABLE 4-33 – CHAPTER 2 - APPENDIX 2-N - SHARED SERVICES/CORPORATE COST ALLOCATIONS 2021 TEST YEAR

Year: **2021**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
OPUCN	OPUCES	Admin Fees	Actual Cost + Approved Rate of Return	$460,742	$435,443
OPUCN	OPUCS	Admin Fees	Actual Cost + Approved Rate of Return	$188,108	$177,779
OPUCN	OPUCS	Joint Use Pole Rental	Actual Cost	$55,602	$55,602
OPUCN	OPUCS	Duct Fibre Optic Rental	Actual Cost	$25,366	$25,366
OPUCN	OPUC	Admin Fees	Actual Cost + Approved Rate of Return	$51,684	$48,846
OPUCN	2252112 Inc	Admin Fees	Actual Cost + Approved Rate of Return	$30,837	$29,144

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs	Amount Allocated
From	To			%	$
OPUC	*OPUCN*	Management Fees	Cost Based	51.3%	$375,156
(Parent)	(LDC)				

Variance Analysis - Shared Services and Corporate Cost Allocation

Tables 4-34 and 4-35 below provide comparisons of the 2021 Test Year with 2019 OEB-approved and 2019 Actuals.

TABLE 4-34 – TEST YEAR VS. LAST OEB-APPROVED (2019)

Name of Company		Service Offered	2021 Test Year	2019 OEB Approved	Variance
From	To				
OPUCN	OPUCES	Admin Fees	$460,742	$81,690	$379,052
OPUCN	OPUCS	Admin Fees	$188,108	$98,337	$89,771
OPUCN	OPUCS	Joint Use Pole Rental	$55,602	$27,356	$28,245
OPUCN	OPUCS	Duct Fibre Optic Rental	$25,366	$22,356	$3,009
OPUCN	OPUC	Admin Fees	$51,684	$0	$51,684
OPUCN	2252112 Inc	Admin Fees	$30,837	$0	$30,837
OPUC	*OPUCN*	Management Fees	$(375,156)	$(529,959)	$154,803
(Parent)	(LDC)				
		Net Total	$437,183	$(300,218)	$737,401

The 2019 OEB-approved amounts were approved as part of a Custom IR application covering the years 2015 through 2019. The large increase is a due to changes subsequent to the rate filing as follows:

- A new CEO was appointed in 2016, with the headcount within OPUCN where the previous CEO headcount was in the parent company (OPUC). This is the primary driver in the management fee reduction.
- Activity has increased significantly within the affiliate companies, particularly OPUCES, and admin fees have been adjusted to reflect this.

TABLE 4-35 – TEST YEAR VS. 2019 ACTUALS

Name of Company		Service Offered			
From	To		2021 Test Year	2019 Actuals	Variance
OPUCN	OPUCES	Admin Fees	$460,742	$442,851	$17,891
OPUCN	OPUCES	Miscellaneous work		$44,596	$(44,596)
OPUCN	OPUCS	Admin Fees	$188,108	$182,295	$5,813
OPUCN	OPUCS	Miscellaneous work		$34,768	$(34,768)
OPUCN	OPUCS	Joint Use Pole Rental	$55,602	$53,970	$1,631
OPUCN	OPUCS	Duct Fibre Optic Rental	$25,366	$25,366	$0
OPUCN	OPUC	Admin Fees	$51,684	$49,677	$2,007
OPUCN	2252112 Inc	Admin Fees	$30,837	$29,640	$1,197
OPUC	*OPUCN*	Management Fees	$(375,156)	$(360,588)	$(14,568)
(Parent)	(LDC)				
		Net Total	$437,183	$502,575	$(65,392)

The 2021 forecast charges are based on forecast charges in 2020, based on forecast activity, uplifted for inflation. Miscellaneous work is not forecast as this is generally emergency type work that is irregular in nature.

Reconciliation of Revenue in Appendix 2-N

The Board's Filing Requirements require applicants to provide a reconciliation of the revenue in Appendix 2-N to the amounts included in Other Revenue in Exhibit 3. Only "Joint Use Pole Rental" and "Duct Fibre Optic Rental" in Tables 4-25 to 4-33 above are also included in Other Revenue as reported in Exhibit 3. Both are reported within USA Account 4610, Rent from Electric Property. Table 4-34 below reconciles the Other Revenue amounts in Tables 4-25 to 4-33 above to the Other Revenue amounts in Exhibit 3.

TABLE 4-34 – RECONCILIATION TO "OTHER REVENUE" IN EXHIBIT 3

Extract from Exhibit 3 - Other Revenue

USA	Description	2015 OEB Approved	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 OEB Approved	2019 Actuals	2020 Bridge Year	2021 Test Year
Pole Rental - OPUCS		27,356	27,356	27,356	27,356	29,694	27,356	53,970	54,780	55,602
Duct Rental - OPUCS		22,356	22,952	23,143	23,588	24,097	22,356	25,366	25,366	25,366
Pole Rental - Non-Affiliates		126,676	133,277	133,507	132,968	140,906	126,676	214,284	265,180	264,538
4210 Rent from Electric Property		176,388	183,586	184,007	183,913	194,697	176,388	293,620	345,325	345,505

Extract from Exhibit 4 - Appendix 2-N Shared Services Allocations

USA	Description	2015 OEB Approved	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 OEB Approved	2019 Actuals	2020 Bridge Year	2021 Test Year
OPUCN - OPUCS : Pole Rental		27,356	27,356	27,356	27,356	29,694	27,356	53,970	54,780	55,602
OPUCN - OPUCS : Duct Rental		22,356	22,952	23,143	23,588	24,097	22,356	25,366	25,366	25,366

ONE-TIME COSTS

With the exception of costs related to this Application discussed below under Regulatory Costs, OPUCN is not proposing to recover any other one-time costs in this Application over a period of time. The estimated cost for completing this Application is being amortized over a period of five years.

PURCHASE OF NON-AFFILIATE SERVICES

All supplier and contractor expenditures have been sourced and procured using the activities, practices and processes defined within OPUCN's Corporate Procurement and Corporate Expenditure Approval Policies. All procurements of services and materials are supported by an approved Purchase Order ("PO") prior to any commitments, with the exception of services and materials provided for Legal, Consulting, Recruiting, Utilities (water, gas, hydro and telephone), Regulatory, Financial, and Employee benefits. See Appendix 4-2 for OPUCN's Corporate Purchasing Policy.

OPUCN purchases many services and products from third parties. Tables 4-35 to 4-39 disclose the expenditures by vendor where the annual amount exceeded $75,000 per year, for the years 2015, 2016, 2017, 2018 and 2019, respectively.

Purchases for 2020 to 2021 operating and capital works will continue to be based on the methodology contained within OPUCN's Procurement Policy, which has been attached as Appendix 4-2.

TABLE 4-35– 2015 NON-AFFILIATE SUPPLIERS

Vendor	2015 Amount	Product or Service	Procurement Method
Westmore Poleline And Electric Inc.	1,805,470	Grid Construction Subcontractor	Tender
OMERS	1,382,776	Pension Plan for Employees	n/a
Green Shield	812,219	Employee/Retiree Benefits	Tender
City Of Oshawa	536,342	Property Rental & Taxes	n/a
Sub-Terrain Directional Drilling Ltd.	499,592	Directional Boring	Quote
Erth Holdings Inc.	482,246	Billing Software & Services	Tender
Intergraph Canada Ltd.	458,788	GIS System	RFP
The Mearie Group	413,956	Insurance	Quote
G & W Electric Ltd	386,944	Grid Construction Subcontractor	Tender/Quote
Canada Post	371,681	Postage	n/a
Promark Telecon Inc.	337,103	Underground Locates	Tender
Brass Inc.	332,458	Vacuum Excavation	Tender
Gowling Lafleur Henderson Llp	327,689	Consulting - Rate Application	Quote
NBM Engineering Inc.	312,829	Subcontracted Design	Quote
Hydro One Networks Inc.	296,852	TS Capital Contribution 2016, CIA's etc	Quote
Riggs Distler	284,992	Grid Construction Subcontractor	Tender
Posi-Plus Technologies Inc.	271,120	Vehicle Purchases	Quote
M.E.T. Utilities Management Ltd.	186,470	Meter Services	Tender
Ernst & Young	171,885	Auditing Services	Tender
Eaton Industries (Canada) Company	138,935	Breaker Replacement	Quote
CJ Utility Business Consulting Inc	135,000	Consulting	Quote
Schneider Electric Canada Inc.	131,384	Material	Quote
Lidaco Contracting Ltd	128,229	Backhoe Operater	Tender
Harper Detroit Diesel-Allison	127,630	Vehicle Repair	RFP
Black & Macdonald	115,640	Grid Construction Subcontractor	Tender
Ontario Energy Board	106,759	Regulatory Fees	n/a
Hard-Co Construction Ltd.	105,197	Grid Construction Subcontractor	Tender
Willis Energy Services (Ont) Ltd.	105,085	CDM subcontractor	Quote
Ontario Motor Sales Limited	100,959	Vehicle Purchases	Quote
Asplundh Canada Ulc	100,200	Tree Trimming	Tender
GHD Ltd.	96,230	Grid Construction Subcontractor	Tender
M & J Total Transport & Rigging Inc.	87,599	Material	RFI
Pacific Economics Group Res. Llc	85,353	Consulting - Rate Application	Quote
Wally's Sealing & Patching Inc	84,606	Grid Construction Subcontractor	Tender
EDA	79,920	Industry Association Membership	n/a

TABLE 4-36 – 2016 NON-AFFILIATE SUPPLIERS

Vendor	2016 Amount	Product or Service	Procurement Method
Hydro One Networks Inc.	4,035,195	TS Capital Contribution 2016, CIA's etc	Quote
OMERS	1,400,641	Pension Plan for Employees	n/a
Westmore Poleline And Electric Inc.	1,101,700	Grid Construction Subcontractor	Tender
Green Shield	753,485	Employee/Retiree Benefits	Tender
Sub-Terrain Directional Drilling Ltd.	744,334	Directional Boring	Quote
Erth Holdings Inc.	577,160	Billing Software & Services	Tender
City Of Oshawa	507,272	Property Rental & Taxes	n/a
The Mearie Group	479,639	Insurance	Quote
Intergraph Canada Ltd.	429,114	GIS System	RFP
Burman Energy	404,113	CDM subcontractor	Quote
Canada Post	371,681	Postage	n/a
NBM Engineering Inc.	320,872	Subcontracted Design	Quote
Promark Telecon Inc.	313,367	Underground Locates	Tender
Ontario Energy Board	244,351	Regulatory Fees	n/a
Black & Macdonald	239,476	Grid Construction Subcontractor	Tender
M.E.T. Utilities Management Ltd.	234,573	Meter Services	Tender
Navigant Consulting	220,064	Consulting - Rate Application	Quote
Brass Inc.	220,037	Vacuum Excavation	Tender
Elster Solutions Canada	209,985	Metering Equipment	Tender
GE Grid Solutions Canada Ulc.	190,264	Material	RFI
Polecare International Inc.	166,003	Pole Testing	RFI
Schneider Electric Canada Inc.	149,913	Material	Quote
Willis Energy Services (Ont) Ltd.	147,380	CDM subcontractor	Quote
Hard-Co Construction Ltd.	144,754	Grid Construction Subcontractor	Tender
Lidaco Contracting Ltd	137,045	Backhoe Operater	Tender
Asplundh Canada Ulc	130,797	Tree Trimming	Tender
Ernst & Young	129,210	Auditing Services	Tender
Compucom Canada Co.	115,242	IT Equipment	Quote
Aird & Berlis LLP	110,916	Legal & Consulting Services	Quote
BDO Canada	104,181	Financial Systems Support & Licensing	Quote
Eaton Industries (Canada) Company	97,100	Breaker Replacement	Quote
Triad Metals Inc.	94,024	Material	Quote
Guillevin International Inc.	92,058	Material	RFI
Energy Convergence Consulting Inc.	86,775	CDM subcontractor	Quote
EDA	80,839	Industry Association Membership	n/a
Ops Inc.	78,756	vehicle storage systems	Quote
CDW Canada	76,168	IT Equipment	Quote
Premier Truck Group	75,607	Vehicle Repair/Maintenance	RFP

TABLE 4-37 – 2017 NON-AFFILIATE SUPPLIERS

Vendor	2017 Amount	Product or Service	Procurement Method
Westmore Poleline And Electric Inc.	1,796,329	Grid Construction Subcontractor	Tender
Black & Macdonald	1,520,090	Grid Construction Subcontractor	Tender
OMERS	1,442,021	Pension Plan for Employees	n/a
Sapient Canada Inc.	1,156,250	RPP Pilot Project Partner	n/a
Green Shield	774,991	Employee/Retiree Benefits	Tender
The Mearie Group	758,575	Insurance	Quote
CIMA Canada Inc.	680,180	Engineering Services	Quote
GE Grid Solutions Canada Ulc.	556,147	Material	RFI
City Of Oshawa	504,235	Property Rental & Taxes	n/a
Erth Holdings Inc.	494,450	Billing Software & Services	Tender
S&C Electric	483,385	Material	Quote
Sub-Terrain Directional Drilling Ltd.	451,636	Directional Boring	Quote
Burman Energy	388,140	CDM subcontractor	Quote
Canada Post	384,956	Postage	n/a
Posi-Plus Technologies Inc.	384,291	Vehicle Purchases	Quote
Promark Telecon Inc.	299,175	Underground Locates	Tender
Brass Inc.	266,028	Vacuum Excavation	Tender
Ontario Energy Board	228,843	Regulatory Fees	n/a
NBM Engineering Inc.	216,572	Subcontracted Design	Quote
Summerhill	195,955	CDM subcontractor	Quote
Guillevin International Inc.	191,721	Material	RFI
I-Virtualize International Inc.	185,175	IT Backup System	Quote
M.E.T. Utilities Management Ltd.	177,355	Meter Services	Tender
Asplundh Canada Ulc	177,300	Tree Trimming	Tender
Hard-Co Construction Ltd.	169,919	Grid Construction Subcontractor	Tender
CDW Canada	169,340	IT Equipment	Quote
Lidaco Contracting Ltd	134,343	Backhoe Operater	Tender
PTC Accounting	129,728	Temporary Employee Service	Quote
Ernst & Young	126,925	Auditing Services	Tender
BDO Canada	106,143	Financial Systems Support & Licensing	Quote
Intergraph Canada Ltd.	103,785	GIS System	RFP
Premier Truck Group	103,148	Vehicle Repair/Maintenance	RFP
Wally's Sealing & Patching Inc	100,712	Grid Construction Subcontractor	Tender
EDA	86,899	Industry Association Membership	n/a
Utilismart Corporation	80,720	Data Management services	Quote

TABLE 4-38 – 2018 NON-AFFILIATE SUPPLIERS

Vendor	2018 Amount	Product or Service	Procurement Method
Black & Macdonald	2,730,982	Grid Construction Subcontractor	Tender
City Of Oshawa	1,707,306	Property Rental & Taxes	n/a
OMERS	1,583,150	Pension Plan for Employees	n/a
Westmore Poleline And Electric Inc.	1,293,440	Grid Construction Subcontractor	Tender
Green Shield	780,331	Employee/Retiree Benefits	Tender
Sub-Terrain Directional Drilling Ltd.	696,054	Directional Boring	Quote
Erth Holdings Inc.	646,809	Billing Software & Services	Tender
The Mearie Group	441,321	Insurance	Quote
Canada Post	424,779	Postage	n/a
Posi-Plus Technologies Inc.	394,242	Vehicle Purchases	Quote
Brass Inc.	374,983	Vacuum Excavation	Tender
Burman Energy	348,677	CDM subcontractor	Quote
GE Grid Solutions Canada Ulc.	323,547	Material	RFI
NBM Engineering Inc.	296,823	Subcontracted Design	Quote
Promark Telecon Inc.	287,913	Underground Locates	Tender
Hard-Co Construction Ltd.	249,502	Grid Construction Subcontractor	Tender
CDW Canada	214,189	IT Equipment	Quote
Ontario Energy Board	213,821	Regulatory Fees	n/a
Ernst & Young	201,630	Auditing Services	Tender
S&C Electric	197,328	Material	Quote
Schneider Electric Canada Inc.	194,725	Material	Quote
Sapient Canada Inc.	153,000	RPP Pilot Project Partner	n/a
M.E.T. Utilities Management Ltd.	140,288	Meter Services	Tender
Guillevin International Inc.	137,157	Material	RFI
Lidaco Contracting Ltd	136,606	Backhoe Operater	Tender
Valmount West Coast Engineering	129,840	Material	Quote
Asplundh Canada Ulc	126,755	Tree Trimming	Tender
Wally's Sealing & Patching Inc	119,395	Grid Construction Subcontractor	Tender
Premier Truck Group	113,521	Vehicle Repair/Maintenance	RFP
Flagman Service Inc.	102,624	Subcontractor	Quote
BDO Canada	99,721	Financial Systems Support & Licensing	Quote
Jubb Utility Supply Ltd.	87,123	Material	Quote
EDA	86,973	Industry Association Membership	n/a
Summerhill	81,976	CDM subcontractor	Quote

TABLE 4-39 – 2019 NON-AFFILIATE SUPPLIERS

Vendor	2019 Amount	Product or Service	Procurement Method
Black & Macdonald	4,072,459	Grid Construction Subcontractor	Tender
Westmore Poleline And Electric Inc.	2,454,956	Grid Construction Subcontractor	Tender
OMERS	1,674,380	Pension Plan for Employees	n/a
Green Shield	813,140	Employee/Retiree Benefits	Tender
Erth Holdings Inc.	757,367	Billing Software & Services	Tender
The Mearie Group	518,953	Insurance	Quote
City Of Oshawa	473,419	Property Rental & Taxes	n/a
Northern Transformer	449,305	Material	Quote
Canada Post	398,230	Postage	n/a
NBM Engineering Inc.	368,536	Subcontracted Design	Quote
Brass Inc.	326,873	Vacuum Excavation	Tender
Promark Telecon Inc.	297,458	Underground Locates	Tender
Sub-Terrain Directional Drilling Ltd.	278,926	Directional Boring	Quote
Sabi-Thorne Holdings Inc.	266,253	Directional Boring	Quote
Kinectrics Inc.	256,350	Consulting	Quote
Intergraph Canada Ltd.	234,966	GIS System	RFP
Burman Energy	222,997	CDM subcontractor	Quote
Ontario Energy Board	216,101	Regulatory Fees	n/a
Ontario Motor Sales Limited	211,285	Vehicle Purchases	Quote
CDW Canada	203,388	IT Equipment	Quote
Posi-Plus Technologies Inc.	167,152	Vehicle Purchases	Quote
Ernst & Young	152,661	Auditing Services	Tender
S&C Electric	151,998	Material	Quote
Asplundh Canada Ulc	138,921	Tree Trimming	Tender
Lidaco Contracting Ltd	136,511	Backhoe Operater	Tender
M.E.T. Utilities Management Ltd.	135,720	Meter Services	Tender
Fraser Ford	133,565	Vehicle Purchases	Quote
Guillevin International Inc.	131,787	Material	RFI
Premier Truck Group	125,245	Vehicle Repair/Maintenance	RFP
Wally's Sealing & Patching Inc	120,680	Grid Construction Subcontractor	Tender
GE Grid Solutions Canada Ulc.	116,487	Material	RFI
GHD Ltd.	109,019	Grid Construction Subcontractor	Tender
Jubb Utility Supply Ltd.	108,328	Material	Quote
BDO Canada	95,294	Financial Systems Support & Licensing	Quote
EDA	91,524	Industry Association Membership	n/a

REGULATORY COSTS

Regulatory costs include on-going expenses incurred in connection with Decisions and Orders on Cost Awards for hearings, proceedings, technical sessions, and other matters before the Board or other regulatory bodies. Costs include:

- Annual assessment fees paid to the Board;
- Board costs pursuant to Section 30 of the *Ontario Energy Board Act*, 1998;
- Legal and consulting costs for rate applications and other regulatory matters; and
- Intervenor costs.

Regulatory costs in the 2021 Test Year are estimated to be $415,032, an increase of $11,732 from 2019 Actual Year and an increase of $45,455 compared to 2019 Board-Approved. Table 4-38, below identifies the incremental costs expected to be incurred for this Application. OPUCN proposes to recover these costs evenly over the 2021 - 2025 Test Years, as identified in the section on “One Time Costs”.

Table 4-40 below details regulatory costs included within Uniform System of Accounts (“USoA”) account 5655. OPUCN has not included the costs of regulatory staff or other staff working on regulatory applications in Account 5655. These costs are included in Accounts 5605, 5610, and 5615.

OPUCN estimates that it will incur incremental costs of $687,786 in respect of this Application. This estimate includes special studies, reports, preparation, defence and adjudication costs, as well as Board and intervenor costs. OPUCN identifies these as “one-time” costs under Regulatory. These costs will have been incurred and expensed in 2019 and 2020 but are excluded from the OM&A amounts reported for those years in this Exhibit. OPUCN is requesting recovery of these costs over the five Test Years included in this Application (from 2021 through 2025 inclusive). One-fifth ($137,557) of the total amount incurred is included as an expense to OM&A in each of the years 2021 through 2025 inclusive.

TABLE 4-40 – EXTRACT FROM APPENDIX 2-M - REGULATORY COST SCHEDULE

Regulatory Cost Category		USoA Account	USoA Account Balance	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actual)	Most Current Actuals Year 2019	2020 Bridge Year	Annual % Change	2021 Test Year	Annual % Change
(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)=[(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
Regulatory Costs (Ongoing)										
1	OEB Annual Assessment	5655		127,330	109,832	260,646	265,859	2.00%	271,176	2.00%
2	OEB Section 30 Costs (OEB-initiated)			4,836	10,006		4,902		5,000	2.00%
10	Intervenor costs			(739)		1,248	1,273	2.00%	1,298	2.00%
11	Variance to OEB Fees in Excess of Approved amount in Rates					(117,133)	(119,476)	2.00%		-100.00%
12	Amortisation of Rate Application costs			249,739	249,739	249,739		-100.00%		
13	Advertisement costs - new rates			2,000						
Regulatory Costs (One-Time)										
1	Expert Witness costs			20,000					20,000	
2	Legal costs			564,749		8,800		-100.00%	168,653	
3	Consultants' costs			364,258					344,133	
6	Intervenor costs			210,000					105,000	
7	OEB Section 30 Costs (application-related)			42,000					50,000	
8	Unamortised 2012 Rate Application costs			47,686						
12										
1	Sub-total - Ongoing Costs [2]		$ -	$ 383,166	$ 369,577	$ 394,500	$ 152,558	-61.33%	$ 277,475	81.88%
2	Sub-total - One-time Costs [3]		$ -	$ 1,248,693	$ -	$ 8,800	$ -	-100.00%	$ 687,786	
3	Total		$ -	$ 1,631,859	$ 369,577	$ 403,300	$ 152,558	-62.17%	$ 415,032	172.05%

Application-Related One-Time Costs	**Total**
Total One-Time Costs Related to Application to be Amortized over IRM Period	$ 687,786
1/5 of Total One-Time Costs	$ 137,557

LOW INCOME ENERGY ASSISTANCE PROGRAMS

OPUCN has actively supported LEAP since 2011. Customer Care works closely with the lead agencies, namely the United Way. In 2019, OPUCN provided $32,192 in LEAP funding which assisted 71 families in Oshawa by providing financial support.

As prescribed by the Board, OPUCN contributes 0.12% of the Board-Approved distribution revenue requirement annually to LEAP. The contribution for the 2021 Test Year is forecast to be $34,374. The LEAP amount is to be recovered from all rate classes based on the respective distribution revenue of each of those rate classes.

OPUCN submits annual LEAP reporting to the Board in compliance with the 2013 LEAP Manual. OPUCN is compliant with the Board’s requirements regarding financial assistance opportunities in conjunction with social agencies, CDM initiatives, and customer service changes specific to low-income sector customers.

CHARITABLE AND POLITICAL DONATIONS

OPUCN has not included any charitable or political donations in the revenue requirement for the Test Years, other than contributions to programs that provide assistance to low income consumers as identified in the preceding Schedule of this Exhibit. The following Table 4-41 summarizes the LEAP donations from 2015 Actual through the 2021 Test Year.

TABLE 4-41 – LEAP DONATIONS 2015 – 2021

	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
LEAP	$24,688	$28,693	$29,589	$30,678	$32,192	$33,916	$34,374

DEPRECIATION, AMORTIZATION, AND DEPLETION

Overview of Depreciation, Amortization, and Depletion

OPUCN adheres to Modified International Financial Reporting Standards ("MIFRS") capitalization accounting treatments for rate making and regulatory reporting purposes. OPUCN's 2012 rebasing application (EB-2011-0073) included the transition to MIFRS effective January 1, 2012. Depreciation is computed on a straight-line basis over the estimated useful life of the item of PP&E, with six months of depreciation charged in the year of addition. The depreciable amount of an asset is determined after deducting its estimated residual value, if material. OPUCN has no items of PP&E with residual values. In accordance with MIFRS standards, the components of each item of PP&E are depreciated separately.

In its 2012 application, OPUCN adopted, for asset depreciation purposes, the typical useful lives recommended by Kinectrics in its Asset Depreciation Study prepared for the OEB. OPUCN retained an independent third party, Metsco, with the objective of establishing the typical useful life (TUL) of major fixed assets employed on OPUCN's distribution system. The resulting report, completed in January 2014, found the typical useful life of the majority of the assets employed on OPUCN's distribution system were accurately reflected in the Kinectrics report, with the exception of six asset classes. A copy of the Metsco report is included in this application as Appendix 4-3. Table 4-42 below summarizes the asset classes where Metsco recommends a TUL different to Kinectrics.

TABLE 4-42 – OPUCN ASSET DEPRECIATION STUDY CONCLUSIONS

Asset Class	Typical Useful Life (Kinectrics Conclusion)	Typical Useful Life (Metsco Conclusion)
Power Transformers employed at Distribution Stations	45 years	40 years
Station Independent Circuit breakers	45 years	40 years
Overhead conductors	60 years	45 years
Overhead Line switches	45 years	40 years
SCADA System	20 years	8 years
Direct Buried Secondary Cables	35 years	42.5 years

<u>Power Transformers</u>

Metsco analysed the actual useful service life for a batch of power transformers that have been retired from service at OPCUN during the past five years. The results of this analysis indicate the mean useful life of power transformers at OPUCN to be 39 years.

<u>Station Independent Circuit breakers</u>

The Kinectrics report indicates that based on broader industry experience, the typical life expectancy of individual circuit breakers is 40 years. It is also noteworthy that only three of the six utilities surveyed by Kinectrics provided information relevant to this asset and there were extremely large deviations in service age data obtained from them. Kinectrics did not investigate the reasons behind such large deviations, but it is possible the deviations were caused by mixing indoor and outdoor mounted circuit breakers in the same category and not excluding the circuit breakers which might have been completely overhauled. One of the utilities reported typical service life of 70 years for circuit breakers, which was likely achieved through major refurbishment or rehabilitation of original breakers with additional capital expenditure.

In Metsco's opinion, because this asset class is composed of a broad category of different types of circuit breakers, some installed indoors and some installed outdoors, the surveys performed by Kinectrics did not correctly reveal the typical useful life of outdoor circuit breakers. For this asset, the typical useful life based on the overall industry experience, as reported by Kinectrics, more accurately represents the typical useful life of circuit breakers employed on OPUCN system.

Overhead conductors

The Kinectrics report, summarizes the typical useful life of overhead line conductors. As shown, it concludes the typical useful life of overhead line conductors to be 60 years. We agree the conductors on distribution lines often outlive the poles and are not usually on the critical path to determine end of life for a line section. But typically, whenever a line is rebuilt with new poles, the conductors are also replaced at the same time, because it is economically prudent to do so.

To avail of the hypothetical useful life of 60 years for the line conductors supported on wood poles with typical useful life of 45 years, the line will need to be rebuilt in a piecemeal fashion; i.e. all the wood poles will need be replaced when a majority of them have reached the end of their service life after 45 years and then 15 years later the conductors will need to replaced. Such piece meal construction of medium voltage lines would also require live-line construction techniques. Electric utilities' practical experience indicates that it is more economical to construct the line in a single stage replacing all the components at the same time, rather than constructing the line in a piecemeal manner.

Thus while we agree the conductors often outlive poles in terms of their performance degradation, because it is more economical to reconstruct the overhead lines by changing all the components at the same time rather than reconstructing the line in stages, the effective typical useful life for overhead line conductors is equal to the typical useful life of the wood poles. Therefore we believe it is appropriate to employ 45 years to be the typical useful life for overhead line conductors, because a vast majority of the overhead lines at OPUCN are supported on wood poles.

Overhead Line switches

The Kinectrics report shows that the six utilities responding to their survey reported typical useful life of 30 years (1), 35 years (1), 40 years (2) and 50 years (2), which results in mean useful life of 41 years. Kinectrics has indicated their opinion of the typical useful life for this asset in broader industry to be 50 years, but no evidence is provided in the report to support this belief. Based on the results of the survey gathered by Kinectrics and based on OPUCN's own operating experience, the correct typical useful life of this asset is 40.

<u>SCADA System</u>

Metsco investigations into OPUCN SCADA history reveal that the control room hardware and software components were installed in 2008. In late 2013 one of the SCADA Workstations failed and was replaced, providing service life of 5 years. OPUCN also upgraded the two servers at the same time. While performing the above listed computer hardware replacements and upgrades, OPUCN also upgraded the SCADA Software. In the substation RTUs, the original analog and control boards are still in service for about 20 years, but the CPUs required replacement after about 15 years of service.

To maximize the benefits of major investments into the advanced revenue metering systems, many LDCs are implementing major upgrades to their SCADA systems to incorporate smart grid functions, i.e. outage management systems. Such advanced functions require both hardware and software upgrades prior to these components reaching the end of their mechanical life due failure in service.

In view of the foregoing, in our opinion, the typical useful life of SCADA system is of the order of 8 years, rather than 20 years, proposed in Kinectrics report.

<u>Direct Buried Secondary Cables</u>

The Kinectrics report suggests typical useful life of 35 years for direct buried secondary cables. The six utilities surveyed by Kinectrics reported typical useful life for secondary cables of 20, 40, 40, 45, 50 and 60 years, which yields mean typical mean life of 42.5 years. Kinectrics report suggests typical service life of 35 years for direct buried secondary cables, based on the general industry experience. In our opinion there is no evidence to support this assumption and the typical useful life of this asset should be 42.5 years.

OPUCN is proposing to adopt the typical useful life recommended by Metsco for the asset classes above, resulting in an annual increase in depreciation expense of approximately $60,000. Further explanations are provided in the attached Metsco report (Appendix 4-3) for useful lives proposed in the application that differ from those contained in the Kinectrics Report.

OPUCN maintains the proposed levels of depreciation/amortization expense are appropriately reflective of the useful lives of the assets and the Board`s accounting policies. There are no changes to OPUCN’s depreciation/amortization policy since the last cost of service filing.

The following Table 4-43 and Table 4-44 details the asset class service lives as recommended by Kinectrics, and compares with the current and proposed service lives adopted by OPUCN.

TABLE 4-43 – APPENDIX 2-BB – SERVICE LIFE COMPARISON (PART I OF II)

Parent*	#	Asset Details: Category| Component | Type			Useful Life: MIN UL	TUL	MAX UL	USoA Account Number	USoA Account Description	Current: Years	Rate	Proposed: Years	Rate	Outside Range of Min, Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Poles, Towers and Fixtures	45	2%	45	2%	No	No
			Cross Arm	Wood	20	40	55	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
				Steel	30	70	95								
	2	Fully Dressed Concrete Poles	Overall		50	60	80	1830	Poles, Towers and Fixtures	60	2%	60	2%	No	No
			Cross Arm	Wood	20	40	55	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
				Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall		60	60	80								
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	4	OH Line Switch			30	45	55	1835	Overhead Conductors and Devices	40	3%	40	3%	No	No
	5	OH Line Switch Motor			15	25	25								
	6	OH Line Switch RTU			15	20	20								
	7	OH Integral Switches			35	45	60	1835	Overhead Conductors and Devices	45	2%	45	2%	No	No
	8	OH Conductors			50	60	75	1835	Overhead Conductors and Devices	45	2%	45	2%	Yes	No
	9	OH Transformers & Voltage Regulators			30	40	60	1850	Line Transformers	40	3%	40	3%	No	No
	10	OH Shunt Capacitor Banks			25	30	40								
	11	Reclosers			25	40	55								
TS & MS	12	Power Transformers	Overall		30	45	60	1820	Distribution Station Equipment	45	2%	45	2%	No	No
			Bushing		10	20	30								
			Tap Changer		20	30	60								
	13	Station Service Transformer			30	45	55	1820	Distribution Station Equipment	40	3%	40	3%	No	No
	14	Station Grounding Transformer			30	40	40								
	15	Station DC System	Overall		10	20	30								
			Battery Bank		10	15	15								
			Charger		20	20	30								
	16	Station Metal Clad Switchgear	Overall		30	40	60	1820	Distribution Station Equipment	40	3%	40	3%	No	No
			Removable Breaker		25	40	60								
	17	Station Independent Breakers			35	45	65	1820	Distribution Station Equipment	40	3%	40	3%	No	No
	18	Station Switch			30	50	60	1820	Distribution Station Equipment	50	2%	50	2%	No	No
	19	Electromechanical Relays			25	35	50	1820	Distribution Station Equipment	35	3%	35	3%	No	No
	20	Solid State Relays			10	30	45								
	21	Digital & Numeric Relays			15	20	20								
	22	Rigid Busbars			30	55	60								
	23	Steel Structure			35	50	90								
UG	24	Primary Paper Insulated Lead Covered (PILC) Cables			60	65	75								
	25	Primary Ethylene-Propylene Rubber (EPR) Cables			20	25	25								
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried			20	25	30								
	27	Primary Non-TR XLPE Cables in Duct			20	25	30								
	30	Secondary PILC Cables			70	75	80								
	31	Secondary Cables Direct Buried			25	35	40	1845	Underground Conductors and Devices	42.5	2%	42.5	2%	No	Yes
	32	Secondary Cables in Duct			35	40	60	1845	Underground Conductors and Devices	40	3%	40	3%	No	No
	33	Network Tranformers	Overall		20	35	50								
			Protector		20	35	40								

TABLE 4-44 – APPENDIX 2-BB – SERVICE LIFE COMPARISON (PART II OF II)

	34	Pad-Mounted Transformers		25	40	45	1850	Line Transformers	40	3%	40	3%	No	No
	35	Submersible/Vault Transformers		25	35	45	1850	Line Transformers	35	3%	35	3%	No	No
	36	UG Foundation		35	55	70	1845&1850	Underground Conductors and Devices	55	2%	55	2%	No	No
	37	UG Vaults	Overall	40	60	80	1850	Line Transformers	60	2%	60	2%	No	No
			Roof	20	30	45								
	38	UG Vault Switches		20	35	50	1845	Underground Conductors and Devices	35	3%	35	3%	No	No
	39	Pad-Mounted Switchgear		20	30	45	1845	Underground Conductors and Devices	30	3%	30	3%	No	No
	40	Ducts		30	50	85	1845	Underground Conductors and Devices	50	2%	50	2%	No	No
	41	Concrete Encased Duct Banks		35	55	80	1845	Underground Conductors and Devices	55	2%	55	2%	No	No
	42	Cable Chambers		50	60	80								
S	43	Remote SCADA		15	20	30	1975	Load Management Controls - Utility Premi	8	13%	8	13%	Yes	No

Table F-2 from Kinetrics Report[1]

#	Asset Details: Category| Component | Type		Useful Life Range		USoA Account Number	USoA Account Description	Current Years	Current Rate	Proposed Years	Proposed Rate	Outside Range of Min, Below Min Range	Above Max Range
1	Office Equipment		5	15	1955&1960	Communication & Misc. Equipment	10	10%	10	10%	No	No
2	Vehicles	Trucks & Buckets	5	15	1930	Transportation Equipment	10	10%	10	10%	No	No
		Trailers	5	20	1930	Transportation Equipment	12	8%	12	8%	No	No
		Vans	5	10	1930	Transportation Equipment	8	13%	8	13%	No	No
3	Administrative Buildings		50	75								
4	Leasehold Improvements		Lease dependent		1910	Leasehold Improvements	Lease dependent					
5	Station Buildings	Station Buildings	50	75	1808	Buildings and Fixtures	62	2%	62	2%	No	No
		Parking	25	30	1808	Buildings and Fixtures	27.5	4%	27.5	4%	No	No
		Fence	25	60	1808	Buildings and Fixtures	42	2%	42	2%	No	No
		Roof	20	30	1808	Buildings and Fixtures	25	4%	25	4%	No	No
6	Computer Equipment	Hardware	3	5	1920	Computer Equipment - Hardware	4	25%	4	25%	No	No
		Software	2	5	1611	Computer Software	3	33%	3	33%	No	No
7	Equipment	Power Operated	5	10								
		Stores	5	10								
		Tools, Shop, Garage Equipment	5	10	1940	Tools, Shop and Garage Equipment	7	14%	7	14%	No	No
		Measurement & Testing Equipment	5	10	1945	Measurement and Testing Equipment	7	14%	7	14%	No	No
8	Communication	Towers	60	70								
		Wireless	2	10								
9	Residential Energy Meters		25	35	1860	Meters	30	3%	30	3%	No	No
10	Industrial/Commercial Energy Meters		25	35	1860	Meters	30	3%	30	3%	No	No
11	Wholesale Energy Meters		15	30								
12	Current & Potential Transformer (CT & PT)		35	50	1860	Meters	42	2%	42	2%	No	No
13	Smart Meters		5	15	1860	Meters	10	10%	10	10%	No	No
14	Repeaters - Smart Metering		10	15								
15	Data Collectors - Smart Metering		15	20								

ASSET RETIREMENT OBLIGATIONS

OPUCN does not have any Asset Retirement Obligations ("AROs"), or associated depreciation or accretion expenses in relation to the AROs, to report as part of this Application.

DETAILS FOR DEPRECIATION, AMORTIZATION AND DEPLETION BY ASSET GROUP

OPUCN has provided details for Depreciation, Amortization and Depletion by asset group for the Historical, Bridge and Test Years, including asset amount and depreciation rate in Appendices 2-CA to 2-CG below (Tables 4-45 to 4-51). These amounts agree to the balances in Appendix 2-BA - Fixed Asset Continuity Schedules provided in Appendix 2-1 of Exhibit 2. Appendices 2-CA to 2-CG have been provided in MIFRS for all years.

TABLE 4-45 – APPENDIX 2-CA - 2015 ACTUAL MIFRS DEPRECIATION AND AMORTIZATION EXPENSE

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0	0	0	0	0	-	0.00%	50.00	2.00%	0	0	0	0		0
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	919,488	255,000	664,488	343,765	2.69	37.16%	3.00	33.33%	0	221,496	57,294	278,790	277,766	(1,024)
1612	Land Rights (Formally known as Account 1906)	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1805	Land	293,875	0	293,875			0		-	0.00%	-	0.00%	0	0	0	0		0
1808	Buildings	349,774	0	349,774	47,648		47,648		24.57	4.07%	62.00	1.61%	14,236	769	0	15,004	100,057	85,053
1810	Leasehold Improvements	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1815	Transformer Station Equipment >50 kV	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1820	Distribution Station Equipment <50 kV	7,715,028	1,652,137	6,062,891	6,591,852		6,591,852	1,796,637	30.27	3.30%	42.50	2.35%	200,321	155,102	21,137	376,561	459,317	82,756
1825	Storage Battery Equipment	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1830	Poles, Towers & Fixtures	15,393,255	1,500,583	13,892,672	9,607,025		9,607,025	3,884,554	39.84	2.51%	45.00	2.22%	348,714	213,489	43,162	605,365	632,648	27,283
1835	Overhead Conductors & Devices	8,783,977	1,896,166	6,887,811	4,135,310		4,135,310	1,411,557	43.23	2.31%	45.00	2.22%	159,316	91,896	15,684	266,896	389,630	122,734
1840	Underground Conduit	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1845	Underground Conductors & Devices	21,576,736	1,095,884	20,480,852	5,658,829		5,658,829	3,488,118	32.54	3.07%	40.00	2.50%	629,440	141,471	43,601	814,512	717,094	(97,418)
1850	Line Transformers	19,978,411	1,125,114	18,853,297	6,729,909		6,729,909	2,470,741	31.10	3.22%	40.00	2.50%	606,161	168,248	30,884	805,293	842,524	37,231
1855	Services (Overhead & Underground)	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1860	Meters	164,287	3,090	161,197	57,203		57,203	433,381	20.40	4.90%	30.00	3.33%	7,903	1,907	7,223	17,032	789,729	772,697
1860	Meters (Smart Meters)	6,971,136	0	6,971,136	1,351,588		1,351,588	75,000	9.77	10.24%	10.00	10.00%	713,744	135,159	3,750	852,653		(852,653)
1905	Land	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1908	Buildings & Fixtures	0	0	0			0		-	0.00%	75.00	1.33%	0	0	0	0		0
1910	Leasehold Improvements	483,613	0	483,613	245,793		245,793	113,225	3.21	31.14%	5.00	20.00%	150,610	49,159	11,323	211,091	127,539	(83,552)
1915	Office Furniture & Equipment (10 years)	0	0	0			0		-	0.00%	10.00	10.00%	0	0	0	0		0
1915	Office Furniture & Equipment (5 years)	40,991	0	40,991	38,042		38,042	11,444	4.88	20.51%	5.00	20.00%	8,408	7,608	1,144	17,161	6,788	(10,373)
1920	Computer Equipment - Hardware	46,413	46,413	(0)	303,428		303,428	56,032	2.66	37.56%	4.00	25.00%	(0)	75,857	7,004	82,861	124,182	41,321
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	129,776		129,776		-	0.00%	4.00	25.00%	0	32,444	0	32,444		(32,444)
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0			0		-	0.00%	4.00	25.00%	0	0	0	0		0
1930	Transportation Equipment	932,682	392,358	540,324	1,475,765		1,475,765	500,300	9.24	10.82%	8.00	12.50%	58,480	184,471	31,269	274,219	288,966	14,747
1935	Stores Equipment	288	0	288			0		1.00	99.98%	7.00	14.29%	288	0	0	288		(288)
1940	Tools, Shop & Garage Equipment	686,983	0	686,983	203,902		203,902	237,357	3.26	30.71%	7.00	14.29%	211,007	29,129	16,954	257,090	140,176	(116,914)
1945	Measurement & Testing Equipment	155,953	0	155,953	85,744		85,744	342,593	12.57	7.96%	7.00	14.29%	12,410	12,249	24,471	49,130	49,014	(116)
1950	Power Operated Equipment	0	0	0			0		-	0.00%	10.00	10.00%	0	0	0	0		0
1955	Communications Equipment	15,187	0	15,187	151,547		151,547		2.83	35.30%	10.00	10.00%	5,361	15,155	0	20,516	15,854	(4,662)
1955	Communication Equipment (Smart Meters)	0	0	0			0		-	0.00%		0.00%	0	0	0	0		0
1960	Miscellaneous Equipment	35,809	35,809	0	66,824		66,824	13,909	2.20	45.38%	5.00	20.00%	0	13,365	1,391	14,756	13,848	(908)
1970	Load Management Controls Customer Premises	70,871	0	70,871			0		3.00	33.33%	8.00	12.50%	23,624	0	0	23,624		(23,624)
1975	Load Management Controls Utility Premises	279,356	0	279,356			0		3.00	33.33%	8.00	12.50%	93,119	0	0	93,119	218,656	125,537
1980	System Supervisor Equipment	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1985	Miscellaneous Fixed Assets	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1990	Other Tangible Property	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
1995	Contributions & Grants	(22,390,983)	(152,785)	(22,238,198)	(5,200,821)		(5,200,821)	(3,323,924)	40.13	2.49%	45.00	2.22%	(554,107)	(115,574)	(36,932)	(706,614)	(800,674)	(94,060)
2005	Property Under Finance Lease	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
	Total	61,933,453	7,944,580	53,988,873	32,598,852	255,000	32,343,852	11,854,689					2,689,034	1,433,398	279,359	4,401,791	4,393,114	(8,677)

Table 4-46 – Appendix 2-CB – 2016 Actual MIFRS Depreciation and Amortization Expense

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0	0	0	0	0	-	0.00%	50.00	2.00%	0	0	0	0		0
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	1,263,253	912,723	350,530	966,353	2.69	37.16%	3.00	33.33%	0	116,843	161,059	277,902	201,223	(76,679)
1612	Land Rights (Formally known as Account 1906)	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1805	Land	293,875	0	293,875	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1808	Buildings	349,774	0	349,774	47,648	0	47,648		24.57	4.07%	62.00	1.61%	14,236	769	0	15,004	12,734	(2,270)
1810	Leasehold Improvements	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1820	Distribution Station Equipment <50 kV	7,715,028	1,820,272	5,894,756	8,388,489	0	8,388,489	793,391	30.27	3.30%	42.50	2.35%	194,766	197,376	9,334	401,476	528,245	126,769
1825	Storage Battery Equipment	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1830	Poles, Towers & Fixtures	15,393,255	2,336,506	13,056,749	13,491,579	0	13,491,579	2,543,106	39.84	2.51%	45.00	2.22%	327,732	299,813	28,257	655,801	716,971	61,170
1835	Overhead Conductors & Devices	8,783,977	1,991,562	6,792,415	5,546,867	0	5,546,867	1,074,435	43.23	2.31%	45.00	2.22%	157,109	123,264	11,938	292,311	378,472	86,161
1840	Underground Conduit	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1845	Underground Conductors & Devices	21,576,736	2,098,284	19,478,452	9,146,947	0	9,146,947	3,313,949	32.54	3.07%	40.00	2.50%	598,633	228,674	41,424	868,731	906,245	37,514
1850	Line Transformers	19,978,411	1,141,888	18,836,523	9,200,650	0	9,200,650	514,361	31.10	3.22%	40.00	2.50%	605,622	230,016	6,430	842,067	934,239	92,172
1855	Services (Overhead & Underground)	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1860	Meters	164,287	3,090	161,197	490,584	0	490,584	693,829	20.40	4.90%	30.00	3.33%	7,903	16,353	11,564	35,819	845,844	810,025
1860	Meters (Smart Meters)	6,971,136	0	6,971,136	1,426,588	0	1,426,588	75,000	9.77	10.24%	10.00	10.00%	713,744	142,659	3,750	860,153		(860,153)
1905	Land	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1908	Buildings & Fixtures	0	0	0	0	0	0		-	0.00%	75.00	1.33%	0	0	0	0		0
1910	Leasehold Improvements	483,613	483,613	0	359,018	0	359,018	50,601	3.21	31.14%	5.00	20.00%	0	71,804	5,060	76,864	91,907	15,043
1915	Office Furniture & Equipment (10 years)	0	0	0	0	0	0		-	0.00%	10.00	10.00%	0	0	0	0		0
1915	Office Furniture & Equipment (5 years)	40,991	0	40,991	49,486	0	49,486	15,756	4.88	20.51%	5.00	20.00%	8,408	9,897	1,576	19,881	7,753	(12,128)
1920	Computer Equipment - Hardware	46,413	46,413	(0)	359,460	0	359,460	74,704	2.66	37.56%	4.00	25.00%	(0)	89,865	9,338	99,203	68,580	(30,623)
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	129,776	0	129,776		-	0.00%	4.00	25.00%	0	32,444	0	32,444		(32,444)
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0		-	0.00%	4.00	25.00%	0	0	0	0		0
1930	Transportation Equipment	932,682	392,358	540,324	1,976,065	0	1,976,065	(50,342)	9.24	10.82%	8.00	12.50%	58,480	247,008	(3,146)	302,342	173,451	(128,891)
1935	Stores Equipment	288	0	288	0	0	0		1.00	99.98%	7.00	14.29%	288	0	0	288		(288)
1940	Tools, Shop & Garage Equipment	686,983	150,024	536,959	441,259	0	441,259	15,129	3.26	30.71%	7.00	14.29%	164,927	63,037	1,081	229,045	83,450	(145,595)
1945	Measurement & Testing Equipment	155,953	0	155,953	428,337	0	428,337	67,250	12.57	7.96%	7.00	14.29%	12,410	61,191	4,804	78,405	39,361	(39,044)
1950	Power Operated Equipment	0	0	0	0	0	0		-	0.00%	10.00	10.00%	0	0	0	0		0
1955	Communications Equipment	15,187	15,187	0	151,547	0	151,547	133,787	2.83	35.30%	10.00	10.00%	0	15,155	6,689	21,844	22,545	701
1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1960	Miscellaneous Equipment	35,809	35,809	0	80,733	0	80,733		2.20	45.38%	5.00	20.00%	0	16,147	0	16,147	13,031	(3,116)
1970	Load Management Controls Customer Premises	70,871	0	70,871	0	0	0		3.00	33.33%	8.00	12.50%	23,624	0	0	23,624		(23,624)
1975	Load Management Controls Utility Premises	279,356	0	279,356	0	0	0		12.00	8.33%	8.00	12.50%	23,280	0	0	23,280	17,494	(5,786)
1980	System Supervisor Equipment	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1985	Miscellaneous Fixed Assets	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1990	Other Tangible Property	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1995	Contributions & Grants	(22,390,983)	(152,785)	(22,238,198)	(8,524,745)	0	(8,524,745)	(1,084,162)	40.13	2.49%	45.00	2.22%	(554,107)	(189,439)	(12,046)	(755,592)	(721,945)	33,647
2005	Property Under Finance Lease	0	0	0			0		-	0.00%	-	0.00%	0	0	0	0		0
	Total	61,933,453	10,712,033	51,221,420	44,453,541	912,723	43,540,818	9,197,147					2,357,054	1,772,875	287,110	4,417,038	4,319,600	(97,438)

TABLE 4-47 – APPENDIX 2-CC - 2017 ACTUAL MIFRS DEPRECIATION AND AMORTIZATION EXPENSE

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0	0	0	0	0	-	0.00%	50.00	2.00%	0	0	0	0		0
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	2,229,606	2,166,723	62,883	(911,725)	2.69	37.16%	3.00	33.33%	0	20,961	(151,954)	(130,993)	(301,599)	(170,606)
1612	Land Rights (Formally known as Account 1906)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1805	Land	293,875	0	293,875	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1808	Buildings	349,774	0	349,774	47,648	0	47,648	0	24.57	4.07%	62.00	1.61%	14,236	769	0	15,004	12,701	(2,303)
1810	Leasehold Improvements	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1820	Distribution Station Equipment <50 kV	7,715,028	1,820,272	5,894,756	9,181,880	0	9,181,880	1,147,096	30.27	3.30%	42.50	2.35%	194,766	216,044	13,495	424,306	563,973	139,667
1825	Storage Battery Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1830	Poles, Towers & Fixtures	15,393,255	2,540,020	12,853,235	16,034,685	0	16,034,685	2,255,915	39.84	2.51%	45.00	2.22%	322,623	356,326	25,066	704,015	698,107	(5,908)
1835	Overhead Conductors & Devices	8,783,977	2,379,906	6,404,071	6,621,302	0	6,621,302	842,336	43.23	2.31%	45.00	2.22%	148,127	147,140	9,359	304,626	304,921	295
1840	Underground Conduit	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1845	Underground Conductors & Devices	21,576,736	2,501,640	19,075,096	12,460,896	0	12,460,896	1,557,248	32.54	3.07%	40.00	2.50%	586,237	311,522	19,466	917,225	927,665	10,440
1850	Line Transformers	19,978,411	1,141,888	18,836,523	9,715,011	0	9,715,011	1,537,958	31.10	3.22%	40.00	2.50%	605,622	242,875	19,224	867,721	852,663	(15,058)
1855	Services (Overhead & Underground)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1860	Meters	164,287	3,090	161,197	1,184,413	0	1,184,413	23,729	20.40	4.90%	30.00	3.33%	7,903	39,480	395	47,779	980,489	932,710
1860	Meters (Smart Meters)	6,971,136	0	6,971,136	1,501,588	0	1,501,588	355,000	9.77	10.24%	10.00	10.00%	713,744	150,159	17,750	881,653		(881,653)
1905	Land	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1908	Buildings & Fixtures	0	0	0	0	0	0	0	-	0.00%	75.00	1.33%	0	0	0	0		0
1910	Leasehold Improvements	483,613	483,613	0	409,619	0	409,619		3.21	31.14%	5.00	20.00%	0	81,924	0	81,924	110,530	28,606
1915	Office Furniture & Equipment (10 years)	0	0	0	0	0	0		-	0.00%	10.00	10.00%	0	0	0	0		0
1915	Office Furniture & Equipment (5 years)	40,991	40,991	0	65,242	0	65,242	9,267	4.88	20.51%	5.00	20.00%	0	13,048	927	13,975	7,702	(6,273)
1920	Computer Equipment - Hardware	46,413	46,413	(0)	434,164	55,100	379,064	76,501	2.66	37.56%	4.00	25.00%	(0)	94,766	9,563	104,329	89,325	(15,004)
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	129,776	51,111	78,665		-	0.00%	4.00	25.00%	0	19,666	0	19,666		(19,666)
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0		-	0.00%	4.00	25.00%	0	0	0	0		0
1930	Transportation Equipment	932,682	392,358	540,324	1,925,723	0	1,925,723	503,173	9.24	10.82%	8.00	12.50%	58,480	240,715	31,448	330,644	343,394	12,750
1935	Stores Equipment	288	0	288	0	0	0	0	1.00	99.98%	7.00	14.29%	288	0	0	288		(288)
1940	Tools, Shop & Garage Equipment	686,983	150,024	536,959	456,388	46,222	410,166	30,794	3.26	30.71%	7.00	14.29%	164,927	58,595	2,200	225,722	222,820	(2,902)
1945	Measurement & Testing Equipment	155,953	0	155,953	495,587	0	495,587	135,884	12.57	7.96%	7.00	14.29%	12,410	70,798	9,706	92,914	112,901	19,987
1950	Power Operated Equipment	0	0	0	0	0	0	0	-	0.00%	10.00	10.00%	0	0	0	0		0
1955	Communications Equipment	15,187	15,187	0	285,334	0	285,334	42,570	2.83	35.30%	10.00	10.00%	0	28,533	2,129	30,662	31,362	700
1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1960	Miscellaneous Equipment	35,809	35,809	0	80,733	0	80,733	0	2.20	45.38%	5.00	20.00%	0	16,147	0	16,147	22,503	6,356
1970	Load Management Controls Customer Premises	70,871	70,871	0	0	0	0	0	3.00	33.33%	8.00	12.50%	0	0	0	0		0
1975	Load Management Controls Utility Premises	279,356	0	279,356	0	0	0	1,254,834	12.00	8.33%	8.00	12.50%	23,280	0	78,427	101,707	205,671	103,964
1980	System Supervisor Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1990	Other Tangible Property	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1995	Contributions & Grants	(22,390,983)	(152,785)	(22,238,198)	(9,608,907)	0	(9,608,907)	(1,112,263)	40.13	2.49%	45.00	2.22%	(554,107)	(213,531)	(12,358)	(779,997)	(821,397)	(41,400)
2005	Property Under Finance Lease	0	0	0	0		0	0	-	0.00%	-	0.00%	0	0	0	0		0
	Total	**61,933,453**	**11,819,109**	**50,114,344**	**53,650,688**	**2,319,156**	**51,331,532**	**7,748,317**					**2,298,535**	**1,895,939**	**74,842**	**4,269,316**	**4,363,731**	**94,415**

TABLE 4-48 – APPENDIX 2-CD – 2018 ACTUAL MIFRS DEPRECIATION AND AMORTIZATION EXPENSE

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0	0	0	0	0	-	0.00%	50.00	2.00%	**0**	**0**	**0**	**0**		**0**
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	1,317,881	912,723	405,158	349,450	2.69	37.16%	3.00	33.33%	**0**	**135,053**	**58,242**	**193,294**	210,550	**17,256**
1612	Land Rights (Formally known as Account 1906)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1805	Land	293,875	0	293,875	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1808	Buildings	349,774	0	349,774	47,648	0	47,648	4,557,190	24.57	4.07%	62.00	1.61%	**14,236**	**769**	**36,752**	**51,756**	54,043	**2,287**
1810	Leasehold Improvements	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1820	Distribution Station Equipment <50 kV	7,715,028	1,944,580	5,770,448	10,328,976	0	10,328,976	3,562,026	30.27	3.30%	42.50	2.35%	**190,659**	**243,035**	**41,906**	**475,600**	558,702	**83,102**
1825	Storage Battery Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1830	Poles, Towers & Fixtures	15,393,255	3,366,780	12,026,475	18,290,600	0	18,290,600	236,454	39.84	2.51%	45.00	2.22%	**301,871**	**406,458**	**2,627**	**710,956**	806,817	**95,861**
1835	Overhead Conductors & Devices	8,783,977	2,667,020	6,116,957	7,463,638	0	7,463,638	769,824	43.23	2.31%	45.00	2.22%	**141,486**	**165,859**	**8,554**	**315,898**	351,046	**35,148**
1840	Underground Conduit	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1845	Underground Conductors & Devices	21,576,736	4,321,881	17,254,855	14,018,144	0	14,018,144	3,788,129	32.54	3.07%	40.00	2.50%	**530,295**	**350,454**	**47,352**	**928,100**	1,310,794	**382,694**
1850	Line Transformers	19,978,411	1,141,888	18,836,523	11,252,969	0	11,252,969	1,897,603	31.10	3.22%	40.00	2.50%	**605,622**	**281,324**	**23,720**	**910,666**	1,014,368	**103,702**
1855	Services (Overhead & Underground)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1860	Meters	164,287	3,090	161,197	1,208,142	0	1,208,142	90,231	20.40	4.90%	30.00	3.33%	**7,903**	**40,271**	**1,504**	**49,678**	958,291	**908,613**
1860	Meters (Smart Meters)	6,971,136	0	6,971,136	1,856,588	0	1,856,588	575,000	9.77	10.24%	10.00	10.00%	**713,744**	**185,659**	**28,750**	**928,153**		**(928,153)**
1905	Land	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1908	Buildings & Fixtures	0	0	0	0	0	0	0	-	0.00%	75.00	1.33%	**0**	**0**	**0**	**0**		**0**
1910	Leasehold Improvements	483,613	483,613	0	409,619	0	409,619	0	3.21	31.14%	5.00	20.00%	**0**	**81,924**	**0**	**81,924**	39,812	**(42,112)**
1915	Office Furniture & Equipment (10 years)	0	0	0	0	0	0	24,843	-	0.00%	10.00	10.00%	**0**	**0**	**1,242**	**1,242**		**(1,242)**
1915	Office Furniture & Equipment (5 years)	40,991	40,991	0	74,509	0	74,509		4.88	20.51%	5.00	20.00%	**0**	**14,902**	**0**	**14,902**	10,375	**(4,527)**
1920	Computer Equipment - Hardware	46,413	46,413	(0)	510,665	55,100	455,565	425,227	2.66	37.56%	4.00	25.00%	**(0)**	**113,891**	**53,153**	**167,045**	160,864	**(6,181)**
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	129,776	51,111	78,665		-	0.00%	4.00	25.00%	**0**	**19,666**	**0**	**19,666**		**(19,666)**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0		-	0.00%	4.00	25.00%	**0**	**0**	**0**	**0**		**0**
1930	Transportation Equipment	932,682	698,126	234,556	2,428,896	0	2,428,896	368,394	9.24	10.82%	8.00	12.50%	**25,386**	**303,612**	**23,025**	**352,023**	349,996	**(2,027)**
1935	Stores Equipment	288	0	288	0	0	0	0	1.00	99.98%	7.00	14.29%	**288**	**0**	**0**	**288**		**(288)**
1940	Tools, Shop & Garage Equipment	686,983	150,024	536,959	487,182	169,555	317,627	63,786	3.26	30.71%	7.00	14.29%	**164,927**	**45,375**	**4,556**	**214,858**	86,339	**(128,519)**
1945	Measurement & Testing Equipment	155,953	0	155,953	631,471	0	631,471	98,920	12.57	7.96%	7.00	14.29%	**12,410**	**90,210**	**7,066**	**109,686**	112,433	**2,747**
1950	Power Operated Equipment	0	0	0	0	0	0	0	-	0.00%	10.00	10.00%	**0**	**0**	**0**	**0**		**0**
1955	Communications Equipment	15,187	15,187	0	327,904	0	327,904	16,798	2.83	35.30%	10.00	10.00%	**0**	**32,790**	**840**	**33,630**	34,330	**700**
1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0		-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1960	Miscellaneous Equipment	35,809	35,809	0	80,733	0	80,733	11,384	2.20	45.38%	5.00	20.00%	**0**	**16,147**	**1,138**	**17,285**	8,886	**(8,399)**
1970	Load Management Controls Customer Premises	70,871	70,871	0	0	0	0	0	3.00	33.33%	8.00	12.50%	**0**	**0**	**0**	**0**		**0**
1975	Load Management Controls Utility Premises	279,356	0	279,356	1,254,834	0	1,254,834	30,343	12.00	8.33%	8.00	12.50%	**23,280**	**156,854**	**1,896**	**182,030**	155,947	**(26,083)**
1980	System Supervisor Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1990	Other Tangible Property	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1995	Contributions & Grants	(22,390,983)	(652,785)	(21,738,198)	(10,721,170)	(61,000)	(10,660,170)	(3,908,248)	40.13	2.49%	45.00	2.22%	**(541,649)**	**(236,893)**	**(43,425)**	**(821,967)**	(1,242,006)	**(420,039)**
2005	Property Under Finance Lease	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
	Total	**61,933,453**	**14,683,298**	**47,250,155**	**61,399,005**	**1,127,489**	**60,271,516**	**12,957,354**					**2,190,458**	**2,447,359**	**298,898**	**4,936,714**	**4,981,587**	**44,873**

TABLE 4-49 – APPENDIX 2-CE – 2019 ACTUAL MIFRS DEPRECIATION AND AMORTIZATION EXPENSE

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0		0	0	4,136,705	-	0.00%	50.00	2.00%	0	0	41,367	41,367	82,734	41,367
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	1,667,331	912,723	754,608	175,658	2.69	37.16%	3.00	33.33%	0	251,536	29,276	280,812	200,199	(80,613)
1612	Land Rights (Formally known as Account 1906)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1805	Land	293,875	0	293,875	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1808	Buildings	349,774	0	349,774	4,604,838	0	4,604,838	396,754	24.57	4.07%	62.00	1.61%	14,236	74,272	3,200	91,707	69,905	(21,802)
1810	Leasehold Improvements	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1820	Distribution Station Equipment <50 kV	7,715,028	2,053,482	5,661,546	13,891,002	0	13,891,002	(52,040)	30.27	3.30%	42.50	2.35%	187,061	326,847	(612)	513,296	572,635	59,339
1825	Storage Battery Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1830	Poles, Towers & Fixtures	15,393,255	3,578,691	11,814,564	18,527,054	0	18,527,054	7,579,626	39.84	2.51%	45.00	2.22%	296,552	411,712	84,218	792,483	866,269	73,786
1835	Overhead Conductors & Devices	8,783,977	2,918,554	5,865,423	8,233,462	0	8,233,462	2,494,435	43.23	2.31%	45.00	2.22%	135,668	182,966	27,716	346,350	324,491	(21,859)
1840	Underground Conduit	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1845	Underground Conductors & Devices	21,576,736	4,522,315	17,054,421	17,806,273	0	17,806,273	8,146,716	32.54	3.07%	40.00	2.50%	524,135	445,157	101,834	1,071,126	1,389,602	318,476
1850	Line Transformers	19,978,411	1,141,888	18,836,523	13,150,572	0	13,150,572	4,594,038	31.10	3.22%	40.00	2.50%	605,622	328,764	57,425	991,811	1,152,831	161,020
1855	Services (Overhead & Underground)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1860	Meters	164,287	3,090	161,197	1,298,373	0	1,298,373	196,723	20.40	4.90%	30.00	3.33%	7,903	43,279	3,279	54,460	1,003,435	948,975
1860	Meters (Smart Meters)	6,971,136	0	6,971,136	2,431,588	0	2,431,588	875,000	9.77	10.24%	10.00	10.00%	713,744	243,159	43,750	1,000,653		(1,000,653)
1905	Land	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1908	Buildings & Fixtures	0	0	0	0	0	0	0	-	0.00%	75.00	1.33%	0	0	0	0		0
1910	Leasehold Improvements	483,613	483,613	0	409,619	150,000	259,619	0	3.21	31.14%	3.00	33.33%	0	86,540	0	86,540	37,631	(48,909)
1915	Office Furniture & Equipment (10 years)	0	0	0	24,843	0	24,843		-	0.00%	10.00	10.00%	0	2,484	0	2,484		(2,484)
1915	Office Furniture & Equipment (5 years)	40,991	40,991	0	74,509	0	74,509		4.88	20.51%	5.00	20.00%	0	14,902	0	14,902	12,057	(2,845)
1920	Computer Equipment - Hardware	46,413	46,413	(0)	935,892	55,100	880,792	17,506	2.66	37.56%	4.00	25.00%	(0)	220,198	2,188	222,386	192,826	(29,560)
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	129,776	51,111	78,665	148,154	-	0.00%	4.00	25.00%	0	19,666	18,519	38,186		(38,186)
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0		-	0.00%	4.00	25.00%	0	0	0	0		0
1930	Transportation Equipment	932,682	932,533	149	2,797,290	0	2,797,290	340,672	9.24	10.82%	8.00	12.50%	16	349,661	21,292	370,969	382,527	11,558
1935	Stores Equipment	288	0	288	0	0	0	6,251	1.00	99.98%	7.00	14.29%	288	0	446	734	446	(288)
1940	Tools, Shop & Garage Equipment	686,983	450,024	236,959	550,968	169,555	381,413	105,949	3.26	30.71%	7.00	14.29%	72,782	54,488	7,568	134,837	155,002	20,165
1945	Measurement & Testing Equipment	155,953	0	155,953	730,391	0	730,391	158,594	12.57	7.96%	7.00	14.29%	12,410	104,342	11,328	128,080	133,621	5,541
1950	Power Operated Equipment	0	0	0	0	0	0	0	-	0.00%	10.00	10.00%	0	0	0	0		0
1955	Communications Equipment	15,187	15,187	0	344,702	0	344,702	0	2.83	35.30%	10.00	10.00%	0	34,470	0	34,470	35,170	700
1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1960	Miscellaneous Equipment	35,809	35,809	0	92,117	0	92,117	55,314	2.20	45.38%	5.00	20.00%	0	18,423	5,531	23,955	40,977	17,022
1970	Load Management Controls Customer Premises	70,871	70,871	0	0	0	0	0	3.00	33.33%	8.00	12.50%	0	0	0	0		0
1975	Load Management Controls Utility Premises	279,356	0	279,356	1,285,177	0	1,285,177	59,364	12.00	8.33%	8.00	12.50%	23,280	160,647	3,710	187,637	183,189	(4,448)
1980	System Supervisor Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1990	Other Tangible Property	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1995	Contributions & Grants	(22,390,983)	(1,652,785)	(20,738,198)	(14,629,418)	(61,000)	(14,568,418)	(6,198,919)	40.13	2.49%	45.00	2.22%	(516,732)	(323,743)	(68,877)	(909,352)	(1,228,234)	(318,882)
2005	Property Under Finance Lease	0	0	0	0		0	0	-	0.00%	-	0.00%	0	0	0	0		0
	Total	**61,933,453**	**14,990,487**	**46,942,966**	**74,356,359**	**1,277,489**	**73,078,870**	**23,236,500**					**2,076,964**	**3,049,770**	**393,160**	**5,519,894**	**5,607,313**	**87,419**

TABLE 4-50 – APPENDIX 2-CF – 2020 BRIDGE YEAR MIFRS DEPRECIATION AND AMORTIZATION EXPENSE

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0	4,136,705	0	4,136,705		-	0.00%	50.00	2.00%	0	82,734	0	82,734	82,734	(0)
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	1,842,989	1,017,723	825,266	300,000	2.69	37.16%	3.00	33.33%	0	275,089	50,000	325,089	367,627	42,538
1612	Land Rights (Formally known as Account 1906)	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1805	Land	293,875	0	293,875	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1808	Buildings	349,774	0	349,774	5,001,592	0	5,001,592	325,000	24.57	4.07%	62.00	1.61%	14,236	80,671	2,621	97,528	106,628	9,100
1810	Leasehold Improvements	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1820	Distribution Station Equipment <50 kV	7,715,028	2,075,822	5,639,206	13,838,962	0	13,838,962	139,600	30.27	3.30%	42.50	2.35%	186,323	325,623	1,642	513,588	604,774	91,186
1825	Storage Battery Equipment	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1830	Poles, Towers & Fixtures	15,393,255	4,245,239	11,148,016	26,106,680	0	26,106,680	3,969,164	39.84	2.51%	45.00	2.22%	279,821	580,148	44,102	904,072	934,581	30,509
1835	Overhead Conductors & Devices	8,783,977	2,970,151	5,813,826	10,727,897	0	10,727,897	2,426,871	43.23	2.31%	45.00	2.22%	134,474	238,398	26,965	399,837	460,170	60,333
1840	Underground Conduit	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1845	Underground Conductors & Devices	21,576,736	4,768,562	16,808,174	25,952,989	0	25,952,989	4,162,075	32.54	3.07%	40.00	2.50%	516,567	648,825	52,026	1,217,418	1,319,592	102,174
1850	Line Transformers	19,978,411	2,754,279	17,224,132	17,744,610	0	17,744,610	4,228,100	31.10	3.22%	40.00	2.50%	553,781	443,615	52,851	1,050,247	1,134,921	84,674
1855	Services (Overhead & Underground)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1860	Meters	164,287	3,090	161,197	1,495,096	0	1,495,096	612,500	20.40	4.90%	30.00	3.33%	7,903	49,837	10,208	67,948	860,581	792,633
1860	Meters (Smart Meters)	6,971,136	2,079,183	4,891,953	3,306,588	0	3,306,588	280,900	9.77	10.24%	10.00	10.00%	500,866	330,659	14,045	845,570		(845,570)
1905	Land	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1908	Buildings & Fixtures	0	0	0	0	0	0		-	0.00%	75.00	1.33%	0	0	0	0		0
1910	Leasehold Improvements	483,613	483,613	0	409,619	150,000	259,619	280,000	3.21	31.14%	3.00	33.33%	0	86,540	46,667	133,206	76,925	(56,281)
1915	Office Furniture & Equipment (10 years)	0	0	0	24,843	0	24,843	0	-	0.00%	10.00	10.00%	0	2,484	0	2,484		(2,484)
1915	Office Furniture & Equipment (5 years)	40,991	40,991	0	74,509	3,007	71,502		4.88	20.51%	5.00	20.00%	0	14,300	0	14,300		(14,300)
1920	Computer Equipment - Hardware	46,413	46,413	0	953,398	205,100	748,298	971,500	2.66	37.56%	4.00	25.00%	0	187,075	121,438	308,512	342,132	33,620
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	277,930	151,111	126,819		-	0.00%	4.00	25.00%	0	31,705	0	31,705		(31,705)
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0		-	0.00%	4.00	25.00%	0	0	0	0		0
1930	Transportation Equipment	932,682	932,682	0	3,137,962	203,694	2,934,268	545,000	9.24	10.82%	8.00	12.50%	0	366,784	34,063	400,846	416,998	16,152
1935	Stores Equipment	288	288	0	6,251	0	6,251	60,000	1.00	99.98%	7.00	14.29%	0	893	4,286	5,179	20,887	15,708
1940	Tools, Shop & Garage Equipment	686,983	686,983	0	656,917	319,555	337,362	0	3.26	30.71%	7.00	14.29%	0	48,195	0	48,195	85,858	37,663
1945	Measurement & Testing Equipment	155,953	155,953	0	888,985	535,600	353,385	0	12.57	7.96%	7.00	14.29%	0	50,484	0	50,484	51,078	594
1950	Power Operated Equipment	0	0	0	0	0	0	0	-	0.00%	10.00	10.00%	0	0	0	0		0
1955	Communications Equipment	15,187	15,187	0	344,702	0	344,702	250,000	2.83	35.30%	10.00	10.00%	0	34,470	12,500	46,970	47,170	200
1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0		-	0.00%	-	0.00%	0	0	0	0		0
1960	Miscellaneous Equipment	35,809	35,809	0	147,431	0	147,431	0	2.20	45.38%	5.00	20.00%	0	29,486	0	29,486		(29,486)
1970	Load Management Controls Customer Premises	70,871	70,871	0	0	0	0	0	3.00	33.33%	8.00	12.50%	0	0	0	0		0
1975	Load Management Controls Utility Premises	279,356	279,356	0	1,344,541	0	1,344,541	0	12.00	8.33%	8.00	12.50%	0	168,068	0	168,068	164,721	(3,347)
1980	System Supervisor Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1990	Other Tangible Property	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
1995	Contributions & Grants	(22,390,983)	(6,274,230)	(16,116,753)	(20,828,337)	(61,000)	(20,767,337)	0	40.13	2.49%	45.00	2.22%	(401,580)	(461,496)	0	(863,076)	(1,113,271)	(250,195)
2005	Property Under Finance Lease	0	0	0	0	0	0	0	-	0.00%	-	0.00%	0	0	0	0		0
	Total	61,933,453	15,720,052	46,213,401	97,592,859	2,524,790	95,068,069	18,550,710					1,792,391	3,614,584	473,413	5,880,388	5,964,106	83,718

TABLE 4-51 – APPENDIX 2-CG – 2021 TEST YEAR MIFRS DEPRECIATION AND AMORTIZATION EXPENSE

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1609	Capital Contributions Paid	0	0	0	4,136,705	0	4,136,705		-	0.00%	50.00	2.00%	**0**	**82,734**	**0**	**82,734**	82,734	**(0)**
1611	Computer Software (Formally known as Account 1925)	349,811	349,811	0	2,142,989	1,517,723	625,266	200,000	2.69	37.16%	3.00	33.33%	**0**	**208,422**	**33,333**	**241,755**	232,891	**(8,864)**
1612	Land Rights (Formally known as Account 1906)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1805	Land	293,875	0	293,875	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1808	Buildings	349,774	0	349,774	5,326,592	0	5,326,592	100,000	24.57	4.07%	62.00	1.61%	**14,236**	**85,913**	**806**	**100,955**	109,429	**8,474**
1810	Leasehold Improvements	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1820	Distribution Station Equipment <50 kV	7,715,028	2,100,822	5,614,206	13,978,562	0	13,978,562	1,880,300	30.27	3.30%	42.50	2.35%	**185,497**	**328,907**	**22,121**	**536,525**	628,741	**92,216**
1825	Storage Battery Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1830	Poles, Towers & Fixtures	15,393,255	4,995,239	10,398,016	30,075,844	0	30,075,844	2,709,830	39.84	2.51%	45.00	2.22%	**260,996**	**668,352**	**30,109**	**959,457**	1,007,784	**48,327**
1835	Overhead Conductors & Devices	8,783,977	3,170,151	5,613,826	13,154,768	0	13,154,768	2,274,548	43.23	2.31%	45.00	2.22%	**129,848**	**292,328**	**25,273**	**447,449**	509,195	**61,746**
1840	Underground Conduit	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1845	Underground Conductors & Devices	21,576,736	5,218,562	16,358,174	30,115,064	0	30,115,064	4,028,875	32.54	3.07%	40.00	2.50%	**502,737**	**752,877**	**50,361**	**1,305,975**	1,327,104	**21,129**
1850	Line Transformers	19,978,411	2,854,279	17,124,132	21,972,710	0	21,972,710	2,431,968	31.10	3.22%	40.00	2.50%	**550,566**	**549,318**	**30,400**	**1,130,283**	1,220,213	**89,930**
1855	Services (Overhead & Underground)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1860	Meters	164,287	3,090	161,197	2,107,596	0	2,107,596	175,000	20.40	4.90%	30.00	3.33%	**7,903**	**70,253**	**2,917**	**81,073**	707,907	**626,834**
1860	Meters (Smart Meters)	6,971,136	4,529,183	2,441,953	3,587,488	0	3,587,488	500,000	9.77	10.24%	10.00	10.00%	**250,021**	**358,749**	**25,000**	**633,770**		**(633,770)**
1905	Land	0	0	0	0	0	0		-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1908	Buildings & Fixtures	0	0	0	0	0	0		-	0.00%	75.00	1.33%	**0**	**0**	**0**	**0**		**0**
1910	Leasehold Improvements	483,613	483,613	0	689,619	311,000	378,619	100,000	3.21	31.14%	3.00	33.33%	**0**	**126,206**	**16,667**	**142,873**	132,360	**(10,513)**
1915	Office Furniture & Equipment (10 years)	0	0	0	24,843	0	24,843	0	-	0.00%	10.00	10.00%	**0**	**2,484**	**0**	**2,484**		**(2,484)**
1915	Office Furniture & Equipment (5 years)	40,991	40,991	0	74,509	3,007	71,502	0	4.88	20.51%	5.00	20.00%	**0**	**14,300**	**0**	**14,300**		**(14,300)**
1920	Computer Equipment - Hardware	46,413	46,413	0	1,924,898	503,278	1,421,620	1,412,000	2.66	37.56%	4.00	25.00%	**0**	**355,405**	**176,500**	**531,905**	576,275	**44,370**
1920	Computer Equip.-Hardware(Post Mar. 22/04)		0	0	277,930	151,111	126,819		-	0.00%	4.00	25.00%	**0**	**31,705**	**0**	**31,705**		**(31,705)**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0		-	0.00%	4.00	25.00%	**0**	**0**	**0**	**0**		**0**
1930	Transportation Equipment	932,682	932,682	0	3,682,962	457,388	3,225,574	530,000	9.24	10.82%	8.00	12.50%	**0**	**403,197**	**33,125**	**436,322**	419,194	**(17,128)**
1935	Stores Equipment	288	288	0	66,251	0	66,251		1.00	99.98%	7.00	14.29%	**0**	**9,464**	**0**	**9,464**	26,887	**17,423**
1940	Tools, Shop & Garage Equipment	686,983	686,983	0	656,917	319,555	337,362	0	3.26	30.71%	7.00	14.29%	**0**	**48,195**	**0**	**48,195**	73,011	**24,816**
1945	Measurement & Testing Equipment	155,953	155,953	0	888,985	535,600	353,385	0	12.57	7.96%	7.00	14.29%	**0**	**50,484**	**0**	**50,484**	42,872	**(7,612)**
1950	Power Operated Equipment	0	0	0	0	0	0	0	-	0.00%	10.00	10.00%	**0**	**0**	**0**	**0**		**0**
1955	Communications Equipment	15,187	15,187	0	594,702	0	594,702	150,000	2.83	35.30%	10.00	10.00%	**0**	**59,470**	**7,500**	**66,970**	67,070	**100**
1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1960	Miscellaneous Equipment	35,809	35,809	0	147,431	0	147,431	0	2.20	45.38%	5.00	20.00%	**0**	**29,486**	**0**	**29,486**		**(29,486)**
1970	Load Management Controls Customer Premises	70,871	70,871	0	0	0	0	0	3.00	33.33%	8.00	12.50%	**0**	**0**	**0**	**0**		**0**
1975	Load Management Controls Utility Premises	279,356	279,356	0	1,344,541	0	1,344,541	0	12.00	8.33%	8.00	12.50%	**0**	**168,068**	**0**	**168,068**	169,674	**1,606**
1980	System Supervisor Equipment	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1990	Other Tangible Property	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
1995	Contributions & Grants	(22,390,983)	(5,424,230)	(16,966,753)	(20,828,337)	(61,000)	(20,767,337)	0	40.13	2.49%	45.00	2.22%	**(422,759)**	**(461,496)**	**0**	**(884,256)**	(1,116,345)	**(232,089)**
2005	Property Under Finance Lease	0	0	0	0	0	0	0	-	0.00%	-	0.00%	**0**	**0**	**0**	**0**		**0**
	Total	**61,933,453**	**20,545,052**	**41,388,401**	**116,143,569**	**3,737,662**	**112,405,907**	**16,492,521**					**1,479,044**	**4,234,821**	**454,112**	**6,167,977**	**6,216,996**	**49,019**

PAYMENTS IN LIEU OF CORPORATE TAXES CALCULATION AND PROPERTY TAX

OPUCN is liable for the payment of PILs on its taxable income computed in accordance with Section 93 of the *Electricity Act* 1998 (Ontario) as amended. OPUCN is exempt from paying income taxes under the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario). OPUCN proposed 2021 Test Year PILs are $0, a decrease of $359,400 or 100.0% as compared to the 2019 COS Board-Approved allowance for PILs. This reduction is due to increased timing differences between depreciation of assets for accounting purposes and depreciation of assets for income tax purposes (Capital Cost Allowance or “CCA”) driven by high levels of capital expenditure, along with the the CCA acceleration measures introduced on 8 April 2019 by the federal government as part of Canadian Bill C-97. OPUCN follows the guidance as specified in the Board’s Accounting Procedures Handbook. Due to significant capital investments in recent years and the disparity between useful asset lives for taxation as compared to accounting, CCA materially exceeds depreciation creating timing differences which reduces the effective amount of PILs payable on taxable income well below the amount otherwise computed by applying the combined federal and Ontario rates of PILs to regulatory income before PILs.

A complete copy of the excel model “Income Tax/PILs Workform for 2021 Filers” is included in this exhibit as Appendix 4-4. Copies of the 2019 Federal and Provincial tax returns are included as Appendix 4-5, with a reconciliation to 2019 Financial Statements tax expense included as Appendix 4-6.

The financial statements included with tax returns are the same as those filed in support of the application.

Table 4-52 below provides a summary by year of PILs payable for the years 2015 to 2021.

TABLE 4-52 – PILS PAYABLE 2015 – 2021

Year	PILS
2015 Actuals	$93,702
2016 Actuals	$315,293
2017 Actuals	$602,173
2018 Actuals	$886,653
2019 Board Approved	$359,404
2019 Actuals (Provisional)	$750,209
2020 Bridge Year	$0
2021 Test Year	$0

Tables 4-53 and 4-54 below provide summary details behind the PILs calculations, including adjustments to taxable income, for the years 2015 to 2021.

TABLE 4-53 – TAX CALCULATIONS 2015 – 2018

Description		2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals
Net Income Before Taxes (Return on Equity)		3,443	5,026	4,856	5,984
Tax Adjustments to Accounting Income		(3,179)	(2,954)	(1,900)	(2,267)
Regulatory Taxable Income	A	$265	$2,072	$2,956	$3,718
Ontario Income Taxes	B	11.50%	11.50%	11.50%	11.50%
Income tax payable	C = A * B	$30	$238	$340	$428
Ontario Small Business Threshold	D	$500	$500	$500	$500
Rate reduction	E	-7.00%	-7.00%	-7.00%	-7.00%
Ontario Small business credit	F = D * E	$(35)	$(35)	$(35)	$(35)
CMT & Other Adjustments	G	$111	$(68)	$(52)	$33
Ontario Income tax	J = C + F + G	$106	$135	$253	$426
Combined Tax Rate and PILs					
Effective Ontario Tax Rate	K = J / A	40.03%	6.53%	8.57%	11.46%
Federal tax rate	L	15.00%	15.00%	15.00%	15.00%
Combined tax rate	M = L + L	55.03%	21.53%	23.57%	26.46%
Total Income Taxes	N = A * M	$146	$446	$697	$984
Investment Tax Credits	O	$43	$101	$64	$56
Miscellaneous Tax Credits	P	$9	$29	$31	$41
Total Tax Credits	Q = O + P	$52	$131	$95	$97
Corporate PILs/Income Tax Expense for Year	**R = N - Q**	**$94**	**$315**	**$602**	**$887**

Tax Adjustments to Accounting Income

Additions:				
Amortization of tangible assets	4,393	4,437	4,362	4,982
Amortization of MIFRS PP&E Deferral Account	(595)	0	0	0
Amortization of intangible assets	30	30	30	0
Loss on disposal of assets	106	422	514	353
Charitable donations	13	7	5	5
Scientific research expenditures deducted	116	105	260	297
Non-deductible meals and entertainment exp	12	15	16	14
Reserves from FS - balance at end of year	11,941	12,086	12,473	12,851
ITC's recorded for accounting (PY Reversal)	36	0	0	0
Non-deductible penalties	0	7	0	0
ITC's and other	57	14	39	42
Total Additions	**16,109**	**17,122**	**17,700**	**18,543**
Deductions:				
Capital cost allowance from Schedule 8	6,895	7,379	7,093	7,701
Scientific research expenses claimed in year	90	540	158	230
Reserves from FS - Bal at beginning of year	12,192	11,941	12,086	12,473
Interest capitalized for accounting deducted for tax	110	216	264	405
Total Deductions	**19,287**	**20,076**	**19,600**	**20,810**
Tax Adjustments to Accounting Income	**(3,179)**	**(2,954)**	**(1,900)**	**(2,267)**

TABLE 4-54 –TAX CALCULATIONS 2019 – 2021

Description		2019 Board Approved	2019 Actuals[1]	2020 Bridge Year	2021 Test Year
Net Income Before Taxes (Return on Equity)		4,754	5,963	4,682	5,026
Tax Adjustments to Accounting Income		(3,153)	(3,257)	(5,352)	(5,687)
Regulatory Taxable Income	A	$1,602	$2,706	$(670)	$(661)
Ontario Income Taxes	B	11.50%	11.50%	11.50%	11.50%
Income tax payable	C = A * B	$184	$311	$0	$0
Ontario Small Business Threshold	D	$500	$500	$500	$500
Rate reduction	E	-7.00%	-7.00%	-7.00%	-7.00%
Ontario Small business credit	F = D * E	$(35)	$(35)	$0	$0
CMT & Other Adjustments	G		$97	$0	$0
Ontario Income tax	J = C + F + G	$149	$373	$0	$0
Combined Tax Rate and PILs					
Effective Ontario Tax Rate	K = J / A	9.31%	13.79%	0.00%	0.00%
Federal tax rate	L	15.00%	15.00%	15.00%	15.00%
Combined tax rate	M = L + L	24.31%	28.79%	15.00%	15.00%
Total Income Taxes	N = A * M	$389	$779	$(100)	$(99)
Investment Tax Credits	O	$14	$29	$60	$60
Miscellaneous Tax Credits	P	$16	$0	$36	$36
Total Tax Credits	Q = O + P	$30	$29	$96	$96
Corporate PILs/Income Tax Expense for Year	**R = N - Q**	**$359**	**$750**	**$0**	**$0**

Additions:				
Amortization of tangible assets	5,393	5,620	5,860	6,068
Amortization of MIFRS PP&E Deferral Account	0	0	0	0
Amortization of intangible assets	0	83	83	83
Loss on disposal of assets	381	(200)	278	278
Charitable donations	0	5	5	0
Scientific research expenditures deducted	0	0	279	279
Non-deductible meals and entertainment exp	13	15	15	15
Reserves from FS - balance at end of year	13,096	12,995	12,995	12,995
ITC's recorded for accounting (PY Reversal)	0	0	0	0
Non-deductible penalties	0	0	0	0
ITC's and other	16	0	(0)	5
Total Additions	**18,900**	**18,518**	**19,514**	**19,723**
Deductions:				
Capital cost allowance from Schedule 8	9,089	8,567	11,374	11,918
Scientific research expenses claimed in year	0	0	194	194
Reserves from FS - Bal at beginning of year	12,890	12,851	12,995	12,995
Interest capitalized for accounting deducted for tax	73	357	303	303
Total Deductions	**22,053**	**21,775**	**24,866**	**25,410**
Tax Adjustments to Accounting Income	**(3,153)**	**(3,257)**	**(5,352)**	**(5,687)**

Tables 4-55 to 4-57 provide details behind the calculation of Capital Cost Allowance ("CCA") for each of the years 2015 through to 2021.

TABLE 4-55 –CCA CALCULATIONS 2015 – 2017 ACTUAL

2015 Actuals

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	37,045,639	0				0	37,045,639	4.0%	1,481,826	35,563,814
8	Office Equip, other machinery & Eqiup., leasehold	797,974	605,304				(302,652)	1,100,626	20.0%	220,125	1,183,153
10	Rolling stock, computer hardware	925,753	500,300				(250,150)	1,175,902	30.0%	352,771	1,073,282
10.1	Chevrolet Volt	9,184	0				0	9,184	30.0%	2,755	6,429
12	Computer software	41,499	289,870				(144,935)	186,434	100.0%	186,436	144,933
13	Leasehold Improvements	330,305	113,225				(8,088)	435,442		89,271	354,259
42	Fibre optics	23,190	0				0	23,190	12.0%	2,783	20,408
45	Computer hardware- accelerated	1,908	0				0	1,908	45.0%	859	1,049
45.1	Computers-1921	892	0				0	892	55.0%	401	491
47	Transmission/distribution Equip.	50,728,145	10,342,599	(216,641)			(5,062,979)	55,791,124	8.0%	4,463,290	56,390,813
50	Gen. Purpose DP equip/sw	143,257	56,032				(28,016)	171,273	55.0%	94,200	105,089
Total		**90,047,747**	**11,907,329**	**(216,641)**	**0**		**(5,796,820)**	**95,941,615**		**6,894,717**	**94,843,718**

2016 Actuals

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	35,563,814	0				0	35,563,814	4.0%	1,422,553	34,141,262
8	Office Equip, other machinery & Eqiup., leasehold	1,183,153	231,923				(115,961)	1,299,114	20.0%	259,823	1,155,253
10	Rolling stock, computer hardware	1,073,282	92,691				(46,346)	1,119,627	30.0%	335,888	830,084
10.1	Chevrolet Volt	6,429	0				0	6,429	30.0%	1,929	4,500
12	Computer software	144,933	476,569				(238,285)	383,218	100.0%	383,218	238,285
13	Leasehold Improvements	354,259					0	354,259		97,358	256,901
42	Fibre optics	20,408	0				0	20,408	12.0%	2,449	17,959
45	Computer hardware- accelerated	1,049	0				0	1,049	45.0%	472	577
45.1	Computers-1921	491	0				0	491	55.0%	221	270
47	Transmission/distribution Equip.	56,390,813	7,020,610		7,875		(3,506,368)	59,897,181	8.0%	4,791,774	58,611,774
50	Gen. Purpose DP equip/sw	105,089	74,704				(37,352)	142,441	55.0%	78,342	101,450
13.1		0	50,601				(5,060)	45,541		5,060	45,541
Total		**94,843,718**	**7,947,097**	**0**	**7,875**		**(3,949,371)**	**98,833,570**		**7,379,087**	**95,403,854**

2017 Actuals

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	34,141,262					0	34,141,262	4.0%	1,365,650	32,775,611
8	Office Equip, other machinery & Eqiup., leasehold	1,155,253	219,897				(109,949)	1,265,201	20.0%	253,040	1,122,109
10	Rolling stock, computer hardware	830,084	503,173		35,891		(233,641)	1,063,725	30.0%	319,118	978,249
10.1	Chevrolet Volt	4,500	0				0	4,500	30.0%	1,350	3,150
12	Computer software	238,285	272,237	(238,285)			(136,119)	136,118	100.0%	136,118	136,119
13	Leasehold Improvements	256,901		(1,382)			0	255,519		69,502	186,017
42	Fibre optics	17,959					0	17,959	12.0%	2,155	15,804
45	Computer hardware- accelerated	577					0	577	45.0%	260	317
45.1	Computers-1921	270					0	270	55.0%	122	148
47	Transmission/distribution Equip.	58,611,774	9,248,535	238,285			(4,624,268)	63,474,326	8.0%	4,858,724	63,239,870
50	Gen. Purpose DP equip/sw	101,450	76,501				(38,251)	139,701	55.0%	76,835	101,116
13.1		45,541					0	45,541		10,120	35,421
Total		**95,403,854**	**10,320,343**	**(1,382)**	**35,891**		**(5,142,226)**	**100,544,698**		**7,092,995**	**98,593,930**

TABLE 4-56 –CCA CALCULATIONS 2018 – 2019 ACTUAL

2018 Actuals

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	32,775,611	0				0	32,775,611	4.0%	1,311,024	31,464,587
8	Office Equip, other machinery & Eqiup., leasehold	1,122,109	215,730				(107,865)	1,229,974	20.0%	245,995	1,091,845
10	Rolling stock, computer hardware	978,249	368,394		33,661		(167,367)	1,145,615	30.0%	343,685	969,297
10.1	Chevrolet Volt	3,150	0				0	3,150	30.0%	945	2,205
12	Computer software	136,119	349,450				(174,725)	310,843	100.0%	310,843	174,725
13	Leasehold Improvements	186,017	0				0	186,017		41,644	144,373
42	Fibre optics	15,804	0				0	15,804	12.0%	1,896	13,907
45	Computer hardware- accelerated	317	0				0	317	45.0%	143	175
45.1	Computers-1921	148	0				0	148	55.0%	67	81
47	Transmission/distribution Equip.	63,239,870	11,193,411	(2,037,910)			(5,596,706)	66,798,665	8.0%	5,262,377	67,132,994
50	Gen. Purpose DP equip/sw	101,116	425,227				(212,613)	313,729	55.0%	172,551	353,792
13.1		35,421					0	35,421		10,120	25,301
Total		**98,593,930**	**12,552,212**	**(2,037,910)**	**33,661**		**(6,259,275)**	**102,815,295**		**7,701,291**	**101,373,279**

2019 Actuals

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	31,464,587	0				0	31,464,587	4.0%	1,258,583	30,206,003
8	Office Equip, other machinery & Eqiup., leasehold	1,091,845	343,614			50.0%	171,807	1,607,266	20.0%	321,453	1,114,005
10	Rolling stock, computer hardware	969,297	340,672		14,400	50.0%	163,136	1,458,706	30.0%	437,612	857,958
10.1	Chevrolet Volt	2,205	0				0	2,205	30.0%	662	1,544
12	Computer software	174,725	175,658				(87,829)	262,554	100.0%	262,554	87,829
13	Leasehold Improvements	144,373	0			0.0%	0	144,373		41,644	102,729
42	Fibre optics	13,907	0				0	13,907	12.0%	1,669	12,238
45	Computer hardware- accelerated	175	0				0	175	45.0%	78	97
45.1	Computers-1921	81	0				0	81	55.0%	67	14
47	Transmission/distribution Equip.	67,132,994	22,228,401	(356,953)		50.0%	10,935,724	99,940,167	8.0%	7,913,697	81,090,745
50	Gen. Purpose DP equip/sw	353,792	148,154			50.0%	74,077	576,022	55.0%	316,812	185,133
13.1		25,301	0				0	25,301		10,120	15,181
Total		**101,373,279**	**23,236,499**	**(356,953)**	**14,400**		**11,256,915**	**135,495,341**		**10,564,951**	**113,673,475**

TABLE 4-57 –CCA CALCULATIONS 2020 BRIDGE & 2021 TEST YEARS

2020 Bridge Year

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	30,206,003	0				0	30,206,003	4.0%	1,208,240	28,997,763
8	Office Equip, other machinery & Eqiup., leasehold	1,114,005	310,000			50.0%	155,000	1,579,005	20.0%	315,801	1,108,204
10	Rolling stock, computer hardware	857,958	545,000			50.0%	272,500	1,675,458	30.0%	502,637	900,320
10.1	Chevrolet Volt	1,544	0				0	1,544	30.0%	463	1,080
12	Computer software	87,829	300,000				(150,000)	237,829	100.0%	237,829	150,000
13	Leasehold Improvements	102,729	280,000			0.0%	(140,000)	242,729		40,455	342,274
42	Fibre optics	12,238	0				0	12,238	12.0%	1,469	10,770
45	Computer hardware- accelerated	97	0				0	97	45.0%	43	53
45.1	Computers-1921	14	0				0	14	55.0%	6	8
47	Transmission/distribution Equip.	81,090,745	14,186,154	(302,683)		50.0%	6,941,736	101,915,953	8.0%	8,153,276	86,820,941
50	Gen. Purpose DP equip/sw	185,133	971,500			50.0%	485,750	1,642,383	55.0%	903,311	253,322
13.1		15,181	0				0	15,181		10,120	5,061
Total		**113,673,475**	**16,592,654**	**(302,683)**	**0**		**7,564,986**	**137,528,433**		**11,373,651**	**118,589,796**

2021 Test Year

CCA Class	Description	UCC Opening Balance	Additions	Adjustments	Proceeds of Dispositions	AIIP Factor	Adj for 50% Rule or AIIP	Adjusted UCC for CCA Calculation	CCA %	CCA	UCC Closing Balance
1	Buildings, distr equipment	28,997,763	0				0	28,997,763	4.0%	1,159,911	27,837,853
8	Office Equip, other machinery & Eqiup., leasehold	1,108,204	150,000			50.0%	75,000	1,333,204	20.0%	266,641	991,563
10	Rolling stock, computer hardware	900,320	530,000			50.0%	265,000	1,695,320	30.0%	508,596	921,724
10.1	Chevrolet Volt	1,080	0				0	1,080	30.0%	324	756
12	Computer software	150,000	200,000				(100,000)	250,000	100.0%	250,000	100,000
13	Leasehold Improvements	342,274	100,000			0.0%	(50,000)	392,274		65,379	376,895
42	Fibre optics	10,770	0				0	10,770	12.0%	1,292	9,477
45	Computer hardware- accelerated	53	0				0	53	45.0%	24	29
45.1	Computers-1921	8	0				0	8	55.0%	4	3
47	Transmission/distribution Equip.	86,820,941	12,057,464	(302,683)		50.0%	5,877,391	104,453,113	8.0%	8,356,249	90,219,473
50	Gen. Purpose DP equip/sw	253,322	1,412,000			50.0%	706,000	2,371,322	55.0%	1,304,227	361,095
13.1		5,061	0				0	5,061		5,061	(0)
Total		**118,589,796**	**14,449,464**	**(302,683)**	**0**		**6,773,391**	**139,509,969**		**11,917,708**	**120,818,870**

NON-RECOVERABLE AND DISALLOWED EXPENSES

There are no distribution-only expenses incurred by OPUCN that are deductible for general tax purposes, but for which recovery in 2021 distribution rates is partially or fully disallowed.

CONSERVATION AND DEMAND MANAGEMENT COSTS

CDM Costs

Funding for OPUCN's CDM activities is provided through the IESO. OPUCN is not applying for a Board-Approved CDM program in this Application.

Lost Revenue Adjustment Mechanism

On March 21, 2019, the Minister of Energy directed the IESO to immediately discontinue the 2015-2020 Conservation First Framework. The IESO has since notified LDCs that they will no longer be providing verified results reporting. As such, OPUCN used unverified results for the purposes of calculating the lost revenues associated with the 2018 and 2019 program implementation years. For clarity, both net savings and persistence of said savings were calculated using assumptions provided by the IESO, via the 2018 Participation & Cost Report which included full year 2018 programs and 2019 programs up to March 2019. The IESO report was filed with this Application.

OPUCN calculated the Account 1568 LRAMVA balance for the 2018 & 2019 program implementation years in accordance with the requirements set out and issued by the Board.

The Guideline for Electricity Distributor Conservation and Demand Management (EB-2012-0003) requires that the LRAMVA capture, at a customer rate-class level, the difference between the following:

i. The results of actual, verified impacts of authorized CDM activities undertaken by electricity distributors for both Board-Approved CDM program and OPA-Contracted Province-Wide CDM programs in relation to activities undertaken by the distributor and/or delivered for the distributor by a third party under contract (in the distributor's franchise area); and

ii. The level of CDM program activities included in the distributor's load forecast (i.e. the level embedded into rates).

The LRAM amount is determined by applying, by customer class, the distributor's Board approved variable distribution charge applicable to that class to the volumetric variance (positive or negative) described above.

Since its last Cost of Service rate application, OPUCN has once received Board approval to recover LRAM amounts as part of its 2020 IRM rate application (EB-2019-0062). As part of this application, OPUCN had a net payable in the amount of $50,225. This amount represented lost revenues associated with the 2015 to 2017 programs, including their persistence up to the end of 2017.

OPUCN has used the most recent input assumptions when calculating LRAM amounts and has utilized the most recent information made available by the IESO.

The amount requested for recovery in this application includes lost revenue that is attributable to the 2018-2019 program implementation years, as well as, their persistent savings in 2018 and 2019. Also included in this application are the applicable carrying charges up to December 31, 2019. For clarity, only the carrying charges for the 2018-2019 implementation years have been included. All carrying charges were calculated using simple interest applied to the monthly opening principle balance using the prescribed interest rates approved by the Board. LRAMVA balance was calculated using the Program Participation & Cost Report from the IESO for savings in the period of January 1, 2018 to April 15, 2019. As well as, Final Verified Annual Report for 2017 for the persistence savings from prior years to the end of December 31, 2019. Both reports from the IESO are filed in excel format with this application. OPUCN has relied on the most recent input assumptions available at the time of program evaluation.

As outlined in Table 4-58 below, the balance of Account 1568 - LRAMVA is $159,248 and it is being requested for recovery via rate riders over a 12 month period. The impacts to each rate class are detailed in Table 4-59.

TABLE 4-58 – USOA 1568 – LRAMVA ACCOUNT BALANCE

Customer Class	Billing Unit	Principal ($)	Carrying Charges ($)	Total LRAMVA ($)
Residential	kWh	$113,083	-$3,790	$109,293
GS<50 kW	kWh	$13,553	-$684	$12,869
GS 50 to 999 kW (I1 & I4)	kW	-$195,370	-$1,838	-$197,208
GS 1,000 to 4,999 kW (I2)	kW	$16,728	-$2,054	$14,674
Large Use (I3)	kW	-$16,072	-$145	-$16,217
Street Lighting	kW	$217,365	$22,834	$240,199
USL	kWh	-$4,252	-$51	-$4,303
Sentinel Lights	kW	-$59	-$1	-$60
Total		**$144,976**	**$14,271**	**$159,248**

TABLE 4-59 – USOA 1568 – LRAMVA RATE RIDER

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in months)	**12**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568
RESIDENTIAL SERVICE CLASSIFICATION	# of Customers	56,190	$ 109,293	**0.1621**
GENERAL SERVICE LESS THAN 50 KW SE	kWh	128,706,195	$ 12,869	**0.0001**
GENERAL SERVICE 50 TO 999 KW SERVI	kW	825,711	-$ 197,208	- **0.2388**
GENERAL SERVICE 1,000 TO 4,999 KW S	kW	182,480	$ 14,674	**0.0804**
LARGE USE SERVICE CLASSIFICATION	kW	86,319	-$ 16,217	- **0.1879**
UNMETERED SCATTERED LOAD SERVICE	kWh	2,506,367	-$ 4,303	- **0.0017**
SENTINEL LIGHTING SERVICE CLASSIFIC	kW	81	-$ 60	- **0.7409**
STREET LIGHTING SERVICE CLASSIFICA	kW	12,698	$ 240,199	**18.9166**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
Total			**$ 159,248**	

The LRAMVA calculation accounts for, at a customer rate class level the difference between actual verified (or unverified for 2018 and 2019 years) savings received via the IESO's results report to the level of savings (CDM Adjustments) included in the distributor's approved load forecast. OPUCN is requesting disposition of the LRAMVA over a one year period beginning January 1, 2021. Disposition of the LRAMVA balance is requested in order to dispose of all CFF-related LRAMVA balances as part of this 2021 rate application. As part of OPUCN's last COS rate application (EB-2014-0101), the effects of CDM activities were adjusted for and included in the load forecast. For more information on the rate rider, please refer to Exhibit 9 of this Application.

As previously mentioned in the absence of verified results reporting for the 2018 program implementation year, OPUCN has calculated the lost revenue for 2018 and 2019 using unverified results and persistence values provided by the IESO, via their Participation & Cost Report. OPUCN applied a KWH to KW factor to determine the demand savings. The factor was based on historical KWH to KW conversation rates calculated from verified IESO reports. Forecasted CDM savings from the 2015-2019 load forecast were approved by the OEB in OPUCN's last COS rate application (EB-2014-0101).

When allocating savings from individual CDM programs to various rate classes, there are two situations that exist. The first involves CDM programs that are only available to customers who reside in a particular rate class; the second involves CDM programs where eligibility spans multiple rate classes. In instances where CDM programs are only available to customers who reside in a particular rate class, OPUCN allocated all savings which resulted from said programs to the individual classes. Where CDM program eligibility spans multiple rate classes, OPUCN reviews a list of all completed applications by program and determines which rate class each application belongs to, by verifying customer name and address to the Customer Information System. The application's rate class is noted and, a pivot table is created from the data which summarizes the rate classes. The savings (kW or kWh, based on rate class) are then allocated to each rate class based on the percentage of the total savings for the program.

OPUCN can determine the revenue lost by rate class by applying these rates against the persistent savings which have been allocated by class. A live excel version of the 2021 Generic LRAMVA Workform has been filed with this Application.

APPENDIX 4-1 – ACTUARIAL REPORT ON POST-RETIREMENT BENEFITS AS AT DECEMBER 31, 2019

MONDELIS ACTUARIAL

January 23, 2020

Phil Martin **sent by email only**
Vice President, Finance and Regulatory Compliance
Oshawa Power and Utilities Commission
100 Simcoe Street South
Oshawa ON L1H 7M7

Dear Phil:

Re: 2019 Report for Accounting Purposes for Oshawa Power and Utilities

As requested, we have prepared extrapolations for 2019 expense purposes with respect to the Oshawa Power and Utilities Commission's (OPUC) post-employment benefits plan. A full valuation has been completed effective December 31, 2019. The previous valuation was completed effective December 31, 2018 and has been used for extrapolation during 2019.

We are pleased to confirm the following:

a) We are aware that OPUC intends to use this work as audit evidence.
b) I am a Fellow in good standing with the Canadian Institute of Actuaries (the CIA).
c) We have been engaged by OPUC's management to prepare the disclosure information.
d) Our work (the valuation and extrapolation) has been performed in accordance with the standards of the CIA and our understanding of IAS19R. Two columns are shown in the attached table: 2018 and 2019.
e) The extrapolation includes all employee future benefit plans for which we have been retained.
f) A materiality level of no higher than $100,000 has been applied.
g) No matters have come to our attention between the extrapolation date and the date of this report that would have a material effect on the results.
h) We have included the effect of all known substantive commitments in our calculations.
i) To the best of our knowledge, there were no events subsequent to the fiscal year end date and prior to the date of the report which would have a material impact on the results of the year-end disclosures.
j) We are not aware of any settlements or curtailments during the fiscal period;

k) The following information outlines the plans and methods used to value them:

(i) The valuation performed on the plan was based on membership as summarized in the following tables:

Age Group	Active Employees Male	Female	Total	Average Service	Average Life Ins.
Up to 25	1	1	2	0.8	100,000
25 to 30	8	1	9	2.5	125,556
30 to 35	9	1	10	3.5	136,000
35 to 40	5	3	8	5.3	149,875
40 to 45	4	1	5	11.9	142,200
45 to 50	2	4	6	11.9	152,833
50 to 55	16	9	25	17.4	151,960
55 to 60	3	4	7	21.5	184,143
60 to 65	3	2	5	16.9	184,200
Totals	51	26	77	11.7	149,688
Category 1	11	11	22	25.7	
Category 2	5	3	8	14.3	
Category 3	2	0	2	12.3	
Category 4	24	7	31	3.7	
Category 5	9	5	14	5.9	
Totals	51	26	77	11.7	
Life Option 1	30	12	42		
Life Option 2	3	1	4		
Life Option 3	0	2	2		
Life Option 4	18	11	29		
Totals	51	26	77		

Age	Retired Employees			Average
Group	Male	Female	Total	Life Ins.
55 to 60	7	1	8	48,973
60 to 65	6	2	8	36,515
65 to 70	16	9	25	27,399
70 to 75	10	11	21	30,141
75 to 80	4	4	8	28,674
80 to 85	5	1	6	36,519
85 to 90	4	1	5	57,260
90 to 100	4	0	4	53,725
Totals	56	29	85	34,724
Single	2	5	7	
Family	54	24	78	

Age	Survivors		
Group	Male	Female	Total
70 to 75	0	2	2
75 to 80	0	0	0
80 to 85	0	4	4
85 to 90	0	5	5
90 to 95	0	4	4
95 to 100	0	5	5
100 to 105	0	1	1
Totals	0	21	21

(ii) Health and dental claims for the retirees for three years (October 1, 2016-September 30, 2017; January 1, 2018-December 31, 2018; January 1, 2019-December 31, 2019) (prior to loads) were used to establish anticipated claims for valuation purposes; January 1, 2019 to December 31, 2019 (current claims) (prior to loads) were $325,479. Claims were trended to the valuation date with most recent claims receiving the highest weighting. Current claims were divided by the retiree exposures, and administration and tax loads were added, and adjusted relative to the anticipated claims, to establish the following projected monthly claims costs for 2019. (Administration and tax loads for 2020 total 23.1%.)

	Single	Family
Health under 65	115.68	231.36
Health 65 +	121.64	243.28
Dental under 65	71.84	143.68
Dental 65+	45.56	91.12

(iii) Plan Provisions summary (we are not aware of any changes since our prior report):

- Life insurance benefits are provided to employees who retire under the following circumstances:
    - Employees who retire under Plan Option 1 receive an insurance benefit of $2,000 payable on the retiree's death. If they retire with more than 10 years of service, the insurance benefit would be equal to 50% of final annual earnings.
    - Employees who retire under Plan Option 2, 3, or 4 receive an insurance benefit equal to 50% of final annual earnings, reducing by 2.5% per year to an ultimate benefit of 25% of final earnings.
- Supplemental health (drugs, vision, semi-private hospital, and extended health services), and dental benefits are provided to retirees under the following circumstances:
    - Category 1 employees are provided lifetime health and dental benefits; surviving spouses are covered for the survivor's lifetime.
    - Category 2 employees who retire with a minimum of 20 years of continuous service receive lifetime health benefits and dental benefits to age 65; surviving spouses receive lifetime health benefits and dental benefits payable to the employee's age 65.
    - Category 3 employees who retire with a minimum of 25 years of continuous service receive lifetime health benefits and dental benefits to age 65; surviving spouses receive lifetime health benefits and dental benefits to the employee's age 65.
    - Category 4 employees who retire with at least 25 years of continuous service receive health benefits and dental benefits to age 65; surviving spouses receive health and dental benefits for two years. Benefits are 80% paid by OPUC and 20% paid by the retiree.
    - Category 5 employees are not eligible for post-employment health and dental benefits.
    - Dispensing fee payments are assumed limited to $12.99.

(iv) The following summarizes the assumptions used:

- A discount rate of 3.10% per year is used to value benefits as at December 31, 2019. A discount rate 3.90% per year is used for the extrapolation from January 1, 2019 to December 31, 2019. The single discount rate is the rate, rounded to the nearest 0.05%, that duplicates the plan's obligations determined using the Fiera Capital/CIA yield curve as at December 31, 2019.
- Returns on invested funds are moot as the plan is not funded.
- Salary growth rate 3.0% per year.
- Inflation 2.0% per year.
- Mortality is on the basis of the CIA Public Sector Mortality Table (CPM2014Publ) projected on a generational basis using CPM Improvement Scale B; no size band adjustments are included.
- Termination of employment is assumed using the Ontario Light termination rates with no termination after the attainment of age 55.
- Age nearest birthday for current age.
- Retirement is assumed to occur at the later of age 60 and current age plus one year.
- Non-retired members are assumed to be 85% married at retirement with male spouses 3-years older than female spouses. Retired member's actual spousal status is used.
- Health care costs are presumed to increase 7% in the year following the valuation, this rate decreasing each year to an ultimate rate of 4% after 6 years. Dental costs are presumed to increase at 4% per year, beginning in the year following the valuation. The dispensing fee portion of these costs is limited to the current assumed $12.99 maximum.
- No provision for disability is included.
- The cost method is the accrued benefit method with projected benefits prorated by service.
- Attribution age is the age at which benefits could, with continued future service, become available (i.e. attainment of age 55 and service requirements).

- The following table shows a sample of the mortality and termination rates:

	CPM2014Publ Mortality Table		Light Termination
Age	Male	Female	Rate
25	0.00100	0.00024	0.100
30	0.00111	0.00030	0.056
35	0.00111	0.00042	0.032
40	0.00126	0.00060	0.022
45	0.00176	0.00086	0.017
50	0.00246	0.00128	0.012
55	0.00363	0.00206	
60	0.00531	0.00348	
65	0.00762	0.00558	
70	0.01169	0.00880	
75	0.01999	0.01459	
80	0.03735	0.02711	
85	0.07217	0.05316	

The attached table provides details of the 2019 disclosure; 2018 amounts are included for comparison purposes.

Should you require additional information or additional calculations, please contact us.

Sincerely,

Harish Pawagi
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
harish.pawagi@mondelis.com
Direct: 519-804-2896

Att.

Oshawa PUC		
Fiscal Year	**2018**	**2019**
Discount rate at start of period	3.40%	3.90%
Discount rate at end of period	3.90%	3.10%
Interest rate on assets	N/A	N/A
EARSL Period	N/A	N/A
Reconcile Obligation		
Obligation at start of year	13,861,823	12,927,639
Revaluation	0	0
Transfer	0	0
Plan amendments in year	0	0
Employer current service cost	179,555	136,849
Member contributions	0	0
Benefit payments	(451,307)	(500,983)
Interest on obligation	466,682	497,077
Obligation at end of year	14,056,753	13,060,582
Actual obligations at end of year	12,927,639	13,120,829
(Gain)/Loss recognized at end of year	(1,129,114)	60,247
Reconcile Plan Funds		
Asset at start of period	0	0
Employer contributions	451,307	500,983
Benefit payments	(451,307)	(500,983)
Fund earnings	0	0
Asset at end of period	0	0
Expense		
Current service cost	179,555	136,849
Interest on obligation	466,682	497,077
Interest on assets	0	0
Amortize transition amount	0	0
Amortize plan improvements	0	0
Amortize gains and losses	0	0
Expense	646,237	633,926
Transition obligation (asset)		
Transition amount at start of period	0	0
Amortization during period	0	0
Transition amount at end of period	0	0

Oshawa PUC		
Fiscal Year	**2018**	**2019**
Prior service costs		
Unamortized amount at start if period	0	0
Past service in period	0	0
Amortization during period	0	0
Unamortized amount at end of period	0	0
Actuarial (gains) & losses		
Unamortized amount at start	0	0
10% Window	N/A	N/A
Amount subject to amortization	N/A	N/A
(Gain) or Loss in period	(1,129,114)	60,247
Amortization during period	(1,129,114)	60,247
Unamortized (gain)/loss at end	0	0
Balance sheet asset (liability)		
Amount at start of period	(13,861,823)	(12,927,639)
Expense in period	(646,237)	(633,926)
Employer contribution	451,307	500,983
Recognize gains/(losses)	1,129,114	(60,247)
Amount at end of period	(12,927,639)	(13,120,829)
Reconcile funded status		
Benefit obligation at end of period	12,927,639	13,120,829
Asset value at end of period	0	0
Funded status - surplus (deficit)	(12,927,639)	(13,120,829)
Unamortized transition obligation (asset)	0	0
Unamortized prior service costs	0	0
Unamortized (gains) & losses	0	0
Balance sheet asset (liability)	(12,927,639)	(13,120,829)

Oshawa PUC		
Fiscal Year	**2018**	**2019**
Sensitivity Testing:		
Obligation at end of fiscal year:		13,120,829
Change with 1.0% **lower** discount rate		2,337,000
Change with 1.0% **higher** discount rate		(1,828,000)
Change with 1.0% **lower** trend rate		(1,390,000)
Change with 1.0% **higher** trend rate		1,724,000
Change with 1 yr **greater** life expectancy		443,000
Change with 1 yr **lower** life expectancy		(381,000)
Projected Benefit Payments		
In 1st year following fiscal year		484,000
In 2nd year following fiscal year		517,000
In 3rd year following fiscal year		527,000
In 4th year following fiscal year		538,000
In 5th year following fiscal year		552,000
In 6th through 10th year following fiscal year		2,966,000

APPENDIX 4-2 - CORPORATE PURCHASING POLICY

Oshawa Power & Utilities Corporation

Title	Purchasing Policy
Policy #	PU-1101
Policy Area	Finance and Administration
Date	March 31, 2017
Previous Date	May 6, 2006
Related Policies	Signing Authority Policy/Credit Card Policy/Travel Policy

Oshawa Power & Utilities Corporation

Contents

Oshawa Power & Utilities Corporation

Purchasing Policy

Finance and Administration is responsible for the acquisition of quality goods and services in support of the operations of Oshawa Power and Utilities and its subsidiaries ("OPUC" or the "Company"). Unless otherwise delegated by the Board of Directors or the President and CEO, the purchasing process, as outlined here, is administered in accordance with the Company's Mission Statement, Corporate Objectives, this directive, the Company's Professional Image and and Conduct Policy (CO-0109), and other related policies.

Purpose

The purpose of this policy is to:

- Promote OPUC's accountability in its use of funds for the acquisition of goods and services;
- Establish guidelines to which all OPUC departments must adhere in acquiring goods and services;
- Outline the role and responsibility of the Purchasing and Supply Chain Management Department, reporting under Finance and Administration, in assisting departments to acquire, appropriate, high quality goods and services that meet OPUC's immediate and long-term needs at the best overall value;
- Define the responsibility of all OPUC employees involved in the purchasing process; and
- Endorse sustainable and environmentally responsible procurement practices, wherever feasible.

Scope

All purchasing documents prepared by, or on behalf of OPUC, are subject to the conditions and terms outlined in this policy and all related policies. These policies apply to all purchases made by OPUC, with the following exceptions (unless otherwise noted by law or agreement):

- Utilities (electricity, gas, water, etc.);
- Insurance, legal and audit fees;
- Investment services;
- Personnel services (benefits, wage and salary administration);
- Consulting services; and
- Others, as approved by the President & CEO.

Oshawa Power & Utilities Corporation

Procedures & Responsibilities for all OPUC Departments

Method of Purchase Requirements & Approval Authority Levels

As outlined below, the dollar value of a purchase determines the payment/procurement method and approval authority levels.

Procurement Method & Approval Authority Matrix		
Goods, Construction and Non-Consulting Services		
Total Value before taxes (CDN dollars)	**Means of Procurement**	**Minimum Approval Required**
Up to $2,000	Single source, Purchase Card if required.	Reporting Supervisor
> $2,000 up to $20,000	Single source, PO for capital items.	Reporting Manager
> $20,000 up to $50,000	Requisition, Two (2) quotes by Purchasing Manager, PO required. Single source approval required.	Department Manager/Director
> $50,000 up to $100,000	Requisition, Three (3) quotes by Purchasing Manager, PO required. Single source approval required.	Vice President (VP) plus Department Manager/Director
> $100,000 up to $250,000	EOI[1]. Three (3) quotes by Purchasing Manager, PO required. Single source approval required.	Two (2) VP's
> $250,000	RFP[2]. Signed Agreement, PO required.	President plus VP

Single Source

Single source purchases up to $2,000 are at the discretion of the reporting Supervisor responsible for the acquisition.

Single source purchases greater than $2,000 and up to $20,000 are at the discretion of the reporting Manager responsible for the acquisition.

All other single source purchases are considered an exception to the Purchasing Policy and require an approved Single Source Request Form (Exhibit ??). Single Source Request Forms are to be submitted by a reporting Manager and approved in accordance with the minimum approval requirements outlined in the Table above.

[1] Expression of Interest.

[2] Request for Proposal and other forms of tenders; Request for Quotation, Request for Tender, etc.

Oshawa Power & Utilities Corporation

Approved Single Source Request Forms are submitted to the Purchasing and Supply Chain Management Department.

Purchase Orders

Purchase Orders (PO) are recommended at all times subject to the minimum approval requirements included in the Table above.

A PO is required for capital expenditures greater than $2,000 and purchases for other goods and services greater than $20,000.

PO's are obtained from the Purchasing and Supply Chain Management Department. PO's are prepared by the Purchasing and Supply Chain Management Department and distributed for minimum approval requirements included in the Table above.

For purchases up to $20,000, formal quotes, although recommended, are not required.

Purchasing and Supply Chain Management Department are required to obtain: two (2) formal quotes for purchases greater than $20,000 and up to $50,000; and three (3) formal quotes for purchases greater than $50,000 and up to $250,000.

Purchasing and Supply Chain Management Department will work with other departments to develop and manage an EOI and obtain three (3) formal quotes for purchases greater than $250,000 and up to $750,000.

The EOI is used to seek industry input for scoping requirements and to assist the Purchasing and Supply Chain Management Department with going to market for formal quotes.

Purchasing and Supply Chain Management Department will work with other departments to develop and manage a formal RFP for purchases greater than $750,000.

In addition to pricing, the RFP is a process set out to obtain proposals that may include designs for solutions in addition to deliverables of products or services. The RFP may also require information about organizational capability and resources, financial viability, sustainability principles and value adding opportunities for qualifying candidates.

Approved PO's are submitted to the Purchasing and Supply Chain Management Department who is responsible for executing the purchase, under the terms and conditions outlined in the Purchasing Policy, and expediting the goods and services accordingly on behalf of the requisitioning department.

The Purchasing Manager can delegate authority to execute and expedite a purchase at his/her discretion.

Copies of approved PO's will accompany invoices and other required documents specified in the Purchasing Policy for payment processing.

Waiver of Purchase Orders

The requirement for a PO or competitive bid may be waived in the event of an emergency; a single/sole source waiver to follow normal purchasing procedures in such an emergency must be completed and forwarded to the Purchasing and Supply Chain Management Department.

Budget

Oshawa Power & Utilities Corporation

Annual capital and operating budgets are approved by the Board of Directors.

It is the responsibility of all OPUC employees who requisition or approve purchases on behalf of the Company to ensure that adequate funds are available within their department capital and operating budgets prior to commencing the purchasing process.

A PO is to be considered a legal contract and is generated in accordance with the Purchasing Policy for properly approved purchase of goods or services. The Purchasing and Supply Chain Management Department is the only authorized channel for issuing or cancelling a PO.

Prior to requisitioning or approving a purchase, employees should complete a comparison of suppliers taking into consideration such things as price, quality, specification compliance, date of delivery, other terms, conditions, experience and reputation of a supplier etc., where applicable.

Non-Budgeted Purchases

Non-budgeted purchases are defined as expenditures that exceed budget by a dollar or percent limit. Capital expenditure limits are evaluated on a project basis and operating expenses are based upon budgeted line items for each department.

Department Managers and Directors are required to approve expenditures that increase the total committed cost of a capital project or an operating expense line by up to 110% or $20,000 above the total budget.

Vice Presidents are required to approve expenditures that increase the total committed cost of a capital project or an operating expense line by more than 110% or $20,000 above the total budget up to 120% or $50,000 above the total budget.

The President & CEO is required to approve expenditures that increase the total committed cost of a capital project or an operating expense line by more than 120% or $50,000 above the total budget up to $500,000 above the total budget.

Expenditures that increase the total committed cost of a capital project or an operating expense line by more than $500,000 above the total budget require the approval of the Board of Directors.

Delegation of Approval Limits

Reporting Managers, Department Managers and Directors, VP's, and the President & CEO may delegate the position's approval limit to the minimum approval requirement below them, as per the Table above, for periods of planned absence or unavailability. Reporting Supervisors are not authorized to delegate their approval level. In the event Reporting Supervisors are absent, Reporting Managers assume their minimum approval requirement.

All instances of delegated authority as described above must be documented and approved through the use of the 'Approval for Delegation of Expenditure Authority' Form (Exhibit ??).

Approved forms shall be submitted to and maintained by the Purchasing and Supply Chain Management Department.

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Exceptions to Approval Levels

Regular recurring amounts that the Company is obligated to remit on a periodic basis may be approved for payment by the President & CEO, VP Finance & Regulatory Compliance or Corporate Controller even though these amounts may be more than the approval limit set out in this policy for these positions.

They include:

- Wholesale power purchase remittances to the Independent Electricity System Operator ("IESO");
- Debt Retirement Charge remittances to the Ministry of Finance;
- Interest and principal payments on debt that match payment schedules contained within loan agreements that have been approved by the Board of Directors; and
- Payments in lieu of income taxes, payments in lieu of property taxes, employee payroll remittances and sales tax remittances.

Use of Annual or Blanket Purchase Orders

Blanket Purchase Orders are issued to specific vendors to address recurring low dollar purchases of supplies or services, for a specific period of time.

A Blanket Purchase Order is authorized when the ordering department will:

- Purchase repetitive, specified services or items, or categories of items from the same supplier; which are purchased and paid in a predictable manner during a certain time period, usually one (1) year;
- Purchase standard materials or maintenance supplies which require numerous shipments; or
- Enable the buyer to obtain more favorable pricing through volume commitments.

Blanket Purchase Orders are not to be used when:

- The primary purpose is, to provide an open line of credit with a supplier;
- Prices are unknown at ordering time, or subject to change later without notice;
- Quality of the supplier and/or services are questionable; or
- Control over expenditures could be weakened.

Blanket Purchase Orders shall include the following information:

- The period to be covered by the blanket agreement (not to exceed one year);
- A cancellation clause;
- Items and/or categories of items to be covered by the Blanket Purchase Orders;
- Maximum quantities, if applicable;
- Prices and pricing arrangements, if applicable; and
- Terms and billing arrangements.

Blanket Purchase Orders are to be approved by the Purchasing Manager and supporting Vice President, or President & CEO.

Oshawa Power & Utilities Corporation

Blanket Purchase Orders should not be changed. In the event terms and conditions change prior to the expiration date of a Blanket Purchase Order, the original order should be cancelled and a new Blanket Purchase Order prepared and approved accordingly.

Consulting and Service Agreements

Consulting and Service Contracts (Contracts) are required to further set out the mutual covenants and obligations that are not normally contained in a Purchase Order.

Contracts must be written so as to guarantee the performance of the contractor and to establish sufficient protection in the event the contractor defaults in the performance of the Contract.

Contracts generally include services to be provided, pricing and term.

Minimum approval requirements for all Contracts are as follows:

Contracts up to $200,000 with a contract term of no more than one (1) year require the approval of any Vice President.

Contracts exceeding $200,000 or a contract term of one (1) year and up to $1,000,000 with a contract term of no more than three (3) years require the approval of the President & CEO.

Contracts exceeding $1,000,000 or a contract term of three (3) years require the approval of the Board of Directors.

Exceptions

All purchasing documents prepared by, or on behalf of OPUC, are subject to the conditions and terms outlined in this policy and all related policies. These policies apply to all purchases made by OPUC, with the following exceptions (unless otherwise noted by law or agreement):

- Utilities (electricity, gas, water, etc.);
- Insurance, legal and audit fees;
- Investment services;
- Personnel services (benefits, wage and salary administration);
- Consulting services; and
- Wholesale power purchase remittances to the IESO;
- Debt Retirement Charge remittances to the Ministry of Finance;
- Interest and principal payments on debt that match payment schedules contained within loan agreements that have been approved by the Board of Directors;
- Payments in lieu of income taxes, payments in lieu of property taxes, employee payroll remittances and sales tax remittances; and
- Others, as approved by the President & CEO.

For expenditures noted above and other cost items that do not conform to the policies included above, invoices received for these expenditures require signatures as evidence that the minimum approval requirements listed in the Table above have been applied accordingly and that the positions noted have duly reviewed and accepted the charges.

APPENDIX 4-3 – ASSET DEPRECIATION STUDY

See attached.

OSHAWA PUC Networks Inc.
A Lifetime of Power.

ASSET DEPRECIATION STUDY

Prepared by:

METSCO Energy Solutions

January, 2014

OPUCN Asset Depreciation Study

Prepared by: ____

Shawn Otal, MBA, P.Eng.

Peer Review by: ____

Thor Hjartarson, M.A.Sc., P.Eng.

January, 2014

CONTENTS

DISCLAIMER

This report was prepared by METSCO Energy Solutions Inc. (METSCO) for the sole benefit of – Oshawa PUC Networks Inc. (OPCUN) - (the Client), in accordance with the terms of METSCO proposal and the Client's Purchase Order.

Neither the Client nor METSCO, nor any other person acting on their behalf makes any warranty, expressed or implied, or assumes any legal responsibility for the accuracy of any information or for the completeness or usefulness of any apparatus, product or process disclosed, or accept liability for the use, or damages resulting from the use, thereof. Neither do they represent that their use would not infringe upon privately owned rights.

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CREDENTIALS OF THE CONSULTANT

This report has been prepared by METSCO Energy Solutions Inc. (METSCO), a Canadian corporation engaged in the business of providing consulting services to electricity generating transmission and distribution companies. The firm routinely provides consulting services aimed at improving the operating efficiency and financial performance of power systems, covering a broad area, including asset condition assessment, asset management and investment planning into transmission and distribution (T&D) systems' asset sustainment. These report has been prepared by Mr. Shawn Otal and Mr. Thor Hjartarson.

Mr. Shawn Otal is a professional electrical engineer with MBA from Schulich School of Business, specializing in Economics. Mr. Otal has over 35 years of experience in the power sector, spanning a broad area including power system planning, design, operations, research and development. He is the CEO and President of METSCO Energy Solutions Inc., and has previously served in senior professional roles with Kinectrics Inc., Acres International Inc., Westinghouse Canada and ENMAX Power Corporation. Over the recent years, Mr. Otal has worked extensively on consulting assignments aimed at improving the financial and operating performance of power delivery systems in Canada and around the world. His clients include provincial and municipal electric utilities in Canada, electrical equipment manufacturers, electrical safety authorities, Canadian Electricity Association (CEA and CEATI), the World Bank, Asian Development Bank and Ontario Energy Board. He is a member of Professional Engineers Ontario (PEO) and Association of Professional Engineers and Geoscientists of Alberta (APEGA) and is a Senior Member of IEEE. Mr. Otal has authored sixteen major R&D publications.

Mr. Thor Hjartarson is a professional electrical engineer with over 20 years of experience in electrical and power engineering. He graduated from the University of Iceland, Reykjavik, and received a M.A.Sc degree in Electrical Engineering from the University of British Columbia, Vancouver, BC, Canada. In former role at Toronto Hydro he lead a large asset management division with responsibilities for planning, engineering, reliability analysis, system studies, record management, data quality, mobility and GIS improvements where he was recognized for transforming an existing older culture of engineering practice to a dynamic powerhouse of technical innovation and knowledge. He has strong technical background in transmission and distribution engineering leadership in innovation of asset management principles. One of the founders of Health Index methodology in utility asset condition assessment and has lead comprehensive implementations of a risk based investment planning methodologies. In his previous consulting career, he has had experience with over 30 well known electrical power companies around the world. He has authored several technical papers focusing on T&D asset management.

EXECUTIVE SUMMARY

This report summarizes the results of an Asset Depreciation Study, completed by METSCO in January 2014 on behalf of OPUCN with the objective establishing the typical useful life of major fixed assets employed on OPUCN's distribution system.

In 2010 Ontario Energy Board retained an independent contractor - Kinectrics Inc. to perform a detailed depreciation study covering all fixed assets employed on Ontario's distribution systems, to assist the LDCs in making the transition from GAAP to IFRS. In determining the typical useful life of various assets employed by OPUCN, rather than duplicating the work effort previously spent by Kinectrics in carrying out additional surveys, we have used the Kinectrics report as a reference in preparing this depreciation study.

The assets covered by the report have been grouped into the following four sections:

a) Distribution station assets;
b) Overhead distribution system assets;
c) Underground distribution system assets; and
d) Auxiliary assets.

Our conclusions, duly supported by the facts, arguments and analysis provided in this report, differ from the Kinectrics' conclusions for the assets tabulated below:

Asset Class	**Typical Useful Life (Kinectrics Conclusion)**	**Typical Useful Life (Our Conclusion)**
Power Transformers employed at Distribution Stations	45 years	40 years
Station Independent Circuit breakers	45 years	40 years
Overhead conductors	60 years	45 years
Overhead Line switches	45 years	40 years
SCADA System	20 years	8 years
Direct Buried Secondary Cables	35 years	42 years

For all of the remaining assets employed on OPUCN's distribution system, including the solid state relays and all of the auxiliary assets, in our opinion the estimates of typical useful life provided in the Kienctrics report accurately represent the typical useful life for each of those assets. It is also noted that all of the protection and control relays employed at OPUCN substations are microprocessor /solid state type.

1 Introduction

This report summarizes the results of an Asset Depreciation Study, completed by METSCO in January 2014 on behalf of OPUCN with the objective establishing the typical useful life of major fixed assets employed on OPUCN's distribution system.

Effective January 1, 2011, Ontario Energy Board (OEB) mandated all local distribution companies (LDCs) in Ontario to adopt International Financial Reporting Standards (IFRS). Under IFRS rules, business entities are required to amortize the cost of fixed assets, including property, plant, and equipment used in business, over the period of time that they provide useful service, with the depreciation rates determined through assets' service life studies. Prior to adoption of IFRS, asset service lives were arbitrarily specified by the regulator and up until 2010, all electricity distributors in Ontario including OPUCN; used the amortization rates for fixed assets prescribed by Ontario Hydro (the regulator prior to restructuring of the electricity business in Ontario).

In 2010 Ontario Energy Board retained an independent contractor - Kinectrics Inc. to perform a detailed depreciation study covering all fixed assets employed on Ontario's distribution systems, to assist the LDCs in making the transition from GAAP to IFRS. This approach was chosen to minimize the need and cost to Ontario consumers of a myriad of detailed studies by individual distributors. Therefore, in determining the typical useful life of various assets, rather than duplicating the work effort previously spent by Kinectrics in carrying out additional surveys, we have used the Kinectrics report as a reference in preparing this depreciation study. To allow an easy comparison of this report with the reference, we have used the same terms and definitions in this report as were used in the Kinectrics report.

The assets covered by the report have been grouped into the following four sections:

a) Distribution station assets;
b) Overhead distribution system assets;
c) Underground distribution system assets; and
d) Auxiliary assets.

2 DISTRIBUTION STATION ASSETS

2.1. Power Transformers

The key role of station transformers is to step down transmission or sub-transmission voltage to distribution voltage. In case of OPUCN, a total of 16 station transformers employed in 8 municipal stations step down from 44 kV sub-transmission voltages to 13.2 kV.

The main components of power transformers employed at municipal stations are:

- primary and secondary coils, made of copper or aluminium conductors
- magnetic core made of iron laminations
- insulation system, commonly consisting of cellulose paper and mineral oil
- transformer tank, either sealed or breather type, and
- primary and secondary bushings and auxiliary devices.

The most critical component in transformer aging and eventual end of life consideration is the insulation system, consisting of mineral oil and cellulose paper. Transformer oil consists of hydrocarbon compounds that degrade with time due to oxidation, resulting in formation of moisture, organic acids and sludge. The oil oxidation rate is a function of operating temperature. Increased acidity and moisture content in insulating oil causes accelerated degradation of insulation paper. Formation of sludge adversely impacts the cooling efficiency of transformer, resulting in higher operating temperatures and further increasing the rate of oxidation of both the oil and the paper. Condition assessment of transformer oil, therefore, provides extremely useful information in assessing the health and condition of a transformer.

The paper insulation consists of long cellulose chains, that break as the paper ages (oxidizes). Tensile strength and ductility of insulation paper are important properties that are determined by the average length of the cellulose chains. As the paper oxidizes, its mechanical strength is gradually reduced, making it weak and brittle. This can lead to insulation failure if the transformer is subjected to mechanical shocks that are common in normal operating conditions. Insulation degradation and failure can also result from electrical activity inside insulation, such as partial discharge activity, which is initiated if the level of moisture in oil builds up or if other minor defects develop within the insulation. Partial discharge and other electrical and thermal faults in the transformer can be detected and monitored by measurement of hydrocarbon gases in the oil through Dissolved Gas Analysis (DGA).

Because the failure of a power transformer in service has serious impacts on reliability and can also lead to catastrophic tank failures, power transformers are generally retired from service when the results of lab tests, visual inspections combined with service age indicate high probability of failure in service.

Transformer operating temperature (determined by typical load levels), environmental factors (ambient temperature, pollution levels and exposure to rain/snow/ice), operating practices (short time overloading of transformers) and preventative maintenance (drying and reconditioning of insulation system) impact the useful service life of power transformers. For example a lightly loaded transformer typically provides a significantly longer service life in comparison to a heavily loaded transformer. Similarly, transformer service life can be extended beyond its typical life through rehabilitation of the insulation system, i.e. periodic removal of moisture from insulation system replacement of winding coils, but such programs are not always an economic option for power transformers with small and medium ratings.

Exhibit 1, reproduced below from the Kinectrics report, summarizes their report's conclusions and documents the results of surveys performed by Kinectrics:

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Overall	30	45	60
Bushing	10	20	30
Tap Changer	20	30	60

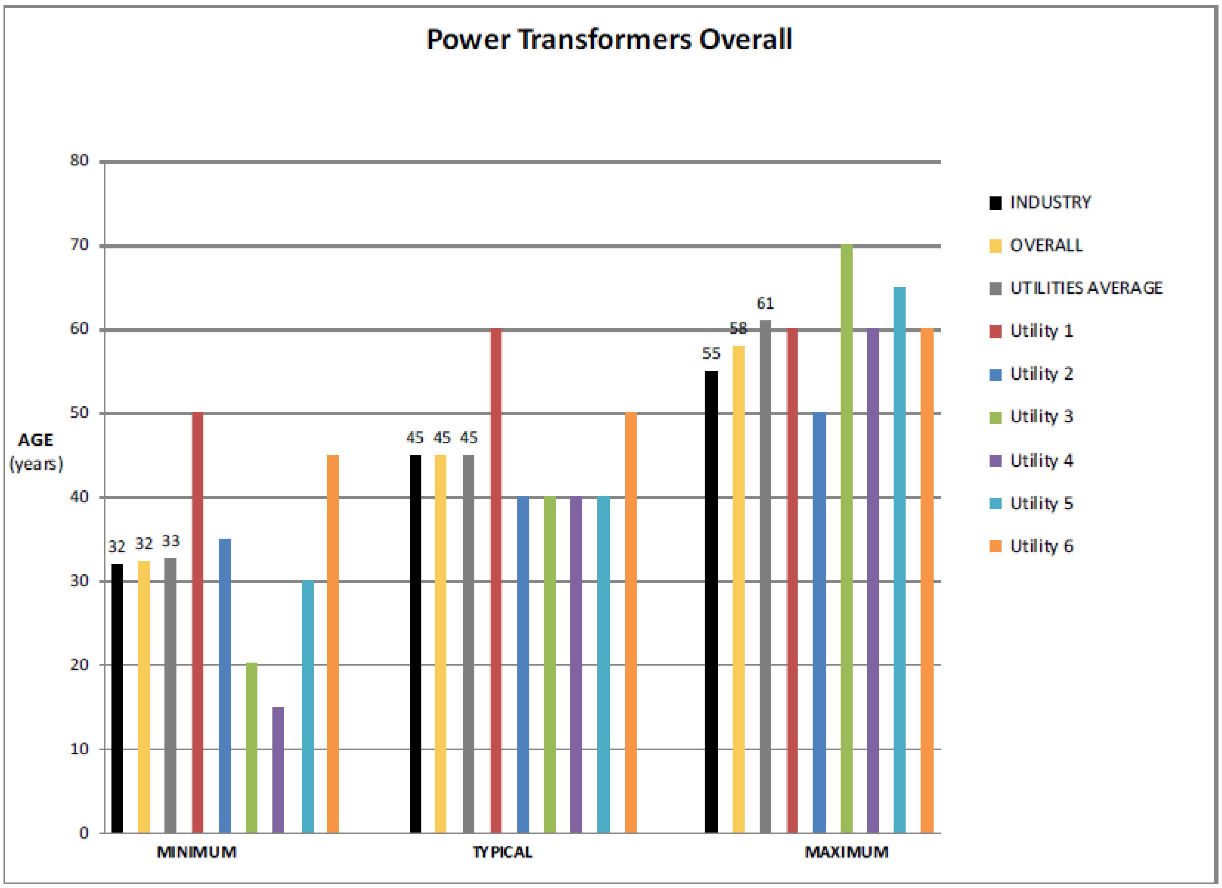

Exhibit 1: Useful Life of Power Transformers

As shown in Exhibit 1, Kinectrics report concludes typical useful life of power transformers to be 45 years. In case of on-load tap changers the typical useful life is concluded to be 30 years, which is significantly less due to the faster degradation of their condition caused by the presence of electrical arcing during tap changer operation.

As shown in Exhibit 1, Utility 1 reported minimum useful life of 50 years, maximum useful life of 60 years and the typical useful life also equal to 60 years for this asset. There appears to be an error in Utility 1's response, because the typical life expectancy is expected to lie in between the maximum and minimum useful life values. Four of the remaining five LDCs surveyed by Kinectrics, reported typical useful life of 40 years for this asset. Since the transformer loading, operating and maintenance practices as well as environmental conditions within the service territory of OPUCN are similar to all other LDCs operating in Southern Ontario, the typical useful life of power transformers at OPUCN is also expected to be the same as reported by the vast majority of surveyed LDCs, i.e. 40 years. All of the power transformers employed at OPUCN are equipped with on-load tap changers and the OLTC operation results in faster degradation of the insulation system.

We have independently analysed the actual useful service life for a batch of power transformers that have been retired from service at OPCUN during the past five years. The results of this analysis are summarized in Exhibit 2 and indicate the mean useful life of power transformers at OPUCN to be 39 years.

Station	Transformer	Installed Date	Removal Date	Age (years)
MS 2	T1	1975	2012	37
	T2	1968	2012	44
MS 11	T1	1971	2011	40
	T2	1979	2011	32
MS 13	T1	1968	2011	43
	T2	1968	2013 ….	45
MS 15	T1	1976	2012	36
	T2	1967	2012	36
				Average:39

Exhibit 2: Actual Service Life Provided by Power Transformers at OPUCN

In view of the foregoing, in our opinion, 40 years is a more accurate value for the typical useful life of power transformers at OPUCN, rather than the 45 year estimate proposed in Kinectrics report.

2.2. Metal Clad Switchgear and Circuit Breakers

OPUCN employs 15kV class medium voltage metal-clad switchgear in indoor applications at each of the eight municipal substations. The original switchgear employed magnetic-air circuit breakers with arc-chutes, which are being replaced by OPCUN with vacuum circuit breakers in the original switchgear cells, as they reach the end of their useful service life.

A number of factors influence the overall rate of wear and severity of degradation of circuit breakers, including type of the insulating medium, design of the contacts, operating environment, and the duty cycle of the circuit breaker. Load current switching or fault current interruption seldom lead to sudden failure of circuit breakers, but repeated operations result in overall wear and tear which lead to eventual end of life.

Air magnetic breakers employ the magnetic effect of the current in their design, by forcing the electric arc produced during opening on the contacts into an arc chute. The arc chute causes elongation of the arc path and allows cooling, splitting and eventual extinction of the arc. In some designs, an auxiliary puffer is employed to blast air into the arc, which allows successful interruption of low-level currents with weaker magnetic fields. Air magnetic breakers represent the second oldest technology in circuit breaker design, next to OCBs. They are no longer in manufacture and have been superseded by SF6 and vacuum technologies since the late 1970s.

When a circuit breaker interrupts current, an electrical arc is produced in the ionized insulation medium. In order for the circuit breaker action to succeed, the large amount of energy contained in the arc must be successfully extinguished by the breaker's interrupting medium. Depending on the type of arc interrupting medium employed, circuit breakers are classified as oil circuit breakers, magnetic air circuit breakers, SF-6 circuit breakers or vacuum circuit breakers. In order to deliver the desired functions, circuit breakers are required to possess the following properties and characteristics:

a) Highly conductive contact material, capable of withstanding repeated arcs;
b) High quality of contact make with extremely low resistance;
c) High quality contact mating, capable of retaining high conductivity over time;
d) Adequate contacts parting distance in open position for the rated voltage;
e) Adequate line to ground insulation for the rated voltage;
f) Stable insulating medium, capable of withstanding repeated arcs;
g) Fast speed during opening and closing of contacts;
h) Appropriate arc blowing techniques to extinguish arcs;
i) Adequate energy imparting mechanisms for making or breaking of short circuit currents.

The operating mechanism of circuit breakers consists of numerous moving parts that are subject to wear and tear during breaker operation. Because circuit breakers are required to frequently "make" and "break" heavy currents, the contacts are subjected to arcing that accompanies such operations. Each time a circuit breaker opens or closes the contact surfaces undergo some degradation and degraded contacts produces higher degree of arcing in subsequent operations. Heat produced during contact arcing also decomposes the metal surface from the contacts as well as the insulation medium and the by-products so decomposed are deposited in surrounding insulation materials. The mechanical energy required to generate high contact velocities also results in wear and tear of the mechanical parts in operating mechanism.

The findings and conclusions of the Kinectrics' report are summarized in Exhibit 3. As shown, their report concludes 40 years to be the typical useful life for metal clad switchgear and removable breakers used in metal clad switchgear. During the utility surveys, four of the six surveyed LDC indicated 40 years to be the typical useful life of metal clad switchgear on their systems.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Overall	30	40	60
Removable Breaker	25	40	60

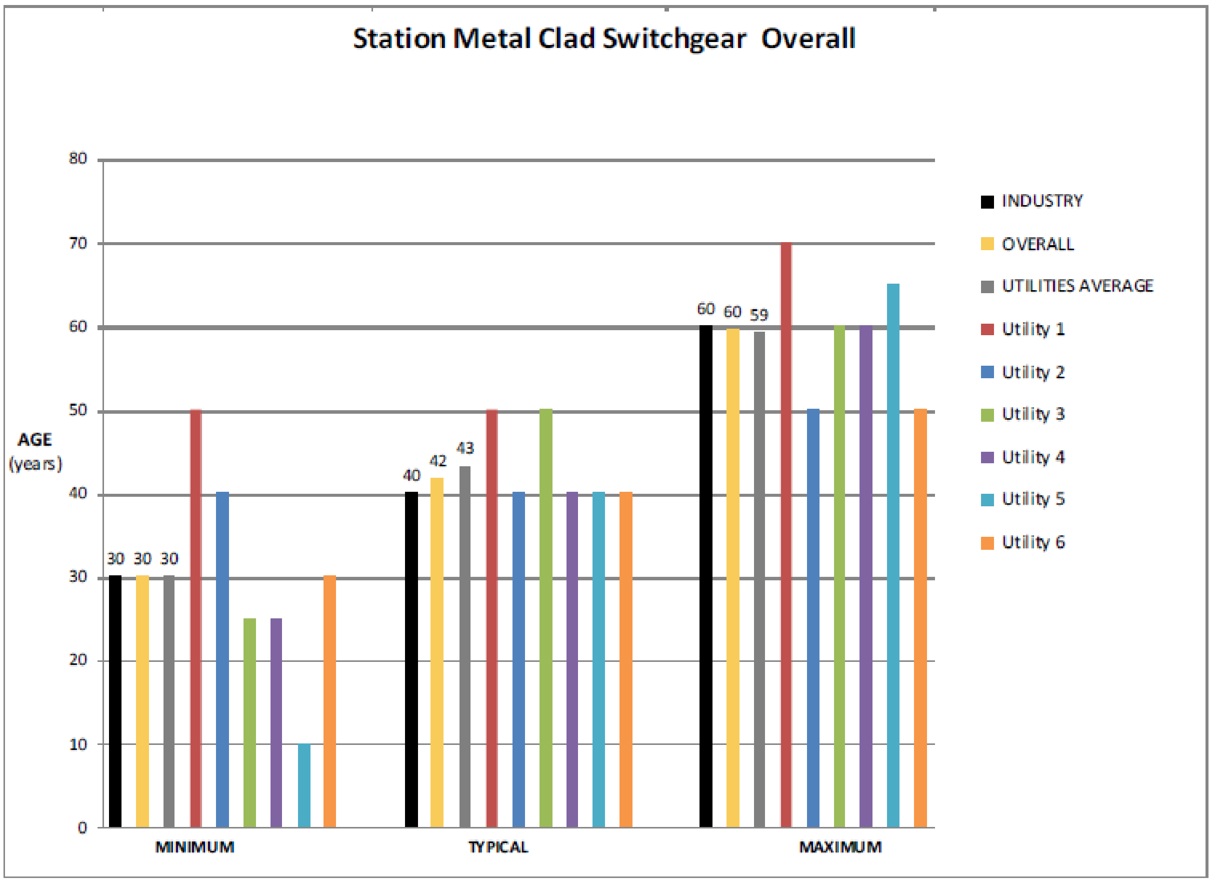

Exhibit 3: Typical Useful Life of Metal Clad Switchgear (Kinectrics Report)

Based on OPUCN's own experience, circuit breakers in metal clad switchgear, employed at MS-9, MS-7, MS-11, MS-13, and MS-14 have been replaced after mean useful service life of approximately 40 years. In view of the above, we concur with Kinectrics recommendation for the typical useful life of metal clad switchgear and circuit breakers in metal-clad switchgear to be 40 years.

2.3. Station Independent Breakers

The asset class covers both outdoor and indoor mounted circuit breakers, not in metal clad enclosures. In accordance with the definitions provided in the Kinectrics report, the 44 kV outdoor circuit breakers employed at OPUCN stations fall within this category. OPUCN has a total of sixteen (16) circuit breakers in service that fall in this category. The mean service life of these circuit breakers is currently 38 years and most of these circuit breakers are intended to be replaced during the next five years, which would yield an average service life of approximately 40 years.

Generally speaking, in relation to the indoor mounted circuit breakers, the outdoor mounted circuit breakers experience more adverse and hostile environmental conditions, that increase the rate and severity of circuit breaker condition degradation. The following factors represent additional environmental degradation of outdoor mounted circuit breakers:

- Corrosion of enclosures and metal parts;
- Potential ingress of moisture into operating parts and insulating system;
- Bushing/insulator deterioration under the influence of moisture, fog, ice; and
- Deterioration of mechanical parts and linkages in operating mechanism.

On the other hand, the 44 kV breakers are less frequently called upon to operate and break short circuit current and therefore, the wear and tear from operational use is expected to be less than those experienced by 13.8 kV circuit breakers in indoor metal clad switchgear.

Exhibit 4 summarizes Kinectrics findings for this asset class. As shown, the Kinectrics report indicates that based on broader industry experience, the typical life expectancy of individual circuit breakers is 40 years. It is also noteworthy that only three of the six utilities surveyed by Kinectrics provided information relevant to this asset and there were extremely large deviations in service age data obtained from them. Kinectrics did not investigate the reasons behind such large deviations, but it is possible the deviations were caused by mixing indoor and outdoor mounted circuit breakers in the same category and not excluding the circuit breakers which might have been completely overhauled. One of the utilities reported typical service life of 70 years for circuit breakers, which was likely achieved through major refurbishment or rehabilitation of original breakers with additional capital expenditure.

In our opinion, because this asset class is composed of a broad category of different types of circuit breakers, some installed indoors and some installed outdoors, the surveys performed by Kinectrics did not correctly reveal the typical useful life of outdoor circuit breakers. For this asset, the typical useful life based on the overall industry experience, as reported by Kinectrics, more accurately represents the typical useful life of circuit breakers employed on OPUCN system. We recommend OPUCN to adopt 40 years to be the typical useful life for this asset, to match the broader industry experience reported by Kinectrics.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Station Independent Breakers ?	35	45	65

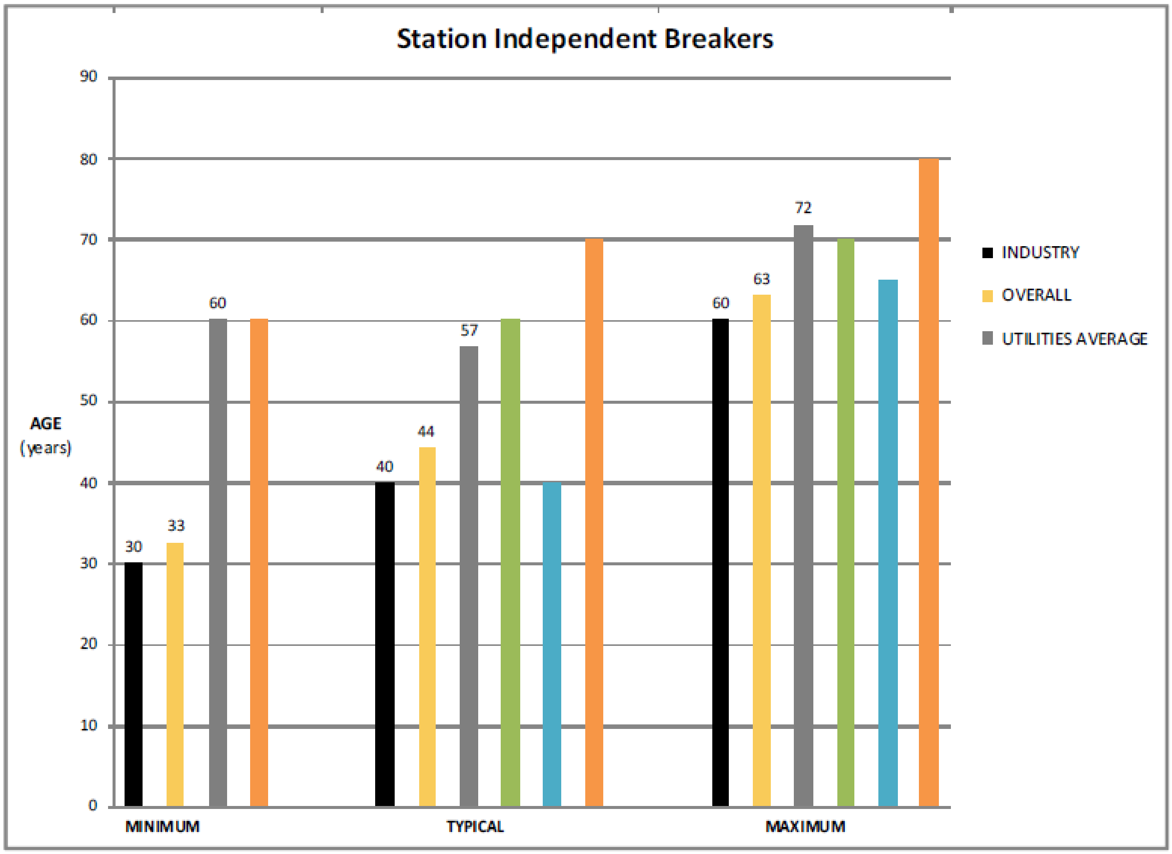

Exhibit 4: Typical Useful Life of Independent Circuit Breakers (Kinectrics Report)

2.4. Microprocessor Relays

The function of protection relays on distribution systems is to detect and annunciate abnormal operating conditions and initiate circuit breaker or recloser trip to isolate faulty circuits from healthy circuits. Protection relays obtain their input from instrument transformers, process the information and automatically take corrective action with adequate speed and selectivity. Electro-mechanical designs of protection relays have been in use in the industry for several decades, but the industry best practice has been to replace these relays with solid state and microprocessor relays. The micro-processor and the solid state relays do not require frequent calibrations, but they are vulnerable to damage from voltage and current surges.

All of the protection and control relays employed at OPUCN substations are microprocessor type. As shown in Exhibit 5, the Kinectrics report recommends 20 years to be the typical useful life for this asset and we agree this is an accurate estimate of the typical useful life for this asset.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Digital & Numeric Relays	15	20	20

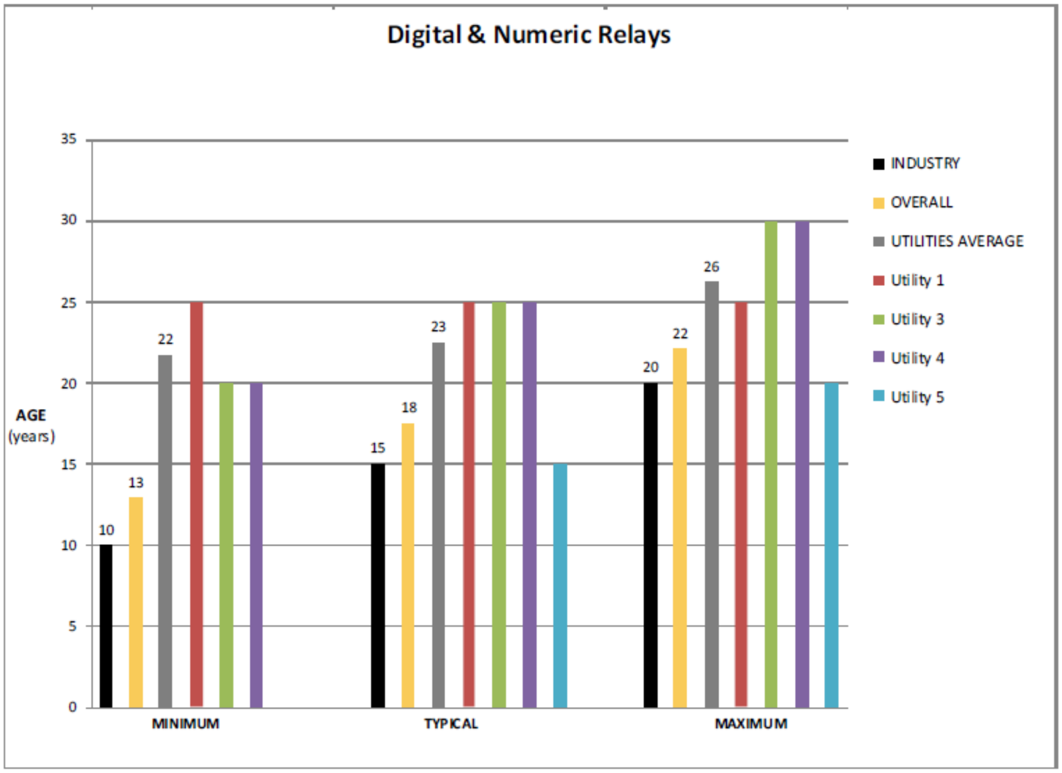

Exhibit 5: Typical Useful Life of Digital Microprocessor Relays (Kinectrics Report)

2.5. Remote Supervisory Control and Data Acquisition System (SCADA)

SCADA systems on power distribution systems are used for data acquisition related to status and condition of field mounted equipment as well as for remote control of field mounted equipment. While SCADA systems have traditionally been employed by local distribution companies for remote control of substation equipment, however modern SCADA systems can provide much more advanced functions, i.e. automated isolation of feeder sections through operation of line mounted switches, automated outage management, automated demand control etc.

As shown in Exhibit 6, the Kinectrics report recommends 20 years to be the typical useful life for this asset.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Remote SCADA	15	20	30

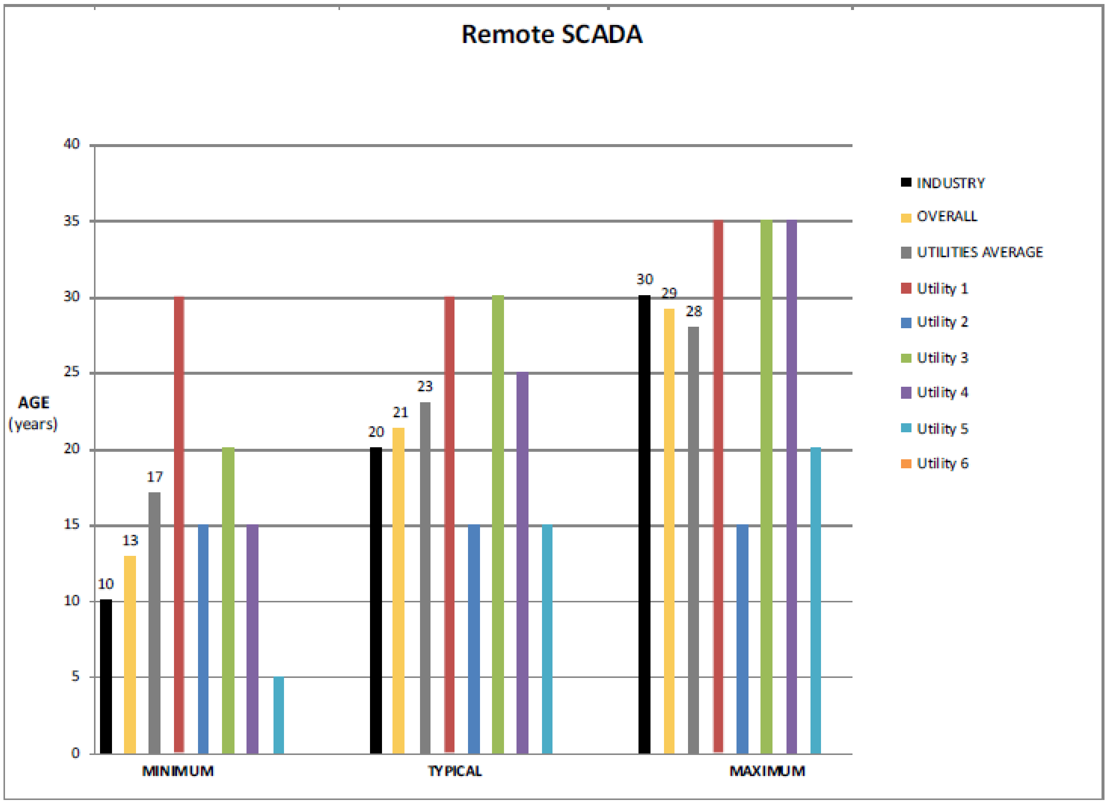

Exhibit 6: Typical Useful Life of Remote SCADA System (Kinectrics Report)

SCADA systems consist of multiple sub-systems, as listed below:

(a) Remote terminal units (RTUs) - that connect to sensors and convert sensor signals to digital data. They have telemetry hardware capable of sending digital data to the supervisory system, as well as receiving digital commands from the supervisory system. RTUs have embedded control capabilities such as ladder logic to accomplish boolean logic operations.

(b) Telemetry system – which connects RTUs with control centers. Telemetry systems include both wired communications media such as leased telephone lines and WAN circuits and wireless telemetry media, such as satellite, licensed and unlicensed radio, cellular and microwave.

(c) Data acquisition server –the software service that allows clients to access data from the field devices using standard protocols. It uses industrial protocols to connect software services, via telemetry, with field devices such as RTUs.

(d) A human–machine interface or HMI is the apparatus or device which presents processed data to a human operator, and through this, the human operator monitors and interacts with the process. The HMI is a client that requests data from a data acquisition server.

Components employed on the above described SCADA subsystems can be categorized into three main groups: (i) computer hardware, (ii) computer software, and (iii) the communications architecture. The typical useful life of SCADA system is a function of the typical useful life of these components. While the SCADA components may provide a service life of 20 years without component failures, as proposed in the Kinectrics report, the end of life for the SCADA systems is typically caused much earlier, due to hardware failures or the software becoming obsolete. The hardware and software components in most cases require upgrades after service life of approximately 5 years, while the communications infrastructure components may provide a service life of 10 to 20 years.

Our investigations into OPUCN SCADA history reveal that the control room hardware and software components were installed in 2008. In late 2013 one of the SCADA Workstation failed and was replaced, providing service life of 5 years. OPUCN also upgraded the two servers at the same time. While performing the above listed computer hardware replacements and upgrades, OPUCN also upgraded the SCADA Software. In the substation RTUs, the original analog and control boards are still in service for about 20 years, but the CPUs required replacement after about 15 years of service.

To maximize the benefits of major investments into the advanced revenue metering systems, many LDCs are implementing major upgrades to their SCADA systems to incorporate smart grid functions, i.e. outage management systems. Such advanced functions require both hardware and software upgrades prior to these components reaching the end of their mechanical life due failure in service.

In view of the foregoing, in our opinion, the typical useful life of SCADA system is of the order of 8 years, rather than 20 years, proposed in Kinectrics report.

2.6. Other Assets Employed in Distribution Stations

For all of the remaining assets employed in Distribution Stations, in our opinion the estimates of typical useful life provided in the Kinectrics report accurately represent the typical useful life for each of those assets.

3 Overhead Distribution System Assets

3.1. Fully Dressed Wood Poles

This asset class includes the wood pole, cross arm, bracket, insulator, cutouts, arresters, anchors and guys. The most significant component of this asset is the wood pole itself, commonly utilizing Red Pine, Jack Pine, and Western Red Cedar (WRC) species. The poles are either butt treated or full length treated with preservatives.

The most critical degradation process for wood poles involves biological and environmental mechanisms such as fungal decay, wildlife damage and effects of weather. Fungi attack both external surfaces and the internal heartwood of wood poles. The process of fungal decay requires the presence of fungus spores in the presence of water and oxygen. For this reason, the area of the pole most susceptible to fungal decay is at and around the ground line, although pole rot is also known to begin at the top of the pole. To prevent the decay of wood poles, utilities treat them with preservatives before installation. Wood preservatives have two basic functions:

- keep out moisture that supports fungi by sealing the surfaces, and
- kill off the fungal spores.

The following factors represent some of the more critical factors affecting wood pole strength as poles age:

- Original type and class of wood pole;
- Original defects in wood (e.g. knots, cracks or rot);
- Rate of decay in service life which depends on type of treatment and environmental conditions;
- Pole damage by woodpeckers, insects, and other wildlife; and
- Wood burns.

Several types of damage can also deform bolt holes in poles. Generally, such deformities do not present immediate problems. However, in some cases deformed holes can result in both failure of the structure and failure of other components attached to the pole. Bolts also can become loose, elongated, bent, cracked, sheared/broken and lost.

The types of insulators and configurations typically used in distribution systems include dead-end, suspension, post and pin types. The insulating portion may consist of porcelain or polymer. The metallic parts usually are made from zinc coated ductile or malleable iron. Both electrical and mechanical stresses may affect insulators. Degradation and eventual failure generally result from the loss of either dielectric or mechanical strength. Mechanical loading on suspension and line post insulators consists of a combination of tensile, torsional, cantilever, vibration and compression forces resulting from factors such as conductor vibration and galloping, accumulation of high density snow or ice, and sudden ice shedding. Line post, strut and pin type insulators are unique since they may experience a combination of cantilever, transverse and tensile forces simultaneously. Impact or contact induced damage also may occur.

Contamination of insulator surface with road salt, freezing rain, and snow accumulation may induce flashovers resulting in dielectric failure of insulators. Electrical flashovers can cause both external and internal damage to porcelain and composite insulators.

Degradation or reduction in strength of insulator hardware may occur due to the following:

- Loss of galvanization and corrosion of steel members;
- Loss in strength due to fatigue;
- Loosening of hardware due to conductor vibrations; or
- Hardware failure during major storm events.

ASSET COMPONENTIZATION		USEFUL LIFE (years)		
		MIN UL	TUL	MAX UL
Overall		35	45	75
Cross Arm	Wood	20	40	55
	Steel	30	70	95

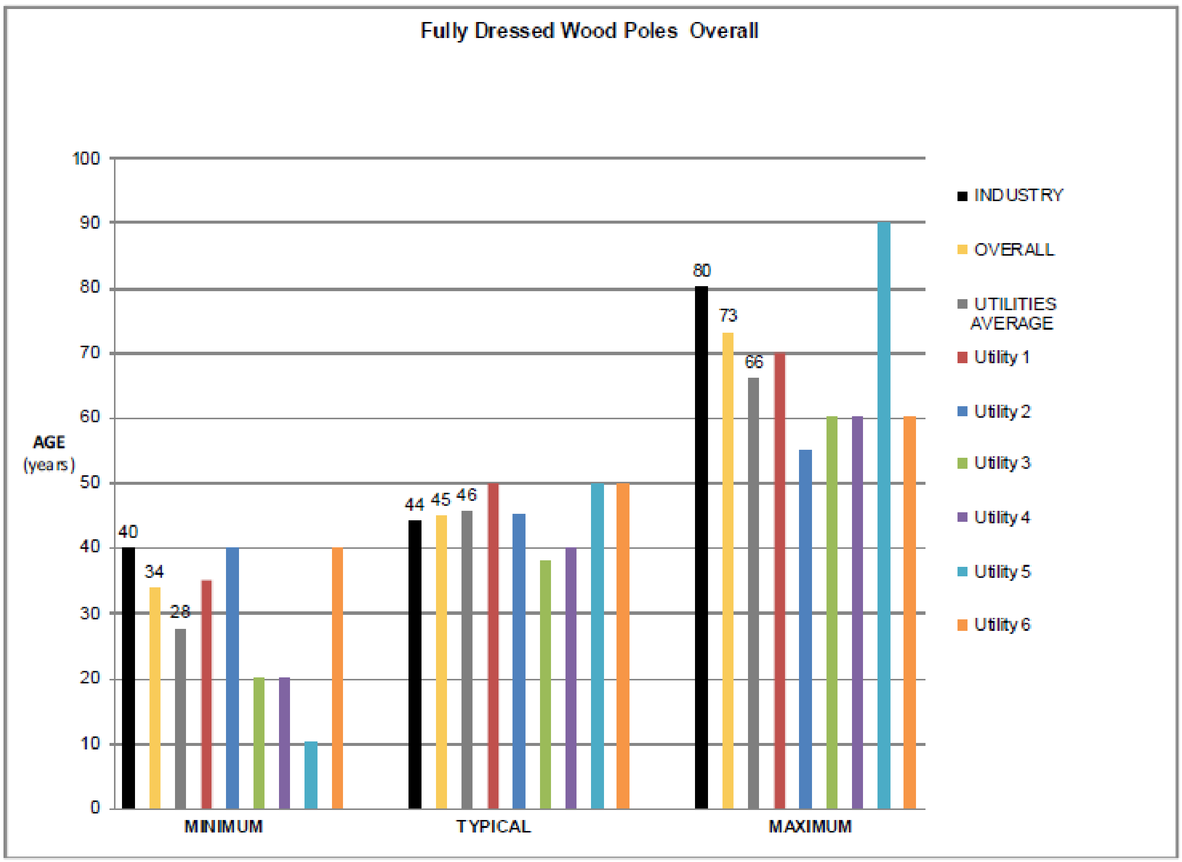

Exhibit 7: Typical Useful Life of Fully Dressed Wood Poles (Kinectrics Report)

Exhibit 7 documents the results of utility surveys performed by Kinectrics and summarizes their conclusions of the typical useful of this asset class. The Kinectrics report recommends a typical useful life of 45 years for this asset.

We analysed relevant data from the OPUCN records. The number of poles removed from service on various line rebuild projects, completed during the recent years, and their useful service life are indicated in Exhibit 8 below. The data indicate mean service life of approximately 45 years was achieved for the wood poles. Therefore, we conclude 45 years to an accurate estimate of the typical useful life of wood poles at OPUCN.

Number of Poles	Useful Service Life (years)
21	40
22	45
3	30
27	40
24	40
2	45
15	45
3	40
3	50
18	40
37	50
77	40
70	50
42	45
109	50
Mean Service Life (Years)	45.22

Exhibit 8: Actual Service Life of Wood Poles on OPCUN Distribution System

3.2. Overhead Line Conductors

Line conductors allow flow of current through them facilitating the movement of power from substations to customers' premises. Overhead line conductors are typically supported on wood pole structures to which they are attached by insulators suitable for the voltage at which the lines operate. The conductors on a line are sized by taking into account the amount of current to be carried. The maximum current carrying capacity of conductors is determined by their thermal rating. However distribution line conductors are commonly sized to provide the right balance between energy loss in conductors (copper loss) and the capital cost of conductors. As a result the distribution lines often operate under loads significantly below the thermal rating of the conductors.

Overhead line conductors must have adequate tensile strength, enabling them to be stretched between poles. Distribution lines typically have span length of 40 m to 60 m. Three different types of conductors are commonly used on distribution lines:

- Aluminium Conductors Steel Reinforced (ACSR),
- Aluminium Stranded Conductors (ASC),
- Aluminium Alloy Conductors (AAC).

Steel reinforced aluminium conductors have galvanized steel core strands that supply most of their tensile strength. The steel core has both tensile and ductile properties, allowing the core to withstand both longitudinal forces and bending movements without failure. AAC conductors cost less in relation to ACSR conductors, but their tensile strength is significantly lower than those of the ACSR conductors. Both the price and tensile strength of AAC conductors lie in between those of ASC and ACSR conductors.

Because of the relatively short span lengths employed on distribution lines in relation to transmission lines, the tensile strength of conductors on distribution lines is not as critical as it is on transmission lines. Most distribution utilities these days, therefore, employ all aluminium conductors on distribution lines. Aluminium alloy conductors are sometimes used on distribution lines with longer span lengths.

As current passes through the conductors, the resistance causes its temperature to rise, the temperature change is proportional to the square of the load current passing through the conductor. The rise in temperature causes the conductor to lengthen and sag between points of support, reducing the height of the conductor above ground. Although it seldom happens on distribution lines, line operation at loads beyond conductors' thermal rating of approximately 90° C may lead to annealing of conductors, resulting in permanent loss of its tensile strength.

To provide their intended functions on distribution lines, conductors must retain both their conductive properties and mechanical (i.e., tensile) strength. Aluminium conductors have three primary modes of degradation, corrosion, fatigue and creep. The rate of each degradation mode depends on several factors, including the size and construction of the conductor as well as environmental and operating conditions.

Generally, corrosion represents the most critical life-limiting factor for ACSR conductors. Environmental conditions affect degradation rates from corrosion. Both aluminium and zinc-coated steel core conductors are susceptible to corrosion from chlorine-based pollutants, even in low concentrations, but the rate of corrosion of steel core is significantly greater than that of aluminium. While fatigue degradation is a serious concern for transmission lines that are strung with significantly higher tension, it is commonly not a serious issue for distribution lines.

Overloaded lines operating beyond their thermal capacity can suffer from a loss of tensile strength due to annealing at elevated operating temperatures. Each elevated temperature event adds cumulative damage to the conductors. After loss of 10% of a conductor's rated tensile strength, significant sag occurs, requiring either re-sagging or replacement of the conductor. ACSR conductors can withstand greater annealing degradation compared to ASC.

Phase to phase power arcs can result from conductor galloping during severe storm events. This can cause localized burning and melting of a conductor's aluminium strands, reducing strength at those sites and potentially leading to conductor failures.

Other forms of conductor damage include:

- Broken strands (i.e., outer and inners)
- Strand abrasion
- Elongation (i.e., change in sags and tensions)
- Burn damage (i.e., power arc/clashing)
- Bird-caging.

Exhibit 9, reproduced below from the Kinectrics report, summarizes the typical useful life of overhead line conductors. As shown, it concludes the typical useful life of overhead line conductors to be 60 years. We agree the conductors on distribution lines often outlive the poles and are not usually on the critical path to determine end of life for a line section. But typically, whenever a line is rebuilt with new poles, the conductors are also replaced at the same time, because it is economically prudent to do so.

To avail of the hypothetical useful life of 60 years for the line conductors supported on wood poles with typical useful life of 45 years, the line will need to be rebuild in a piecemeal fashion; i.e. all the wood poles will need be replaced when a majority of them have reached the end of their service life after 45 years and then 15 years later the conductors will need to replaced. Such piece meal construction of medium voltage lines would also require live-line construction techniques. Electric utilities' practical experience indicates that it is more economical to construct the line in a single stage replacing all the components at the same time, rather than constructing the line in a piece meal manner.

Thus while we agree the conductors often outlive poles in terms of their performance degradation, because it is more economical to reconstruct the overhead lines by changing all the components at the same time rather than reconstructing the line in stages, the effective typical useful life for overhead line conductors is equal to the typical useful life of the wood poles. Therefore we recommend OPUCN to employ 45 years to be the typical useful life for overhead line conductors, because a vast majority of the overhead lines at OPUCN are supported on wood poles.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
OH Conductors	50	60	75

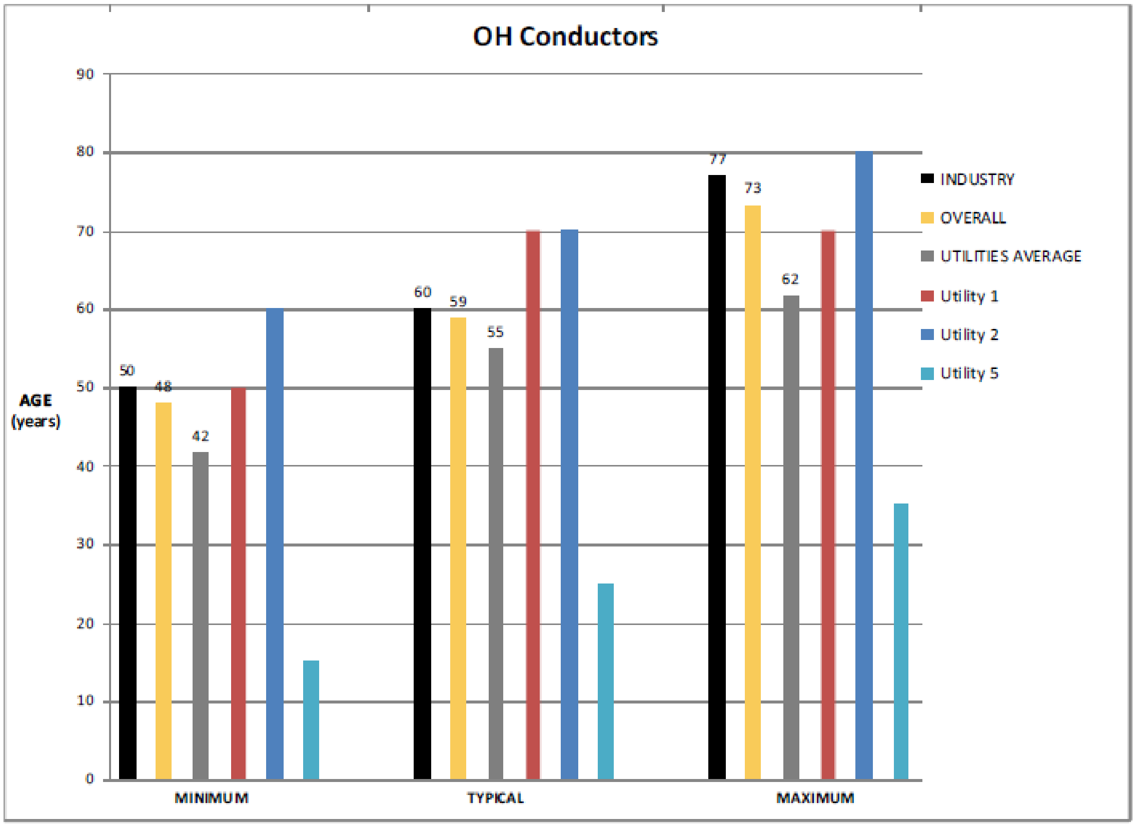

Exhibit 9: Typical Useful Life of OH Conductors (Kinectrics Report)

3.3. Overhead Line Switches

This asset class consists of overhead line switches, focusing primarily on 3-phase outdoor pole-mounted switches but also includes in-line switches. The primary function of switches is to allow for isolation of line sections or equipment for maintenance, safety or other operating requirements. The operating mechanism can be either a manual gang operating linkage or a simple hook stick.

The performance degradation modes associated with overhead line switches include corrosion of hardware, mechanical deterioration of linkages in operating mechanism, switch blades falling out of alignment, switch blade contacts burn out due to arcing, loose connections or cracked insulators. The rate and severity of these degradation processes depends on the operating duties and environment in which the equipment is installed. In most cases, corrosion or rust represents a critical degradation process. The rate of deterioration depends heavily on environmental conditions in which the equipment operates. Corrosion typically occurs around the mechanical linkages of these switches. Corrosion can cause seizing. When lubrication dries out, the switch operating mechanism may seize making the disconnect switch inoperable. In addition, when blades fall out of alignment, excessive arcing may result. In heavy industrial areas, chemical pollution or road salt spray can also result in faster degradation.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
OH Line Switch	30	45	55

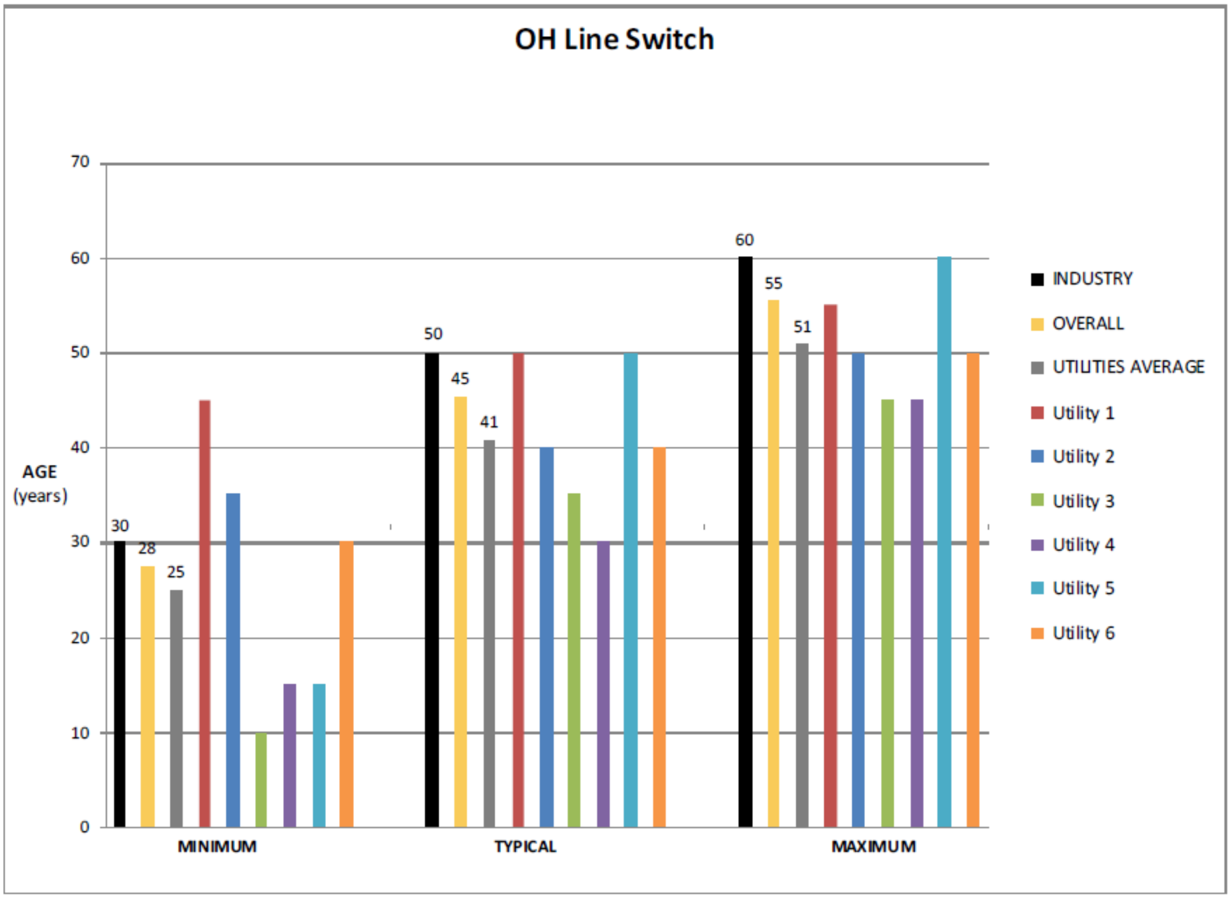

Exhibit 10: Typical Useful Life of Overhead Line Switches (Kinectrics Report)

Exhibit 10, reproduced from the Kinectrics' report, summarizes the survey results and conclusions of the Kinectrics report. As shown, the six utilities responding the Kinectrics survey reported typical useful life of 30 years (1), 35 years (1), 40 years (2) and 50 years (2), which results in mean useful life of 41 years. Kinectrics has indicated their opinion of the typical useful life for this asset in broader industry to be 50 years, but no evidence is provided in the report to support this belief. Based on the results of the survey gathered by Kinectrics and based on

OPUCN's own operating experience, the correct typical useful life of this asset is 40 years and we recommend OPUCN adopt 40 years TUL for this asset.

3.4. Other Assets Employed on Overhead Distribution System

For all of the remaining assets employed on overhead lines, including distribution transformers, voltage regulators and reclosers, in our opinion the estimates of typical useful life provided in the Kinectrics report accurately represent the typical useful life for each of those assets.

4 Underground Distribution System Assets

4.1. Underground Vault Switches

Underground vault switches are used to switch underground feeders or sub-loops are rated to make and break load current. Due to space constraints in underground vaults air-insulated switches are rarely used. Oil insulated switches were commonly used in the past in this application, however SF-6 insulated switches are more commonly used these days.

The health degradation modes for underground vault switches include mechanical failures due to corrosion of operating mechanism, rusting of enclosure and contamination of insulating oil with moisture. The SF6 switch failure modes include degradation of seals and gaskets that result in gas leak.

As summarized in Exhibit 11, the Kinectrics report concludes 35 years to the typical useful life for this asset and we agree with their conclusion.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
UG Vault Switches	20	35	50

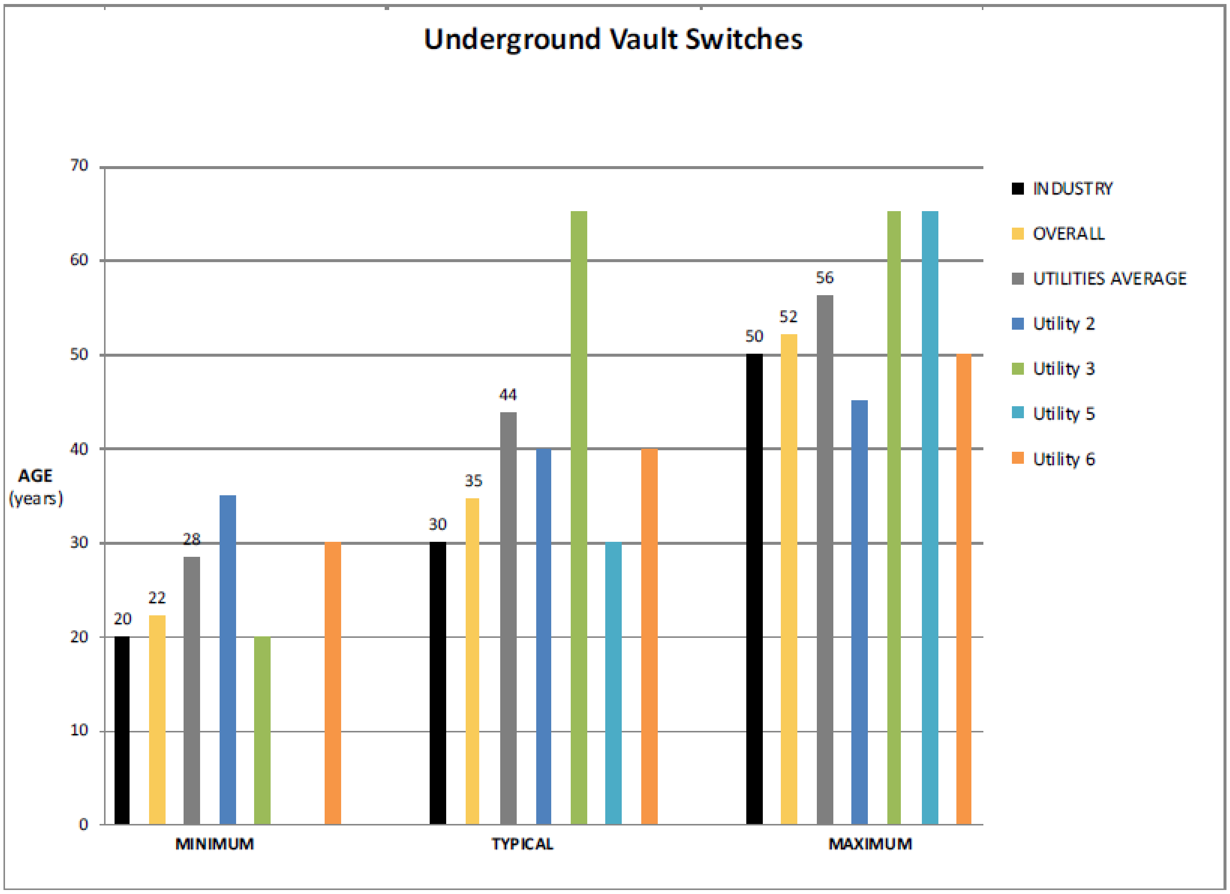

Exhibit 11: Typical Useful Life of Vault Mounted Switches (Kinectrics Report)

4.2. Underground Vaults

Underground vaults permit installation of transformers, switchgear or other equipment and are used when it is not practical to install such equipment on above grade pads. The vaults are typically built of reinforced concrete, using poured in place techniques. In locations subject to flooding floor drains and sump pumps are provided. Vaults where heat generating equipment such as distribution transformers are installed are also equipped with ventilation grates. Man access is provided through the top. When vaults are located in road ways, sidewalks, parking lots or other areas open to vehicular traffic, the structures must be designed by a structural engineer. Since vaults are confined spaces, they must be adequately sized to rescue trapped workers during a fire or explosion inside the vault or manhole.

The common degradation mode vaults is the deterioration of concrete structures due to concrete spalling and corrosion of rebar, sinking of the roof top surfaces allowing rain water to collect and flood the vaults. Functional obsolescence, where the size of the vault no longer meets the space requirements can also lead to end of life of a structure.

As summarized in Exhibit 12, the Kinectrics report concludes 60 years to the typical useful life for this asset and we agree with their conclusion.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Overall	40	60	80
Roof	20	30	45

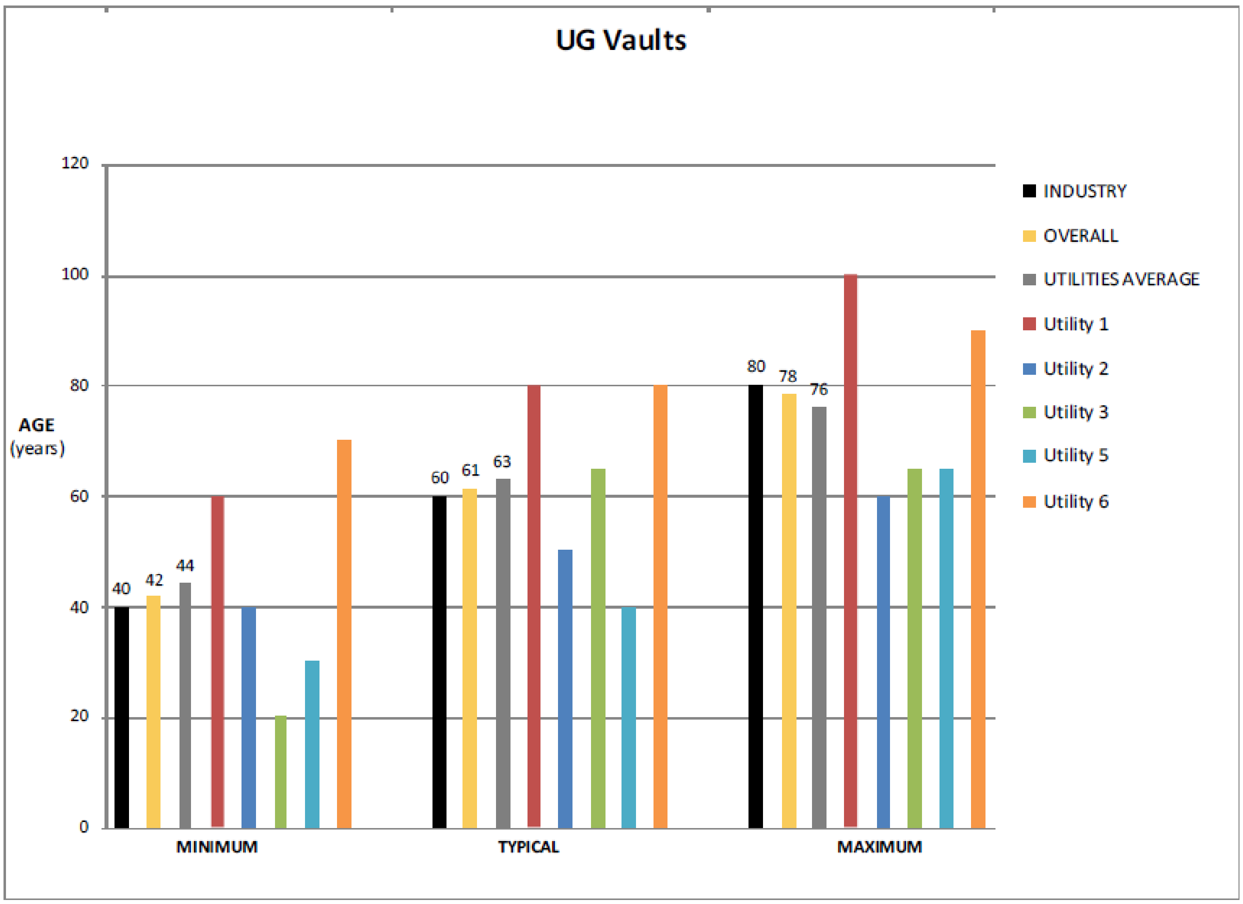

Exhibit 12: Typical Useful Life of Equipment Vaults (Kinectrics Report)

4.3. Cable Chambers

Cable Chambers or manholes permit cable pulling into underground ducts and provide access to splices for periodic inspections or maintenance. Cable chambers of many different styles, shapes and sizes are in use. Pre-cast cable chambers are typically installed in boulevards and road allowances, outside of the travelled pavement portion of the road. Poured in place cable chambers are used under the travelled portion of the road to meet the required structural strength.

The common degradation mode for cable chambers is the deterioration of concrete structures due to concrete spalling and corrosion of rebar, sinking of the roof top surfaces allowing rain water to collect and flood the cable chamber. Functional obsolescence, where the size of the manhole no longer meets the space requirements can also lead to end of life of a structure.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Cable Chambers	50	60	80

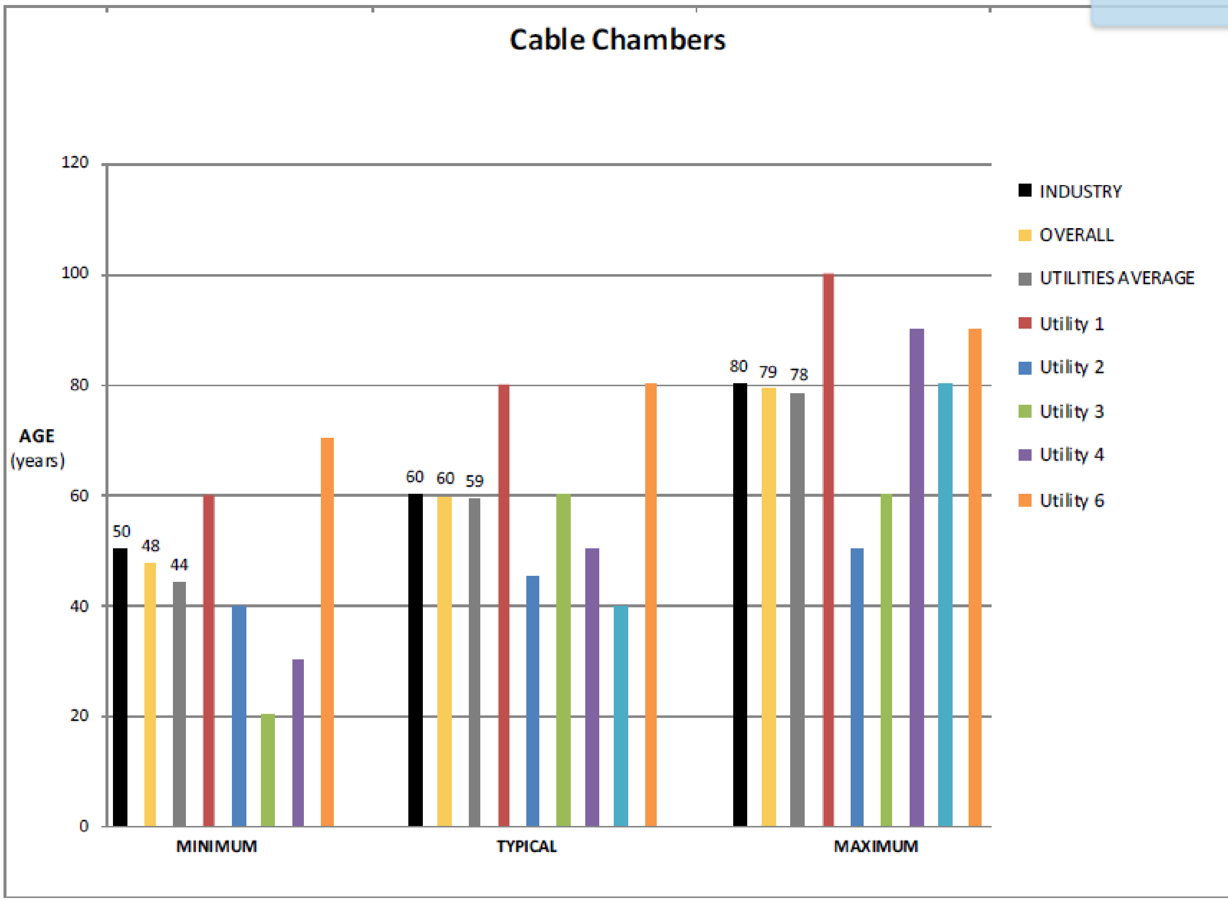

Exhibit 13: Typical Useful Life of Cable Chambers (Kinectrics Report)

As summarized in Exhibit 13, the Kinectrics report concludes 60 years to the typical useful life for this asset and we agree with their conclusion.

4.4. Concrete Encased Duct Banks

Concrete encased duct banks are commonly used for installation of underground cables in downtown city centers. The ducts connecting cable chambers and equipment vaults provide convenient means of pulling cables to serve new loads or replace older cables at the end of their useful life.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Concrete Encased Duct Banks	35	55	80

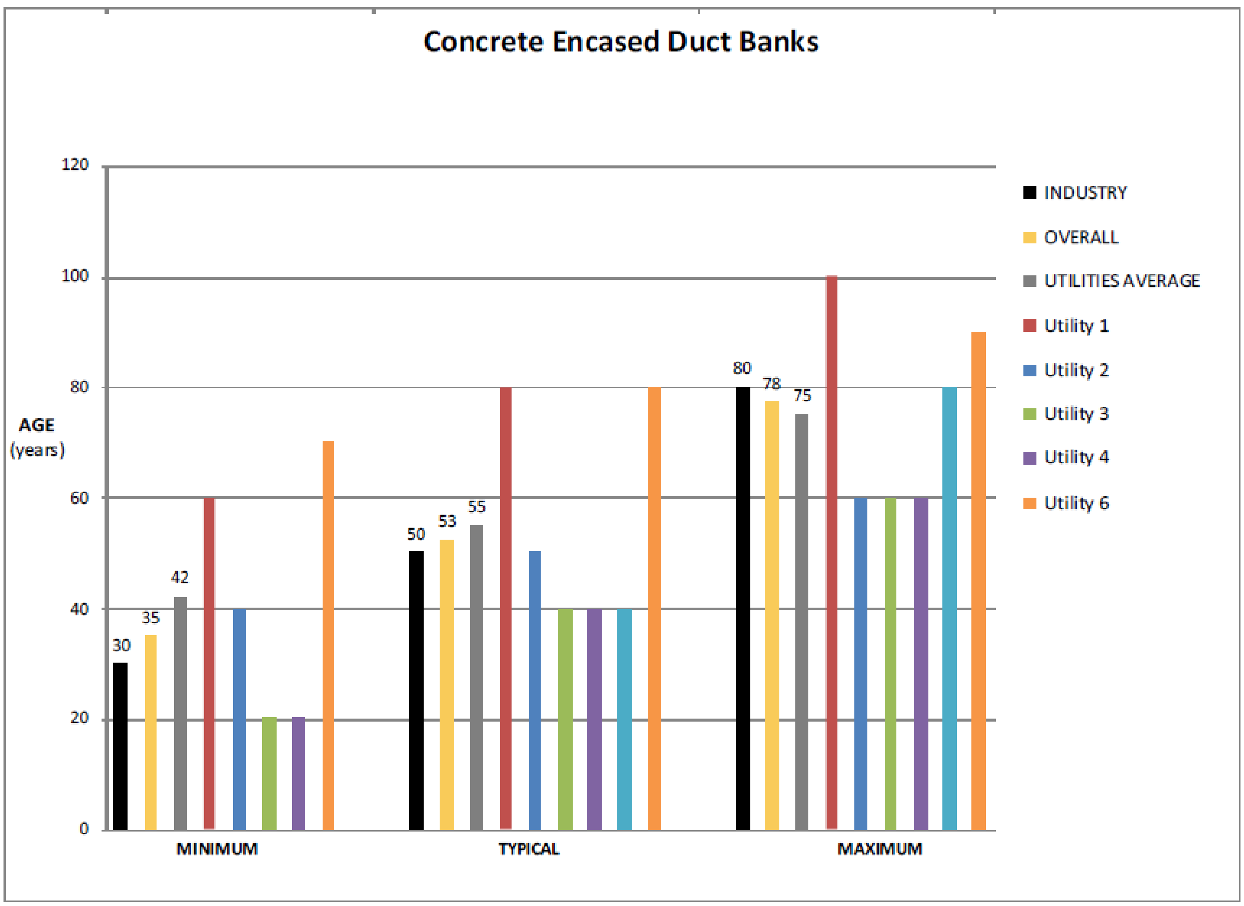

Exhibit 14: Typical Useful Life of Concrete Encased Duct Banks (Kinectrics Report)

As summarized in Exhibit 14, the Kinectrics report concludes 55 years to the typical useful life for this asset and we agree with their conclusion.

4.5. Direct Buried Primary Cable

Medium voltage cables may employ either copper or aluminum conductors. They may be constructed in either single phase or three phase configurations. Two major types of cables are in common use in Ontario: paper insulated lead covered (PILC) and cross linked polyethylene (XLPE).

The original designs of medium voltage cables were constructed out of oil impregnated layers of paper covered with a lead jacket and these cables are commonly referred to as paper insulated lead covered (PILC) cables. For these cables, the two significant long-term degradation processes are corrosion of the lead sheath and dielectric degradation of the oil impregnated paper insulation. Isolated sites of corrosion resulting in moisture penetration or isolated sites of dielectric deterioration resulting in insulation breakdown can result in localized failures. However, if either of these conditions becomes widespread there will be frequent cable failures and the cable can be deemed to be at effective end-of-life.

Polymer insulations for cables were introduced as an economic alternative to PILC cables in 1970's. The insulation system in these cables consists of a semi-conducting sheath over the conductor, the insulation, another semi-conducting layer over the insulation, a metallic shield tape or concentric neutral and a jacket. For the early generation of these cables, manufactured in the 1970's, two unexpected factors entered into the failure mechanism: presence of impurities in the insulation system and ingress of moisture that made these cables susceptible to premature failures due to water treeing. Water treeing in XLPE cables of 1970's vintage are the major cause of excessive cable failures on distribution system. Corrosion of concentric neutral conductors is another potential mode of failure.

Water treeing is the most significant degradation process for polymeric cables. The original design of cables with polymeric sheaths allowed water to penetrate and come into contact with the insulation. In the presence of electric fields water migration can result in treeing and ultimately breakdown. The rate of growth of water trees is dependent on the quality of the polymeric insulation and the manufacturing process. Any contamination voids or discontinuities will accelerate degradation. This has been the reason for poor reliability and relatively short lifetimes of early polymeric cables. As manufacturing processes have improved the performance and ultimate life of this type of cable has also improved. In addition to manufacturing improvements, development of tree retardant XLPE cables and designs to incorporate metal foil barriers and water migration control have further reduced the rate of deterioration due to treeing.

Distribution underground cables are one of the more challenging assets on electricity systems from a condition assessment and asset management viewpoint. Underground cables are relatively expensive and have long effective lifetimes. However, it is very difficult and therefore very expensive to obtain meaningful condition information for buried cables. Furthermore, cable systems have a good reliability record and when failures do occur they can be repaired at much lower cost than replacement. For all these reasons, the standard approach to managing cable systems has been monitoring of cable failure rates and the impacts of in service failures on reliability and operating costs. Since it takes significantly longer to locate and repair cable faults to restore power following a failure in case of direct buried cables, the consequences of failures are significantly higher in case of direct buried cables in relation of cables installed in duct and manhole system. This results in typical useful life of direct buried cables to be significantly less than the cables installed in duct/manhole systems.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Primary TR XLPE Cables - Direct Buried	25	30	35

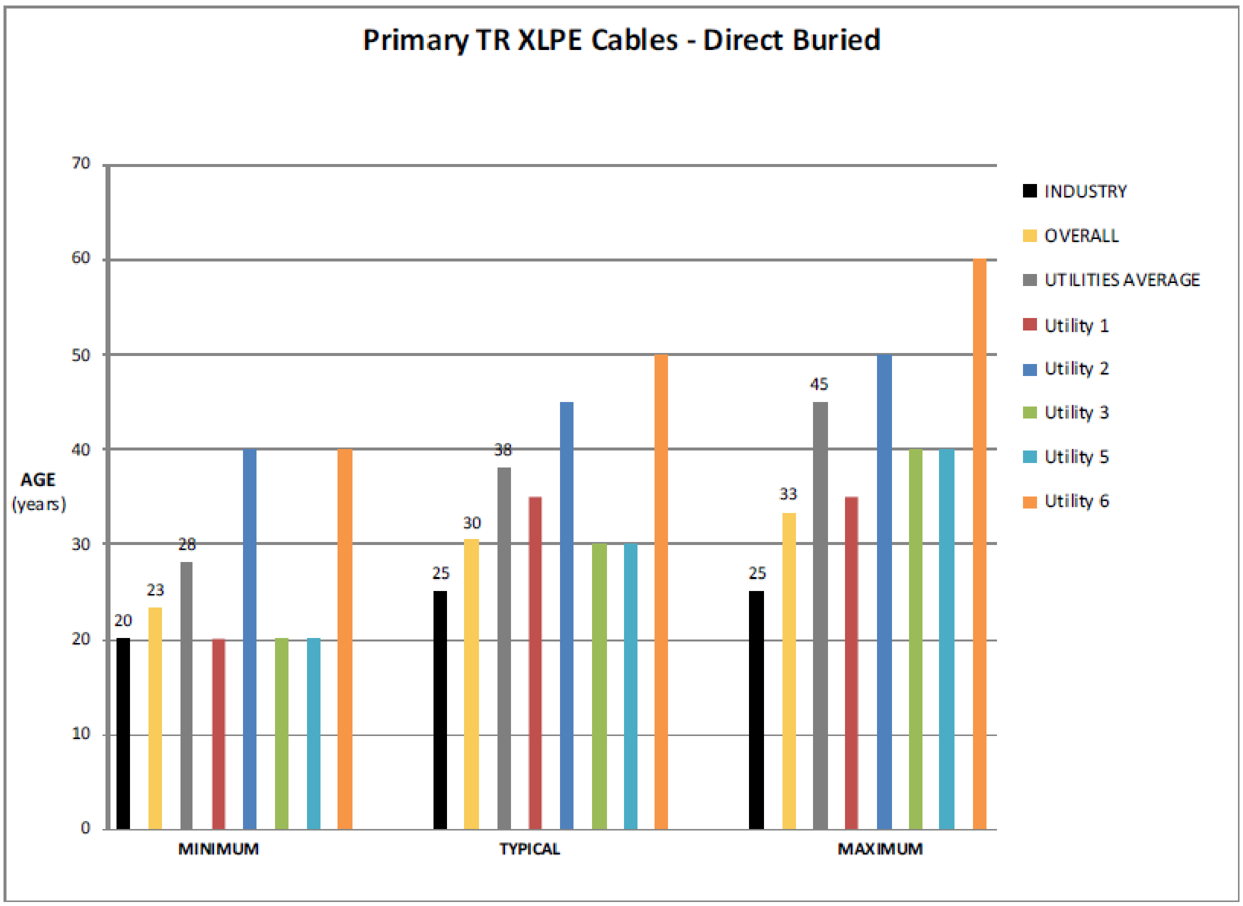

Exhibit 15: Typical Useful Life of Direct Buried Cables (Kinectrics Report)

As summarized in Exhibit 15, the Kinectrics report concludes 30 years to the typical useful life for this asset and we agree with their conclusion.

4.6. Primary Cable in Duct

This asset experiences the same degradation modes as described above for direct buried cables. The key difference is following an outage, the cable faults can be located and cables repairs with significantly greater speed, in relation to direct buried cables. The cost of repairs is also less because there is no resurfacing required after cable replacement. As a result primary cables in duct typically provide a longer service life in relation to direct buried cables.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Primary TR XLPE Cables - In Duct	35	40	55

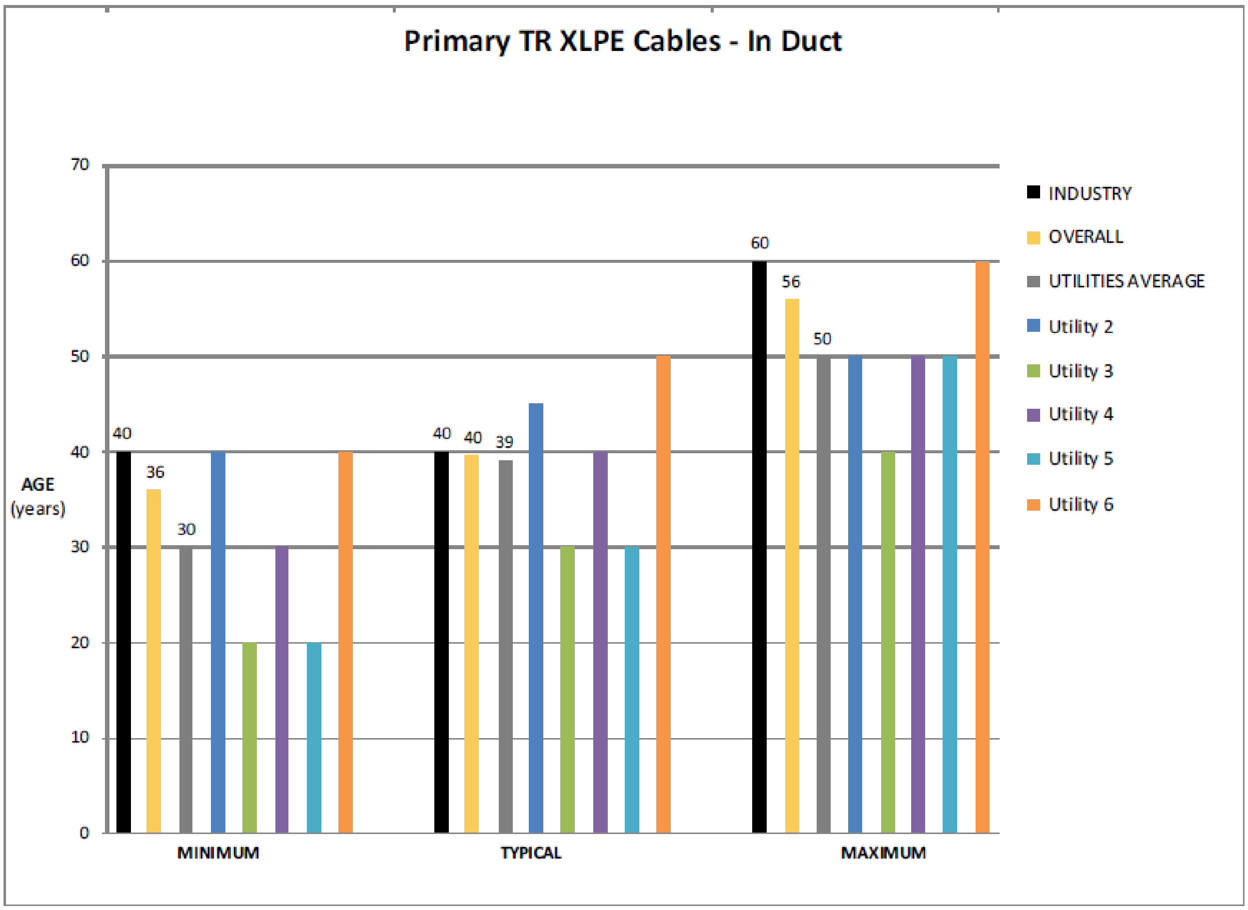

Exhibit 16: Typical Useful Life of Direct Buried Cables (Kinectrics Report)

As summarized in Exhibit 16, Kinectrics report concludes 40 years to the typical useful life for this asset and we agree with their conclusion.

4.7. Secondary Cable Direct Buried

Secondary cables or low voltage cables may employ either copper or aluminium conductors and often used cross linked polyethylene (XLPE) insulation. The minimum thickness of insulation in LV cables is dictated by the risk of mechanical damage during installation rather than by insulation degradation from electrical stress. The end of useful service life commonly occurs due to mechanical damage or overloading.

ASSET COMPONENTIZATION	USEFUL LIFE		
	MIN UL	TUL	MAX UL
Secondary Cables - Direct Buried	25	35	40

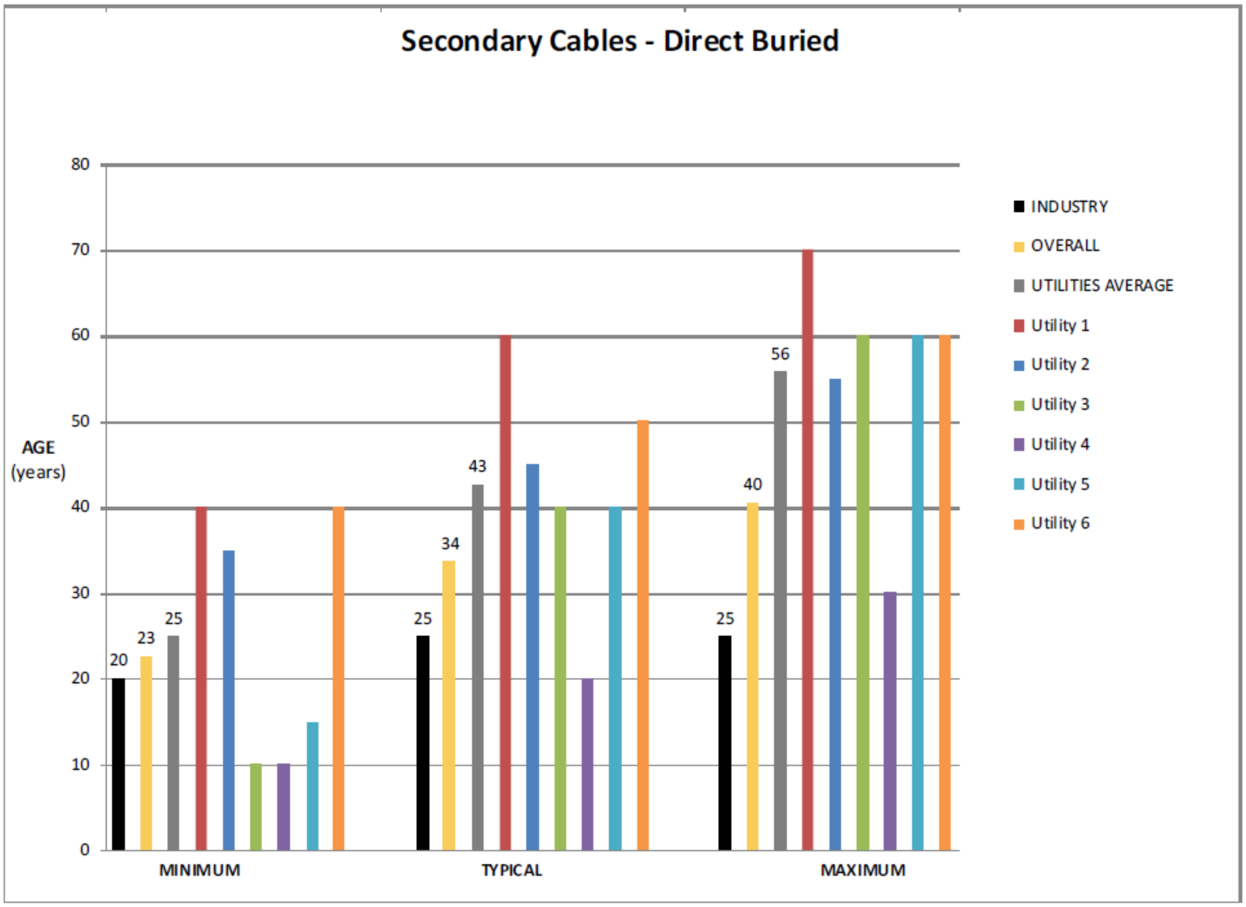

Exhibit 17: Typical Useful Life of Secondary Direct Buried Cables (Kinectrics Report)

Exhibit 17, reproduced above from the Kinectrics report, suggests typical useful life of 35 years for direct buried secondary cables. The six utilities surveyed by Kienctrics reported typical useful life for secondary cables of 20, 40, 40, 45, 50 and 60 years, which yields mean typical mean life of 42 years. Kinectrics report suggests typical service life of 20 years for direct buried secondary cables, based on the general industry experience. In our opinion there is no evidence to support the assumed industry wide service life of 20 years for low voltage cables.

We recommend based on the average of six utilities responding to Kinectrics survey, the typical useful life of this asset should be 42 years.

4.8. Other Assets Employed on Underground Distribution System

For all of the remaining assets employed on the underground distribution system, in our opinion the estimates of the typical useful life provided in the Kinectrics report accurately represent the typical useful life for each of those assets.

5 Auxiliary Assets

We have reviewed the methodology for determining the typical useful life as well as the recommended typical useful life of various auxiliary assets provided in the Kinectrics report, including buildings, office equipment, motor vehicles, computer hardware and software and concur with the findings and conclusions documented in the Kinectrics reports for each of the assets in this category.

APPENDIX 4-4– INCOME TAX/PILS WORKFORM FOR 2021 FILERS

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Version 1.20

Utility Name	Oshawa PUC Networks Inc.
Assigned EB Number	EB-2020-0048
Name and Title	David Savage, Corporate Controller
Phone Number	905 743-5219
Email Address	dsavage@opuc.on.ca
Date	2021
Last COS Re-based Year	**2015**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference		
Adjustments required to arrive at taxable income	as below	**-5,687,145**	
Test Year - Payments in Lieu of Taxes (PILs)	T0	**-**	
Test Year - Grossed-up PILs	T0	**-**	
Effective Federal Tax Rate	T0	**15.0%**	
Effective Ontario Tax Rate	T0	**11.5%**	

Calculation of Adjustments required to arrive at Taxable Income			
Regulatory Income (before income taxes)	T1	5,025,821	
Taxable Income	T1	-661,324	
Difference	calculated	-5,687,145	as above

Income Tax/PILs Workform for 2021 Filers

Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this is the case in the table below, or provide an explanation if this is not the case:

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

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

				Test Year	Bridge Year	
Rate Base		S		**$ 147,471,271**	**$ 140,562,092**	
Return on Ratebase						
Deemed ShortTerm Debt %	4.00%	T	$	5,898,851	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$	82,583,912	*X = S * U*	
Deemed Equity %	40.00%	V	$	58,988,508	*Y = S * V*	
Short Term Interest Rate	2.75%	Z	$	162,218	*AC = W * Z*	
Long Term Interest	3.57%	AA	$	2,951,006	*AD = X * AA*	
Return on Equity (Regulatory Income)	8.52%	AB	**$**	**5,025,821**	*AE = Y * AB*	T1
Return on Rate Base			**$**	**8,139,046**	*AF = AC + AD + AE*	

Questions that must be answered

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

Income Tax/PILs Workform for 2021 Filers

Tax Rates Federal & Provincial As of MMM XX, 2019	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
Federal income tax							
General Corporate Rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal Tax Abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted Federal Rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate Reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario Income Tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined Federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business							
Federal Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Federal Small Business Rate	11.00%	10.50%	10.50%	10.00%	9.00%	9.00%	9.00%
Ontario Small Business Rate	4.50%	4.50%	4.50%	3.50%	3.50%	3.20%	3.20%

Notes
1. The Ontario Energy Board's proxy for taxable capital is rate base.
2. Regarding the small business deduction, if applicable,
   a. If taxable capital exceeds $15 million, the small business rate will not be applicable.
   b. If taxable capital is below $10 million, the small business rate would be applicable.
   c. If taxable capital is between $10 million and $15 million, the appropriate small business rate will be calculated.

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILs Tax Provision - Historical Year

historical year.

				Wires Only	
Regulatory Taxable Income			H1	$ 3,067,925	A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	10.36%	B		
	Federal tax rate (Maximum 15%)	15.00%	C		
	Combined tax rate (Maximum 26.5%)			25.36%	D = B+C
Total Income Taxes				**$ 778,000**	E = A * D
Investment Tax Credits				$ 29,000	F
Miscellaneous Tax Credits					G
Total Tax Credits				**$ 29,000**	H = F + G
Corporate PILs/Income Tax Provision for Historical Year				**$ 749,000**	I = E - H

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	(A+ 101 + 102)	5,963,173		5,963,173
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	5,620,153		5,620,153
Amortization of intangible assets	106	82,734		82,734
Charitable donations and gifts from Schedule 2	112	5,000		5,000
Non-deductible meals and entertainment expense	121	15,000		15,000
Reserves from financial statements – balance at the end of the year	126	12,995,170		12,995,170
Other additions				
Prior Year Adjustments		366,476		366,476
				0
Total Additions		**19,084,533**	**0**	**19,084,533**
Deductions:				
Gain on disposal of assets per financial statements	401	199,883		199,883
Capital cost allowance from Schedule 8	403	8,567,147		8,567,147
Reserves from financial statements - balance at beginning of year	414	12,850,799		12,850,799
Other deductions				
Interest capitalized for accounting deducted for tax	395	356,953		356,953
				0
Total Deductions		**21,974,781**	**0**	**21,974,781**
Net Income for Tax Purposes		**3,072,925**	**0**	**3,072,925**
Charitable donations from Schedule 2	311	5,000		5,000
TAXABLE INCOME		**3,067,925**	**0**	**3,067,925**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical	0		0	B4

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical	0		0	B4

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year	Working Paper Reference
1	Buildings, Distribution System (acq'd post 1987)	$ 30,206,002		$ 30,206,002	B8
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]			$ -	B8
2	Distribution System (acq'd pre 1988)			$ -	B8
3	Buildings (acq'd pre 1988)			$ -	B8
6	Certain Buildings; Fences			$ -	B8
8	General Office Equipment, Furniture, Fixtures	$ 1,114,006		$ 1,114,006	B8
10	Motor Vehicles, Fleet	$ 857,958		$ 857,958	B8
10.1	Certain Automobiles	$ 1,544		$ 1,544	B8
12	Computer Application Software (Non-Systems)	$ 87,829		$ 87,829	B8
13_1	Lease # 1	$ 102,729		$ 102,729	B8
13_2	Lease # 2			$ -	B8
13_3	Lease # 3			$ -	B8
13_4	Lease # 4			$ -	B8
14	Limited Period Patents, Franchises, Concessions or Licences			$ -	B8
14.1	Eligible Capital Property (acq'd pre 2017)			$ -	B8
14.1	Eligible Capital Property (acq'd post 2016)			$ -	B8
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage			$ -	B8
42	Fibre Optic Cable	$ 12,238		$ 12,238	B8
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment			$ -	B8
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment			$ -	B8
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	$ 110		$ 110	B8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -	B8
47	Distribution System (acq'd post Feb 22/05)	$ 81,090,745		$ 81,090,745	B8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	$ 185,133		$ 185,133	B8
95	CWIP			$ -	B8
13.1		$ 15,181		$ 15,181	
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
	SUB-TOTAL - UCC	113,673,475	0	113,673,475	

Only if election under ONTARIO REGULATION 162/01 ss. 5 or 7 filed in 2001 to have ITR 1102(14) apply

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only	
Capital gains reserves ss.40(1)			0	B13
Tax reserves not deducted for accounting purposes				
Reserve for doubtful accounts ss. 20(1)(l)	194,511		194,511	B13
Reserve for undelivered goods and services not rendered ss. 20(1)(m)			0	B13
Reserve for unpaid amounts ss. 20(1)(n)			0	B13
Debt & share issue expenses ss. 20(1)(e)			0	B13
Other tax reserves			0	B13
			0	
			0	
			0	
			0	
			0	
Total	**194,511**	**0**	**194,511**	
Financial Statement Reserves (not deductible for Tax Purposes)				
General reserve for inventory obsolescence (non-specific)			0	B13
General reserve for bad debts			0	B13
Accrued Employee Future Benefits:			0	B13
- Medical and Life Insurance	12,801,170		12,801,170	B13
-Short & Long-term Disability			0	B13
-Accmulated Sick Leave			0	B13
- Termination Cost			0	B13
- Other Post-Employment Benefits			0	B13
Provision for Environmental Costs			0	B13
Restructuring Costs			0	B13
Accrued Contingent Litigation Costs			0	B13
Accrued Self-Insurance Costs			0	B13
Other Contingent Liabilities			0	B13
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0	B13
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0	B13
Other			0	B13
Offset of provision change (OPEB) 319,659				
netted with Mediacl & Life Ins above				
			0	
			0	
Total	**12,801,170**	**0**	**12,801,170**	

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILS Tax Provision - Bridge Year

						Reference	Wires Only	
Regulatory Taxable Income						B1	-$ 664,795	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	11.5%	-$ 76,451	11.5%	B			
Federal (Max 15%)	15.0%	15.0%	-$ 99,719	15.0%	C			
Combined effective tax rate (Max 26.5%)							26.50%	D = B + C
Total Income Taxes							$ -	E = A * D
Investment Tax Credits							$ 59,636	F
Miscellaneous Tax Credits							$ 36,226	G
Total Tax Credits							**$ 95,862**	H = F + G
Corporate PILs/Income Tax Provision for Bridge Year							$ -	I = E - H

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

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	**(A + 101 + 102)**		4,681,725
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		5,859,618
Amortization of intangible assets	106		82,734
Loss on disposal of assets	111		277,875
Charitable donations and gifts from Schedule 2	112		5,000
Scientific research expenditures deducted on financial statements	118		278,696
Non-deductible meals and entertainment expense	121		15,000
Other Additions			
Total Additions			**6,518,923**
Deductions:			
Capital cost allowance from Schedule 8	403	B8	11,373,650
Scientific research expenses claimed in year	411		194,110
Other deductions			
Interest capitalized for accounting deducted for tax	395		302,683
Total Deductions		calculated	**11,870,443**
Net Income for Tax Purposes		calculated	**-669,795**
Charitable donations	311		5,000
TAXABLE INCOME		calculated	**-664,795**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Amount to be used in Bridge Year	B1	0	
Loss Carry Forward Generated in Bridge Year (if any)	B1	669,795	
Other Adjustments			
Balance available for use post Bridge Year	calculated	669,795	T4

Net Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Amount to be used in Bridge Year			
Loss Carry Forward Generated in Bridge Year (if any)	B1		
Other Adjustments			
Balance available for use post Bridge Year	calculated	0	T4

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 8 CCA - Bridge Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the bridge year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)	(11) Net capital cost additions of AIIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if negative, enter "0")	(14) CCA Rate %	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)		(18) UCC at the end of the bridge year (column 9 minus column 17)	Working Paper Reference
1	Buildings, Distribution System (acq'd post 1987)	H8	$ 30,206,002			$ 30,206,002	$ -	0.50	$ -	$ -	4%	$ 1,208,240		$ 28,997,762	T8
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	H8	$ -			$ -	$ -	0.50	$ -	$ -	6%	$ -		$ -	T8
2	Distribution System (acq'd pre 1988)	H8	$ -			$ -	$ -		$ -	$ -	6%	$ -		$ -	T8
3	Buildings (acq'd pre 1988)	H8	$ -			$ -	$ -		$ -	$ -	5%	$ -		$ -	T8
6	Certain Buildings; Fences	H8	$ -			$ -	$ -	0.50	$ -	$ -	10%	$ -		$ -	T8
8	General Office Equipment, Furniture, Fixtures	H8	$ 1,114,006	$ 310,000	$ 310,000	$ 1,424,006	$ 310,000	0.50	$ 155,000	$ -	20%	$ 315,801		$ 1,108,205	T8
10	Motor Vehicles, Fleet	H8	$ 857,958	$ 545,000	$ 545,000	$ 1,402,958	$ 545,000	0.50	$ 272,500	$ -	30%	$ 502,637		$ 900,321	T8
10.1	Certain Automobiles	H8	$ 1,544			$ 1,544	$ -	0.50	$ -	$ -	30%	$ 463		$ 1,080	T8
12	Computer Application Software (Non-Systems)	H8	$ 87,829	$ 300,000		$ 387,829	$ -	0.00	$ -	$ 150,000	100%	$ 237,829		$ 150,000	T8
13 1	Lease # 1	H8	$ 102,729	$ 280,000		$ 382,729	$ -	0.00	$ -	$ 140,000	NA	$ 40,455		$ 342,274	T8
13 2	Lease # 2	H8	$ -			$ -	$ -	0.00	$ -	$ -	NA			$ -	T8
13 3	Lease # 3	H8	$ -			$ -	$ -	0.00	$ -	$ -	NA			$ -	T8
13 4	Lease # 4	H8	$ -			$ -	$ -	0.00	$ -	$ -	NA			$ -	T8
14	Limited Period Patents, Franchises, Concessions or Lice	H8	$ -			$ -	$ -	0.00	$ -	$ -	NA			$ -	T8
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	H8	$ -			$ -	$ -		$ -	$ -	7%	$ -		$ -	T8
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	H8	$ -			$ -	$ -	0.50	$ -	$ -	5%	$ -		$ -	T8
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/0	H8	$ -			$ -	$ -	0.50	$ -	$ -	8%	$ -		$ -	T8
42	Fibre Optic Cable	H8	$ 12,238			$ 12,238	$ -	0.50	$ -	$ -	12%	$ 1,469		$ 10,769	T8
43.1	Certain Clean Energy/Energy-Efficient Generation Equip	H8	$ -			$ -	$ -	2.33	$ -	$ -	30%	$ -		$ -	T8
43.2	Certain Clean Energy/Energy-Efficient Generation Equip	H8	$ -			$ -	$ -	1.00	$ -	$ -	50%	$ -		$ -	T8
45	Computers & System Software (acq'd post Mar 22/04 and	H8	$ 110			$ 110	$ -		$ -	$ -	45%	$ 50		$ 61	T8
46	Data Network Infrastructure Equipment (acq'd post Mar 2	H8	$ -			$ -	$ -	0.50	$ -	$ -	30%	$ -		$ -	T8
47	Distribution System (acq'd post Feb 22/05)	H8	$ 81,090,745	$ 13,883,471	$ 13,883,471	$ 94,974,217	$ 13,883,471	0.50	$ 6,941,736	$ -	8%	$ 8,153,276		$ 86,820,940	T8
50	General Purpose Computer Hardware & Software (acq'd	H8	$ 185,133	$ 971,500	$ 971,500	$ 1,156,633	$ 971,500	0.50	$ 485,750	$ -	55%	$ 903,311		$ 253,322	T8
95	CWIP	H8	$ -			$ -	$ -	0.00	$ -	$ -	0%	$ -		$ -	T8
13.1		H8	$ 15,181			$ 15,181	$ -		$ -	$ -		$ 10,120		$ 5,061	T8
47	Capitalized Interest 302,683 netted against Class 47	H8	$ -			$ -	$ -		$ -	$ -	8%	$ -		$ -	T8
		H8	$ -			$ -	$ -		$ -	$ -				$ -	T8
		H8	$ -			$ -	$ -		$ -	$ -				$ -	T8
		H8	$ -			$ -	$ -		$ -	$ -				$ -	T8
		H8	$ -			$ -	$ -		$ -	$ -				$ -	T8
		H8	$ -			$ -	$ -		$ -	$ -				$ -	T8
		H8	$ -			$ -	$ -		$ -	$ -				$ -	T8
	TOTALS		$ 113,673,475	$ 16,289,971	$ 15,709,971	$129,963,446	$ 15,709,971		$ 7,854,986	$ 290,000		$ 11,373,650	B1	$ 118,589,796	

For additional details and guidance on calculating amounts in Schedule 8, refer to the notes to the Canada Revenue Agency published Schedule 8 - Capital Cost Allowance (CCA) (2018 and later tax years):
https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/t2sch8/t2sch8-19e.pdf

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

						Bridge Year Adjustments					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital gains reserves ss.40(1)	H13	0		0				0	T13	0	
Tax Reserves Not Deducted for Accounting Purposes											
Reserve for doubtful accounts ss. 20(1)(l)	H13	194,511		194,511				194,511	T13	0	
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0				0	T13	0	
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0				0	T13	0	
Debt & share issue expenses ss. 20(1)(e)	H13	0		0				0	T13	0	
Other tax reserves	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		194,511	0	194,511	B1	0	0	194,511	B1	0	0
Financial statement reserves (not deductible for tax purposes)											
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0				0	T13	0	
General Reserve for Bad Debts	H13	0		0				0	T13	0	
Accrued Employee Future Benefits:	H13	0		0				0	T13	0	
- Medical and Life Insurance	H13	12,801,170		12,801,170				12,801,170	T13	0	
- Short & Long-term Disability	H13	0		0				0	T13	0	
- Accumulated Sick Leave	H13	0		0				0	T13	0	
- Termination Cost	H13	0		0				0	T13	0	
- Other Post-Employment Benefits	H13	0		0				0	T13	0	
Provision for Environmental Costs	H13	0		0				0	T13	0	
Restructuring Costs	H13	0		0				0	T13	0	
Accrued Contingent Litigation Costs	H13	0		0				0	T13	0	
Accrued Self-Insurance Costs	H13	0		0				0	T13	0	
Other Contingent Liabilities	H13	0		0				0	T13	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0				0	T13	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0				0	T13	0	
Other	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		12,801,170	0	12,801,170	B1	0	0	12,801,170	B1	0	0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILs Tax Provision - Test Year

								Wires Only		
Regulatory Taxable Income							T1	-$ 661,324	A	
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate						
Ontario (Max 11.5%)	11.5%	11.5%	-$ 76,052	11.5%	B					
Federal (Max 15%)	15.0%	15.0%	-$ 99,199	15.0%	C					
Combined effective tax rate (Max 26.5%)								26.50%	D = B + C	
Total Income Taxes								-$ 175,251	E = A * D	
Investment Tax Credits								$ 59,636	F	
Miscellaneous Tax Credits								$ 36,226	G	
Total Tax Credits								$ 95,862	H = F + G	
Corporate PILs/Income Tax Provision for Test Year								$ -	I = E - H	S. Summary
Corporate PILs/Income Tax Provision Gross Up [1]						73.50%	J = 1-D	$ -	K = I/J-I	
Income Tax (grossed-up)								$ -	L = K + I	S. Summary

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Taxable Income - Test Year

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	5,025,821
Additions:			
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		6,068,050
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		82,734
Loss on disposal of assets	111		277,875
Charitable donations	112		5,000
Scientific research expenditures deducted on financial statements	118		278,696
Non-deductible meals and entertainment expense	121		15,000
Tax reserves beginning of year	125	T13	194,511
Reserves from financial statements- balance at end of year	126	T13	12,801,170
Other Additions			
Total Additions			**19,723,036**
Deductions:			
Capital cost allowance from Schedule 8	403	T8	11,917,708
Scientific research expenses claimed in year	411		194,110
Tax reserves end of year	413	T13	194,511
Reserves from financial statements - balance at beginning of year	414	T13	12,801,170
Other deductions			
Interest capitalized for accounting deducted for tax	395		302,683
Total Deductions		calculated	**25,410,181**
NET INCOME FOR TAX PURPOSES		calculated	**-661,324**
Charitable donations	311		
REGULATORY TAXABLE INCOME		calculated	**-661,324**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 4 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	**Working Paper Reference**	**Total**	**Non-Distribution Portion**	**Utility Balance**
Actual/Estimated Bridge Year Carried Forward	B4	669,795		669,795
Amount to be used in Test Year and Price Cap Years	T1	0		0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	calculated	0		0
Loss Carry Forward Generated in Test Year (if any)	T1	661,324		661,324
Other Adjustments				0
Balance available for use in Future Years	calculated	1,331,118		1,331,118

Net Capital Loss Carry Forward Deduction		**Total**	**Non-Distribution Portion**	**Utility Balance**
Actual/Estimated Bridge Year Carried Forward	B4	0		0
Amount to be used in Test Year and Price Cap Years				0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	T1	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		0		0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 8 CCA - Test Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the test year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)	(11) Net capital cost additions of AIIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if negative, enter "0")	(14) CCA Rate %	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)	(18) UCC at the end of the test year (column 9 minus column 17)
1	Buildings, Distribution System (acq'd post 1987)	B8	$ 28,997,762			$ 28,997,762	$ -	0.50	$ -	$ -	4%	$ 1,159,910	$ 27,837,852
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	$ -			$ -	$ -	0.50	$ -	$ -	6%	$ -	$ -
2	Distribution System (acq'd pre 1988)	B8	$ -			$ -	$ -		$ -	$ -	6%	$ -	$ -
3	Buildings (acq'd pre 1988)	B8	$ -			$ -	$ -		$ -	$ -	5%	$ -	$ -
6	Certain Buildings; Fences	B8	$ -			$ -	$ -	0.50	$ -	$ -	10%	$ -	$ -
8	General Office Equipment, Furniture, Fixtures	B8	$ 1,108,205	150,000	150,000	$ 1,258,205	$ 150,000	0.50	$ 75,000	$ -	20%	$ 266,641	$ 991,564
10	Motor Vehicles, Fleet	B8	$ 900,321	530,000	530,000	$ 1,430,321	$ 530,000	0.50	$ 265,000	$ -	30%	$ 508,596	$ 921,724
10.1	Certain Automobiles	B8	$ 1,080			$ 1,080	$ -	0.50	$ -	$ -	30%	$ 324	$ 756
12	Computer Application Software (Non-Systems)	B8	$ 150,000	200,000		$ 350,000	$ -	0.00	$ -	$ 100,000	100%	$ 250,000	$ 100,000
13 1	Lease # 1	B8	$ 342,274	100,000		$ 442,274	$ -	0.00	$ -	$ 50,000	NA	$ 65,379	$ 376,895
13 2	Lease # 2	B8	$ -			$ -	$ -	0.00	$ -	$ -	NA		$ -
13 3	Lease # 3	B8	$ -			$ -	$ -	0.00	$ -	$ -	NA		$ -
13 4	Lease # 4	B8	$ -			$ -	$ -	0.00	$ -	$ -	NA		$ -
14	Limited Period Patents, Franchises, Concessions or Licence	B8	$ -			$ -	$ -	0.00	$ -	$ -	NA		$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	$ -			$ -	$ -		$ -	$ -	7%	$ -	$ -
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	$ -			$ -	$ -	0.50	$ -	$ -	5%	$ -	$ -
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); F	B8	$ -			$ -	$ -	0.50	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	B8	$ 10,769			$ 10,769	$ -	0.50	$ -	$ -	12%	$ 1,292	$ 9,477
43.1	Certain Clean Energy/Energy-Efficient Generation Equipmer	B8	$ -			$ -	$ -	2.33	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipmer	B8	$ -			$ -	$ -	1.00	$ -	$ -	50%	$ -	$ -
45	Computers & System Software (acq'd post Mar 22/04 and pre	B8	$ 61			$ 61	$ -		$ -	$ -	45%	$ 27	$ 33
46	Data Network Infrastructure Equipment (acq'd post Mar 22/0	B8	$ -			$ -	$ -	0.50	$ -	$ -	30%	$ -	$ -
47	Distribution System (acq'd post Feb 22/05)	B8	$ 86,820,940	11,754,782	11,754,782	$ 98,575,722	$ 11,754,782	0.50	$ 5,877,391	$ -	8%	$ 8,356,249	$ 90,219,473
50	General Purpose Computer Hardware & Software (acq'd pos	B8	$ 253,322	1,412,000	1,412,000	$ 1,665,322	$ 1,412,000	0.50	$ 706,000	$ -	55%	$ 1,304,227	$ 361,095
95	CWIP	B8	$ -			$ -	$ -	0.00	$ -	$ -	0%	$ -	$ -
13.1		B8	$ 5,061			$ 5,061	$ -		$ -	$ -		$ 5,061	$ -
47	Capitalized Interest 302,683 netted against Class 47	B8	$ -			$ -	$ -		$ -	$ -			$ -
		B8	$ -			$ -	$ -		$ -	$ -			$ -
		B8	$ -			$ -	$ -		$ -	$ -			$ -
		B8	$ -			$ -	$ -		$ -	$ -			$ -
		B8	$ -			$ -	$ -		$ -	$ -			$ -
		B8	$ -			$ -	$ -		$ -	$ -			$ -
		B8	$ -			$ -	$ -		$ -	$ -			$ -
	TOTALS		$ 118,589,796	$ 14,146,782	$ 13,846,782	$ 132,736,577	$ 13,846,782		$ 6,923,391	$ 150,000		$ 11,917,708 T1	$ 120,818,869

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Test Year	Adjusted Utility Balance		Test Year Adjustments: Additions	Test Year Adjustments: Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0		0				0		0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	B13	194,511		194,511				194,511		0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**194,511**	**0**	**194,511**	T1	**0**	**0**	**194,511**	T1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0		0	
General reserve for bad debts	B13	0		0				0		0	
Accrued Employee Future Benefits:	B13	0		0				0		0	
- Medical and Life Insurance	B13	12,801,170		12,801,170				12,801,170		0	
-Short & Long-term Disability	B13	0		0				0		0	
-Accmulated Sick Leave	B13	0		0				0		0	
- Termination Cost	B13	0		0				0		0	
- Other Post-Employment Benefits	B13	0		0				0		0	
Provision for Environmental Costs	B13	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0		0	
Accrued Self-Insurance Costs	B13	0		0				0		0	
Other Contingent Liabilities	B13	0		0				0		0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0		0	
Other	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**12,801,170**	**0**	**12,801,170**	T1	**0**	**0**	**12,801,170**	T1	**0**	**0**

APPENDIX 4-5 – 2019 CORPORATE TAX RETURNS

See attached.

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto ON M5H 2S5
Canada
Telephone (416) 777-8500
Fax (416) 777-8818

PRIVATE AND CONFIDENTIAL

DAVID SAVAGE
AUTHORIZED SIGING OFFICER
Oshawa PUC Networks Inc.
100 Simcoe Street South
Oshawa ON L1H 7M7

June 29, 2020

Dear DAVID:

CORPORATE INCOME TAX RETURNS

We have prepared and enclose the corporate income tax return(s) (the "Returns") of Oshawa PUC Networks Inc. (the Company) for the period ended December 31, 2019 and the related Corporate Income Tax Filing Instructions (the "Filing Instructions").

We have prepared these Returns based on our understanding of and reliance upon the facts, data, materials, assumptions and other information (collectively, the Information) provided to us by the Company and/or its representatives, and we have not independently investigated or verified the accuracy or completeness of such Information. We accept no responsibility or liability for any errors attributable to our reliance upon inaccurate or incomplete Information. We recommend that you carefully review the Returns in their entirety to ensure that all of the relevant Information is correctly and completely disclosed.

Please review the enclosed Filing Instructions. When you are satisfied that the Returns are in order they must be filed (electronically or in paper format) with the respective taxing authorities by the due date (as set out in the Filing Instructions) if late filing penalties are to be avoided or minimized, or if losses are carried back to a prior taxation year.

CRA has extended the deadline for businesses to pay any income tax amounts that become owing or due after March 18, 2020 and before September 1, 2020 to September 1, 2020. Businesses will not be assessed any penalties or interest if the balance due is paid by September 1, 2020.

KEY TAX ATTRIBUTES SUMMARY

We are pleased to provide you with select key tax information on the *Corporate Tax Return - Key Tax Attributes Summary*. This document lists key amounts and carryforward balances from the Returns and may assist in identifying future potential tax planning opportunities.

FOREIGN PROPERTY

The information return, which reports the Company's specified foreign property, is Form T1135 - *Foreign Income Verification Statement*. Form T1135 should be completed if at any time during 2019 the total cost of all specified foreign property the Company owned or held a beneficial interest in was more than Cdn$100,000.

According to the information you have provided to us, the Company did not hold specified foreign property at any time in 2019 with a total cost of more than Cdn$100,000. As such, we have **not** marked an X in box 259 on page 3 of your return and **we have not completed the Form T1135**. If the information on specified foreign property is incorrect, please let us know immediately.

The Form T1135 is due by **September 1, 2020**. The implications of late filing and/or failure to properly report specified foreign property on the Form T1135 and failure to report income from a specified foreign property on your income tax return are substantial. They include significant penalties and an increase to the normal reassessment period by an additional 3 years. Further, the reassessment period extension would impact otherwise statute-barred tax years and would impact the entire income tax return, not just the foreign income and reporting sections.

SUMMARY OF SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT ("SR&ED") CLAIM

We have prepared the SR&ED claim based on our understanding of the information provided to us by the Company and we recommend that you review the claim to ensure that all of the relevant facts are properly disclosed.

The nature of our service is to assist the Company in filing claims for SR&ED investment tax credits. We cannot guarantee CRA will accept the Companys research and development activities as qualifying SR&ED activities or that CRA will approve all the Companys research and development expenditures as qualifying SR&ED expenditures. However, the SR&ED claim was prepared based on our professional judgment that the identified activities constitute qualifying SR&ED and all of the appropriate expenditures relating to those activities have been identified. Much of the success of the submission will depend on the integrity and validity of the data collected.

To mitigate the risk of penalties, Part 9 (Claim preparer information) of Form T661 *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* must be fully completed (except where the Company has chosen to separately file under CRAs administrative measure). If any of the prescribed claim preparer information is missing, incomplete, or inaccurate, a penalty of $1,000 may be assessed and the processing of your SR&ED claim may be delayed.

GENERAL RATE INCOME POOL ("GRIP")

Shareholders receiving eligible dividends as compared to non-eligible dividends, are subject to a reduced rate of income tax. Eligible dividends are paid out of the Companys GRIP balance, which at December 31, 2019 is estimated to be $22,126,872. The supporting calculation is summarized in Schedule 53 of the federal corporate tax return.

In addition, designation of eligible dividends is required, with each shareholder recipient being formally notified in writing at time of payment.

During the year, the Company paid eligible dividends of $2,500,000 which is outlined on Schedule 55 of the federal corporate tax return. This dividend reduces the GRIP balance indicated above.

CRS AND FATCA REPORTING REQUIREMENTS

Certain Canadian entities are required to report to the Canada Revenue Agency annually on any account holders determined to be Specified US persons under *Part XVIII - Enhanced International Information Reporting* of the Canadian *Income Tax Act* (the Canadian implementation of the US *Foreign Account Tax Compliance Act*, commonly referred to as FATCA).

Certain Canadian entities are also required to report to the Canada Revenue Agency annually on any account holders determined to be tax residents of countries other than Canada or the United States under *Part XIX - Common Reporting Standard* of the Canadian *Income Tax Act* (commonly referred to as the CRS).

The CRA has extended the deadline for filing information returns under Part XVIII and Part XIX of the Income Tax Act, to September 1, 2020. In addition, for accounts opened before January 1, 2021, no penalties will be applied for failure to obtain a self-certification under the FATCA and CRS rules.

Please contact us if you have any questions about responding to a request from a financial institution to certify your FATCA or CRS status, or determining whether you are subject to the due diligence and reporting requirements under the CRS or FATCA.

PROPOSED TAX CHANGES

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

INSTALMENTS

We have prepared and enclose an estimate of tax instalments as applicable for the Company for the taxation year ending on December 31, 2020. These include instalments for federal income tax and for provincial income and capital taxes. The amounts were computed with reference to the Companys taxable income, taxable capital and income taxes payable for prior years. If during the year it is evident that the taxable income or taxable capital for the current year will be substantially less than for the previous taxation year, the Company may wish to reduce its cash tax payments by recalculating its instalment payments. Overpaid instalments may, in certain circumstances, be transferred to other accounts or applied to other liabilities such as payroll withholdings. If either of these cases apply, please call your KPMG advisor in order that we may assist you in determining what course of action should be taken.

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

NOTICES OF ASSESSMENT

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

If you have any questions concerning these Returns, or if we may be of any further assistance, please feel free to contact the undersigned.

Yours truly,

KPMG LLP

Enclosures

Oshawa PUC Networks Inc.

Corporate Tax Return - Key Tax Attributes Summary

2019 Taxation Year

The following is a summary of a few select Key Tax Attributes for the income tax returns of Oshawa PUC Networks Inc. for the period ended December 31, 2019.

Description	Current year 2019	Prior year 2018
Net income for accounting purposes (Sch 140, line 9999)	$5,214,000	$5,167,000
Net income for tax purposes (T2, line 300)	$2,444,620	$3,716,880
Taxable income (T2, line Z)	$2,440,620	$NIL
Total SR&ED Expenditures (T661, line 511)	$640,715	
Total Qualified SR&ED Expenditures for Federal ITC purposes (T661, line 570)	$567,158	
Federal and Provincial Taxes		
Part I (T2, line 700)	$273,893	$NIL
Investment tax credit against Part I (T2, line 652)	$92,200	$NIL
Ontario taxes (T2, line 760)	$260,101	$NIL
Carryforward Closing Balances		
Undepreciated Capital Cost (Sch 8, line 220)	$119,559,086	$115,090,624
General Rate Income Pool (Sch 53, line 590)	$22,126,872	$20,369,626

Scientific Research & Experimental Development (SR&ED)

Description	Current year 2019
Investment Tax Credit Attributes	
Federal Investment Tax Credit (Sch 31, line 540)	$85,074
Ontario Research & Development Tax Credit (Sch 31, line 540)	$20,570

Federal and Provincial SR&ED Carryforward Balances

Pursuing any potential opportunities that may be identified through a review of the Key Tax Attributes Summary is outside the scope of any existing engagement letter with KPMG. Should you wish to pursue any potential opportunities we would be pleased to meet with you to discuss your needs and then provide you with a new tax advisory engagement letter detailing the scope of services and fees agreed upon in further pursuing such potential opportunities. KPMG will take no further action with respect to any potential opportunities, except as specifically engaged to do so by you pursuant to a tax advisory engagement letter.

All of the amounts included on this schedule are based on what the Company has reported in its current income tax return. Before any planning is undertaken certain amounts will need to be confirmed with the relevant tax authorities.

Oshawa PUC Networks Inc.

Corporate Income Tax Filing Instructions

2019 Taxation Year

We enclose the following income tax returns of Oshawa PUC Networks Inc. (the Company) for the period ended December 31, 2019:

- ☑ *T2 Bar Code Return* (Federal)
- ☑ Form *Authorization request - signature page* (to authorize KPMG access to your CRA account information) (Federal)
- ☑ One copy of the federal, any applicable provincial return(s) and Form *T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim (Federal)* for your files. For filing purposes, Form T661 information is included in the T2 Bar Code and as a result the traditional federal form does not need to be filed with the Canada Revenue Agency.
- ☑ Instalment Schedules

We have prepared these returns based on our understanding of and reliance upon the facts, data, materials, assumptions and other information (collectively, the Information) provided to us by the Company and/or its representatives, and we have not independently investigated or verified the accuracy or completeness of such Information. We accept no responsibility or liability for any errors attributable to our reliance upon inaccurate or incomplete Information. We recommend that you carefully review the returns in their entirety to ensure that all of the relevant Information is correctly and completely disclosed.

When you are satisfied that the returns are in order, one copy of each return should be retained for your records (the Client Copy) and the remaining copies should be completed by an authorized signing officer of the Company and filed as described below.

We suggest that any paper filed returns be sent by you by registered mail and that the receipt be kept on file in order to have evidence of the date of filing.

T2 - CORPORATION INCOME TAX RETURN (FEDERAL)

The *T2 Bar Code Return* contains all of the corporation's identification information and financial data.

Signature

- The certification section of the *T2 Bar Code Return* should be completed and signed.
- Form *Authorization request - signature page* (to authorize KPMG access to your CRA account information), should be completed and signed.

Refund

A refund of $**984,736** is claimed and therefore no amount is payable for the **2019** taxation year. This refund will be transferred to the instalment account for the following taxation year. Please adjust your tax instalments to allow for this amount.

Mailing

- ✉ One copy of the *T2 Bar Code Return* along with a copy of the notes to the financial statements (and of any required federal form) should be sent to the CRA Tax Services Office, P.O. Box 20000, Station A, 1050 Notre Dame Avenue, Sudbury ON P3A 5C1 in the pre-addressed envelope provided no later than September 1, 2020. For greater certainty, KPMG will not be submitting these documents on your behalf.
- ✉ Form *Authorization request - signature page* to be returned to KPMG by email, or by fax at (416) 777-8818, as soon as possible. Alternatively, you can return the Authorization request to us in the self-addressed envelope. **We will not electronically file the Authorization request until we receive a copy of the signed Authorization request**. This form must not be sent to the CRA.

Authorization request – signature page

1. Print this page and have it signed and dated by **the** authorized person of the business.

2. Retain a copy of the signed and dated authorization request in your files for six years from the date that this information is transmitted to the CRA. Do not send us the authorization request by mail or fax unless requested to do so.

Representative ID **OR** Group ID **OR** Firm BN: BN: 122363153

Representative name :

Representative phone number: 1 (416)777-8500 Extension:

Business number: 891725210

Business name: Oshawa PUC Networks Inc.

Level of authorization: View only (**level 1**) authorization applied to **all** program accounts and **all** fiscal years.

Expiry date:

List of authorization(s):

Certified: DAVID SAVAGE

Certification

By signing and dating this page, you authorize the Canada Revenue Agency to interact with the representative mentioned above.

First name: DAVID Last name: SAVAGE

Signature: Date signed: 2020-06-29

Telephone number: (905) 743-5219 Extension:

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: Oshawa PUC Networks Inc.

Enter one of the following:

Business number (BN): 89172 5210 RC0001

Social insurance number (SIN):

Tax year
From: 2019-01-01 (Year Month Day)
To: 2019-12-31 (Year Month Day)

050 Total number of projects you are claiming this tax year: 1

100 Contact person for the financial information: DAVID SAVAGE	**105** Telephone number/extension: (905) 743-5219	**110** Fax number:
115 Contact person for the technical information: MATHIAS NG	**120** Telephone number/extension: (905) 723-4626	**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	+	244,321
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	244,321
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	+	264,937
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	=	509,258
• 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	=	509,258

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	420		509,258
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	15,969
• 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	–	46,320
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	446,969
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	=	446,969
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	446,969
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	509,258	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 +	131,457		
• 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 =	640,715	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	20,570	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 –	52,987		
• 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 =	567,158	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	567,158
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 =	567,158

* 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	+	244,321
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	5,309
Subtotal (line 810 minus 812)	814	=	239,012

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	=	239,012

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	=	131,457

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. 19-01 Electrical Grid Intelligence	244,321		264,937
Total	244,321		264,937

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 244,321

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	2
Technologists and technicians	634	1
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 RC0001	1	20.00		21,129
				Total	21,129

*** 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, DAVID SAVAGE , 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 2020-06-29
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 DAVID SAVAGE
Name of authorized signing officer of the corporation, or individual

Signature

170 2020-06-29
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)

19-01 Electrical Grid Intelligence

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)	
2019-01 (Year Month)	2020-06 (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*)

The objective was to develop the technological knowledge to automate various engineering, monitoring, and control aspects to develop an intelligent or smart electrical grid. The state of the technology of electrical assets deployed on the grid is considered to be relatively standalone with limited intelligence. There have been recent advancements made to make some of these assets intelligent with the ability to be interconnected. There are also some products on the markets which can be integrated for additional monitoring and control; however, all these available technologies are still limited. In the example of fault indicator devices, they are not intelligent enough to pin point where the fault on a feeder line may be. Similarly voltage and power factor compensation devices are standalone limited to a customer's transformer and do not communicate with other assets on the utility to optimize compensation on the line.

We hypothesized developing the intelligence for our utility grid using both hardware and software approaches. From the hardware perspective, we will attempt to extend or enhance the limited automation and control ability of the aforementioned devices by connecting them using either cellular or radio networks, so that we can collect their data in real time. Then, using software, we will develop the various analysis algorithms to monitor and process this data in real-time to provide for more reliable, optimized, and efficient operational management of our utility grid.

We decided to use an off the shelf product for our data warehousing called PI. We would use PI to collect data from all our IT subsystems that are connected to the various assets deployed on the grid. A significant uncertainty was whether we could build the intelligent monitoring and analysis algorithms in PI connecting and pulling data from all the different sub systems. These subsystems were designed for specific functions. For example the Outage Management System (OMS) was developed to detect and alert if an outage occurred at the meter level, and the SCADA was developed to monitor and control the primary grid assets such as substation transformer, breakers, etc. We needed to centralize the data from all these systems in one location, PI, to perform the analysis. We were uncertain whether we could reliably collect and store all the historical data from the disparate grid components. Furthermore, it was not known whether the data points that

242 What scientific or technological uncertainties did you attempt to overcome? (*Maximum 50 lines*)

were available would enable us to develop the intelligence to truly develop a smart grid that can safely and reliably recover from faults, or send intelligent alerts to enable field crews to quickly resolve grid faults and rapidly restore 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*)

We began by iteratively developing the link between PI and Customer Information System (CIS) to pull in electrical meter data. We then designed and developed the grid connectivity model to represent the relationship between the electrical meter, the transformer, and the feeder right back to the breaker in the transformer station.

Next, we began the integration with our SCADA, so we are able to get feeder data such as amps, volts, kWh, kVA, reactive power (KVAR), etc., for each feeder into the PI system. This was done to build the historical record of the required electrical assets for trending and anomaly detection. Once, we had developed the connectivity model and started populating PI with data, we began developing automatic alerts based upon set thresholds. The PI system would automatically send out an email signal on transformer overload.

We also developed the methods to perform standardized calculation for the transformer asset life, based on the amps, volts, manufacturer's data, weather conditions, etc. This required us to build the APIs needed to get in twenty weather related attributes into PI.

Finally, we began developing the intelligence to locate faults on the feeder line by extracting Fault Indicator data. We iteratively developed the analysis algorithm in PI to trigger execution when the real-time status of the fault indicator devices signaled a trip, and then calculated the location of the fault by following the path of the line and data from other devices along the path to calculate the location.

An issue we encountered in the design of our connectivity model was that our analysis algorithms computed erroneous results when the physical electric meter was replaced. Upon investigation, we determined that the PI system lost visibility to all the historical information at the transformer level.

We systematically investigated and modified our connectivity model to create an additional layer, with the Service Delivery Point (SDP) object, between the transformer and the meters. We developed an external API to connect to PI using java script to automate the rerouting of our 60,000+ electrical meter nodes in PI. This was accomplished by first extracting all the SDP numbers in GIS sub-system into PI, and then rerouting the meter object in the connectivity model from the root location at the transformer level now to the SDP object level. Next, all the historical meter data was pulled into the SDP object. During testing, we confirmed that when the physical meter was now replaced, all its historical information was retained in the SDP.

Also during development, we started encountering performance issues with PI. We had upwards of 550K analysis running in PI each day. To address, we systematically investigated re-architecting the PI system to minimize our data point tags, by converting them to attributes types. This resulted in the PI system minimizing the historical retention of certain data points and only capturing the current value. While this resulted in some performance improvements, we additionally developed methods to perform the analysis external to PI. APIs were developed for external calculators to pull data from PI, perform the analysis and then relay the results back into PI for additional processing.

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*)

During this fiscal period we made some significant advancements towards our goal of developing an intelligent grid. We achieved some significant data architecture learning for the PI system when working with large volumes of

data points where there is a high requirement for retention of historical data for analysis purposes. These learning have allowed us to address the performance limitations of PI and develop our analysis algorithms to execute efficiently.
We have made significant advancements in our ability to determine transformer loading, and transformer asset life analysis. For asset life calculation, we gained learning by using not only equipment metrics, but also input upwards of twenty weather and environment related data points to improve our predictions.
Also, we have developed reliable and automated methods to intelligently predict an overhead line fault along long branched feeder lines. This was a significant improvement over the traditional method requiring manual analysis. Our solution now automatically sends out alerts with accurate location information to the Fault Indicator immediately preceding actual fault location. This significantly improved the efficiency of our field crews and our recovery times from overhead line faults.

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 ☒ 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	Roger Ersil	Manager of Operational Technology | 30 + yrs exp
2	Mathias Ng	Senior Protection & Control Engineer | 10+ yrs exp
3	Eric Andres	Asset Manager | Project Lead | 10+ yrs exp

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 ☐ Yes 2 ☒ No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 ☐ Yes 2 ☒ No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 ☒ Yes 2 ☐ No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	269 BN
1	SEL Schweitzer Laboratories Inc.	86376 0286 RT0001
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 ☒ Project planning documents	276 1 ☒ 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 ☐ Others, specify 282

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2020-12-31

Business number 89172 5210 RC0001

The following is a list of instalments payable for the current taxation year, and the last column indicates the instalments payable to the Canada Revenue Agency (CRA). The instalments must be paid on each of the dates indicated below, otherwise non-deductible interest might be charged.

Instalment payments can be made using one of the following methods:

- electronically, using your online or telephone banking services;
- online, using the CRA's *My Payment* service, at **canada.ca/cra-my-payment**;
- by setting up a pre-authorized debit agreement, in *My Business Account*, at **canada.ca/my-cra-business-account**;
- in person, at a Canadian financial institution, **by presenting the appropriate remittance voucher** with your payment.

You can also mail a cheque or a money order payable to the Receiver General of Canada, **accompanied by the appropriate remittance voucher**, to Canada Revenue Agency, P.O. Box 3800, Station A, Sudbury ON P3A 0C3.

Do you want to calculate the instalments according to the extended payment date (COVID-19)?* [X] Yes [ ] No

* The answer to this question is **Yes** when at least one of the dates entered in the **Monthly instalments workchart** or the **Quarterly instalments workchart** sections is after March 17, 2020, and before September 1, 2020.

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2020-01-31	42,083	42,083			
2020-02-29	42,083	42,083			
2020-03-31					
2020-04-30					
2020-05-31					
2020-06-30					
2020-07-31					
2020-08-31					
2020-09-30	42,083	42,083			
2020-10-31	42,083	42,083			
2020-11-30	42,083	42,083			
2020-12-31	42,072	42,072			
Instalment (COVID-19)					
2020-09-01	252,498	252,498			
Totals	504,985	504,985			

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. You have to file the return within six months after the end of the corporation's tax year.

For more information see **canada.ca/taxes** or Guide T4012, T2 Corporation – Income Tax Guide.

Identification

Business number (BN) 001 89172 5210 RC0001

Corporation's name
002 Oshawa PUC Networks Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 100 Simcoe Street South
012
City: 015 Oshawa
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal or ZIP code: 018 L1H 7M7

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . 020 Yes [ ] 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 Yes [ ] No [X]
If **yes**, complete lines 031 to 038.
031
032
City: 035
Province, territory, or state: 036
Country (other than Canada): 037
Postal or ZIP code: 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 (Year Month Day): 060 2019-01-01
Tax year-end (Year Month Day): 061 2019-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . 063 Yes [ ] 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 Yes [ ] No [X]

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

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

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

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

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

Is the corporation a resident of Canada? 080 Yes [X] 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 Yes [ ] 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) (for tax years starting before 2019)
- [ ] 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		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 CAN$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 web pages 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 a CCPC 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), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	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 a provincial credit union tax reduction?	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 tax for the tobacco manufacturers' surcharge?	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?	253		T1131
Is the corporation claiming a film or video production services tax credit?	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	Yes	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? 418990 All other merchant wholesalers

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	Utility Distribution	285	100.000 %
286		287	%
288		289	%

	Line	Yes	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 Yes [ ] No [ ]

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300			2,444,620	A
Deduct:					
Charitable donations from Schedule 2	311	4,000			
Cultural gifts from Schedule 2	313				
Ecological gifts from Schedule 2	314				
Gifts of medicine made before March 22, 2017, 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				
Employer deduction for non-qualified securities under an employee stock options agreement			a		
Subtotal		4,000	▶	4,000	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				2,440,620	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355				D
Taxable income (amount C **plus** amount D)	360			2,440,620	
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)	370				
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				2,440,620	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.

Small business deduction

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

Income eligible for the small business deduction from Schedule 7	400	2,444,620	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	2,440,620	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

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

Business limit reduction

Taxable capital business limit reduction

Amount C 500,000 x 415 *** 301,796 D / 11,250 = 13,413,156 E

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** 417 ______ – 50,000 = ______ F

Amount C 500,000 / 100,000 x Amount F ______ = ______ G

Subtotal (the greater of amount E and amount G)	422	13,413,156	H
Reduced business limit for tax years starting before 2019 (amount C **minus** amount E) (if negative, enter "0")	425		I
Reduced business limit for tax years starting after 2018 (amount C **minus** amount H) (if negative, enter "0")	426		J
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5)			K
Reduced business limit after assignment for tax years starting before 2019 (amount I **minus** amount K)	427		L
Reduced business limit after assignment for tax years starting after 2018 (amount J **minus** amount K)	428		M

Small business deduction

Tax years starting before 2019

Amount A, B, C, or L, whichever is the least		x	Number of days in the tax year before January 1, 2018 / Number of days in the tax year	/ 365	x 17.5 % =		1
Amount A, B, C, or L, whichever is the least		x	Number of days in the tax year after December 31, 2017, and before January 1, 2019 / Number of days in the tax year	/ 365	x 18 % =		2
Amount A, B, C, or L, whichever is the least		x	Number of days in the tax year after December 31, 2018 / Number of days in the tax year	365 / 365	x 19 % =		3

Tax years starting after 2018

Amount A, B, C, or M, whichever is the least ______ x 19 % = ______ 4

Small business deduction (total of amounts 1 to 4) 430 ______ N

Enter amount N at amount J on page 8.

* 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.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations. Each corporation with such income has to file a Schedule 7, which includes a line 744 and a line 745. For the first tax year starting after 2018, use the total of lines 744. Otherwise, use the total of lines 745 of the preceding tax year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

	O1 Name of corporation receiving the income and assigned amount	O Business number of the corporation receiving the assigned amount 490	P Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column O [3] 500	Q Business limit assigned to corporation identified in column O [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 P 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 (426 for tax years starting after 2018).

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)			2,440,620	A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B		
Amount 13K from Part 13 of Schedule 27		C		
Personal services business income	432	D		
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least		E		
Aggregate investment income from line 440 on page 6*		F		
Subtotal (**add** amounts B to F)		►		G
Amount A **minus** amount G (if negative, enter "0")			2,440,620	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			317,281	I

Enter amount I 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)				J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K		
Amount 13K from Part 13 of Schedule 27		L		
Personal services business income	434	M		
Subtotal (**add** amounts K to M)		►		N
Amount J **minus** amount N (if negative, enter "0")				O
General tax reduction – Amount O **multiplied** by 13 %				P

Enter amount P 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**		x 30 2/3 % =		A
Foreign non-business income tax credit from line 632 on page 8				B	
Foreign investment income from Schedule 7	**445**		x 8 % =	C	
Subtotal (amount B **minus** amount C) (if negative, enter "0")			▶		D
Amount A **minus** amount D (if negative, enter "0")					E
Taxable income from line 360 on page 3			2,440,620	F	
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least			G		
Foreign non-business income tax credit from line 632 on page 8		x 75 / 29 =	H		
Foreign business income tax credit from line 636 on page 8		x 4 =	I		
Subtotal (**add** amounts G to I)		▶		J	
Subtotal (amount F **minus** amount J) (if negative, enter "0")			2,440,620 K	x 30 2/3 % =	748,457 L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)					273,893 M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least	**450**				N

Refundable dividend tax on hand (for tax years starting before 2019)

Refundable dividend tax on hand at the end of the previous tax year	**460**			
Dividend refund for the previous tax year	**465**			
Subtotal (line 460 **minus** line 465)		▶		O
Refundable portion of Part I tax from line 450 above			P	
Total Part IV tax payable from Schedule 3			Q	
Net refundable dividend tax on hand transferred on an amalgamation or the wind-up of a subsidiary	**480**			
Subtotal (amount P **plus** amount Q **plus** line 480)		▶		R
Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R	**485**			

Dividend refund (for tax years starting before 2019)

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		x 38 1/3 % =		S
Refundable dividend tax on hand at the end of the tax year from line 485 above				T
Dividend refund – Amount S or T, whichever is less				U

Enter amount U on line 784 on page 9.

Refundable dividend tax on hand (for tax years starting after 2018)

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year	460				
Dividend refund for the previous tax year	465				
Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary	480				
Subtotal (line 460 **minus** line 465 **plus** line 480)					A
General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53)				20,369,626	B
Total eligible dividends paid in the previous tax year (from line 300 of schedule 53)			C		
Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53)			D		
Subtotal (amount C **minus** amount D) (if negative, enter "0")			▶		E
Net GRIP at the end of the previous tax year (amount B **minus** amount E) (if negative, enter "0")		20,369,626	F		
GRIP transferred on an amalgamation or the wind-up of a subsidiary (total of lines 230 and 240 of schedule 53)			G		
Subtotal (amount F **plus** amount G)		20,369,626	▶	20,369,626	H
Amount H **multiplied** by 38 1 / 3 %				7,808,357	I
Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 ______ of the preceding tax year)	520				J
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A **minus** amount I, otherwise, use line 545 ______ of the preceding tax year) (if negative, enter "0")	535				K
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)			L		
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)			M		
Subtotal (amount L **plus** amount M)			▶		N
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	525				O
ERDTOH dividend refund for the previous tax year	570				P
Refundable portion of Part I tax (from line 450 on page 6)					Q
Part IV tax before deductions (amount 2A from Schedule 3)			R		
Part IV tax allocated to ERDTOH (amount N)			S		
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)			T		
Subtotal (amount R **minus** total of amounts S and T)			▶		U
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary	540				V
NERDTOH dividend refund for the previous tax year	575				W
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)					X
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount U **minus** amount X) (if negative enter "0")					Y
NERDTOH at the end of the tax year* (total of amounts K, Q, V, and Y **minus** amount W) (if negative, enter "0")	545				
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount N **minus** the amount, if any, by which amount X exceeds amount U) (if negative, enter "0")					Z
ERDTOH at the end of the tax year* (total of amounts J, O, and Z **minus** amount P) (if negative, enter "0")	530				

* For more information, consult the Help (F1).

Dividend refund (for tax years starting after 2018)

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)	958,333	AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)		DD
NERDTOH balance at the end of the tax year (line 545)		EE
Non-eligible dividend refund (amount DD or EE, whichever is less)		FF
Amount DD **minus** amount EE (if negative, enter "0")		GG
Amount BB **minus** amount CC (if negative, enter "0")		HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)		II
Dividend refund* – Amount CC **plus** amount FF **plus** amount II		JJ

Enter amount JJ on line 784 on page 9.

* For more information, consult the Help (F1).

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %			550	927,436 A
Additional tax on personal services business income (section 123.5)				
Taxable income from a personal services business	555	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	2,440,620 E		
Deduct: Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least	F		
Net amount (amount E **minus** amount F)	2,440,620 ▶	2,440,620 G	

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G	604	H
Subtotal (**add** amounts A, B, C, and H)		927,436 I

Deduct:

Small business deduction from line 430 on page 4		J	
Federal tax abatement	608	244,062	
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624			
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 I on page 5	638	317,281	
General tax reduction from amount P 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	92,200	
Subtotal		653,543 ▶	653,543 K

Part I tax payable – Amount I **minus** amount K	273,893 L

Enter amount L on line 700 on page 9.

Privacy statement

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities such as administering tax and benefits, audit, compliance, and collection. Personal information may be shared for purposes of other federal acts that provide for the imposition and collection of a tax or duty. Personal information may also be shared with other federal, provincial, territorial or foreign 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, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 047 at **canada.ca/cra-info-source**.

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	273,893
Part II surcharge 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		273,893

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	231,092
Total tax payable	770	504,985 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from amount U on page 6 or JJ 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 (Form T1131)	796		
Film or video production services tax credit (Form T1177)	797		
Canadian journalism labour tax credit from Schedule 58	798		
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	1,489,721	
Total credits	890	1,489,721 ▶	1,489,721 B
Balance (amount A **minus** amount B)			-984,736

Refund code 894 2 Refund 984,736 ◀

If the result is negative, you have a **refund**.
If the result is positive, you have a **balance owing**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of $2 or less.

Balance owing ______

For information on how to make your payment, go to **canada.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 Yes ☐ 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 SAVAGE (Last name) 951 DAVID (First name) 954 AUTHORIZED SIGING 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 2020-06-29 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (905) 743-5219 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 Yes ☒ 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	28,327,000	29,342,000
	Total tangible capital assets	2008	+	165,732,000	153,046,000
	Total accumulated amortization of tangible capital assets	2009	–		
	Total intangible capital assets	2178	+	2,954,000	2,988,000
	Total accumulated amortization of intangible capital assets	2179	–	2,363,000	2,243,000
	Total long-term assets	2589	+	2,892,000	10,685,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	197,542,000	193,818,000
	Liabilities				
	Total current liabilities	3139	+	22,296,000	29,886,000
	Total long-term liabilities	3450	+	122,987,000	114,387,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	145,283,000	144,273,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	52,259,000	49,545,000
	Total liabilities and shareholder equity	3640	=	197,542,000	193,818,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	29,195,000	26,481,000

* 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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	+	129,434,000	119,918,000
	Cost of sales	8518	–	126,234,000	121,842,000
	Gross profit/loss	8519	=	3,200,000	-1,924,000
	Cost of sales	8518	+	126,234,000	121,842,000
	Total operating expenses	9367	+	25,692,000	19,321,000
	Total expenses (mandatory field)	9368	=	151,926,000	141,163,000
	Total revenue (mandatory field)	8299	+	157,889,000	147,146,000
	Total expenses (mandatory field)	9368	–	151,926,000	141,163,000
	Net non-farming income	9369	=	5,963,000	5,983,000
	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	=	5,963,000	5,983,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	749,000	816,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	5,214,000	5,167,000

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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

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

		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:

	Line	Yes	No
Has the accountant expressed a reservation?	099		X

Part 4 – Other information

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

		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	

	Line	Yes	No
Were notes to the financial statements prepared?	101	X	
If **yes**, complete lines 104 to 107 below:			
Are subsequent events mentioned in the notes?	104	X	
Is re-evaluation of asset information mentioned in the notes?	105		X
Is contingent liability information mentioned in the notes?	106	X	
Is information regarding commitments mentioned in the notes?	107	X	
Does the corporation have investments in joint venture(s) or partnership(s)?	108		X

Part 4 – Other information (continued)

Impairment and fair value changes

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

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

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

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

General Index of Financial Information

Notes to the financial statements

1. INCORPORATION

Oshawa PUC Networks Inc. [the "Corporation"] was incorporated under the Business Corporations Act (Ontario) on October 18, 2000. The incorporation was required in accordance with the provincial government's Electricity Act, 1998. The Corporation is a local distribution company ["LDC"] that provides electricity distribution services to businesses and residences in the service area of Oshawa, Ontario.

The Corporation is a wholly owned subsidiary of Oshawa Power and Utilities Corporation, which is wholly owned by the Corporation of the City of Oshawa [the "City"].

The Corporation has evaluated the events and transactions after the balance sheet date through to April 30, 2020, when the Corporation's Board of Directors approved and authorized the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

A) Changes in accounting policies

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, Leases ["IFRS 16"], which replaces IAS 17, Leases ["IAS 17"]. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 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. Under the new standard, a lessee recognizes a right of use asset and a lease liability. The right of use asset is subsequently depreciated, similar to other non- financial assets and the liability accrues interest. The lease liability is initially measured as the present value of the lease payments over the lease term, discounted at the rate implicit in the lease. The Corporation applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated and continues to be presented under IAS 17. The impact of changes is disclosed in notes 2 (B) and 14.

B) Significant accounting policies

The significant accounting policies used in the preparation of these financial statements have been applied consistently to all periods presented herein, except for the new standard IFRS 16, which was adopted effective January 1, 2019. The Balance Sheets and the Statements of Comprehensive Income have been modified from the adoption of the new standard.

Basis of presentation

The Corporation's financial statements have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"] as adopted by the International Accounting Standards Board ["IASB"] and interpretations as issued by the International Financial Reporting Interpretations Committee ["IFRIC"] of the IASB, and reflects the significant accounting policies summarized below.

December 31, 2019 and 2018

Rate setting and regulation

The OEB has regulatory oversight of electricity matters in the Province of Ontario. The Ontario Energy Board Act, 1998, sets out the OEB's powers, including the issuance of distribution licenses that must be obtained by any person owning or operating a distribution system under the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and for ensuring that LDCs fulfil their obligations to connect and service customers. On October 18, 2012, the OEB released its report, Renewed Regulatory

Framework for Electricity Distributors: A Performance-Based Approach ["RRFE"]. The OEB established three rate-setting methods under RRFE: 4th Generation Incentive Rate, Custom Incentive Rate and Annual Incentive Rate Index. Each LDC has the option to select the method that best meets its needs and circumstances, and apply to the OEB to have its rates set on that basis. 4th Generation Incentive Rate-setting ["4th Generation IR"] is most appropriate for distributors that anticipate some incremental investment needs will arise during the plan term. The OEB expects that this method will be appropriate for most LDCs. LDCs with relatively steady state investment needs (i.e., primarily sustainment), may opt for the Annual Incentive Rate-setting Index ["Annual IR Index"]. The Custom Incentive Rate-setting ["Custom IR"] method may be appropriate for LDCs with significantly large multi-year or highly variable investment commitments with relatively certain timing and level of associated expenditures.

In January 2015, the Corporation filed its Custom IR application with the OEB seeking approval to change rates that it charges for electricity delivery, retail services, allowances, loss factor and specific services charges for a period of five years, to be effective January 1, 2015 to December 31, 2019. This application requested a revenue requirement to recover costs, and provides a rate of return on a deemed capital structure applied to rate base assets.

The OEB issued its decision and rate order on December 22, 2015 approving final 2016 and 2017 rates and charges, and interim rates and charges for subsequent years, 2018 and 2019. On July 4, 2017, the Corporation filed an application with the OEB to seek OEB approval of final rates for 2018 and 2019. OEB final approval of 2018 and 2019 rates and charges was confirmed on February 1, 2018, to be effective January 1, 2018. In addition, the Corporation may introduce new rate riders depending on the timing of the clearance of variance and deferral accounts.

The OEB has the general authority to include or exclude costs and revenue in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company under IFRS.

Amendments to the Ontario Rebate for Electricity Consumers Act, 2016 and Associated Regulations

The Ministry of Energy, Northern Development, & Mines has amended portions of the Ontario Rebate for Electricity Consumers Act, 2016 ("OREC") and associated Regulations as part of its effort to improve the transparency of electricity costs for consumers. Beginning November 1, 2019, the following changes were mandated:

1. The subsidies from the Fair Hydro Plan were removed from the Regulated Price Plan ("RPP");
2. The 8% Ontario Rebate for Electricity Consumers, otherwise known as the 'Provincial Rebate' was removed and replaced with a credit of 31.8% called the Ontario Electricity Rebate ["OER"];

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3. An additional line item, entitled the Total Ontario Electricity Support, was added, comprising all other forms of support provided to customers, previously identified separately as each of the Ontario Electricity Support Program; Rural or Remote Rate Protection; Distribution Rate Protection; and First Nations Delivery Credit.

These changes are generally applicable to low volume customers. However, the amendments to the regulations also amend the eligibility criteria for customers. Certain groups of customers will now be excluded from the rebate altogether.

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The following regulatory practices relating to regulatory balances, and payments in lieu of corporate income taxes, have resulted in accounting treatments that differ from IFRS for enterprises operating in a non-regulated environment.

Regulatory Deferral Accounts

IFRS 14, Regulatory Deferral Accounts, allows the Corporation to utilize pre-IFRS Canadian Generally Accepted Accounting Principles ["IFRS 14"] with respect to the recognition of Regulatory Balances that address the deferral of specific non-income related cash inflows and outflows.

Regulatory debits primarily represent costs that have been deferred because it is probable that they will be recovered in future rates. Similarly, regulatory credits can arise from differences in amounts billed to customers for electricity services and the costs that the Corporation incurs to purchase and deliver these services. Certain costs and variance account balances are deemed to be regulatory debits or regulatory credits and are reflected in the LDC's balance sheets until the manner and timing of disposition is determined by the OEB.

Payments in lieu of corporate income taxes ["PILs"]

The Corporation provides for PILs using the deferred income taxes method for its regulated activities as permitted by the IASB and the OEB.

Inventory

Inventory, which consists of parts and supplies acquired for internal maintenance or construction, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average basis.

Property, plant and equipment

Items of property, plant and equipment ["PP&E"] are measured at cost or deemed cost on transition date, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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 and are based on OEB prescribed rates.

When parts of an item of PP&E have different useful lives, they are separately depreciated as components of PP&E.

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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.

Under IFRS, 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 Statements of Comprehensive Income.

Depreciation of PP&E is recorded in the statements of comprehensive income on a straight-line basis over the estimated useful lives of the components 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 estimates being accounted for on a prospective basis.

Depreciation rates representing estimated useful lives for the main categories of PP&E are shown in the table below:

Buildings 1.61% - 2.38%

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Transmission, distribution system and meters 1.67% - 10%
Equipment and furniture 5% - 20%
Computer hardware 25%
Vehicle fleet 8.33% - 12.50%
Construction in progress comprises capital assets under construction, capital assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed. These assets are not depreciated until they are in the location and condition necessary for them to be capable of operating in the manner intended by the Corporation.
In the absence of rate regulation, overhead costs that are not directly attributable to construction activity are not capitalized.
Intangible assets
Intangible assets are assets that lack physical substance, other than financial assets. Intangible assets, which consist of computer software, deferred indefeasible right of use ["IRU"] leases, and payments made to Hydro One Networks Inc. ["HONI"] for dedicated infrastructure in order to receive connections to transmission facilities, are recorded at cost less accumulated amortization. Amortization of intangible assets is recorded on a straight-line basis over the estimated useful life of the related asset, or over the term of the IRU, and recorded in the statements of comprehensive income.
Amortization rates representing estimated useful lives for intangible assets are shown below:
Computer software 33.33%
Deferred indefeasible right of use lease 20 years

December 31, 2019 and 2018
Asset retirement obligations
The need to estimate the cost of decommissioning or asset retirement obligations ["AROs"] at the end of the useful lives of certain assets, is reviewed periodically. A provision is recorded, if required, for the fair value of the future expenditures required to settle legal obligations associated with asset retirements. As at December 31, 2019, the Corporation has determined that there are no material AROs associated with transmission, distribution and generation systems.
Impairment of non-financial assets
The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of corporate income taxes, 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.
For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and 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 pre-tax discount rate 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.
Pension and other post-employment benefits
The Corporation provides pension benefits for its employees through the Ontario Municipal Employees' Retirement System ["OMERS"] Fund [the "OMERS Fund"], a multi-employer public sector pension fund. The OMERS Fund is a

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defined benefit pension plan, which is financed by equal contributions from participating employers and employees and by the investment earnings of the OMERS Fund. Although the plan is a defined benefit plan, sufficient information is not available to the Corporation to account for it as such because it is not possible to attribute the fund assets and liabilities between the various employers who contribute to the fund. Accordingly, contributions payable as a result of employee service are expensed when incurred as part of operating costs.
Employee future benefits, other than pensions provided by the Corporation, include supplemental health, dental and life insurance. These plans provide defined benefits to retired employees, their spouses and surviving spouses when the employees are no longer providing active service. Retiree benefits expense is recognized in the period during which the employees render services.
The liability for post-employment non-pension retirement benefits is recorded on an accrual basis. The Corporation actuarially determines the cost of post-employment benefits offered to employees and retirees, including their spouses and surviving spouses, using the projected benefit method, prorated on service and based on management's best estimates. Under this method, the projected post-retirement benefits are deemed to be earned on a pro rata basis over the employee's years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

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The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.
Current service costs are recognized in the statements of comprehensive income under operations, maintenance and administrative expenses.
The Corporation applies IFRS 14, Regulatory Deferral Accounts, to recognize all cumulative actuarial gains or losses in a deferral account as at January 1, 2014. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income ("OCI") and reported in accumulated other comprehensive income. Amounts recorded in OCI are not recycled to the Consolidated Statement of Income and Comprehensive Income. The Corporation, as permitted by the OEB, created a deferral account to capture all actuarial gains and losses going forward. The disposition of this new deferral account will occur sometime in the future in accordance with OEB guidelines in effect at that appropriate time.
Customer advance deposits
Customer advance deposits represent cash collections from customers that are available to offset the payment of energy bills or other services. Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as securities held in respect of customer deposits. Interest is paid on customer balances at rates established by the Corporation in accordance with OEB guidelines.
Customer advance payments
Customer advance payments consist of both the Equal Payment Plan and customer advance payments.
Deferred 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.
Capital contributions received in advance from electricity customers and developers to construct or acquire PP&E for the purpose of connecting a customer to a network are recorded as deferred revenue and amortized into other revenue at an equivalent rate to that used for the depreciation of the related PP&E. Capital contributions received from developers to construct or acquire PP&E for the purpose of connecting future customers to the distribution network are considered out of scope of IFRS 15 Revenue from Contracts with Customers.
Financial instruments
Initial and subsequent measurement
At initial recognition, all financial instruments are measured at fair value plus or minus transaction costs, with the exception of accounts receivable which are initially recognized at the transaction price and financial instruments fair value through profit or loss which are initially recognized at fair value.

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Financial assets are subsequently measured at either amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL") based on the cash flow characteristics of the assets and the business models under which they are managed. All of the Corporation's financial assets are held for collection of contractual cash flows that represent payments of principal and interest and, accordingly, are subsequently measured at amortized cost using the effective interest rate method. These include cash, restricted cash, and accounts receivables.
Financial liabilities are either subsequently measured at FVTPL or amortized cost, except for interest rate swaps used in hedge accounting. The Corporation's financial liabilities measured at amortized cost include accounts payable for power - IESO, accounts payable and accrued liabilities, long-term debt, and customer advance deposits.
Impairment
The Corporation recognizes an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL. The Corporation applies the simplified approach to its accounts receivable which requires expected lifetime losses to be recognized from initial recognition of the receivables and on an ongoing basis. The measurement of ECLs for accounts receivable is based on management's judgment. This is determined using a provision matrix based on historical observed default rates, adjusted for forward-looking factors specific to the debtors and the economic environment. For financial assets other than accounts receivable, ECLs are recognized   in two stages.
For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months.
For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset. All impairment losses are recognized in net income.

Derivative financial instruments and hedge accounting

Derivative financial instruments in the form of interest rate swap contracts are used to manage exposure to fluctuations in interest rates on the Corporation's long-term debt, which are designated as cash flow hedges as it is hedging the exposure to variability in cash flows that is attributable to interest rate risk associated with the long-term debt. The Corporation does not enter into derivative agreements for speculative purposes.

At the inception of a hedging relationship, the Corporation designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The Corporation also assesses on an on-going basis whether the hedge continues to be effective, including that the hedge ratio remains appropriate.

The interest rate swaps are measured at their fair value upon initial recognition and on each subsequent reporting date. When the cash flow hedge meets all the qualifying criteria for hedge accounting, the effective portion of the gain

December 31, 2019 and 2018

or loss on the hedging instrument is recognized in other comprehensive income ("OCI"), while any ineffective portion is recognized immediately in net income. The amount accumulated in OCI is reclassified to net income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net income, and recorded within interest expense.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to net income as a reclassification adjustment.

Leases

The Corporation applied IFRS 16 Leases from January 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated. It is presented as previously reported under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Corporation applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Corporation leases its office premises with the Corporation of the City of Oshawa. The Corporation leases IT office equipment, and the rooftops of various premises from the City for the installation of solar panels.

Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for all of these leases. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at January 1, 2019. The Corporation has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-

use assets are impaired.
The Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Comparative lease information is reported under IAS 17. Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases in comparative periods. 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.
Revenue recognition
The Corporation has identified that its material performance obligation is the distribution and provision of electricity to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding any discounts, rebates and sales taxes. The Corporation has determined that it acts as a principal in all of its revenue arrangements.

December 31, 2019 and 2018
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 services, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to the 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 they are acting as a principal for the distribution of electricity and, therefore, have presented the sale of electrical energy revenue on a gross basis.
Distribution revenue for the Corporation is recognized at approved rates, as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.
Distribution 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 regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.
Regulated service revenue represents charges to energy customers for services such as late payments, collection fees, account set-up fees, pole attachment charges, and reconnect and disconnect charges. Regulated service revenue is recognized as services are rendered.
Combined heat and power revenue is derived from selling electricity, the provision of capacity and thermal energy. Revenue is recognized upon delivery of the metered electricity and thermal energy.
Service revenue primarily includes duct rental revenue that is recognized as services are rendered and time expires.
Capital contributions received from electricity customers to construct or acquire PP&E for the purpose of connecting a customer to a network, are recorded as a deferred contribution on the balance sheet and amortization is presented as revenue from deferred contributions on the statement of comprehensive income at an equivalent rate to that used for the depreciation

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of the related PP&E.
Other revenue and interest are recognized as services are rendered, projects completed or when interest is earned. Revenue and costs associated with Conservation and Demand Management ["CDM"] programs are presented using the net basis of accounting within other revenue. 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.
PILs
Under the Electricity Act, 1998, and effective October 1, 2001, the Corporation incurs PILs that are remitted to the Ministry of Finance. These payments are calculated in accordance with the rules for computing income and taxable

December 31, 2019 and 2018
capital, 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. Payments remitted to Ontario Electricity Financial Corporation are designated to be applied against the stranded debt of Ontario Power Generation, formerly Ontario Hydro.
The Corporation recognizes deferred income taxes using the balance sheet method. Under this method, provisions are made for deferred income taxes as a result of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. Deferred income 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. When deferred income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the Corporation at that time. Deferred income tax assets and liabilities are offset since they relate to income taxes levied by the same taxation authority.
A deferred income 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 income 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.
The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs by LDCs through annual distribution rate adjustments as permitted by the OEB.
The method that has been used to set the PILs portion of the Corporation's rates for 2018 is consistent with the approach used in past periods.
Current income taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statements of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible.
Measurement uncertainty
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Certain estimates are necessary since the regulatory environment in which the Corporation operates requires amounts to be recorded at estimated values until finalization and adjustment pursuant to subsequent regulatory decisions or other regulatory proceedings. Due to inherent uncertainty involved in making such estimates,

actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Ministry of Energy and Infrastructure or the Ministry of Finance.

Future accounting policies

At the date of authorization of these financial statements, certain new standards and amendments to existing standards have been published but are not yet effective, and have not been early adopted by the Corporation. Information on new standards and amendments that are expected to be relevant to the Corporation's financial statements is provided below.

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- Interbank Offered Rate reform and its effects on financial reporting - Phase 1
- Amendments to references to conception framework in IFRS
- Definition of a business (amendments to IFRS 3)
- Definition of material (amendments to IAS 1 and IAS 8)
- IFRS 17 - Insurance
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

December 31, 2019 and 2018

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following as at December 31, 2019:

	January 1, 2019	Additions/transfers/ depreciation	Disposals/ retirements	December 31, 2019
	$	$	$	$
Cost				
Transmission and distribution				
Transformers	61,208	4,594	(1,612)	64,190
Underground distribution	54,955	8,009	(2,290)	60,674
Poles, towers and fixtures	45,900	7,580	(3,159)	50,321
Station equipment	27,522	-	(476)	27,046
Overhead distribution	24,176	2,494	(979)	25,691
Meters	13,316	1,072	(626)	13,762
	227,077	23,749	(9,142)	241,684
Construction in progress	11,443	(4,976)		6,470
Other property, plant and equipment				
Vehicle fleet	4,969	341	(204)	5,106
Equipment and furniture	9,315	403	(61)	9,656
Computer hardware	3,234	148	(298)	3,084
Buildings	5,314	397	-	5,711
Land	294	-	-	294
	23,127	1,289	(563)	23,851
Total cost	261,647	20,062	(9,705)	272,005
Accumulated depreciation				
Transmission and distribution				
Transformers	(33,661)	(1,153)	1,580	(33,234)
Underground distribution	(21,860)	(1,485)	2,167	(21,178)
Poles, towers and fixtures	(16,593)	(866)	2,419	(15,040)
Station equipment	(9,285)	(573)	403	(9,455)
Overhead distribution	(9,485)	(324)	719	(9,090)
Meters	(8,113)	(1,003)	504	(8,612)

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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(98,997) (5,404) 7,792 (96,609)
Other property, plant and equipment
Vehicle fleet (3,014) (383) 204 (3,193)
Equipment and furniture (7,328) (498) 72 (7,754)
Computer hardware (2,732) (193) 298 (2,627)
Buildings (582) (70) - (652)
(13,656) (1,144) 574 (14,226)
Total accumulated depreciation (112,653) (6,548) 8,366
(110,835)
Carrying amount 148,995 13,514 (1,339) 161,170

December 31, 2019 and 2018
Property, plant and equipment consist of the following as at December 31,
2018:
January 1,
2018 Additions/
depreciation Disposals/
retirements Reclass December 31,
2018
$ $ $ $ $
Cost
Transmission and distribution
Transformers 59,310 1,898 - - 61,208
Underground distribution 49,651 3,791 (295) 1,808 54,955
Poles, towers and fixtures 45,157 236 (30) 537 45,900
Station equipment 23,551 3,562 (15) 424 27,522
Overhead distribution 21,893 770 (3) 1,516 24,176
Meters 12,495 665 (43) 199 13,316
212,057 10,922 (386) 4,484 227,077
Construction in progress 9,597 3,103 - (1,254) 11,446
Other property, plant and equipment
Vehicle fleet 4,835 335 (201) - 4,969
Equipment and furniture 9,068 246 - - 9,314
Computer hardware 2,804 426 - 4 3,234
Buildings 757 4,557 - - 5,314
Land 294 - - - 294
17,758 5,564 (201) 4 23,125
Total cost 239,412 19,589 (587) 3,234 261,648
Accumulated depreciation
Transmission and distribution
Transformers (32,648) (1,014) - 1 (33,661)
Underground distribution (19,204) (1,311) - (1,345)
(21,860)
Poles, towers and fixtures (15,672) (807) - (114) (16,593)
Station equipment (8,389) (559) - (337) (9,285)
Overhead distribution (7,783) (351) - (1,351) (9,485)
Meters (7,067) (958) - (88) (8,113)
(90,763) (5,000) - (3,234) (98,997)
Other property, plant and equipment
Vehicle fleet (2,899) (350) 234 1 (3,014)
Equipment and furniture (6,955) (373) - - (7,328)
Computer hardware (2,571) (161) - - (2,732)
Buildings (527) (54) - (1) (582)
(12,952) (938) 234 (13,656)
Total accumulated depreciation (103,715) (5,938) 234 (3,234)
(112,653)

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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Carrying amount 135,697 13,651 (353) - 148,995
Certain comparative information presented for the year ended 2018 has been reclassified.
For the year ended December 31, 2019, ascribed interest capitalized to property, plant and equipment as prescribed by the OEB amounted to $357 [2018 - $405]. In the absence of rate regulation, additions to property, plant and equipment would have been $357 lower [2018 - $405 lower] and interest expense would have been $357 higher [2018 - $405 higher].

December 31, 2019 and 2018
4. INTANGIBLE ASSETS
Intangible assets consist of deferred IRU lease charges, computer software, and Hydro One Networks Inc. ["HONI"] contribution.
January 1,
2019 Additions/
depreciation Disposals/
retirements December 31,
2019
$ $ $ $
Cost
Deferred IRU lease 606 - - 606
Computer software 2,383 176 210 2,348
HONI Contribution 4,051 84 - 4,135
7,040 260 210 7,089
Accumulated depreciation
Deferred IRU lease (312) (30) - (343)
Computer software (1,931) (300) (210) (2,020)
HONI Contribution - (83) - (83)
(2,243) (413) (210) (2,445)
Carrying amount 4,797 (154) - 4,643
January 1,
2018 Additions/
depreciation Disposals/
retirements December 31,
2018
$ $ $ $
Cost
Deferred IRU lease 606 - - 606
Computer software 2,033 349 - 2,383
HONI Contribution 3,902 149 - 4,051
6,541 498 - 7,040
Accumulated depreciation
Deferred IRU lease (282) (30) - (312)
Computer software (1,645) (286) (1,931)
(1,927) (316) - (2,243)
Carrying amount 4,614 182 - 4,797

December 31, 2019 and 2018
5. REGULATORY BALANCES
Regulatory debits balances consist of the following:
January 1,
2019 Balances arising
in the period Recovery/
reversal December 31,
2019
$ $ $ $

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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Regulatory debit balances
Retail settlement variance - power 679 (679) - -
Retail settlement variance - global adjustment 5,306 (5,306) -
-
Post-employment benefits deferral 259 60 - 320
Regulatory debit balances - other 321 111 - 433
Regulatory Asset Recovery Account ["RARA"] 630 (630) -
Total regulatory debit balances 7,195 (5,814) (630) 752
January 1,
2018 Balances arising
in the period Recovery/
reversal December 31,
2018
$ $ $ $
Regulatory debits
Retail settlement variance - power 1,244 (565) - 679
Retail settlement variance - global adjustment 2,567 2,739 -
5,306
Post-employment benefits deferral 1,388 (1,129) - 259
Regulatory debits - other 213 108 - 321
Regulatory Asset Recovery Account ["RARA"] 40 590 - 630
Total regulatory debits 5,452 1,743 - 7,195
Regulatory credit balances consist of the following:
January 1,
2019 Balances arising
in the period Recovery/
reversal December 31,
2019
$ $ $ $
Regulatory credit balances
Retail Settlement Variance - Power - 2,123 - 2,123
Retail Settlement Variance - global adjustment - 2,273 - 2,273
Retail settlement variances - other 2,426 (514) - 1,910
Regulatory Asset Recovery Account ["RARA"] - - 198 198
Deferred income taxes [note 8] 3,218 (1,146) - 2,072
Smart meter variance 54 - - 54
Regulatory credit balances - other 59 22 - 81
Total regulatory credit balances 5,757 2,758 198 8,712

December 31, 2019 and 2018
January 1,
2018 Balances arising
in the period Recovery/
reversal December 31,
2018
$ $ $ $
Regulatory credits
Retail settlement variances - other 2,220 206 - 2,426
Deferred income taxes [note 8] 4,756 (1,538) - 3,218
Smart meter variance 54 - - 54
Regulatory credits - other 22 37 - 59
Total regulatory credits 7,052 (1,295) - 5,757
Net movements in regulatory balances, net of tax, total $3,260 [2018 -
$2,043]. The regulatory balances of the Corporation consist of the following:
Retail settlement variances
The retail settlement variances relate to charges the Corporation has

incurred for transmission services, generation and wholesale market operations from the IESO that were not settled with customers during the period through approved rates. The nature of the settlement variances is such that the balance can fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB. Under rate regulation, the variances that would be recorded as revenue or expense when incurred under IFRS are deferred until collected or repaid through future rates. The Corporation has accrued interest on the regulatory balances, as directed by the OEB. Management has not yet sought disposal of the regulatory balances but intends to do so as part of the 2021 rate application.

Retail settlement variance - power

The retail settlement variance - power account is established for the purpose of recording the net difference in energy cost only. Net difference refers to the difference between the amount charged by the IESO on the settlement invoice for the energy cost and the amount billed to customers for the energy cost.

Retail settlement variance - global adjustment

The global adjustment variance account is established for the purpose of recording the net difference in the global adjustment attributable to customers. Net difference refers to the difference between the amount charged or credited by the IESO for the global adjustment and the amount billed to customers for the global adjustment.

The global adjustment arises mainly due to a difference between the spot price charged by the IESO to market participants and the blended price paid by the IESO under the various contracts with electricity generators and suppliers.

Retail settlement variances - other

This item refers to a set of accounts that will separately capture information relating to wholesale market service charges, non-recurring wholesale market service charges, retail transmission network service charges and retail transmission connection service charges. Retail settlement variances - other, is used to record the net difference

December 31, 2019 and 2018

between the amount paid in the month to the IESO for the services listed above and the amount billed to customers and retailers in the month based on OEB approved rates.

Smart meter variance

The provincial government mandated the installation of smart meters for all residential and small business customers in Ontario by December 31, 2010. The smart meter variance account is used to record expenditures made by the Corporation under the smart meter program; the carrying value of meters replaced and stranded by the installation of smart meters; and amounts received from customers under approved OEB rates, for advances used to fund the installation of smart meters.

On January 10, 2012, the Corporation received approval of the costs incurred under the program and was granted a rate rider to recover the balance in the smart meter variance account which is the excess of costs incurred (including the carrying value of stranded meters) less amounts previously received from customers.

RARA

Effective May 2006, the RARA was approved by the OEB. This account is used to record the disposition of deferral and variance account balances, by means of a rate rider, for which approval to recover (or refund) has been granted by the OEB as part of the regulatory process. The balance remaining as at

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December 31, 2019 represents the opening balance approved for recovery, amounts collected during the year, and the deferral and variance account balances approved for disposition by the OEB on February 1, 2019 as part of the Corporation's cost of service application for rates effective January 1, 2018.

Deferred income taxes to be paid to customers

An offset to future income tax assets relating to the regulated business has been recorded in the accounts as a regulatory credit. As deferred income tax assets are realized, the liability for deferred income taxes to be paid to customers will be settled through OEB approved rates.

Post-employment benefits deferral

This regulatory balance accumulates the actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments. The balance arising during the years ended December 31, 2019 and December 31, 2018 primarily related to the actuarial gain and loss recorded for each year, respectively.

Regulatory accrued interest

Interest is earned or charged on regulatory balances at OEB prescribed rates and are recorded to the related regulatory account.

December 31, 2019 and 2018

6. CURRENT PORTION OF LONG-TERM LIABILITIES

The current portion of long-term liabilities consists of the following:

	2019 $	2018 $
Customer advance deposits	916	915
Upstream capital improvement liability	-	2,016
Current portion of long-term liabilities	916	2,931

7. DEFERRED CONTRIBUTIONS

The continuity of deferred contributions is as follows:

	2019 $	2018 $
Deferred contributions, net, beginning of year	33,746	33,124
Deferred contributions received	4,218	1,863
Reclass of deferred contribution	2,016	-
Deferred contributions recognized as revenue	(1,654)	(1,241)
Deferred contributions, net, end of year	38,326	33,746
Less: current portion	(1,958)	(1,654)
Deferred contributions long-term portion	36,367	32,092

8. PILs

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

	2019 $	2018 $
Income before PILs	9,163	4,060
Net movements in regulatory balances	(3,200)	1,924
Net income after net movements in regulatory balances, before PILs	5,963	5,984
Combined Canadian federal and Ontario statutory income tax rate	26.50%	26.50%
Expected provision for PILs at statutory tax rates	1,580	1,586
Property, plant and equipment	(812)	(625)

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Post-employment non-pension benefits 38 50
Other 38 (88)
Cost allocations (95) (107)
Provision for PILs 749 815
Effective tax rates 12.57% 13.63%

December 31, 2019 and 2018
Income tax expense as presented in the statements of comprehensive income is as follows:

	2019	2018
	$	$
Current tax expense		
Current PILs charge	772	816
Deferred tax expense		
Origination and reversal of temporary differences	1,125	1,538
Deferred taxes transferred to regulatory credits [note 5]	(1,148)	(1,538)
Income tax expense charged to net income for the year	749	816

	2019	2018
	$	$
Deferred income taxes related to items recognized in OCI during the year		
Net loss (gain) on revaluation of cash flow hedges	-	22
Unrealized loss on derivatives designated as cash flow hedges	-	(50)
Deferred income taxes charged to OCI	-	(28)

As at December 31, 2019, the Corporation has recognized $2,071 in regulatory credit balance and a corresponding offset to deferred income tax assets [2018 - $3,218].

Deferred income tax assets

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 income tax asset consists of the following:

	Net balance, January 1, 2019	Recognized in regulatory balance	Net balance, December 31, 2019
	$	$	$
Components of deferred income tax assets			
Property, plant and equipment	(1,348)	(24)	(1,372)
Employee post-employment non-pension benefits	4,567	(1,090)	3,477
Other taxable temporary differences	-	(33)	(33)
Deferred income tax assets	3,219	(1,148)	2,072

	Net balance, January 1, 2018	Recognized in regulatory balance	Recognized in OCI	Net balance, December 31, 2018
	$	$	$	$
Components of deferred income tax assets				
Property, plant and equipment	(241)	(1,107)	-	(1,348)
Employee post-employment non-pension benefits	4,998	(431)	-	4,567
Other taxable temporary differences	(28)	-	28	-
Deferred income tax assets	4,729	(1,538)	28	3,219

Corporation's name	Business number	Tax year end Year Month Day
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The Corporation has no tax loss carry forwards available for use in future periods.

9. EMPLOYEE BENEFITS

The Corporation makes contributions to OMERS, which is a multi-employer plan. The plan is a defined benefit plan that specifies the amount of retirement benefits to be received by the employees based on length of service and rates of pay. Current and future contributions are dependent upon the results of the OMERS plan as actuarially determined from time to time. OMERS reported that its funded status as at December 31, 2019, was 97% [2018 - 96%].

For the year ended December 31, 2019, the Corporation's OMERS current service pension costs were $843 [2018 - $803]. OMERS contribution rates were 9.0% up to the year's maximum pensionable earnings [?YMPE?] and 14.6% over the YMPE for normal retirement age [?NRA?] of 65 [2018 - 9.0% up to YMPE and 14.6% over YMPE for NRA of 65]. The expected payment for 2020 is $847.

Post-employment non-pension retirement benefits

The Corporation provides post-employment benefits, principally supplemental health and dental coverage, for employees who retire from active employment.

Accrued benefit obligations

The Corporation measures its accrued benefit obligations as at December 31 of each year. The latest actuarial valuation was performed as at December 31, 2019.

	2019	2018
	$	$
Accrued benefit obligations, beginning of year	12,928	13,862
Employer current service cost	137	180
Interest on obligation	497	466
Benefits paid	(500)	(451)
Actuarial (gain) loss recognized at the end of the year	60	(1,129)
Accrued benefit obligations, end of year	13,122	12,928

December 31, 2019 and 2018

Changes in post-employment non-pension retirement benefits	2019	2018
	$	$
Post-employment non-pension retirement benefits, beginning of year	12,927	13,862
Net periodic benefits cost accrued	633	646
Benefits paid	(500)	(451)
Recognized (gains) losses	60	(1,129)
Post-employment non-pension retirement benefits, end of year	13,120	12,928

Components for net periodic benefit costs	2019	2018
	$	
Current service cost	137	180
Imputed interest cost	497	466
Net periodic benefit cost accrual for the year	634	646

Significant actuarial assumptions	2019	2018
	%	
Discount rate applied to the calculation of future benefits	3.10	3.90
Rate of compound compensation increase used in determining future costs		

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3.0 3.0
The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period.
Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.
The actuarial valuation as at December 31, 2019 assumed health care costs would increase 7% [2018 - 7%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2018 - 4% after six years].
Dental costs are assumed to increase by 4% [2018 - 4%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2018 - 4% after six years].
The dispensing fee portion of health care costs is limited to twelve dollars and ninety-nine cents; the current maximum allowed under the benefits plan.

December 31, 2019 and 2018
Sensitivity analysis
The main actuarial assumptions underlying the valuation are as follows:
a) Interest (discount) rate
Assumed interest rates have a significant effect on the amounts reported for the total accrued benefit obligations and expense. A 1% change in assumed interest rates would have the following effects for 2019:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2019	(1,828)	2,337

b) Health care cost trend rate
The health care cost trend is estimated to increase at a declining rate from 7% to 4% over six years following the valuation. Other medical and dental expenses are assumed to increase by 4% after one year, down to 4% after six years following the valuation. The approximate effect on the accrued benefit obligations if the health care cost trend rate assumption was increased or decreased by 1% is as follows:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2019	1,724	(1,390)

10. NOTE PAYABLE TO SHAREHOLDER
The note payable to the shareholder of $60,064 [2018 - $60,064] has an interest rate of 4.54% [2018 - 4.54%] per annum and is due on demand.
The Corporation does not anticipate that the note will be called upon within one year and, accordingly, the note remains classified as a long-term liability.
In 2019, the Corporation made interest payments of $2,187 [2018 - $1,091] to the shareholder.
11. DEBT
The Corporation's long-term and short-term borrowing facilities are as follows:
Long-term facilities
The Corporation's term loans totalling $22,000 with Toronto-Dominion Commercial Bank [the "Bank"] were terminated on October 22, 2018.
Net of interest capitalized on construction-in-progress, interest expense charged to the statements of comprehensive income amounted to $1,873 during the year [2018 - $1,215].

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Short-term facilities

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The Corporation has an operating line of credit for a maximum amount of $20,000 to assist with its working capital requirements. As of December 31, 2019, there were no outstanding balances on this line of credit [2018 - nil]. Interest on short-term debt was $49 [2018 - $81] at an effective interest rate of 3.76%.

The above borrowing facilities are subject to financial tests and other covenants. These financial covenants are to be tested quarterly. In addition, these facilities are subject to other customary covenants and events of default, including an event of cross-default [for non-payment of other debts] of amounts in excess of $5,000. Non-compliance with such covenants could result in accelerated payments of amounts due under the facilities and their termination. The Corporation was in compliance with the above-mentioned covenants as at December 31, 2019.

12. CAPITAL STOCK

Capital stock consists of the following:

	2019	2018
	$	$
Authorized		
Unlimited common shares		
Issued		
1,000 common shares	23,064	23,064

During the year ended December 31, 2019, the Corporation declared and paid dividends on common share aggregating
$2,500 (2018 - $2,300).

December 31, 2019 and 2018

13. RELATED PARTY TRANSACTIONS

[i] The Corporation transacts business with the City and its affiliates in the normal course of business at commercial rates. These transactions are summarized below:

	2019	2018
	$	$
REVENUE		
City facilities [from electricity distribution]	3,516	3,358
Streetlights [from electricity distribution]	1,520	1,424
	5,036	4,782
Streetlight maintenance and construction services	64	34
EXPENSES		
Net rent - 100 Simcoe Street South	330	323
Property taxes	136	136
	466	459
ACCOUNTS RECEIVABLE		
Facilities and streetlights	348	153
Construction services	30	-
	378	153

[ii] During the year ended December 31, 2019, the Corporation has undertaken transactions with related parties, which are entities under common control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Related party transactions are summarized as follows:

	2019	2018
	$	$
Oshawa PUC Energy Services Inc.		
Sale of electricity, administration and maintenance services	514	529
Purchase of electricity	56	86

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Oshawa PUC Services Inc.
Sale of administration and maintenance services 270 217
Purchase of fibre optic services 67 56
2252112 Ontario Inc.
Sale of electricity, administration and maintenance services 30 26
Purchase of electricity 523 538
The Corporation receives management support from its parent, Oshawa Power and Utilities Corporation. During the year, the Corporation paid $360 [2018 - $521] to its parent.

December 31, 2019 and 2018
As at December 31, 2019, the amounts owed to the Corporation from affiliated companies consists of $27 from Oshawa PUC Energy Services Inc. [2018 - $218], $2 from Oshawa PUC Services Inc. [2018 - $52] and $2 from 2252112 Ontario Inc. [2018 - $421]. Amounts owed to affiliated companies by the Corporation consists of $5,797 to Oshawa Power and Utilities Corporation [2018 - $6,378].
14. LEASES
The Corporation leases its premises under a net operating lease with the Corporation of the City of Oshawa. The Corporation entered into a new lease in 2017, which expires May 31, 2021.
The Corporation has a contractual agreement to lease office equipment over a period of 74 months. The lease begins June 1, 2017 and expires July 31, 2023.
On transition to IFRS 16, the Company recognized additional right-of-use assets and additional lease liabilities. Lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate of 3.7%. The impact on transition is summarized below.

	$
Balance at 1 January, 2019	
Right-of-use assets presented as property, plant and equipment	838
Lease liabilities	838

	$
Operating lease commitments at December 31, 2018	860
Discounted using the borrowing rate / contractual interest rates	(22)
Lease liabilities recognized at January 1, 2019	838

Leases as lessee (IFRS16)
i. Right-of-use Assets
Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Building	IT Equipment	Total
	$	$	$
2019			
Balance at 1 January	780	58	838
Depreciation charge for the year	(316)	(13)	(329)
Additions to right -of-use assets	-	-	-
Balance at 31 December	464	45	509

December 31, 2019 and 2018
ii. Amounts recognized in profit or loss 2019

	$
2019 - Leases under IFRS 16	
Interest on lease liabilities	12
2018 - Operating leases under IAS17	
Lease Expense	342

iii. Amounts recognized in statement of cash flows

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Total cash outflow for leases 358
Repayment of lease liabilities is shown under financing activities on the statement of cash flows.
15. COMMITMENTS AND CONTINGENCIES Insurance claims
The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ["MEARIE"], which was created on January 1, 1987. A reciprocal insurance exchange is an Ontario group formed for the purpose of exchanging reciprocal contracts of indemnity of inter-insurance with each other. MEARIE provides general liability insurance to its member utilities. Insurance premiums charged to each Municipal Electrical Utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims experience.
The Corporation refers any claims received to MEARIE under the provisions of this plan. No provision has been recorded in these financial statements in respect of these matters as the Corporation has not received any claim that is not adequately covered by its insurance.
Income taxes
The tax returns filed by the Corporation are subject to review and reassessment by the Ministry of Finance for a period of up to five years from the date of filing. Any reassessment may result in a revision to previously determined tax obligations.
Energy Conservation Agreement
On December 31, 2014, the Corporation entered into an Energy Conservation Agreement with the IESO for the period from January 1, 2015 to December 31, 2020 to deliver Energy Conservation and Demand Management ["CDM"] programs. The agreement provides terms under which the Corporation may engage the IESO to design and pay for province-wide CDM programs in support of the Corporation meeting its CDM targets.

December 31, 2019 and 2018
Subject to the terms of the 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 agreement. The Corporation will be entitled to receive all of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimate would not be recoverable. 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 agreement.
Under the terms of the Energy Conservation Agreement with the IESO, income incentives are available in the event the Corporation outperforms its expected target. Alternatively, financial penalties are possible if the Corporation does not meet minimum requirements outlined in the Energy Conservation Agreement with the IESO. The Corporation estimates it is meeting its obligations outlined in the Energy Conservation Agreement with the IESO and has not recorded a provision in these financial statements for neither financial incentives nor penalties in respect of these matters.
On March 21, 2019, the Minister of Energy, Northern Development and Mines, with the approval of the Lieutenant Governor in Council, issued a directive to the IESO pursuant to the statutory authority under sections 25. 32(5) and (11) of the Electricity Act, 1998. On the same date, the Minister issued a directive to the Ontario Energy Board (the "Board") revoking the main provisions of the March 26, 2014 directive to the Board and providing the Board with the authority to amend or remove license conditions of electricity distributors in respect of electricity CDM that were established pursuant to the March 26, 2014 directive. These directives, which took effect on the date

they were issued, have resulted in a change in the laws and regulations that is fundamentally inconsistent with the ECA by requiring the IESO to take all steps necessary to immediately discontinue the 2015-2020 Conservation First Framework ["CFF"] and by revoking, among others, the CFF Direction and authorizing the Board to remove license conditions of electricity distributors in respect of electricity CDM. As a result, the IESO has provided the Corporation with notice that the IESO is terminating the ECA effective June 20, 2019.

Security with IESO

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. An Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO as collateral support for energy amounts as determined by and payable to the IESO.

Guarantee for obligations of shareholder

The Corporation guarantees an amount recoverable that shall not exceed $68 million to Toronto-Dominion Bank for its shareholder, Oshawa Power and Utilities Corporation, related to the note payable in Note 10.

December 31, 2019 and 2018

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at December 31, 2019 and 2018, the Corporation did not have transfers between levels.

The carrying values of cash, restricted cash, accounts receivable, accounts payable for power - IESO, and accounts payable and accrued liabilities approximate their fair values due to the short period to maturity of these financial instruments.

The Corporation has designated its financial instruments as follows:

		2019		2018	
	Level	Carrying value	Fair value	Carrying value	Fair value
Non-current financial liabilities					
Customer advance deposits	1	2,284	2,284	1,892	1,892
Note payable to shareholder	3	60,064	60,064	60,064	60,064

The Corporation has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments as well as related interest rate risk, credit risk and liquidity risk are described below.

Note payable to shareholder

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The fair value of the note payable to shareholder is indeterminable.

Credit risk

Certain of the Corporation's financial assets are exposed to credit risk.

Cash consists of deposits with major commercial banks.

The Corporation, in the normal course of business, is exposed to credit risk from its customers. These accounts receivable are subject to normal industry credit risks. The Corporation provides for an allowance for doubtful accounts to absorb its credit losses. Unbilled revenue of $10,734 [2018 - $12,458] is collectible from customers and is

December 31, 2019 and 2018

considered current with no related credit losses recorded. The Corporation also has insurance in support of certain receivables.

Accounts receivable consists of the following:

	2019 $	2018 $
Receivables from customers	8,953	7,968
Receivables from other trade and projects	5,318	2,462
Less allowance for doubtful accounts	(564)	(688)
Total accounts receivable	13,707	9,742

Credit risk associated with accounts receivable is as follows:

	2019 $	2018 $
Outstanding for not more than 30 days	12,722	9,302
Outstanding for more than 30 days and not more than 90 days	942	721
Outstanding for more than 90 days	607	407
Less allowance for doubtful accounts	(564)	(688)
Total accounts receivable	13,707	9,742

The Corporation is also exposed to credit risk from the potential default of any of its counterparties on its interest rate swap agreements. The Corporation mitigates this credit risk by dealing with counterparties who are major financial institutions and which the Corporation anticipates will satisfy their obligations under the contracts. During the year, the Corporation incurred bad debt expense of $251 [2018 - $442] which is included in operations, maintenance, and administrative expense.

Interest rate risk

Long-term debt is at fixed interest rates thereby minimizing cash flow and interest rate fluctuation exposure.

Liquidity risk

The Corporation monitors and manages 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 expense. The Corporation monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

December 31, 2019 and 2018

2019

Due within 1 year $

Due between 1 and 5 years $

Due past 5 years $

Total

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$

Accounts Payable for power - IESO	5,694	-	-	5,694
Accounts payable and accrued liabilities	9,077	-	-	9,077
Due to affiliates	5,765	-	-	5,765
Customer advance payments	844	-	-	844
Lease liability	357	124	-	481
Long-term debt	-	-	60,064	60,064
Customer advance deposits	916	2,284	-	3,200

2018	Due within 1 year $	Due between 1 and 5 years $	Due past 5 years $	Total $
Accounts Payable for power - IESO	10,042	-	-	10,042
Accounts payable and accrued liabilities	10,316	-	-	10,316
Due to affiliates	5,687	-	-	5,687
Customer advance payments	528	-	-	528
Payments in lieu of corporate income taxes	382	-	-	382
Long-term debt	-	-	60,064	60,064
Customer advance deposits	915	1,892	-	2,807

17. COLLATERAL

As part of its electricity purchase agreement with the IESO, an Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO, as collateral support for energy amounts as determined by and payable to the IESO.

18. CAPITAL MANAGEMENT

The Corporation defines capital as shareholder's equity. The Corporation's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its working capital requirements.

December 31, 2019 and 2018

19. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Corporation's business are not known at this time. These impacts potentially include an impact on the Corporation's ability to access and obtain capital financing, impairment of investments, reduction to operational cash flow as a result of the inability of the Corporation to fully recover on its customer accounts and potential future decreases in revenue or the profitability of the Corporation's ongoing operations.

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule to reconcile 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.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125 . . . 5,214,000 A

Add:

Provision for income taxes – current	101	749,000	
Amortization of tangible assets	104	5,703,000	
Charitable donations and gifts from Schedule 2	112	4,000	
Scientific research expenditures deducted per financial statements	118	509,258	
Non-deductible meals and entertainment expenses	121	15,000	
Reserves from financial statements – balance at the end of the year	126	12,995,681	
Subtotal of additions		19,975,939	19,975,939

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	6,237,159
2	PY ITC claimed - 12(1)(t)	55,712
	Total of column 2	6,292,871

Total of column 2	296	6,292,871		
Subtotal of other additions	199	6,292,871	6,292,871	D
Total additions	500	26,268,810	26,268,810	

Amount A **plus** line 500 . . . 31,482,810 B

Deduct:

Gain on disposal of assets per financial statements	401	200,000	
Capital cost allowance from Schedule 8	403	8,984,550	
SR&ED expenditures claimed in the year on line 460 from Form T661	411	446,969	
Reserves from financial statements – balance at the beginning of the year	414	12,850,799	
Subtotal of deductions		22,482,318	22,482,318

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Interest expense capitalized for accounting purposes	356,953
2	13(7.4) election	6,198,919
	Total of column 2	6,555,872

Total of column 2	396	6,555,872		
Subtotal of other deductions	499	6,555,872	6,555,872	E
Total deductions	510	29,038,190	29,038,190	

Net income (loss) for income tax purposes (amount B **minus** line 510) . . . 2,444,620 C

Enter amount C on line 300 of the T2 return.

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) 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

Federal

A		
X	Investment tax credit from apprenticeship job creation expenditures	7,126
X	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, consult the Help (F1).	
	Film or video production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Investment tax credit claimed on contributions made to SR&ED farming organizations	
	Canadian journalism labour tax credit	

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	2,105
X	Ontario co-operative education tax credit	14,077
X	Ontario apprenticeship training tax credit	14,932
	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	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	

Other amounts

A		
X	Capital contribution	6,198,919
	Total	6,198,919

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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 made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- 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 can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years. 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 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)
YOUTH FUSION	1,500
HEART & STROKE FOUNDATION	1,500
BOYS AND GIRLS CLUB OF DURHAM	500
CANADAHELPS CANADON	300
THE OSHAWA HISTORICAL SOCIETY	200
Subtotal	4,000
Add: Total donations of less than $100 each	
Total donations in current tax year	4,000

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Charitable donations expired after 5 tax years*	239				
Charitable donations at the beginning of the current tax year (amount A **minus** line 239)	240				
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 Net Income (Loss) for Income Tax Purposes)	210	4,000		4,000	4,000
Subtotal (line 250 **plus** line 210)		4,000	B	4,000	4,000
Subtotal (line 240 **plus** amount B)		4,000	C	4,000	4,000
Adjustment for an acquisition of control	255				
Total charitable donations available (amount C **minus** line 255)		4,000	D	4,000	4,000
Amount applied in the current year against taxable income (cannot be more than amount L in Part 2) (enter this amount on line 311 of the T2 return)	260	4,000		4,000	4,000
Charitable donations closing balance (amount D **minus** 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 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 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, 2021) . . . **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 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 federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total (to line A)				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes Note 1 **multiplied** by 75 %			1,833,465 E
Taxable capital gains arising in respect of gifts of capital property included in Part 1 Note 2	**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 Note 2		F	
Capital cost Note 2		G	
Amount F or G, whichever is less	**235**		
Amount on line 230 or 235, whichever is less		H	
Subtotal (**add** line 225, 227, and amount H)		I	
Amount I **multiplied** by 25 %			J
Subtotal (amount E **plus** amount J)			1,833,465 K
Maximum allowable deduction for charitable donations (enter amount D from Part 1, amount K, or net income for tax purposes, whichever is least)			4,000 L

Note 1 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.

Note 2 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

	Line	Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			M		
Gifts of certified cultural property expired after 5 tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount M **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 this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			N		
Subtotal (line 440 **plus** amount N)			O		
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)			P		
Gifts of certified cultural property closing balance (amount O **minus** amount P)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax 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			Q		
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 Q **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 (include this amount on line 112 of Schedule 1)	520				
Subtotal (line 550 **plus** line 520)			R		
Subtotal (line 540 **plus** amount R)			S		
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)			T		
Gifts of certified ecologically sensitive land closing balance (amount S **minus** amount T)	580				

* For federal and Alberta tax purposes, donations and 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 tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts 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	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year*	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

	Line	Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			U		
Additional deduction for gifts of medicine expired after 5 tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount U **minus** line 639)	640				
Additional deduction for gifts of medicine made before March 22, 2017 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)			V		
Amount V **multiplied** by 50 %			W		
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 W

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

	Line	Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			X		
Subtotal (line 640 **plus** amount X)			Y		
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)			Z		
Additional deduction for gifts of medicine closing balance (amount Y **minus** amount Z)	680				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2018-12-31	
2nd prior year	2017-12-31	
3rd prior year	2016-12-31	
4th prior year	2015-12-31	
5th prior year	2014-12-31	
6th prior year*	2013-12-31	
7th prior year	2012-12-31	
8th prior year	2011-12-31	
9th prior year	2010-12-31	
10th prior year	2009-12-31	
11th prior year	2008-12-31	
12th prior year	2007-12-31	
13th prior year	2006-12-31	
14th prior year	2005-12-31	
15th prior year	2004-12-31	
16th prior year	2003-12-31	
17th prior year	2002-12-31	
18th prior year	2001-12-31	
19th prior year	2000-12-31	
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 Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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 (see page 3).
- 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 this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends were received from a foreign source.
- Column F1 – 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 YYYYMMDD 220	E Non-taxable dividends under section 83 230
1			2			

Total of column E (enter amount on line 402 of Schedule 1)

Part 1 – Dividends received in the tax year (continued)

	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	G Eligible dividends included in column F 242	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 for eligible dividends. Dividends (from column G) **multiplied** by 38 1/3%[note 3] 265	K Part IV tax before deductions. Dividends (from column F) **multiplied** by 38 1/3%[note 4] 275
1							

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 Return) 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) 1G

Subtotal (amount 1F **plus** amount 1G) ▶ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) 1J

Subtotal (amount 1I **plus** amount 1J) ▶ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) 1L

1 If taxable dividends are received, enter the amount in column F, 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 J or column K whichever one applies. 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 eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column F.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1)			2A	
Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43)	320			
Subtotal (amount 2A **minus** line 320)			▶	2B
Current-year non-capital loss claimed to reduce Part IV tax	330			
Non-capital losses from previous years claimed to reduce Part IV tax	335			
Current-year farm loss claimed to reduce Part IV tax	340			
Farm losses from previous years claimed to reduce Part IV tax	345			
Total losses applied against Part IV tax (total of lines 330 to 345)			2C	
Amount 2C **multiplied** by 38 1 / 3 %				2D
Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0")	360			

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations note 5 (amount 1F in part 1)	2E
Amount 4A from Schedule 43	2F
Part IV tax payable on taxable dividends received from connected corporations (amount 2E minus amount 2F, if negative enter "0")	2G

(enter at amount L on page 7 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1)	2H
Amount 4C from Schedule 43	2I
Part IV tax payable on eligible dividends received from non-connected corporations (amount 2H minus amount 2I, if negative enter "0")	2J

(enter at amount M on page 7 of the T2 return)

5 The program calculates the amount on line 2E from the amount on line 1F. If only a portion of the dividend refund to the connected payer corporation results in an eligible refundable dividend tax on hand (ERDTOH), enter this amount on line 2E, using an override. However, if the dividend refund to the connected payer corporation does not result in an ERDTOH, the amount on line 2E must be equal to “0.”

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.

	L Name of connected recipient corporation 400	M Business Number 410	N Tax year-end of connected recipient corporation in which the dividends in column O were received YYYYMMDD 420	O Taxable dividends paid to connected corporations 430	P Eligible dividends included in column O 440
1	Oshawa Power and Utilities Corporation	86486 7593 RC0001	2019-12-31	2,500,000	2,500,000
2					
				2,500,000 (Total of column O)	2,500,000 (Total of column P)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		450	
Eligible dividends included in line 450	455		
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column O **plus** line 450)		460	2,500,000
Total eligible dividends paid in the tax year (total of column P **plus** line 455)		465	2,500,000
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		470	

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)	958,333	3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)		3B

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)			2,500,000	
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year		500	2,500,000	
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)		►		4A
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A)			2,500,000	4B

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule if, during the tax year, your 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 are to the Income Tax Regulations.
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ______ Enter the regulation that applies (402 to 413)

A Jurisdiction. Tick yes if your 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 attributable to jurisdiction	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 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 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 your corporation has provincial or territorial tax payable, complete Part 2.
3. If your 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
2,440,620		2,440,620	280,671

	Line	Amount		Amount	
Ontario basic income tax (from Schedule 500)	270	280,671			
Ontario small business deduction (from Schedule 500)	402				
Subtotal (line 270 **minus** line 402)		280,671	▶	280,671	5A
Ontario transitional tax debits (from Schedule 506)	276				
Recapture of Ontario research and development tax credit (from Schedule 508)	277				
Subtotal (line 276 **plus** line 277)			▶		5B
Gross Ontario tax (amount 5A **plus** amount 5B)				280,671	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")				280,671	5E
Ontario research and development tax credit (from Schedule 508)			416	20,570	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")				260,101	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")				260,101	5G
Ontario corporate minimum tax (from Schedule 510)	278				
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal (line 278 **plus** line 280)			▶		5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)				260,101	5I
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	14,077			
Ontario apprenticeship training tax credit (from Schedule 552)	454	14,932			
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				
Ontario refundable tax credits (total of lines 450 to 470)		29,009	▶	29,009	5J
Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) (if a credit, enter amount in brackets) Include this amount on line 255.			290	231,092	

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits . . . 255 231,092

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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 * See note 1 200	Description	2 Undepreciated capital cost (UCC) at the beginning of the year 201	3 Cost of acquisitions during the year (new property must be available for use) See note 2 203	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP) See note 3 225	5 Adjustments and transfers See note 4 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 5 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 6 222	8 Proceeds of dispositions See note 7 207	For tax years ending before November 21, 2018: 50% rule (1/2 of net acquisitions) 211
1.	1		31,464,586						0	
2.	8		1,091,845	343,614	343,614				0	
3.	10		969,297	340,672	340,672				14,400	
4.	10.1	Chevrolet Volt	2,205						N/A	
5.	12		174,725	175,658	175,658				0	
6.	13		144,373						0	
7.	42		13,907						0	
8.	45		174						0	
9.	45		81						0	
10.	47		67,132,994	21,871,449					0	
11.	50		353,792	148,154	148,154				0	
12.	95		13,717,344			-9,412,135			0	
13.	13		25,301						0	
		Totals	115,090,624	22,879,547	1,008,098	-9,412,135			14,400	

	1 Class number * See note 1 200	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 8	10 Proceeds of disposition available to reduce the UCC of AIIP (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for non-AIIP acquired during the year (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	1		31,464,586					4	0	0	1,258,583	30,206,003
2.	8		1,435,459		343,614	171,807		20	0	0	321,453	1,114,006
3.	10		1,295,569	14,400	326,272	163,136		30	0	0	437,612	857,957
4.	10.1	Chevro	2,205					30	N/A	N/A	662	1,543
5.	12		350,383		175,658			100	0	0	350,383	
6.	13		144,373					NA	0	0	41,644	102,729
7.	42		13,907					12	0	0	1,669	12,238
8.	45		174					45	0	0	78	96
9.	45		81					45	0	0	36	45
10.	47		89,004,443				10,935,725	8	0	0	6,245,497	82,758,946
11.	50		501,946		148,154	74,077		55	0	0	316,813	185,133
12.	95		4,305,209					0	0	0		4,305,209
13.	13		25,301					NA	0	0	10,120	15,181
		Totals	128,543,636	14,400	993,698	409,020	10,935,725				8,984,550	119,559,086

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Note 1. If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101. 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 2. 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 of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 3. An accelerated investment incentive property (AIIP) is a property (other than property included in Class 54 or 55) that you acquired after November 20, 2018 and became available for use before 2028. See the T2 Corporation Income Tax Guide for more information. Classes 54 and 55 include property that is a zero-emission vehicle you acquired after March 18, 2019 and became available for use before 2028.

Note 4. Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 9). 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 (show amounts that reduce the undepreciated capital cost in brackets) 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 5.

Note 5. Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 6. Include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d); and
- an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b).

Also include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year.

Note 7. For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

Note 8. If the amount in column 5 reduces the undepreciated capital cost (i.e. it is shown in brackets), you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 9. The relevant factors for AIIP of a class in Schedule II and for property included in classes 54 and 55, available for use before 2024, are:

- 2 1/3 for property in Classes 43.1 and 54;
- 1 1/2 for property in Class 55;
- 1 for property in Classes 43.2 and 53;
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 14 for additional information); and
- 0.5 for all other property that is AIIP.

Note 10. The UCC adjustment for non-AIIP acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 11. 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 17.

Note 12. If the amount in column 9 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 9 in column 15 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1.

Note 13. If no property is left in the class at the end of the tax year and there is still a positive amount in the column 9, you have a terminal loss. If applicable, enter the positive amount from column 9 in column 16. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1;
- property in Class 14.1, unless you have ceased carrying on the business to which it relates; or
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply.

Note 14. 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. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction).
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction).
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction).
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction).
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraph 1100(1)(y.2)(for single mine properties) and 1100(1)(ya.2)(for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive.
- Property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit: 150% of the amount determined by first subtracting the total of the residual value of the timber limit and all amounts you expended for the 1949 or later tax years for surveys, cruises or preparation of prints, maps or plans for the purpose of obtaining a licence or right to cut timber from the capital cost of the limit or right, and then dividing the result by the quantity of timber in the limit or the quantity of timber you have the right to cut.
- Industrial mineral mine or a right to remove industrial minerals from an industrial mineral mine: 150% of the amount determined by first subtracting the residual value, if any, of the mine or right from the capital cost of the mine or right, and then dividing the result by the number of units of commercially mineable material estimated to be in the mine when the mine or right was acquired (alternatively, if you have acquired a right to remove only a specified number of units, that number of units that you acquired a right to remove).

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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.	OSHAWA POWER AND UTILITIES C		86486 7593 RC0001	1					
2.	OSHAWA PUC ENERGY SERVICES II		85749 1336 RC0001	3					
3.	OSHAWA PUC SERVICES INC.		86579 9662 RC0001	3					
4.	2252112 Ontario Inc.		80068 6453 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	12,668,227		132,943		12,801,170
2	Allowance for doubtful accounts	182,572		11,939		194,511
3						
	Reserves from Part 2 of Schedule 13					
	Totals	12,850,799		144,882		12,995,681

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Oshawa Power and Utilities C	100 Simcoe Street South Oshawa ON L1H 7M7			360,588		

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Canada

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	832,403	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	832,403	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	832,403	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 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 must 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, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

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 association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has 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 the agreement applies to . . . . . **050** Year 2019

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** ☐ Yes ☒ No

	1 Name 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	Oshawa PUC Networks Inc.	89172 5210 RC0001	1	500,000	100.0000	500,000
2	OSHAWA POWER AND UTILITIES CORPORATI(	86486 7593 RC0001	1	500,000		
3	OSHAWA PUC ENERGY SERVICES INC.	85749 1336 RC0001	1	500,000		
4	OSHAWA PUC SERVICES INC.	86579 9662 RC0001	1	500,000		
5	2252112 Ontario Inc.	80068 6453 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 (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C 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 lesser of: 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.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or the 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 stated, 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 incurred after March 21, 2017 no longer qualify for the investment tax credit. If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.
- File 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* and read Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see guide 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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 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 an amalgamation or the wind-up of a 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 on line 780 of the T2 return if you do not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		567,158		
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)*		567,158	350	567,158
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	567,158

* 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 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 the taxation year ends before March 19, 2019; otherwise, enter $3,000,000) (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	365	=		F2
Your SR&ED expenditure limit for the year (enter amount D2, E2, or F2, whichever applies)		410		

* For taxation years ending after March 18, 2019, the taxable income is no longer taken into account in the SR&ED expenditure limit calculation. For more information, consult the Help (F1).

**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	567,158			
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** 567,158 x (Number of days in the tax year after 2013 365 / Number of days in the tax year 365) x 15 % =		85,074	d		
Subtotal (amount c **plus** amount d)		85,074	▶	85,074	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 365 / Number of days in the tax year 365) 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) . . . . . ____

Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayment of assistance that reduced a qualifying expenditure for a CCPC***	460		x 35 % =		h
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred before 2015	480		x 20 % =		i
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred after 2014	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)				85,074	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 were a Canadian-controlled private corporation (CCPC), this percentage was applied to the portion that you claimed of the SR&ED qualified expenditure pool that did not exceed your expenditure limit at the time. This percentage includes the rate under subsection 127(10.1), **additions to investment tax credit**. See subsection 127(10.1) for details about exceptions. For expenditures not eligible for this rate use line 480 or 490 as appropriate.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

	Line	Amount		Amount	
ITC at the end of the previous tax year					M2
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		
Credit transferred on an amalgamation or the wind-up of a subsidiary	530				
Total current-year credit (from amount L2 in Part 11)	540	85,074			
Credit allocated from a partnership	550				
Subtotal (total of lines 530 to 550)		85,074	►	85,074	O2
Total credit available (line 520 **plus** amount O2)				85,074	P2
Credit deducted from Part I tax	560	85,074			
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)		85,074	►	85,074	Q2
Credit balance before refund (amount P2 **minus** amount Q2)					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		

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day		Line	Amount	
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 part 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 (amount R2 in Part 12)		Z2
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
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 at amount 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 at amount 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 **760** ______
Enter at amount E3 in Part 17.

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) Enter at amount A8 in Part 29.		F3

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 an amalgamation or the wind-up of a 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 X 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.	Michael Cudmore	Powerline Technician	69,965	6,997	2,000
2.	Jarrett Richard	Powerline Technician	49,486	4,949	2,000

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605	
3.	Derek Barss	Powerline Technician	67,803	6,780	2,000	
4.	Brett Hodgkin	Powerline Technician	11,255	1,126	1,126	
				Total current-year credit (total of column E) Enter on line 640 in Part 22.	7,126	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

	Line			Amount	
ITC at the end of the previous tax year					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		
Credit transferred on an amalgamation or the wind-up of a subsidiary	630				
ITC from repayment of assistance	635				
Total current-year credit (amount A5 in Part 21)	640	7,126			
Credit allocated from a partnership	655				
Subtotal (total of lines 630 to 655)		7,126	▶	7,126	D5
Total credit available (line 625 **plus** amount D5)				7,126	E5
Credit deducted from Part I tax	660	7,126			
Credit carried back to previous years (amount G5 in Part 23)			r		
Subtotal (line 660 **plus** amount r)		7,126	▶	7,126	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		Line	Amount	
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, 2007 and 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** ______

* If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.

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 an amalgamation or the wind-up of a 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	2018-12-31	Credit to be applied	941		
2nd previous tax year	2017-12-31	Credit to be applied	942		
3rd previous tax year	2016-12-31	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 799, 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 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 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)	85,074	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)	7,126	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)	92,200	I8

Enter 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)
7,126	7,126			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2018-12-31				
2017-12-31				
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				
2000-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 7,126

* 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)
85,074	85,074			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2018-12-31				
2017-12-31				
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				
2000-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 85,074

* 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101	12,995,681		
Capital stock (or members' contributions if incorporated without share capital)	103	23,064,000		
Retained earnings	104	29,195,000		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	77,833,000		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		143,087,681	143,087,681	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)			143,087,681	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	2,072,000		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		2,072,000 ►	2,072,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		141,015,681	

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)		141,015,681	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	141,015,681	

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) 141,015,681 x (Taxable income earned in Canada **610** 2,440,620 / Taxable income 2,440,620) = **Taxable capital employed in Canada** **690** 141,015,681

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 affiliate		5,765,000	00
Customer advance payments	+	844,000	00
Current portion of long-term liabilities	+	916,000	00
Note payable to shareholder	+	60,064,000	00
Customer advance deposits	+	2,284,000	00
Regulatory liabilities	+	8,712,000	00
Regulatory assets	+	-752,000	00
	+		
	+		
	Total	77,833,000	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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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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 (business number, social insurance number or trust number).

	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	Oshawa Power and Utilities Corporation	86486 7593 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

On: 2019-12-31

- 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).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, 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	20,369,626
Taxable income for the year (DICs enter "0") *	110	2,440,620		
Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least * 130				
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * 140				
Subtotal (line 130 **plus** line 140) ►				A
Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0")	150	2,440,620		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	1,757,246
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)		►		B
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	►		
Subtotal (**add** lines 100, 190, 290, and amount B)				22,126,872 C
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)		►		D
GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative)			490	22,126,872
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 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	22,126,872

* For lines 110, 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.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

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 2018-12-31

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:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B1

Aggregate investment income (line 440 of the T2 return) . . . . ______ C1

Subtotal (amount B1 **plus** amount C1) ______ ► ______ D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") ______ ► ______ E1

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 . . . . ______ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G1

Aggregate investment income (line 440 of the T2 return) . . . . ______ H1

Subtotal (amount G1 **plus** amount H1) ______ ► ______ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ______ ► ______ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ______ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied** by 0.72) . . . . **500** ______

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

Second previous tax year 2017-12-31

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:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B2

Aggregate investment income (line 440 of the T2 return) . . . . ______ C2

Subtotal (amount B2 **plus** amount C2) ______ ▶ ______ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ______ ▶ ______ E2

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 . . . . ______ F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G2

Aggregate investment income (line 440 of the T2 return) . . . . ______ H2

Subtotal (amount G2 **plus** amount H2) ______ ▶ ______ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ______ ▶ ______ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") ______ K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) . . . . **520** ______

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

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

Third previous tax year 2016-12-31

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:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B3

Aggregate investment income (line 440 of the T2 return) . . . . ______ C3

Subtotal (amount B3 **plus** amount C3) ______ ▶ ______ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") ______ ▶ ______ E3

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 . . . . ______ F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G3

Aggregate investment income (line 440 of the T2 return) . . . . ______ H3

Subtotal (amount G3 **plus** amount H3) ______ ▶ ______ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ______ ▶ ______ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") ______ K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **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") . . . . ______ L3

Enter amount L3 on line 560 in part 1.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

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. 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.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a 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.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.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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

Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3		2,500,000		
Total taxable dividends paid in the tax year	100	2,500,000		
Total eligible dividends paid in the tax year	150		2,500,000	A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160		22,126,872	B
Excessive eligible dividend designation (line 150 **minus** line 160)				C
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	180			D
Subtotal (amount C **minus** amount D)				E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190			F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3				
Total taxable dividends paid in the tax year	200			
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)				G
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	280			H
Subtotal (amount G **minus** amount H)				I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290			J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule if your 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 income tax

Ontario taxable income Note 1	2,440,620	1A
Ontario basic rate of tax for the year	**11.5** %	1B
Ontario basic income tax (amount 1A **multiplied** by amount 1B) Note 2	280,671	1C

Note 1 If your corporation had a permanent establishment only in Ontario, enter the amount from line 360 or amount Z, whichever applies, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Note 2 If your corporation had a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount 1C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if your corporation claimed the federal small business deduction under subsection 125(1).

Line 400 of the T2 return	2,444,620	2A
Line 405 of the T2 return	2,440,620	2B
If your tax year starts before 2019, line 427 of the T2 return		2C

If your tax year starts after 2018

Line 410 of the T2 return	500,000	2D
Line 415 of the T2 return	301,796	2E

$$\text{Amount 2D } 500{,}000 \times \frac{\text{Amount 2E } 301{,}796}{11{,}250} = 13{,}413{,}156 \quad \text{2F}$$

Line 515 of the T2 return		2G
Subtotal (amount 2D **minus** amount 2F **minus** amount 2G)		2H
Amount 2A, 2B, and 2C or 2H, whichever is least		2I

Ontario domestic factor (ODF): $\frac{\text{Taxable income for Ontario Note 3} \quad 2{,}440{,}620.00}{\text{Taxable income for all provinces Note 4} \quad 2{,}440{,}620}$ = 1.00000 2J

Amount 2I **multiplied** by amount 2J		2K
Ontario taxable income (amount 1A)	2,440,620	2L
Ontario small business income (amount 2K or 2L, whichever is least)		2M

Part 2 – Ontario small business deduction (OSBD) (continued)

Ontario small business deduction rate for the year

Number of days in the tax year before January 1, 2018 / Number of days in the tax year	/ 365	x	7 %	=	%	2N.1
Number of days in the tax year after December 31, 2017 and before January 1, 2020 / Number of days in the tax year	365 / 365	x	8 %	=	8.00000 %	2N.2
Number of days in the tax year after December 31, 2019 / Number of days in the tax year	/ 365	x	8.3 %	=	%	2N.3

OSBD rate for the year (rate 2N.1 **plus** rate 2N.2 **plus** rate 2N.3) . . . . 8.00000 % ► 8.00000 % 2N.4

Ontario small business deduction (amount 2M **multiplied** by rate 2N.4) 2N

Enter amount 2N on line 402 of Schedule 5.

Note 3 Enter amount 1A.

Note 4 Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 3 – Ontario adjusted small business income

Complete this part if your 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 (amount 1A or 2I, whichever is least) 3A

Enter amount 3A at amount 4B in Part 4 of this schedule or at amount 2E in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – 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 3C of Schedule 17 . . . . 4A

Ontario adjusted small business income (amount 3A) 4B

Subtotal (amount 4A **minus** amount 4B, if negative, enter "0") 4C

Amount 4C **multiplied** by amount 2N.4 . . . . 4D

Ontario domestic factor (amount 2J) 1.00000 4E

Ontario credit union tax reduction (amount 4D **multiplied** by amount 4E) 4F

Enter amount 4F 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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	587,728	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")		587,728	C			
Eligible expenditures transferred to the corporation by another corporation	110		D			
Subtotal (amount C **plus** amount D)		587,728	▶		587,728	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	587,728	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 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) . . . . 587,728 x 3.5 % = 202 20,570 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 20,570 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				Y
ORDTC expired after 20 tax years		300		Z
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)		305		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)	20,570 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.

Waiver of the current part of the ORDTC	320	DD		
Subtotal (amount CC **minus** amount DD)	20,570 ▶	20,570 EE		
ORDTC available for deduction (total of amounts AA, BB and EE)		20,570 ▶		20,570 FF
ORDTC claimed ** (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)		20,570 GG		
ORDTC carried back to previous tax years (from Part 5)		HH		
Subtotal (amount GG **plus** amount HH)		20,570 ▶		20,570 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 on page 5 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2018-12-31	Credit to be applied	901	
2nd previous tax year	2017-12-31	Credit to be applied	902	
3rd previous tax year	2016-12-31	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		Tax year of origin (earliest tax year first) Year Month Day	Credit available
			2009-12-31	
2000-12-31			2010-12-31	
2001-12-31			2011-12-31	
2002-12-31			2012-12-31	
2003-12-31			2013-12-31	
2004-12-31			2014-12-31	
2005-12-31			2015-12-31	
2006-12-31			2016-12-31	
2007-12-31			2017-12-31	
2008-12-31			2018-12-31	
		Current tax year	2019-12-31	

Total (equals line 325 in Part 4) ____________

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	509,258			
Add				
• payment of prior years' unpaid expenses (other than salary or wages)	+			
• prescribed proxy amount (Enter "0" if you use the traditional method)	+ 131,457			
• expenditures on shared-use equipment			+	
• other additions	+		+	
Subtotal	= 640,715		=	
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	– 52,987			
• 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	= 587,728	I	=	II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			= 587,728	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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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	197,542,000
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	112,243,955
Total assets (total of lines 112 to 116)		309,785,955
Total revenue of the corporation for the tax year **	142	157,889,000
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	10,259,452
Total revenue (total of lines 142 to 146)		168,148,452

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	5,214,000
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	749,000		
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		749,000 ▶		749,000 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	5,963,000

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	5,963,000	
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	5,963,000	

Amount from line 520 5,963,000 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year 365) x 4 % = 1

Amount from line 520 5,963,000 x (Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365) x 2.7 % = 161,001 2

Subtotal (amount 1 **plus** amount 2) 161,001 3

Gross CMT: amount on line 3 above x OAF **	540	161,001	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		161,001	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		260,101	
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)		260,101 1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	161,001 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:		161,001 6		
Subtotal (if negative, enter "0")		99,100 ►	99,100	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		260,101		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		29,009		
Subtotal (if negative, enter "0")		231,092 ►	231,092	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

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

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

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * 700

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

Add:

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

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

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

Subtotal (if negative, enter "0") S

Add:

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

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

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

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

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

Complete this part if:

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

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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	OSHAWA POWER AND UTILITIES CORPORATION	86486 7593 RC0001	87,471,864	2,626,740
2	OSHAWA PUC ENERGY SERVICES INC.	85749 1336 RC0001	14,127,000	5,753,000
3	OSHAWA PUC SERVICES INC.	86579 9662 RC0001	8,627,537	1,358,992
4	2252112 Ontario Inc.	80068 6453 RC0001	2,017,554	520,720
		Total	450 112,243,955	550 10,259,452

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

* **Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

** **Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511 Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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): Oshawa PUC 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	2000-10-18	1419333

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
100	SIMCOE STREET SOUTH	

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
OSHAWA	ON	CA	L1H 7M7

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 SAVAGE (Last name) **451** DAVID (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 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number including area code
DAVID SAVAGE	(905) 743-5219

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** 8,524,934

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.	Ontario Tech University	Electrical Engineering
2.	Ontario Tech University	Electrical Engineering
3.	Conestoga College	Powerline Technician
4.	Ontario Tech University	Electrical Engineering
5.	Ontario Tech University	Electrical Engineering
6.		

	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.	Lavel Chase	2019-09-03	2019-12-31
2.	Muhammad Zuhaib Khan	2019-09-03	2019-12-31
3.	Joseph Bellefeuille	2019-05-01	2019-08-30
4.	Eric Allan	2019-01-01	2019-08-30
5.	Andreas Yiannacou	2019-01-01	2019-08-30
6.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	20,404	25.000 %		16
2.		10.000 %	9,443	25.000 %		16
3.		10.000 %	10,863	25.000 %		17
4.		10.000 %	22,395	25.000 %		34
5.		10.000 %	21,773	25.000 %		34
6.		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.	5,101	3,000	3,000		3,000
2.	2,361	3,000	2,361		2,361
3.	2,716	3,000	2,716		2,716
4.	5,599	3,000	3,000		3,000
5.	5,443	3,000	3,000		3,000
6.					

Ontario co-operative education tax credit (total of amounts in column K) 500 14,077 **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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number
DAVID SAVAGE	(905) 743-5219

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** 8,524,934

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	Michael Cudmore
2.	434a	Powerline Technician	Jarrett Richard
3.	309a	Electrician-Construction and Maintenance	Derek Barss
4.	434a	Powerline Technician	Brett Hodgkin
5.			

	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.	SYS085713	2018-09-04	2019-01-01	2019-12-31
2.	SYS112497	2019-05-06	2019-05-06	2019-12-31
3.	N/A	2018-10-31	2019-01-01	2019-12-31
4.	SYS130378	2019-09-03	2019-09-03	2019-12-31
5.				

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.		365	5,000
2.		240	3,288
3.		365	5,000
4.		120	1,644
5.			

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 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.		69,965	17,491
2.		49,486	12,372
3.		67,803	16,951
4.		11,255	2,814
5.			

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.	5,000		5,000
2.	3,288		3,288
3.	5,000		5,000
4.	1,644		1,644
5.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 14,932 O

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ______ x percentage on line 170 in Part 1 ______ % = ... ______ P

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

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

See the privacy notice on your return.

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Oshawa PUC Networks Inc.

Taxation Year . . . . 2019-01-01 to 2019-12-31

Jurisdiction . . . . Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
				X											

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . . 4

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . . -984,736

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		2,444,620
Taxable income		2,440,620
Donations		4,000
Calculation of income from an active business carried on in Canada		2,444,620
Dividends paid		2,500,000
Dividends paid – Regular		
Dividends paid – Eligible	2,500,000	
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		20,369,626
Balance of the general rate income pool at the end of the year		22,126,872
Part I tax (base amount)		927,436

Credits against part I tax		**Summary of tax**		**Refunds/credits**	
Small business deduction		Part I	273,893	ITC refund	
M&P deduction		Part IV		Dividends refund:	
Foreign tax credit		Part III.1		– Eligible dividends	
Investment tax credits	92,200	Other*		– Non-eligible dividends	
Abatement/Other*	561,343	Provincial or territorial tax	231,092	Instalments	1,489,721
				Other*	
				Balance due/refund (–)	-984,736

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances

Financial statement reserve 12,995,681

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	2,444,620		
Taxable income	2,440,620		
% Allocation	100.00		
Attributed taxable income	2,440,620		
Tax payable before deduction*	280,671		
Deductions and credits	20,570		
Net tax payable	260,101		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	260,101		
Instalments and refundable credits	29,009		
Balance due/Refund (-)	231,092		
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Oshawa PUC Networks Inc.	128,840,799	128,840,799	141,015,681	141,015,681
OSHAWA POWER AND UTILITIES CORPORATION	3,670,584	3,670,584	3,237,356	3,237,356
OSHAWA PUC ENERGY SERVICES INC.	7,431,304	7,431,304	7,775,000	7,775,000
OSHAWA PUC SERVICES INC.	2,066,612	2,066,612	2,358,357	2,358,357
2252112 Ontario Inc.	2,122,134	2,122,134	1,944,607	1,944,607
Total	144,131,433	144,131,433	156,331,001	156,331,001

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Form CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Oshawa PUC Networks Inc.	
OSHAWA POWER AND UTILITIES CORPORATION	
OSHAWA PUC ENERGY SERVICES INC.	
OSHAWA PUC SERVICES INC.	
2252112 Ontario Inc.	
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto ON M5H 2S5
Canada
Telephone (416) 777-8500
Fax (416) 777-8818

PRIVATE AND CONFIDENTIAL

DAVID SAVAGE
AUTHORIZED SIGNING OFFICER
Oshawa PUC Networks Inc.
100 Simcoe Street South
Oshawa ON L1H 7M7

June 29, 2020

Dear DAVID:

CORPORATE INCOME TAX RETURNS

We have prepared and enclose the corporate income tax return(s) (the "Returns") of Oshawa PUC Networks Inc. (the Company) for the period ended December 31, 2019 and the related Corporate Income Tax Filing Instructions (the "Filing Instructions").

We have prepared these Returns based on our understanding of and reliance upon the facts, data, materials, assumptions and other information (collectively, the Information) provided to us by the Company and/or its representatives, and we have not independently investigated or verified the accuracy or completeness of such Information. We accept no responsibility or liability for any errors attributable to our reliance upon inaccurate or incomplete Information. We recommend that you carefully review the Returns in their entirety to ensure that all of the relevant Information is correctly and completely disclosed.

Please review the enclosed Filing Instructions. When you are satisfied that the Returns are in order they must be filed (electronically or in paper format) with the respective taxing authorities by the due date (as set out in the Filing Instructions) if late filing penalties are to be avoided or minimized, or if losses are carried back to a prior taxation year.

CRA has extended the deadline for businesses to pay any income tax amounts that become owing or due after March 18, 2020 and before September 1, 2020 to September 1, 2020. Businesses will not be assessed any penalties or interest if the balance due is paid by September 1, 2020.

KEY TAX ATTRIBUTES SUMMARY

We are pleased to provide you with select key tax information on the *Corporate Tax Return - Key Tax Attributes Summary*. This document lists key amounts and carryforward balances from the Returns and may assist in identifying future potential tax planning opportunities.

FOREIGN PROPERTY

The information return, which reports the Company's specified foreign property, is Form T1135 - *Foreign Income Verification Statement*. Form T1135 should be completed if at any time during 2019 the total cost of all specified foreign property the Company owned or held a beneficial interest in was more than Cdn$100,000.

According to the information you have provided to us, the Company did not hold specified foreign property at any time in 2019 with a total cost of more than Cdn$100,000. As such, we have **not** marked an X in box 259 on page 3 of your return and **we have not completed the Form T1135**. If the information on specified foreign property is incorrect, please let us know immediately.

The Form T1135 is due by **September 1, 2020**. The implications of late filing and/or failure to properly report specified foreign property on the Form T1135 and failure to report income from a specified foreign property on your income tax return are substantial. They include significant penalties and an increase to the normal reassessment period by an additional 3 years. Further, the reassessment period extension would impact otherwise statute-barred tax years and would impact the entire income tax return, not just the foreign income and reporting sections.

SUMMARY OF SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT ("SR&ED") CLAIM

We have prepared the SR&ED claim based on our understanding of the information provided to us by the Company and we recommend that you review the claim to ensure that all of the relevant facts are properly disclosed.

The nature of our service is to assist the Company in filing claims for SR&ED investment tax credits. We cannot guarantee CRA will accept the Companys research and development activities as qualifying SR&ED activities or that CRA will approve all the Companys research and development expenditures as qualifying SR&ED expenditures. However, the SR&ED claim was prepared based on our professional judgment that the identified activities constitute qualifying SR&ED and all of the appropriate expenditures relating to those activities have been identified. Much of the success of the submission will depend on the integrity and validity of the data collected.

To mitigate the risk of penalties, Part 9 (Claim preparer information) of Form T661 *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* must be fully completed (except where the Company has chosen to separately file under CRAs administrative measure). If any of the prescribed claim preparer information is missing, incomplete, or inaccurate, a penalty of $1,000 may be assessed and the processing of your SR&ED claim may be delayed.

CRS AND FATCA REPORTING REQUIREMENTS

Certain Canadian entities are required to report to the Canada Revenue Agency annually on any account holders determined to be Specified US persons under *Part XVIII - Enhanced International Information Reporting* of the Canadian *Income Tax Act* (the Canadian implementation of the US *Foreign Account Tax Compliance Act*, commonly referred to as FATCA).

Certain Canadian entities are also required to report to the Canada Revenue Agency annually on any account holders determined to be tax residents of countries other than Canada or the United States under *Part XIX - Common Reporting Standard* of the Canadian *Income Tax Act* (commonly referred to as the CRS).

The CRA has extended the deadline for filing information returns under Part XVIII and Part XIX of the Income Tax Act, to September 1, 2020. In addition, for accounts opened before January 1, 2021, no penalties will be applied for failure to obtain a self-certification under the FATCA and CRS rules.

Please contact us if you have any questions about responding to a request from a financial institution to certify your FATCA or CRS status, or determining whether you are subject to the due diligence and reporting requirements under the CRS or FATCA.

PROPOSED TAX CHANGES

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

INSTALMENTS

Our calculations indicate that no instalments are required for the December 31, 2020 taxation year.

NOTICES OF ASSESSMENT

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

If you have any questions concerning these Returns, or if we may be of any further assistance, please feel free to contact the undersigned.

Yours truly,

KPMG LLP

Enclosures

Oshawa PUC Networks Inc.

Corporate Tax Return - Key Tax Attributes Summary

2019 Taxation Year

The following is a summary of a few select Key Tax Attributes for the income tax returns of Oshawa PUC Networks Inc. for the period ended December 31, 2019.

Description	Current year 2019	Prior year 2018
Net income for accounting purposes (Sch 140, line 9999)	$5,214,000	$5,167,000
Net income for tax purposes (T2, line 300)	$2,428,651	$3,716,880
Taxable income (T2, line Z)	$NIL	$NIL
Total SR&ED Expenditures (T661, line 511)	$640,715	
Total Qualified SR&ED Expenditures for Federal ITC purposes (T661, line 570)	$587,728	
Federal and Provincial Taxes		
Part I (T2, line 700)	$NIL	$NIL
Ontario taxes (T2, line 760)	$NIL	$NIL
Carryforward Closing Balances		
Investment Tax Credit: SR&ED (Sch 31, line 620)	$88,159	$NIL
Undepreciated Capital Cost (Sch 8, line 220)	$119,559,086	$115,090,624
General Rate Income Pool (Sch 53, line 590)	$20,369,626	$20,369,626

Scientific Research & Experimental Development (SR&ED)

Description	Current year 2019
Investment Tax Credit Attributes	
Federal Investment Tax Credit (Sch 31, line 540)	$88,159
Federal and Provincial SR&ED Carryforward Balances	
Federal Investment Tax Credit (Sch 31, line 620)	$88,159

Pursuing any potential opportunities that may be identified through a review of the Key Tax Attributes Summary is outside the scope of any existing engagement letter with KPMG. Should you wish to pursue any potential opportunities we would be pleased to meet with you to discuss your needs and then provide you with a new tax advisory engagement letter detailing the scope of services and fees agreed upon in further pursuing such potential opportunities. KPMG will take no further action with respect to any potential opportunities, except as specifically engaged to do so by you pursuant to a tax advisory engagement letter.

All of the amounts included on this schedule are based on what the Company has reported in its current income tax return. Before any planning is undertaken certain amounts will need to be confirmed with the relevant tax authorities.

Oshawa PUC Networks Inc.

Corporate Income Tax Filing Instructions

2019 Taxation Year

We enclose the following income tax returns of Oshawa PUC Networks Inc. (the Company) for the period ended December 31, 2019:

- ☑ T183CORP - *Information Return for Corporations Filing Electronically* (Federal)
- ☑ Form *Authorization request - signature page* (to authorize KPMG access to your CRA account information) (Federal)
- ☑ One copy of the federal, any applicable provincial return(s) and Form *T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim (Federal)* for your files. For filing purposes, Form T661 information will be electronically transmitted to the Canada Revenue Agency along with the other corporate tax information.

We have prepared these returns based on our understanding of and reliance upon the facts, data, materials, assumptions and other information (collectively, the Information) provided to us by the Company and/or its representatives, and we have not independently investigated or verified the accuracy or completeness of such Information. We accept no responsibility or liability for any errors attributable to our reliance upon inaccurate or incomplete Information. We recommend that you carefully review the returns in their entirety to ensure that all of the relevant Information is correctly and completely disclosed.

When you are satisfied that the returns are in order, one copy of each return should be retained for your records (the Client Copy) and the remaining copies should be completed by an authorized signing officer of the Company and filed as described below.

We suggest that any paper filed returns be sent by you by registered mail and that the receipt be kept on file in order to have evidence of the date of filing.

T2 - CORPORATION INCOME TAX RETURN (FEDERAL)

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

Signature

- T183CORP - *Information Return for Corporations Filing Electronically*, should be completed and signed.

- Form *Authorization request - signature page* (to authorize KPMG access to your CRA account information), should be completed and signed.

Mailing

Form T183CORP - *Information Return for Corporations Filing Electronically* to be returned to KPMG by email, or by fax at (416) 777-8818, as soon as possible, in order to have the return filed on or before the due date of September 1, 2020. Alternatively, you can return the authorization form to us in the self-addressed envelope. **We will not electronically file the return until we receive a copy of the signed T183CORP**. The Form T183CORP must not be sent to the CRA.

Form *Authorization request - signature page* to be returned to KPMG by email, or by fax at (416) 777-8818, as soon as possible. Alternatively, you can return the Authorization request to us in the self-addressed envelope. **We will not electronically file the Authorization request until we receive a copy of the signed Authorization request**. This form must not be sent to the CRA.

Payment

No amount is payable for the **2019** taxation year.

Authorization request – signature page

1. Print this page and have it signed and dated by **the** authorized person of the business.

2. Retain a copy of the signed and dated authorization request in your files for six years from the date that this information is transmitted to the CRA. Do not send us the authorization request by mail or fax unless requested to do so.

Representative ID **OR** Group ID **OR** Firm BN:	BN: 122363153
Representative name :	
Representative phone number:	1 (416)777-8500 Extension:
Business number:	891725210
Business name:	Oshawa PUC Networks Inc.
Level of authorization:	View only (**level 1**) authorization applied to **all** program accounts and **all** fiscal years.
Expiry date:	
List of authorization(s):	
Certified:	DAVID SAVAGE

Certification

By signing and dating this page, you authorize the Canada Revenue Agency to interact with the representative mentioned above.

First name:	DAVID	Last name:	SAVAGE
Signature:		Date signed:	2020-06-29
Telephone number:	(905) 743-5219	Extension:	

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: Oshawa PUC Networks Inc.

Enter one of the following:

Business number (BN): 89172 5210 RC0001

Social insurance number (SIN):

Tax year
From: 2019-01-01 (Year Month Day)
To: 2019-12-31 (Year Month Day)

050 Total number of projects you are claiming this tax year: 1

100 Contact person for the financial information: DAVID SAVAGE	**105** Telephone number/extension: (905) 743-5219	**110** Fax number
115 Contact person for the technical information: MATHIAS NG	**120** Telephone number/extension: (905) 723-4626	**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)

	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	+	244,321
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	244,321
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	+	264,937
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	=	509,258
• 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	=	509,258

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

	Line		Amount
Amount from line 400	420		509,258
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	
• 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	–	46,320
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	462,938
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	=	462,938
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	462,938
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	509,258	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 +	131,457		
• 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 =	640,715	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –		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 –	52,987		
• 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 =	587,728	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	587,728
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 =	587,728

* 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	+	244,321
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	5,309
Subtotal (line 810 minus 812)	814	=	239,012

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 = 239,012

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 = 131,457

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. 19-01 Electrical Grid Intelligence	244,321		264,937
Total	244,321		264,937

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 244,321

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	2
Technologists and technicians	634	1
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 RC0001	1	20.00		21,129
				Total	21,129

*** 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, DAVID SAVAGE, 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 2020-06-29
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 DAVID SAVAGE
Name of authorized signing officer of the corporation, or individual

Signature

170 2020-06-29
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)

19-01 Electrical Grid Intelligence

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)	
2019-01 (Year Month)	2020-06 (Year Month)	2.02.09	Software engineering and technology

Project claim history

208 1 ☐ 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 ☒ 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 was to develop the technological knowledge to automate various engineering, monitoring, and control aspects to develop an intelligent or smart electrical grid. The state of the technology of electrical assets deployed on the grid is considered to be relatively standalone with limited intelligence. There have been recent advancements made to make some of these assets intelligent with the ability to be interconnected. There are also some products on the markets which can be integrated for additional monitoring and control; however, all these available technologies are still limited. In the example of fault indicator devices, they are not intelligent enough to pin point where the fault on a feeder line may be. Similarly voltage and power factor compensation devices are standalone limited to a customer's transformer and do not communicate with other assets on the utility to optimize compensation on the line.

We hypothesized developing the intelligence for our utility grid using both hardware and software approaches. From the hardware perspective, we will attempt to extend or enhance the limited automation and control ability of the aforementioned devices by connecting them using either cellular or radio networks, so that we can collect their data in real time. Then, using software, we will develop the various analysis algorithms to monitor and process this data in real-time to provide for more reliable, optimized, and efficient operational management of our utility grid.

We decided to use an off the shelf product for our data warehousing called PI. We would use PI to collect data from all our IT subsystems that are connected to the various assets deployed on the grid. A significant uncertainty was whether we could build the intelligent monitoring and analysis algorithms in PI connecting and pulling data from all the different sub systems. These subsystems were designed for specific functions. For example the Outage Management System (OMS) was developed to detect and alert if an outage occurred at the meter level, and the SCADA was developed to monitor and control the primary grid assets such as substation transformer, breakers, etc. We needed to centralize the data from all these systems in one location, PI, to perform the analysis. We were uncertain whether we could reliably collect and store all the historical data from the disparate grid components. Furthermore, it was not known whether the data points that

242 What scientific or technological uncertainties did you attempt to overcome? (*Maximum 50 lines*)

were available would enable us to develop the intelligence to truly develop a smart grid that can safely and reliably recover from faults, or send intelligent alerts to enable field crews to quickly resolve grid faults and rapidly restore 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*)

We began by iteratively developing the link between PI and Customer Information System (CIS) to pull in electrical meter data. We then designed and developed the grid connectivity model to represent the relationship between the electrical meter, the transformer, and the feeder right back to the breaker in the transformer station.

Next, we began the integration with our SCADA, so we are able to get feeder data such as amps, volts, kWh, kVA, reactive power (KVAR), etc., for each feeder into the PI system. This was done to build the historical record of the required electrical assets for trending and anomaly detection. Once, we had developed the connectivity model and started populating PI with data, we began developing automatic alerts based upon set thresholds. The PI system would automatically send out an email signal on transformer overload.

We also developed the methods to perform standardized calculation for the transformer asset life, based on the amps, volts, manufacturer's data, weather conditions, etc. This required us to build the APIs needed to get in twenty weather related attributes into PI.

Finally, we began developing the intelligence to locate faults on the feeder line by extracting Fault Indicator data. We iteratively developed the analysis algorithm in PI to trigger execution when the real-time status of the fault indicator devices signaled a trip, and then calculated the location of the fault by following the path of the line and data from other devices along the path to calculate the location.

An issue we encountered in the design of our connectivity model was that our analysis algorithms computed erroneous results when the physical electric meter was replaced. Upon investigation, we determined that the PI system lost visibility to all the historical information at the transformer level.

We systematically investigated and modified our connectivity model to create an additional layer, with the Service Delivery Point (SDP) object, between the transformer and the meters. We developed an external API to connect to PI using java script to automate the rerouting of our 60,000+ electrical meter nodes in PI. This was accomplished by first extracting all the SDP numbers in GIS sub-system into PI, and then rerouting the meter object in the connectivity model from the root location at the transformer level now to the SDP object level. Next, all the historical meter data was pulled into the SDP object. During testing, we confirmed that when the physical meter was now replaced, all its historical information was retained in the SDP.

Also during development, we started encountering performance issues with PI. We had upwards of 550K analysis running in PI each day. To address, we systematically investigated re-architecting the PI system to minimize our data point tags, by converting them to attributes types. This resulted in the PI system minimizing the historical retention of certain data points and only capturing the current value. While this resulted in some performance improvements, we additionally developed methods to perform the analysis external to PI. APIs were developed for external calculators to pull data from PI, perform the analysis and then relay the results back into PI for additional processing.

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*)

During this fiscal period we made some significant advancements towards our goal of developing an intelligent grid. We achieved some significant data architecture learning for the PI system when working with large volumes of

data points where there is a high requirement for retention of historical data for analysis purposes. These learning have allowed us to address the performance limitations of PI and develop our analysis algorithms to execute efficiently.
We have made significant advancements in our ability to determine transformer loading, and transformer asset life analysis. For asset life calculation, we gained learning by using not only equipment metrics, but also input upwards of twenty weather and environment related data points to improve our predictions.
Also, we have developed reliable and automated methods to intelligently predict an overhead line fault along long branched feeder lines. This was a significant improvement over the traditional method requiring manual analysis. Our solution now automatically sends out alerts with accurate location information to the Fault Indicator immediately preceding actual fault location. This significantly improved the efficiency of our field crews and our recovery times from overhead line faults.

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	Roger Ersil	Manager of Operational Technology | 30 + yrs exp
2	Mathias Ng	Senior Protection & Control Engineer | 10+ yrs exp
3	Eric Andres	Asset Manager | Project Lead | 10+ yrs exp

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	SEL Schweitzer Laboratories Inc.	86376 0286 RT0001
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 [X] 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 [ ] Project records, laboratory notebooks	279	1 [ ] Samples, prototypes, scrap or other artefacts
274	1 [X] 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
Oshawa PUC Networks Inc.	89172 5210 RC0001

Tax year	From (Y M D)	To (Y M D)	Is this an amended return?
	2019-01-01	2019-12-31	☐ 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)	2,428,651
Part I tax payable (line 700)	
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

@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, SAVAGE (Last name) DAVID (First name) AUTHORIZED SIGNING 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
2020-06-29		(905) 743-5219

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Name of person or firm	Electronic filer number
KPMG LLP	

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.

200

Canada Revenue Agency / Agence du revenu du Canada

EXEMPT FROM TAX

T2 Corporation Income Tax Return

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

All legislative references on this return are to the federal Income Tax Act 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. You have to file the return within six months after the end of the corporation's tax year.

For more information see **canada.ca/taxes** or Guide T4012, T2 Corporation – Income Tax Guide.

055 **Do not use this area**

Identification

Business number (BN) 001 89172 5210 RC0001

Corporation's name
002 Oshawa PUC Networks Inc.

Address of head office
Has this address changed since the last time we notified? 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 100 Simcoe Street South
012
City 015 Oshawa | Province, territory, or state 016 ON
Country (other than Canada) 017 | Postal or ZIP code 018 L1H 7M7

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? 020 Yes [ ] 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 Yes [ ] No [X]
If **yes**, complete lines 031 to 038.
031
032
City 035 | Province, territory, or state 036
Country (other than Canada) 037 | Postal or ZIP code 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 2019-01-01
Tax year-end 061 Year Month Day 2019-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? 063 Yes [ ] 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 Yes [ ] No [X]

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

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

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

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

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

Is the corporation a resident of Canada? 080 Yes [X] 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 Yes [ ] 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) (for tax years starting before 2019)
- [X] 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		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 CAN$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 web pages 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		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC 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), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	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 a provincial credit union tax reduction?	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 tax for the tobacco manufacturers' surcharge?	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?	253		T1131
Is the corporation claiming a film or video production services tax credit?	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

		Yes	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? 418990 All other merchant wholesalers

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	Utility Distribution	285	100.000 %
286		287	%
288		289	%

		Yes	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 Yes ☐ No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI			300	2,428,651 A
Deduct:				
Charitable donations from Schedule 2	311	4,000		
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine made before March 22, 2017, 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			
Employer deduction for non-qualified securities under an employee stock options agreement		a		
Subtotal		4,000 ▶		4,000 B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				2,424,651 C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355	D
Taxable income (amount C **plus** amount D)			360	2,424,651
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)			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.

Small business deduction

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

Income eligible for the small business deduction from Schedule 7	400	2,428,651	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	500,000	C

Notes:

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

Business limit reduction

Taxable capital business limit reduction

Amount C 500,000 x 415 *** 301,796 D / 11,250 = 13,413,156 E

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** 417 ______ – 50,000 = ______ F

Amount C 500,000 / 100,000 x Amount F ______ = ______ G

Subtotal (the greater of amount E and amount G)	422	13,413,156	H
Reduced business limit for tax years starting before 2019 (amount C **minus** amount E) (if negative, enter "0")	425		I
Reduced business limit for tax years starting after 2018 (amount C **minus** amount H) (if negative, enter "0")	426		J
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5)			K
Reduced business limit after assignment for tax years starting before 2019 (amount I **minus** amount K)	427		L
Reduced business limit after assignment for tax years starting after 2018 (amount J **minus** amount K)	428		M

Small business deduction

Tax years starting before 2019

Amount A, B, C, or L, whichever is the least ______ x Number of days in the tax year before January 1, 2018 ______ / Number of days in the tax year 365 x 17.5 % = ______ 1

Amount A, B, C, or L, whichever is the least ______ x Number of days in the tax year after December 31, 2017, and before January 1, 2019 ______ / Number of days in the tax year 365 x 18 % = ______ 2

Amount A, B, C, or L, whichever is the least ______ x Number of days in the tax year after December 31, 2018 365 / Number of days in the tax year 365 x 19 % = ______ 3

Tax years starting after 2018

Amount A, B, C, or M, whichever is the least ______ x 19 % = ______ 4

Small business deduction (total of amounts 1 to 4) 430 ______ N

Enter amount N at amount J on page 8.

* 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.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations. Each corporation with such income has to file a Schedule 7, which includes a line 744 and a line 745. For the first tax year starting after 2018, use the total of lines 744. Otherwise, use the total of lines 745 of the preceding tax year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

	O1 Name of corporation receiving the income and assigned amount	O Business number of the corporation receiving the assigned amount 490	P Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column O [3] 500	Q Business limit assigned to corporation identified in column O [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 P 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 (426 for tax years starting after 2018).

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 9B and 9H from Part 9 of Schedule 27			B	
Amount 13K from Part 13 of Schedule 27			C	
Personal services business income	432		D	
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least			E	
Aggregate investment income from line 440 on page 6*			F	
Subtotal (**add** amounts B to F)			►	G
Amount A **minus** amount G (if negative, enter "0")				H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %				I

Enter amount I 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)				J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27			K	
Amount 13K from Part 13 of Schedule 27			L	
Personal services business income	434		M	
Subtotal (**add** amounts K to M)			►	N
Amount J **minus** amount N (if negative, enter "0")				O
General tax reduction – Amount O **multiplied** by 13 %				P

Enter amount P 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**	x 30 2/3 % =		A
Foreign non-business income tax credit from line 632 on page 8				B
Foreign investment income from Schedule 7	**445**	x 8 % =		C
Subtotal (amount B **minus** amount C) (if negative, enter "0")				D
Amount A **minus** amount D (if negative, enter "0")				E
Taxable income from line 360 on page 3			2,424,651	F
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least				G
Foreign non-business income tax credit from line 632 on page 8		x 75 / 29 =		H
Foreign business income tax credit from line 636 on page 8		x 4 =		I
Subtotal (**add** amounts G to I)				J
Subtotal (amount F **minus** amount J) (if negative, enter "0")	2,424,651	K x 30 2/3 % =	743,560	L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)				M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least	**450**			N

Refundable dividend tax on hand (for tax years starting before 2019)

Refundable dividend tax on hand at the end of the previous tax year	**460**			
Dividend refund for the previous tax year	**465**			
Subtotal (line 460 **minus** line 465)				O
Refundable portion of Part I tax from line 450 above				P
Total Part IV tax payable from Schedule 3				Q
Net refundable dividend tax on hand transferred on an amalgamation or the wind-up of a subsidiary	**480**			
Subtotal (amount P **plus** amount Q **plus** line 480)				R
Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R	**485**			

Dividend refund (for tax years starting before 2019)

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	x 38 1/3 % =		S
Refundable dividend tax on hand at the end of the tax year from line 485 above			T
Dividend refund – Amount S or T, whichever is less			U

Enter amount U on line 784 on page 9.

Refundable dividend tax on hand (for tax years starting after 2018)

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year	460			
Dividend refund for the previous tax year	465			
Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary	480			
Subtotal (line 460 **minus** line 465 **plus** line 480)				A
General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53)			20,369,626	B
Total eligible dividends paid in the previous tax year (from line 300 of schedule 53)		C		
Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53)		D		
Subtotal (amount C **minus** amount D) (if negative, enter "0")		►		E
Net GRIP at the end of the previous tax year (amount B **minus** amount E) (if negative, enter "0")	20,369,626	F		
GRIP transferred on an amalgamation or the wind-up of a subsidiary (total of lines 230 and 240 of schedule 53)		G		
Subtotal (amount F **plus** amount G)	20,369,626	►	20,369,626	H
Amount H **multiplied** by 38 1 / 3 %			7,808,357	I
Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 ______ of the preceding tax year)	520			J
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A **minus** amount I, otherwise, use line 545 ______ of the preceding tax year) (if negative, enter "0")	535			K
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)		L		
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)		M		
Subtotal (amount L **plus** amount M)		►		N
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	525			O
ERDTOH dividend refund for the previous tax year	570			P
Refundable portion of Part I tax (from line 450 on page 6)				Q
Part IV tax before deductions (amount 2A from Schedule 3)		R		
Part IV tax allocated to ERDTOH (amount N)		S		
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)		T		
Subtotal (amount R **minus** total of amounts S and T)		►		U
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary	540			V
NERDTOH dividend refund for the previous tax year	575			W
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)				X
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount U **minus** amount X) (if negative enter "0")				Y
NERDTOH at the end of the tax year* (total of amounts K, Q, V, and Y **minus** amount W) (if negative, enter "0")	545			
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount N **minus** the amount, if any, by which amount X exceeds amount U) (if negative, enter "0")				Z
ERDTOH at the end of the tax year* (total of amounts J, O, and Z **minus** amount P) (if negative, enter "0")	530			

* For more information, consult the Help (F1).

Dividend refund (for tax years starting after 2018)

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)	958,333	AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)		DD
NERDTOH balance at the end of the tax year (line 545)		EE
Non-eligible dividend refund (amount DD or EE, whichever is less)		FF
Amount DD **minus** amount EE (if negative, enter "0")		GG
Amount BB **minus** amount CC (if negative, enter "0")		HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)		II
Dividend refund* – Amount CC **plus** amount FF **plus** amount II		JJ

Enter amount JJ on line 784 on page 9.

* For more information, consult the Help (F1).

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 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	2,424,651 E		
Deduct:			
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least	F		
Net amount (amount E **minus** amount F)	2,424,651 ►	2,424,651	G

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G	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			
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 I on page 5	638		
General tax reduction from amount P 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 (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities such as administering tax and benefits, audit, compliance, and collection. Personal information may be shared for purposes of other federal acts that provide for the imposition and collection of a tax or duty. Personal information may also be shared with other federal, provincial, territorial or foreign 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, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 047 at **canada.ca/cra-info-source**.

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	
Part II surcharge payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta) 760

Total tax payable 770 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount U on page 6 or JJ 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 (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
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

Balance (amount A **minus** amount B)

Refund code 894 Refund

If the result is negative, you have a **refund**.
If the result is positive, you have a **balance owing**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of $2 or less.

Balance owing

For information on how to make your payment, go to **canada.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 Yes ☐ 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 SAVAGE (Last name) 951 DAVID (First name) 954 AUTHORIZED SIGNING 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 2020-06-29 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 956 (905) 743-5219 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 Yes ☒ 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	28,327,000	29,342,000
	Total tangible capital assets	2008	+	165,732,000	153,046,000
	Total accumulated amortization of tangible capital assets	2009	–		
	Total intangible capital assets	2178	+	2,954,000	2,988,000
	Total accumulated amortization of intangible capital assets	2179	–	2,363,000	2,243,000
	Total long-term assets	2589	+	2,892,000	10,685,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	197,542,000	193,818,000
	Liabilities				
	Total current liabilities	3139	+	22,296,000	29,886,000
	Total long-term liabilities	3450	+	122,987,000	114,387,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	145,283,000	144,273,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	52,259,000	49,545,000
	Total liabilities and shareholder equity	3640	=	197,542,000	193,818,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	29,195,000	26,481,000

* 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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	+	129,434,000	119,918,000
	Cost of sales	8518	–	126,234,000	121,842,000
	Gross profit/loss	8519	=	3,200,000	-1,924,000
	Cost of sales	8518	+	126,234,000	121,842,000
	Total operating expenses	9367	+	25,692,000	19,321,000
	Total expenses (mandatory field)	9368	=	151,926,000	141,163,000
	Total revenue (mandatory field)	8299	+	157,889,000	147,146,000
	Total expenses (mandatory field)	9368	–	151,926,000	141,163,000
	Net non-farming income	9369	=	5,963,000	5,983,000
	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	=	5,963,000	5,983,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	749,000	816,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	5,214,000	5,167,000

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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** Yes [X] No [ ]

Is the accountant connected* with the corporation? . . . **097** Yes [ ] 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** Yes [ ] 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 [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** Yes [X] No [ ]

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

Are subsequent events mentioned in the notes? . . . **104** Yes [X] No [ ]

Is re-evaluation of asset information mentioned in the notes? . . . **105** Yes [ ] No [X]

Is contingent liability information mentioned in the notes? . . . **106** Yes [X] No [ ]

Is information regarding commitments mentioned in the notes? . . . **107** Yes [X] No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . **108** Yes [ ] 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** Yes [ ] 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** Yes [ ] No [X]

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

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

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

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

General Index of Financial Information

Notes to the financial statements

1. INCORPORATION

Oshawa PUC Networks Inc. [the "Corporation"] was incorporated under the Business Corporations Act (Ontario) on October 18, 2000. The incorporation was required in accordance with the provincial government's Electricity Act, 1998. The Corporation is a local distribution company ["LDC"] that provides electricity distribution services to businesses and residences in the service area of Oshawa, Ontario.

The Corporation is a wholly owned subsidiary of Oshawa Power and Utilities Corporation, which is wholly owned by the Corporation of the City of Oshawa [the "City"].

The Corporation has evaluated the events and transactions after the balance sheet date through to April 30, 2020, when the Corporation's Board of Directors approved and authorized the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

A) Changes in accounting policies

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, Leases ["IFRS 16"], which replaces IAS 17, Leases ["IAS 17"]. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 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. Under the new standard, a lessee recognizes a right of use asset and a lease liability. The right of use asset is subsequently depreciated, similar to other non- financial assets and the liability accrues interest. The lease liability is initially measured as the present value of the lease payments over the lease term, discounted at the rate implicit in the lease. The Corporation applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated and continues to be presented under IAS 17. The impact of changes is disclosed in notes 2 (B) and 14.

B) Significant accounting policies

The significant accounting policies used in the preparation of these financial statements have been applied consistently to all periods presented herein, except for the new standard IFRS 16, which was adopted effective January 1, 2019. The Balance Sheets and the Statements of Comprehensive Income have been modified from the adoption of the new standard.

Basis of presentation

The Corporation's financial statements have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"] as adopted by the International Accounting Standards Board ["IASB"] and interpretations as issued by the International Financial Reporting Interpretations Committee ["IFRIC"] of the IASB, and reflects the significant accounting policies summarized below.

December 31, 2019 and 2018

Rate setting and regulation

The OEB has regulatory oversight of electricity matters in the Province of Ontario. The Ontario Energy Board Act, 1998, sets out the OEB's powers, including the issuance of distribution licenses that must be obtained by any person owning or operating a distribution system under the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and for ensuring that LDCs fulfil their obligations to connect and service customers.
On October 18, 2012, the OEB released its report, Renewed Regulatory

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Notes to the financial statements

Framework for Electricity Distributors: A Performance-Based Approach ["RRFE"]. The OEB established three rate-setting methods under RRFE: 4th Generation Incentive Rate, Custom Incentive Rate and Annual Incentive Rate Index. Each LDC has the option to select the method that best meets its needs and circumstances, and apply to the OEB to have its rates set on that basis. 4th Generation Incentive Rate-setting ["4th Generation IR"] is most appropriate for distributors that anticipate some incremental investment needs will arise during the plan term. The OEB expects that this method will be appropriate for most LDCs. LDCs with relatively steady state investment needs (i.e., primarily sustainment), may opt for the Annual Incentive Rate-setting Index ["Annual IR Index"]. The Custom Incentive Rate-setting ["Custom IR"] method may be appropriate for LDCs with significantly large multi-year or highly variable investment commitments with relatively certain timing and level of associated expenditures.

In January 2015, the Corporation filed its Custom IR application with the OEB seeking approval to change rates that it charges for electricity delivery, retail services, allowances, loss factor and specific services charges for a period of five years, to be effective January 1, 2015 to December 31, 2019. This application requested a revenue requirement to recover costs, and provides a rate of return on a deemed capital structure applied to rate base assets.

The OEB issued its decision and rate order on December 22, 2015 approving final 2016 and 2017 rates and charges, and interim rates and charges for subsequent years, 2018 and 2019. On July 4, 2017, the Corporation filed an application with the OEB to seek OEB approval of final rates for 2018 and 2019. OEB final approval of 2018 and 2019 rates and charges was confirmed on February 1, 2018, to be effective January 1, 2018. In addition, the Corporation may introduce new rate riders depending on the timing of the clearance of variance and deferral accounts.

The OEB has the general authority to include or exclude costs and revenue in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company under IFRS.

Amendments to the Ontario Rebate for Electricity Consumers Act, 2016 and Associated Regulations

The Ministry of Energy, Northern Development, & Mines has amended portions of the Ontario Rebate for Electricity Consumers Act, 2016 ("OREC") and associated Regulations as part of its effort to improve the transparency of electricity costs for consumers. Beginning November 1, 2019, the following changes were mandated:

1. The subsidies from the Fair Hydro Plan were removed from the Regulated Price Plan ("RPP");
2. The 8% Ontario Rebate for Electricity Consumers, otherwise known as the 'Provincial Rebate' was removed and replaced with a credit of 31.8% called the Ontario Electricity Rebate ["OER"];

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3. An additional line item, entitled the Total Ontario Electricity Support, was added, comprising all other forms of support provided to customers, previously identified separately as each of the Ontario Electricity Support Program; Rural or Remote Rate Protection; Distribution Rate Protection; and First Nations Delivery Credit.

These changes are generally applicable to low volume customers. However, the amendments to the regulations also amend the eligibility criteria for customers. Certain groups of customers will now be excluded from the rebate altogether.

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The following regulatory practices relating to regulatory balances, and payments in lieu of corporate income taxes, have resulted in accounting treatments that differ from IFRS for enterprises operating in a non-regulated environment.

Regulatory Deferral Accounts

IFRS 14, Regulatory Deferral Accounts, allows the Corporation to utilize pre-IFRS Canadian Generally Accepted Accounting Principles ["IFRS 14"] with respect to the recognition of Regulatory Balances that address the deferral of specific non-income related cash inflows and outflows.

Regulatory debits primarily represent costs that have been deferred because it is probable that they will be recovered in future rates. Similarly, regulatory credits can arise from differences in amounts billed to customers for electricity services and the costs that the Corporation incurs to purchase and deliver these services. Certain costs and variance account balances are deemed to be regulatory debits or regulatory credits and are reflected in the LDC's balance sheets until the manner and timing of disposition is determined by the OEB.

Payments in lieu of corporate income taxes ["PILs"]

The Corporation provides for PILs using the deferred income taxes method for its regulated activities as permitted by the IASB and the OEB.

Inventory

Inventory, which consists of parts and supplies acquired for internal maintenance or construction, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average basis.

Property, plant and equipment

Items of property, plant and equipment ["PP&E"] are measured at cost or deemed cost on transition date, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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 and are based on OEB prescribed rates.

When parts of an item of PP&E have different useful lives, they are separately depreciated as components of PP&E.

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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.

Under IFRS, 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 Statements of Comprehensive Income.

Depreciation of PP&E is recorded in the statements of comprehensive income on a straight-line basis over the estimated useful lives of the components 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 estimates being accounted for on a prospective basis.

Depreciation rates representing estimated useful lives for the main categories of PP&E are shown in the table below:

Buildings 1.61% - 2.38%

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Transmission, distribution system and meters 1.67% - 10%
Equipment and furniture 5% - 20%
Computer hardware 25%
Vehicle fleet 8.33% - 12.50%

Construction in progress comprises capital assets under construction, capital assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed. These assets are not depreciated until they are in the location and condition necessary for them to be capable of operating in the manner intended by the Corporation.

In the absence of rate regulation, overhead costs that are not directly attributable to construction activity are not capitalized.

Intangible assets

Intangible assets are assets that lack physical substance, other than financial assets. Intangible assets, which consist of computer software, deferred indefeasible right of use ["IRU"] leases, and payments made to Hydro One Networks Inc. ["HONI"] for dedicated infrastructure in order to receive connections to transmission facilities, are recorded at cost less accumulated amortization. Amortization of intangible assets is recorded on a straight-line basis over the estimated useful life of the related asset, or over the term of the IRU, and recorded in the statements of comprehensive income.

Amortization rates representing estimated useful lives for intangible assets are shown below:

Computer software 33.33%
Deferred indefeasible right of use lease 20 years

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Asset retirement obligations

The need to estimate the cost of decommissioning or asset retirement obligations ["AROs"] at the end of the useful lives of certain assets, is reviewed periodically. A provision is recorded, if required, for the fair value of the future expenditures required to settle legal obligations associated with asset retirements. As at December 31, 2019, the Corporation has determined that there are no material AROs associated with transmission, distribution and generation systems.

Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of corporate income taxes, 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.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and 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 pre-tax discount rate 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.

Pension and other post-employment benefits

The Corporation provides pension benefits for its employees through the Ontario Municipal Employees' Retirement System ["OMERS"] Fund [the "OMERS Fund"], a multi-employer public sector pension fund. The OMERS Fund is a

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defined benefit pension plan, which is financed by equal contributions from participating employers and employees and by the investment earnings of the OMERS Fund. Although the plan is a defined benefit plan, sufficient information is not available to the Corporation to account for it as such because it is not possible to attribute the fund assets and liabilities between the various employers who contribute to the fund. Accordingly, contributions payable as a result of employee service are expensed when incurred as part of operating costs.
Employee future benefits, other than pensions provided by the Corporation, include supplemental health, dental and life insurance. These plans provide defined benefits to retired employees, their spouses and surviving spouses when the employees are no longer providing active service. Retiree benefits expense is recognized in the period during which the employees render services.
The liability for post-employment non-pension retirement benefits is recorded on an accrual basis. The Corporation actuarially determines the cost of post-employment benefits offered to employees and retirees, including their spouses and surviving spouses, using the projected benefit method, prorated on service and based on management's best estimates. Under this method, the projected post-retirement benefits are deemed to be earned on a pro rata basis over the employee's years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

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The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.
Current service costs are recognized in the statements of comprehensive income under operations, maintenance and administrative expenses.
The Corporation applies IFRS 14, Regulatory Deferral Accounts, to recognize all cumulative actuarial gains or losses in a deferral account as at January 1, 2014. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income ("OCI") and reported in accumulated other comprehensive income. Amounts recorded in OCI are not recycled to the Consolidated Statement of Income and Comprehensive Income. The Corporation, as permitted by the OEB, created a deferral account to capture all actuarial gains and losses going forward. The disposition of this new deferral account will occur sometime in the future in accordance with OEB guidelines in effect at that appropriate time.
Customer advance deposits
Customer advance deposits represent cash collections from customers that are available to offset the payment of energy bills or other services. Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as securities held in respect of customer deposits. Interest is paid on customer balances at rates established by the Corporation in accordance with OEB guidelines.
Customer advance payments
Customer advance payments consist of both the Equal Payment Plan and customer advance payments.
Deferred contributions
Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less

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than the cost of providing service or where special equipment is needed to supply the customers' specific requirements.
Capital contributions received in advance from electricity customers and developers to construct or acquire PP&E for the purpose of connecting a customer to a network are recorded as deferred revenue and amortized into other revenue at an equivalent rate to that used for the depreciation of the related PP&E. Capital contributions received from developers to construct or acquire PP&E for the purpose of connecting future customers to the distribution network are considered out of scope of IFRS 15 Revenue from Contracts with Customers.
Financial instruments
Initial and subsequent measurement
At initial recognition, all financial instruments are measured at fair value plus or minus transaction costs, with the exception of accounts receivable which are initially recognized at the transaction price and financial instruments fair value through profit or loss which are initially recognized at fair value.

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Financial assets are subsequently measured at either amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL") based on the cash flow characteristics of the assets and the business models under which they are managed. All of the Corporation's financial assets are held for collection of contractual cash flows that represent payments of principal and interest and, accordingly, are subsequently measured at amortized cost using the effective interest rate method. These include cash, restricted cash, and accounts receivables.
Financial liabilities are either subsequently measured at FVTPL or amortized cost, except for interest rate swaps used in hedge accounting. The Corporation's financial liabilities measured at amortized cost include accounts payable for power - IESO, accounts payable and accrued liabilities, long-term debt, and customer advance deposits.
Impairment
The Corporation recognizes an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL. The Corporation applies the simplified approach to its accounts receivable which requires expected lifetime losses to be recognized from initial recognition of the receivables and on an ongoing basis. The measurement of ECLs for accounts receivable is based on management's judgment. This is determined using a provision matrix based on historical observed default rates, adjusted for forward-looking factors specific to the debtors and the economic environment. For financial assets other than accounts receivable, ECLs are recognized   in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset. All impairment losses are recognized in net income.

Derivative financial instruments and hedge accounting

Derivative financial instruments in the form of interest rate swap contracts are used to manage exposure to fluctuations in interest rates on the Corporation's long-term debt, which are designated as cash flow hedges as it is hedging the exposure to variability in cash flows that is attributable to interest rate risk associated with the long-term debt. The Corporation does not enter into derivative agreements for speculative purposes.

At the inception of a hedging relationship, the Corporation designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The Corporation also assesses on an on-going basis whether the hedge continues to be effective, including that the hedge ratio remains appropriate.

The interest rate swaps are measured at their fair value upon initial recognition and on each subsequent reporting date. When the cash flow hedge meets all the qualifying criteria for hedge accounting, the effective portion of the gain

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or loss on the hedging instrument is recognized in other comprehensive income ("OCI"), while any ineffective portion is recognized immediately in net income. The amount accumulated in OCI is reclassified to net income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net income, and recorded within interest expense.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to net income as a reclassification adjustment.

Leases

The Corporation applied IFRS 16 Leases from January 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated. It is presented as previously reported under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Corporation applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Corporation leases its office premises with the Corporation of the City of Oshawa. The Corporation leases IT office equipment, and the rooftops of various premises from the City for the installation of solar panels.

Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for all of these leases. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at January 1, 2019. The Corporation has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-

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use assets are impaired.
The Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Comparative lease information is reported under IAS 17. Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases in comparative periods. 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.
Revenue recognition
The Corporation has identified that its material performance obligation is the distribution and provision of electricity to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding any discounts, rebates and sales taxes. The Corporation has determined that it acts as a principal in all of its revenue arrangements.

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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 services, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to the 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 they are acting as a principal for the distribution of electricity and, therefore, have presented the sale of electrical energy revenue on a gross basis.
Distribution revenue for the Corporation is recognized at approved rates, as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.
Distribution 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 regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.
Regulated service revenue represents charges to energy customers for services such as late payments, collection fees, account set-up fees, pole attachment charges, and reconnect and disconnect charges. Regulated service revenue is recognized as services are rendered.
Combined heat and power revenue is derived from selling electricity, the provision of capacity and thermal energy. Revenue is recognized upon delivery of the metered electricity and thermal energy.
Service revenue primarily includes duct rental revenue that is recognized as services are rendered and time expires.
Capital contributions received from electricity customers to construct or acquire PP&E for the purpose of connecting a customer to a network, are recorded as a deferred contribution on the balance sheet and amortization is presented as revenue from deferred contributions on the statement of comprehensive income at an equivalent rate to that used for the depreciation

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of the related PP&E.
Other revenue and interest are recognized as services are rendered, projects completed or when interest is earned. Revenue and costs associated with Conservation and Demand Management ["CDM"] programs are presented using the net basis of accounting within other revenue. 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.
PILs
Under the Electricity Act, 1998, and effective October 1, 2001, the Corporation incurs PILs that are remitted to the Ministry of Finance. These payments are calculated in accordance with the rules for computing income and taxable

December 31, 2019 and 2018
capital, 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. Payments remitted to Ontario Electricity Financial Corporation are designated to be applied against the stranded debt of Ontario Power Generation, formerly Ontario Hydro.
The Corporation recognizes deferred income taxes using the balance sheet method. Under this method, provisions are made for deferred income taxes as a result of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. Deferred income 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. When deferred income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the Corporation at that time. Deferred income tax assets and liabilities are offset since they relate to income taxes levied by the same taxation authority.
A deferred income 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 income 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.
The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs by LDCs through annual distribution rate adjustments as permitted by the OEB.
The method that has been used to set the PILs portion of the Corporation's rates for 2018 is consistent with the approach used in past periods.
Current income taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statements of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible.
Measurement uncertainty
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Certain estimates are necessary since the regulatory environment in which the Corporation operates requires amounts to be recorded at estimated values until finalization and adjustment pursuant to subsequent regulatory decisions or other regulatory proceedings. Due to inherent uncertainty involved in making such estimates,

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actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Ministry of Energy and Infrastructure or the Ministry of Finance.

Future accounting policies

At the date of authorization of these financial statements, certain new standards and amendments to existing standards have been published but are not yet effective, and have not been early adopted by the Corporation. Information on new standards and amendments that are expected to be relevant to the Corporation's financial statements is provided below.

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- Interbank Offered Rate reform and its effects on financial reporting - Phase 1
- Amendments to references to conception framework in IFRS
- Definition of a business (amendments to IFRS 3)
- Definition of material (amendments to IAS 1 and IAS 8)
- IFRS 17 - Insurance
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

December 31, 2019 and 2018

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following as at December 31, 2019:

	January 1, 2019	Additions/transfers/ depreciation	Disposals/ retirements	December 31, 2019
	$	$	$	$
Cost				
Transmission and distribution				
Transformers	61,208	4,594	(1,612)	64,190
Underground distribution	54,955	8,009	(2,290)	60,674
Poles, towers and fixtures	45,900	7,580	(3,159)	50,321
Station equipment	27,522	-	(476)	27,046
Overhead distribution	24,176	2,494	(979)	25,691
Meters	13,316	1,072	(626)	13,762
	227,077	23,749	(9,142)	241,684
Construction in progress	11,443	(4,976)		6,470
Other property, plant and equipment				
Vehicle fleet	4,969	341	(204)	5,106
Equipment and furniture	9,315	403	(61)	9,656
Computer hardware	3,234	148	(298)	3,084
Buildings	5,314	397	-	5,711
Land	294	-	-	294
	23,127	1,289	(563)	23,851
Total cost	261,647	20,062	(9,705)	272,005
Accumulated depreciation				
Transmission and distribution				
Transformers	(33,661)	(1,153)	1,580	(33,234)
Underground distribution	(21,860)	(1,485)	2,167	(21,178)
Poles, towers and fixtures	(16,593)	(866)	2,419	(15,040)
Station equipment	(9,285)	(573)	403	(9,455)
Overhead distribution	(9,485)	(324)	719	(9,090)
Meters	(8,113)	(1,003)	504	(8,612)

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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(98,997) (5,404) 7,792 (96,609)
Other property, plant and equipment
Vehicle fleet (3,014) (383) 204 (3,193)
Equipment and furniture (7,328) (498) 72 (7,754)
Computer hardware (2,732) (193) 298 (2,627)
Buildings (582) (70) - (652)
(13,656) (1,144) 574 (14,226)
Total accumulated depreciation (112,653) (6,548) 8,366
(110,835)
Carrying amount 148,995 13,514 (1,339) 161,170

December 31, 2019 and 2018
Property, plant and equipment consist of the following as at December 31,
2018:
January 1,
2018 Additions/
depreciation Disposals/
retirements Reclass December 31,
2018
$ $ $ $ $
Cost
Transmission and distribution
Transformers 59,310 1,898 - - 61,208
Underground distribution 49,651 3,791 (295) 1,808 54,955
Poles, towers and fixtures 45,157 236 (30) 537 45,900
Station equipment 23,551 3,562 (15) 424 27,522
Overhead distribution 21,893 770 (3) 1,516 24,176
Meters 12,495 665 (43) 199 13,316
212,057 10,922 (386) 4,484 227,077
Construction in progress 9,597 3,103 - (1,254) 11,446
Other property, plant and equipment
Vehicle fleet 4,835 335 (201) - 4,969
Equipment and furniture 9,068 246 - - 9,314
Computer hardware 2,804 426 - 4 3,234
Buildings 757 4,557 - - 5,314
Land 294 - - - 294
17,758 5,564 (201) 4 23,125
Total cost 239,412 19,589 (587) 3,234 261,648
Accumulated depreciation
Transmission and distribution
Transformers (32,648) (1,014) - 1 (33,661)
Underground distribution (19,204) (1,311) - (1,345)
(21,860)
Poles, towers and fixtures (15,672) (807) - (114) (16,593)
Station equipment (8,389) (559) - (337) (9,285)
Overhead distribution (7,783) (351) - (1,351) (9,485)
Meters (7,067) (958) - (88) (8,113)
(90,763) (5,000) - (3,234) (98,997)
Other property, plant and equipment
Vehicle fleet (2,899) (350) 234 1 (3,014)
Equipment and furniture (6,955) (373) - - (7,328)
Computer hardware (2,571) (161) - - (2,732)
Buildings (527) (54) - (1) (582)
(12,952) (938) 234 (13,656)
Total accumulated depreciation (103,715) (5,938) 234 (3,234)
(112,653)

Carrying amount 135,697 13,651 (353) - 148,995
Certain comparative information presented for the year ended 2018 has been reclassified.
For the year ended December 31, 2019, ascribed interest capitalized to property, plant and equipment as prescribed by the OEB amounted to $357 [2018 - $405]. In the absence of rate regulation, additions to property, plant and equipment would have been $357 lower [2018 - $405 lower] and interest expense would have been $357 higher [2018 - $405 higher].

December 31, 2019 and 2018
4. INTANGIBLE ASSETS
Intangible assets consist of deferred IRU lease charges, computer software, and Hydro One Networks Inc. ["HONI"] contribution.
January 1,
2019 Additions/
depreciation Disposals/
retirements December 31,
2019
$ $ $ $
Cost
Deferred IRU lease 606 - - 606
Computer software 2,383 176 210 2,348
HONI Contribution 4,051 84 - 4,135
7,040 260 210 7,089
Accumulated depreciation
Deferred IRU lease (312) (30) - (343)
Computer software (1,931) (300) (210) (2,020)
HONI Contribution - (83) - (83)
(2,243) (413) (210) (2,445)
Carrying amount 4,797 (154) - 4,643
January 1,
2018 Additions/
depreciation Disposals/
retirements December 31,
2018
$ $ $ $
Cost
Deferred IRU lease 606 - - 606
Computer software 2,033 349 - 2,383
HONI Contribution 3,902 149 - 4,051
6,541 498 - 7,040
Accumulated depreciation
Deferred IRU lease (282) (30) - (312)
Computer software (1,645) (286) (1,931)
(1,927) (316) - (2,243)
Carrying amount 4,614 182 - 4,797

December 31, 2019 and 2018
5. REGULATORY BALANCES
Regulatory debits balances consist of the following:
January 1,
2019 Balances arising
in the period Recovery/
reversal December 31,
2019
$ $ $ $

Corporation's name	Business number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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Regulatory debit balances
Retail settlement variance - power 679 (679) - -
Retail settlement variance - global adjustment 5,306 (5,306) -
-
Post-employment benefits deferral 259 60 - 320
Regulatory debit balances - other 321 111 - 433
Regulatory Asset Recovery Account ["RARA"] 630 (630) -
Total regulatory debit balances 7,195 (5,814) (630) 752
January 1,
2018 Balances arising
in the period Recovery/
reversal December 31,
2018
$ $ $ $
Regulatory debits
Retail settlement variance - power 1,244 (565) - 679
Retail settlement variance - global adjustment 2,567 2,739 -
5,306
Post-employment benefits deferral 1,388 (1,129) - 259
Regulatory debits - other 213 108 - 321
Regulatory Asset Recovery Account ["RARA"] 40 590 - 630
Total regulatory debits 5,452 1,743 - 7,195
Regulatory credit balances consist of the following:
January 1,
2019 Balances arising
in the period Recovery/
reversal December 31,
2019
$ $ $ $
Regulatory credit balances
Retail Settlement Variance - Power - 2,123 - 2,123
Retail Settlement Variance - global adjustment - 2,273 - 2,273
Retail settlement variances - other 2,426 (514) - 1,910
Regulatory Asset Recovery Account ["RARA"] - - 198 198
Deferred income taxes [note 8] 3,218 (1,146) - 2,072
Smart meter variance 54 - - 54
Regulatory credit balances - other 59 22 - 81
Total regulatory credit balances 5,757 2,758 198 8,712

December 31, 2019 and 2018
January 1,
2018 Balances arising
in the period Recovery/
reversal December 31,
2018
$ $ $ $
Regulatory credits
Retail settlement variances - other 2,220 206 - 2,426
Deferred income taxes [note 8] 4,756 (1,538) - 3,218
Smart meter variance 54 - - 54
Regulatory credits - other 22 37 - 59
Total regulatory credits 7,052 (1,295) - 5,757
Net movements in regulatory balances, net of tax, total $3,260 [2018 -
$2,043]. The regulatory balances of the Corporation consist of the following:
Retail settlement variances
The retail settlement variances relate to charges the Corporation has

incurred for transmission services, generation and wholesale market operations from the IESO that were not settled with customers during the period through approved rates. The nature of the settlement variances is such that the balance can fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB. Under rate regulation, the variances that would be recorded as revenue or expense when incurred under IFRS are deferred until collected or repaid through future rates. The Corporation has accrued interest on the regulatory balances, as directed by the OEB. Management has not yet sought disposal of the regulatory balances but intends to do so as part of the 2021 rate application.

Retail settlement variance - power

The retail settlement variance - power account is established for the purpose of recording the net difference in energy cost only. Net difference refers to the difference between the amount charged by the IESO on the settlement invoice for the energy cost and the amount billed to customers for the energy cost.

Retail settlement variance - global adjustment

The global adjustment variance account is established for the purpose of recording the net difference in the global adjustment attributable to customers. Net difference refers to the difference between the amount charged or credited by the IESO for the global adjustment and the amount billed to customers for the global adjustment.

The global adjustment arises mainly due to a difference between the spot price charged by the IESO to market participants and the blended price paid by the IESO under the various contracts with electricity generators and suppliers.

Retail settlement variances - other

This item refers to a set of accounts that will separately capture information relating to wholesale market service charges, non-recurring wholesale market service charges, retail transmission network service charges and retail transmission connection service charges. Retail settlement variances - other, is used to record the net difference

December 31, 2019 and 2018

between the amount paid in the month to the IESO for the services listed above and the amount billed to customers and retailers in the month based on OEB approved rates.

Smart meter variance

The provincial government mandated the installation of smart meters for all residential and small business customers in Ontario by December 31, 2010. The smart meter variance account is used to record expenditures made by the Corporation under the smart meter program; the carrying value of meters replaced and stranded by the installation of smart meters; and amounts received from customers under approved OEB rates, for advances used to fund the installation of smart meters.

On January 10, 2012, the Corporation received approval of the costs incurred under the program and was granted a rate rider to recover the balance in the smart meter variance account which is the excess of costs incurred (including the carrying value of stranded meters) less amounts previously received from customers.

RARA

Effective May 2006, the RARA was approved by the OEB. This account is used to record the disposition of deferral and variance account balances, by means of a rate rider, for which approval to recover (or refund) has been granted by the OEB as part of the regulatory process. The balance remaining as at

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December 31, 2019 represents the opening balance approved for recovery, amounts collected during the year, and the deferral and variance account balances approved for disposition by the OEB on February 1, 2019 as part of the Corporation's cost of service application for rates effective January 1, 2018.

Deferred income taxes to be paid to customers

An offset to future income tax assets relating to the regulated business has been recorded in the accounts as a regulatory credit. As deferred income tax assets are realized, the liability for deferred income taxes to be paid to customers will be settled through OEB approved rates.

Post-employment benefits deferral

This regulatory balance accumulates the actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments. The balance arising during the years ended December 31, 2019 and December 31, 2018 primarily related to the actuarial gain and loss recorded for each year, respectively.

Regulatory accrued interest

Interest is earned or charged on regulatory balances at OEB prescribed rates and are recorded to the related regulatory account.

December 31, 2019 and 2018

6. CURRENT PORTION OF LONG-TERM LIABILITIES

The current portion of long-term liabilities consists of the following:

	2019 $	2018 $
Customer advance deposits	916	915
Upstream capital improvement liability	-	2,016
Current portion of long-term liabilities	916	2,931

7. DEFERRED CONTRIBUTIONS

The continuity of deferred contributions is as follows:

	2019 $	2018 $
Deferred contributions, net, beginning of year	33,746	33,124
Deferred contributions received	4,218	1,863
Reclass of deferred contribution	2,016	-
Deferred contributions recognized as revenue	(1,654)	(1,241)
Deferred contributions, net, end of year	38,326	33,746
Less: current portion	(1,958)	(1,654)
Deferred contributions long-term portion	36,367	32,092

8. PILs

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

	2019 $	2018 $
Income before PILs	9,163	4,060
Net movements in regulatory balances	(3,200)	1,924
Net income after net movements in regulatory balances, before PILs	5,963	5,984
Combined Canadian federal and Ontario statutory income tax rate	26.50%	26.50%
Expected provision for PILs at statutory tax rates	1,580	1,586
Property, plant and equipment	(812)	(625)

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Post-employment non-pension benefits 38 50
Other 38 (88)
Cost allocations (95) (107)
Provision for PILs 749 815
Effective tax rates 12.57% 13.63%

December 31, 2019 and 2018
Income tax expense as presented in the statements of comprehensive income is as follows:

	2019	2018
	$	$
Current tax expense		
Current PILs charge	772	816
Deferred tax expense		
Origination and reversal of temporary differences	1,125	1,538
Deferred taxes transferred to regulatory credits [note 5]	(1,148)	(1,538)
Income tax expense charged to net income for the year	749	816

	2019	2018
	$	$
Deferred income taxes related to items recognized in OCI during the year		
Net loss (gain) on revaluation of cash flow hedges	-	22
Unrealized loss on derivatives designated as cash flow hedges	-	(50)
Deferred income taxes charged to OCI	-	(28)

As at December 31, 2019, the Corporation has recognized $2,071 in regulatory credit balance and a corresponding offset to deferred income tax assets [2018 - $3,218].

Deferred income tax assets

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 income tax asset consists of the following:

	Net balance, January 1, 2019	Recognized in regulatory balance	Net balance, December 31, 2019
	$	$	$
Components of deferred income tax assets			
Property, plant and equipment	(1,348)	(24)	(1,372)
Employee post-employment non-pension benefits	4,567	(1,090)	3,477
Other taxable temporary differences	-	(33)	(33)
Deferred income tax assets	3,219	(1,148)	2,072

	Net balance, January 1, 2018	Recognized in regulatory balance	Recognized in OCI	Net balance, December 31, 2018
	$	$	$	$
Components of deferred income tax assets				
Property, plant and equipment	(241)	(1,107)	-	(1,348)
Employee post-employment non-pension benefits	4,998	(431)	-	4,567
Other taxable temporary differences	(28)	-	28	-
Deferred income tax assets	4,729	(1,538)	28	3,219

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The Corporation has no tax loss carry forwards available for use in future periods.

9. EMPLOYEE BENEFITS

The Corporation makes contributions to OMERS, which is a multi-employer plan. The plan is a defined benefit plan that specifies the amount of retirement benefits to be received by the employees based on length of service and rates of pay. Current and future contributions are dependent upon the results of the OMERS plan as actuarially determined from time to time. OMERS reported that its funded status as at December 31, 2019, was 97% [2018 - 96%].
For the year ended December 31, 2019, the Corporation's OMERS current service pension costs were $843 [2018 -
$803]. OMERS contribution rates were 9.0% up to the year's maximum pensionable earnings [?YMPE?] and 14.6% over the YMPE for normal retirement age [?NRA?] of 65 [2018 - 9.0% up to YMPE and 14.6% over YMPE for NRA of 65].
The expected payment for 2020 is $847.
Post-employment non-pension retirement benefits
The Corporation provides post-employment benefits, principally supplemental health and dental coverage, for employees who retire from active employment.
Accrued benefit obligations
The Corporation measures its accrued benefit obligations as at December 31 of each year. The latest actuarial valuation was performed as at December 31, 2019.

	2019	2018
	$	$
Accrued benefit obligations, beginning of year	12,928	13,862
Employer current service cost	137	180
Interest on obligation	497	466
Benefits paid	(500)	(451)
Actuarial (gain) loss recognized at the end of the year	60	(1,129)
Accrued benefit obligations, end of year	13,122	12,928

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Changes in post-employment non-pension retirement benefits	2019	2018
	$	$
Post-employment non-pension retirement benefits, beginning of year	12,927	13,862
Net periodic benefits cost accrued	633	646
Benefits paid	(500)	(451)
Recognized (gains) losses	60	(1,129)
Post-employment non-pension retirement benefits, end of year	13,120	12,928

Components for net periodic benefit costs	2019	2018
	$	
Current service cost	137	180
Imputed interest cost	497	466
Net periodic benefit cost accrual for the year	634	646

Significant actuarial assumptions	2019	2018
	%	
Discount rate applied to the calculation of future benefits	3.10	3.90
Rate of compound compensation increase used in determining future costs		

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3.0 3.0
The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period.
Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.
The actuarial valuation as at December 31, 2019 assumed health care costs would increase 7% [2018 - 7%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2018 - 4% after six years].
Dental costs are assumed to increase by 4% [2018 - 4%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2018 - 4% after six years].
The dispensing fee portion of health care costs is limited to twelve dollars and ninety-nine cents; the current maximum allowed under the benefits plan.

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Sensitivity analysis
The main actuarial assumptions underlying the valuation are as follows:
a) Interest (discount) rate
Assumed interest rates have a significant effect on the amounts reported for the total accrued benefit obligations and expense. A 1% change in assumed interest rates would have the following effects for 2019:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2019	(1,828)	2,337

b) Health care cost trend rate
The health care cost trend is estimated to increase at a declining rate from 7% to 4% over six years following the valuation. Other medical and dental expenses are assumed to increase by 4% after one year, down to 4% after six years following the valuation. The approximate effect on the accrued benefit obligations if the health care cost trend rate assumption was increased or decreased by 1% is as follows:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2019	1,724	(1,390)

10. NOTE PAYABLE TO SHAREHOLDER
The note payable to the shareholder of $60,064 [2018 - $60,064] has an interest rate of 4.54% [2018 - 4.54%] per annum and is due on demand.
The Corporation does not anticipate that the note will be called upon within one year and, accordingly, the note remains classified as a long-term liability.
In 2019, the Corporation made interest payments of $2,187 [2018 - $1,091] to the shareholder.
11. DEBT
The Corporation's long-term and short-term borrowing facilities are as follows:
Long-term facilities
The Corporation's term loans totalling $22,000 with Toronto-Dominion Commercial Bank [the "Bank"] were terminated on October 22, 2018.
Net of interest capitalized on construction-in-progress, interest expense charged to the statements of comprehensive income amounted to $1,873 during the year [2018 - $1,215].

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Short-term facilities

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The Corporation has an operating line of credit for a maximum amount of $20,000 to assist with its working capital requirements. As of December 31, 2019, there were no outstanding balances on this line of credit [2018 - nil]. Interest on short-term debt was $49 [2018 - $81] at an effective interest rate of 3.76%.

The above borrowing facilities are subject to financial tests and other covenants. These financial covenants are to be tested quarterly. In addition, these facilities are subject to other customary covenants and events of default, including an event of cross-default [for non-payment of other debts] of amounts in excess of $5,000. Non-compliance with such covenants could result in accelerated payments of amounts due under the facilities and their termination. The Corporation was in compliance with the above-mentioned covenants as at December 31, 2019.

12. CAPITAL STOCK

Capital stock consists of the following:

	2019	2018
	$	$
Authorized		
Unlimited common shares		
Issued		
1,000 common shares	23,064	23,064

During the year ended December 31, 2019, the Corporation declared and paid dividends on common share aggregating
$2,500 (2018 - $2,300).

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13. RELATED PARTY TRANSACTIONS

[i] The Corporation transacts business with the City and its affiliates in the normal course of business at commercial rates. These transactions are summarized below:

	2019	2018
	$	$
REVENUE		
City facilities [from electricity distribution]	3,516	3,358
Streetlights [from electricity distribution]	1,520	1,424
	5,036	4,782
Streetlight maintenance and construction services	64	34
EXPENSES		
Net rent - 100 Simcoe Street South	330	323
Property taxes	136	136
	466	459
ACCOUNTS RECEIVABLE		
Facilities and streetlights	348	153
Construction services	30	-
	378	153

[ii] During the year ended December 31, 2019, the Corporation has undertaken transactions with related parties, which are entities under common control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions are summarized as follows:

	2019	2018
	$	$
Oshawa PUC Energy Services Inc.		
Sale of electricity, administration and maintenance services	514	529
Purchase of electricity	56	86

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Oshawa PUC Services Inc.		
Sale of administration and maintenance services	270	217
Purchase of fibre optic services	67	56
2252112 Ontario Inc.		
Sale of electricity, administration and maintenance services	30	26
Purchase of electricity	523	538

The Corporation receives management support from its parent, Oshawa Power and Utilities Corporation. During the year, the Corporation paid $360 [2018 - $521] to its parent.

December 31, 2019 and 2018

As at December 31, 2019, the amounts owed to the Corporation from affiliated companies consists of $27 from Oshawa PUC Energy Services Inc. [2018 - $218], $2 from Oshawa PUC Services Inc. [2018 - $52] and $2 from 2252112 Ontario Inc. [2018 - $421]. Amounts owed to affiliated companies by the Corporation consists of $5,797 to Oshawa Power and Utilities Corporation [2018 - $6,378].

14. LEASES

The Corporation leases its premises under a net operating lease with the Corporation of the City of Oshawa. The Corporation entered into a new lease in 2017, which expires May 31, 2021.

The Corporation has a contractual agreement to lease office equipment over a period of 74 months. The lease begins June 1, 2017 and expires July 31, 2023.

On transition to IFRS 16, the Company recognized additional right-of-use assets and additional lease liabilities. Lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate of 3.7%. The impact on transition is summarized below.

	$
Balance at 1 January, 2019	
Right-of-use assets presented as property, plant and equipment	838
Lease liabilities	838

	$
Operating lease commitments at December 31, 2018	860
Discounted using the borrowing rate / contractual interest rates	(22)
Lease liabilities recognized at January 1, 2019	838

Leases as lessee (IFRS16)

i. Right-of-use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Building	IT Equipment	Total
	$	$	$
2019			
Balance at 1 January	780	58	838
Depreciation charge for the year	(316)	(13)	(329)
Additions to right -of-use assets	-	-	-
Balance at 31 December	464	45	509

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ii. Amounts recognized in profit or loss	2019
	$
2019 - Leases under IFRS 16	
Interest on lease liabilities	12
2018 - Operating leases under IAS17	
Lease Expense	342

iii. Amounts recognized in statement of cash flows

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Total cash outflow for leases 358
Repayment of lease liabilities is shown under financing activities on the statement of cash flows.
15. COMMITMENTS AND CONTINGENCIES Insurance claims
The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ["MEARIE"], which was created on January 1, 1987. A reciprocal insurance exchange is an Ontario group formed for the purpose of exchanging reciprocal contracts of indemnity of inter-insurance with each other. MEARIE provides general liability insurance to its member utilities. Insurance premiums charged to each Municipal Electrical Utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims experience.
The Corporation refers any claims received to MEARIE under the provisions of this plan. No provision has been recorded in these financial statements in respect of these matters as the Corporation has not received any claim that is not adequately covered by its insurance.
Income taxes
The tax returns filed by the Corporation are subject to review and reassessment by the Ministry of Finance for a period of up to five years from the date of filing. Any reassessment may result in a revision to previously determined tax obligations.
Energy Conservation Agreement
On December 31, 2014, the Corporation entered into an Energy Conservation Agreement with the IESO for the period from January 1, 2015 to December 31, 2020 to deliver Energy Conservation and Demand Management ["CDM"] programs. The agreement provides terms under which the Corporation may engage the IESO to design and pay for province-wide CDM programs in support of the Corporation meeting its CDM targets.

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Subject to the terms of the 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 agreement. The Corporation will be entitled to receive all of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimate would not be recoverable. 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 agreement.
Under the terms of the Energy Conservation Agreement with the IESO, income incentives are available in the event the Corporation outperforms its expected target. Alternatively, financial penalties are possible if the Corporation does not meet minimum requirements outlined in the Energy Conservation Agreement with the IESO. The Corporation estimates it is meeting its obligations outlined in the Energy Conservation Agreement with the IESO and has not recorded a provision in these financial statements for neither financial incentives nor penalties in respect of these matters.
On March 21, 2019, the Minister of Energy, Northern Development and Mines, with the approval of the Lieutenant Governor in Council, issued a directive to the IESO pursuant to the statutory authority under sections 25. 32(5) and (11) of the Electricity Act, 1998. On the same date, the Minister issued a directive to the Ontario Energy Board (the "Board") revoking the main provisions of the March 26, 2014 directive to the Board and providing the Board with the authority to amend or remove license conditions of electricity distributors in respect of electricity CDM that were established pursuant to the March 26, 2014 directive. These directives, which took effect on the date

they were issued, have resulted in a change in the laws and regulations that is fundamentally inconsistent with the ECA by requiring the IESO to take all steps necessary to immediately discontinue the 2015-2020 Conservation First Framework ["CFF"] and by revoking, among others, the CFF Direction and authorizing the Board to remove license conditions of electricity distributors in respect of electricity CDM. As a result, the IESO has provided the Corporation with notice that the IESO is terminating the ECA effective June 20, 2019.

Security with IESO

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. An Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO as collateral support for energy amounts as determined by and payable to the IESO.

Guarantee for obligations of shareholder

The Corporation guarantees an amount recoverable that shall not exceed $68 million to Toronto-Dominion Bank for its shareholder, Oshawa Power and Utilities Corporation, related to the note payable in Note 10.

December 31, 2019 and 2018

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at December 31, 2019 and 2018, the Corporation did not have transfers between levels.

The carrying values of cash, restricted cash, accounts receivable, accounts payable for power - IESO, and accounts payable and accrued liabilities approximate their fair values due to the short period to maturity of these financial instruments.

The Corporation has designated its financial instruments as follows:

		2019		2018	
	Level	Carrying value	Fair value	Carrying value	Fair value
Non-current financial liabilities					
Customer advance deposits	1	2,284	2,284	1,892	1,892
Note payable to shareholder	3	60,064	60,064	60,064	60,064

The Corporation has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments as well as related interest rate risk, credit risk and liquidity risk are described below.

Note payable to shareholder

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The fair value of the note payable to shareholder is indeterminable.

Credit risk

Certain of the Corporation's financial assets are exposed to credit risk.

Cash consists of deposits with major commercial banks.

The Corporation, in the normal course of business, is exposed to credit risk from its customers. These accounts receivable are subject to normal industry credit risks. The Corporation provides for an allowance for doubtful accounts to absorb its credit losses. Unbilled revenue of $10,734 [2018 - $12,458] is collectible from customers and is

December 31, 2019 and 2018

considered current with no related credit losses recorded. The Corporation also has insurance in support of certain receivables.

Accounts receivable consists of the following:

	2019	2018
	$	$
Receivables from customers	8,953	7,968
Receivables from other trade and projects	5,318	2,462
Less allowance for doubtful accounts	(564)	(688)
Total accounts receivable	13,707	9,742

Credit risk associated with accounts receivable is as follows:

	2019	2018
	$	$
Outstanding for not more than 30 days	12,722	9,302
Outstanding for more than 30 days and not more than 90 days	942	721
Outstanding for more than 90 days	607	407
Less allowance for doubtful accounts	(564)	(688)
Total accounts receivable	13,707	9,742

The Corporation is also exposed to credit risk from the potential default of any of its counterparties on its interest rate swap agreements. The Corporation mitigates this credit risk by dealing with counterparties who are major financial institutions and which the Corporation anticipates will satisfy their obligations under the contracts. During the year, the Corporation incurred bad debt expense of $251 [2018 - $442] which is included in operations, maintenance, and administrative expense.

Interest rate risk

Long-term debt is at fixed interest rates thereby minimizing cash flow and interest rate fluctuation exposure.

Liquidity risk

The Corporation monitors and manages 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 expense. The Corporation monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

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2019

Due within 1
year
$ Due between 1
and 5 years
$
Due past 5 years
$
Total

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$

Accounts Payable for power - IESO	5,694	-	-	5,694
Accounts payable and accrued liabilities	9,077	-	-	9,077
Due to affiliates	5,765	-	-	5,765
Customer advance payments	844	-	-	844
Lease liability	357	124	-	481
Long-term debt	-	-	60,064	60,064
Customer advance deposits	916	2,284	-	3,200

2018

	Due within 1 year $	Due between 1 and 5 years $	Due past 5 years $	Total $
Accounts Payable for power - IESO	10,042	-	-	10,042
Accounts payable and accrued liabilities	10,316	-	-	10,316
Due to affiliates	5,687	-	-	5,687
Customer advance payments	528	-	-	528
Payments in lieu of corporate income taxes	382	-	-	382
Long-term debt	-	-	60,064	60,064
Customer advance deposits	915	1,892	-	2,807

17. COLLATERAL

As part of its electricity purchase agreement with the IESO, an Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO, as collateral support for energy amounts as determined by and payable to the IESO.

18. CAPITAL MANAGEMENT

The Corporation defines capital as shareholder's equity. The Corporation's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its working capital requirements.

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19. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Corporation's business are not known at this time. These impacts potentially include an impact on the Corporation's ability to access and obtain capital financing, impairment of investments, reduction to operational cash flow as a result of the inability of the Corporation to fully recover on its customer accounts and potential future decreases in revenue or the profitability of the Corporation's ongoing operations.

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
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- Use this schedule to reconcile 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.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			5,214,000	A
Add:				
Provision for income taxes – current	101	749,000		
Amortization of tangible assets	104	5,703,000		
Charitable donations and gifts from Schedule 2	112	4,000		
Scientific research expenditures deducted per financial statements	118	509,258		
Non-deductible meals and entertainment expenses	121	15,000		
Reserves from financial statements – balance at the end of the year	126	12,995,681		
Subtotal of additions		19,975,939 ►	19,975,939	

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	6,237,159
2	PY ITC claimed - 12(1)(t)	55,712
	Total of column 2	6,292,871

Total of column 2 ►	296	6,292,871		
Subtotal of other additions	199	6,292,871 ►	6,292,871	D
Total additions	500	26,268,810 ►	26,268,810	
Amount A **plus** line 500			31,482,810	B
Deduct:				
Gain on disposal of assets per financial statements	401	200,000		
Capital cost allowance from Schedule 8	403	8,984,550		
SR&ED expenditures claimed in the year on line 460 from Form T661	411	462,938		
Reserves from financial statements – balance at the beginning of the year	414	12,850,799		
Subtotal of deductions		22,498,287 ►	22,498,287	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Interest expense capitalized for accounting purposes	356,953
2	13(7.4) election	6,198,919
	Total of column 2	6,555,872

Total of column 2 ►	396	6,555,872		
Subtotal of other deductions	499	6,555,872 ►	6,555,872	E
Total deductions	510	29,054,159 ►	29,054,159	
Net income (loss) for income tax purposes (amount B **minus** line 510)			2,428,651	C

Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19)

Canada

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) 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

Federal

A		
X	Investment tax credit from apprenticeship job creation expenditures	7,126
X	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, consult the Help (F1).	
	Film or video production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Investment tax credit claimed on contributions made to SR&ED farming organizations	
	Canadian journalism labour tax credit	

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	2,105
X	Ontario co-operative education tax credit	14,077
X	Ontario apprenticeship training tax credit	14,932
	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	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	

Other amounts

A		
X	Capital contribution	6,198,919
	Total	6,198,919

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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 made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- 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 can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years. 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 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)
YOUTH FUSION	1,500
HEART & STROKE FOUNDATION	1,500
BOYS AND GIRLS CLUB OF DURHAM	500
CANADAHELPS CANADON	300
THE OSHAWA HISTORICAL SOCIETY	200
Subtotal	4,000
Add: Total donations of less than $100 each	
Total donations in current tax year	4,000

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Charitable donations expired after 5 tax years*	239				
Charitable donations at the beginning of the current tax year (amount A **minus** line 239)	240				
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 Net Income (Loss) for Income Tax Purposes)	210	4,000		4,000	4,000
Subtotal (line 250 **plus** line 210)		4,000	B	4,000	4,000
Subtotal (line 240 **plus** amount B)		4,000	C	4,000	4,000
Adjustment for an acquisition of control	255				
Total charitable donations available (amount C **minus** line 255)		4,000	D	4,000	4,000
Amount applied in the current year against taxable income (cannot be more than amount L in Part 2) (enter this amount on line 311 of the T2 return)	260	4,000		4,000	4,000
Charitable donations closing balance (amount D **minus** 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 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 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, 2021) . . . **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 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 federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total (to line A)				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes Note 1 **multiplied** by 75 %		1,821,488	E
Taxable capital gains arising in respect of gifts of capital property included in Part 1 Note 2	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 Note 2			F
Capital cost Note 2			G
Amount F or G, whichever is less	235		
Amount on line 230 or 235, whichever is less			H
Subtotal (**add** line 225, 227, and amount H)			I
Amount I **multiplied** by 25 %			J
Subtotal (amount E **plus** amount J)		1,821,488	K
Maximum allowable deduction for charitable donations (enter amount D from Part 1, amount K, or net income for tax purposes, whichever is least)		4,000	L

Note 1 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.

Note 2 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

	Line	Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			M		
Gifts of certified cultural property expired after 5 tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount M **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 this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			N		
Subtotal (line 440 **plus** amount N)			O		
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)			P		
Gifts of certified cultural property closing balance (amount O **minus** amount P)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax 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			Q		
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 Q **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 (include this amount on line 112 of Schedule 1)	520				
Subtotal (line 550 **plus** line 520)			R		
Subtotal (line 540 **plus** amount R)			S		
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)			T		
Gifts of certified ecologically sensitive land closing balance (amount S **minus** amount T)	580				

* For federal and Alberta tax purposes, donations and 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 tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts 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	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year*	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

	Line	Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			U		
Additional deduction for gifts of medicine expired after 5 tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount U **minus** line 639)	640				
Additional deduction for gifts of medicine made before March 22, 2017 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)			V		
Amount V **multiplied** by 50 %			W		
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 W

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

	Line	Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			X		
Subtotal (line 640 **plus** amount X)			Y		
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)			Z		
Additional deduction for gifts of medicine closing balance (amount Y **minus** amount Z)	680				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2000-12-31			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2018-12-31	
2nd prior year	2017-12-31	
3rd prior year	2016-12-31	
4th prior year	2015-12-31	
5th prior year	2014-12-31	
6th prior year*	2013-12-31	
7th prior year	2012-12-31	
8th prior year	2011-12-31	
9th prior year	2010-12-31	
10th prior year	2009-12-31	
11th prior year	2008-12-31	
12th prior year	2007-12-31	
13th prior year	2006-12-31	
14th prior year	2005-12-31	
15th prior year	2004-12-31	
16th prior year	2003-12-31	
17th prior year	2002-12-31	
18th prior year	2001-12-31	
19th prior year	2000-12-31	
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 Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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 (see page 3).
- 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 this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends were received from a foreign source.
- Column F1 – 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 YYYYMMDD 220	E Non-taxable dividends under section 83 230
1			2			
					Total of column E (enter amount on line 402 of Schedule 1)	

Part 1 – Dividends received in the tax year (continued)

	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	G Eligible dividends included in column F 242	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 for eligible dividends. Dividends (from column G) **multiplied** by 38 1/3%[note 3] 265	K Part IV tax before deductions. Dividends (from column F) **multiplied** by 38 1/3%[note 4] 275
1							

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 Return) 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) 1G

Subtotal (amount 1F **plus** amount 1G) ▶ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) 1J

Subtotal (amount 1I **plus** amount 1J) ▶ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) 1L

1 If taxable dividends are received, enter the amount in column F, 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 J or column K whichever one applies. 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 eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column F.

Part 2 – Calculation of Part IV tax payable

	Line	Amount		Amount	
Part IV tax on dividends received before deductions (amount 1H in part 1)			2A		
Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43)	320				
Subtotal (amount 2A **minus** line 320)			▶		2B
Current-year non-capital loss claimed to reduce Part IV tax	330				
Non-capital losses from previous years claimed to reduce Part IV tax	335				
Current-year farm loss claimed to reduce Part IV tax	340				
Farm losses from previous years claimed to reduce Part IV tax	345				
Total losses applied against Part IV tax (total of lines 330 to 345)			2C		
Amount 2C **multiplied** by 38 1 / 3 %					2D
Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0")	360				

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

	Amount	
Part IV tax before deductions on taxable dividends received from connected corporations note 5 (amount 1F in part 1)		2E
Amount 4A from Schedule 43		2F
Part IV tax payable on taxable dividends received from connected corporations (amount 2E minus amount 2F, if negative enter "0")		2G

(enter at amount L on page 7 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

	Amount	
Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1)		2H
Amount 4C from Schedule 43		2I
Part IV tax payable on eligible dividends received from non-connected corporations (amount 2H minus amount 2I, if negative enter "0")		2J

(enter at amount M on page 7 of the T2 return)

5 The program calculates the amount on line 2E from the amount on line 1F. If only a portion of the dividend refund to the connected payer corporation results in an eligible refundable dividend tax on hand (ERDTOH), enter this amount on line 2E, using an override. However, if the dividend refund to the connected payer corporation does not result in an ERDTOH, the amount on line 2E must be equal to "0."

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.

	L Name of connected recipient corporation 400	M Business Number 410	N Tax year-end of connected recipient corporation in which the dividends in column O were received YYYYMMDD 420	O Taxable dividends paid to connected corporations 430	P Eligible dividends included in column O 440
1	Oshawa Power and Utilities Corporation	86486 7593 RC0001	2019-12-31	2,500,000	2,500,000
2					
				2,500,000 (Total of column O)	2,500,000 (Total of column P)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		450	
Eligible dividends included in line 450	455		
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column O **plus** line 450)		460	2,500,000
Total eligible dividends paid in the tax year (total of column P **plus** line 455)		465	2,500,000
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		470	

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)	958,333	3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)		3B

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)			2,500,000	
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year		500	2,500,000	
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)		►		4A
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A)			2,500,000	4B

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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 * See note 1 **200**	Description	2 Undepreciated capital cost (UCC) at the beginning of the year **201**	3 Cost of acquisitions during the year (new property must be available for use) See note 2 **203**	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP) See note 3 **225**	5 Adjustments and transfers See note 4 **205**	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 5 **221**	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 6 **222**	8 Proceeds of dispositions See note 7 **207**	For tax years ending before November 21, 2018: 50% rule (1/2 of net acquisitions) **211**
1.	1		31,464,586						0	
2.	8		1,091,845	343,614	343,614				0	
3.	10		969,297	340,672	340,672				14,400	
4.	10.1	Chevrolet Volt	2,205						N/A	
5.	12		174,725	175,658	175,658				0	
6.	13		144,373						0	
7.	42		13,907						0	
8.	45		174						0	
9.	45		81						0	
10.	47		67,132,994	21,871,449					0	
11.	50		353,792	148,154	148,154				0	
12.	95		13,717,344			-9,412,135			0	
13.	13		25,301						0	
		Totals	115,090,624	22,879,547	1,008,098	-9,412,135			14,400	

	1 Class number * See note 1 200	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 8	10 Proceeds of disposition available to reduce the UCC of AIIP (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for non-AIIP acquired during the year (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	1		31,464,586					4	0	0	1,258,583	30,206,003
2.	8		1,435,459		343,614	171,807		20	0	0	321,453	1,114,006
3.	10		1,295,569	14,400	326,272	163,136		30	0	0	437,612	857,957
4.	10.1	Chevro	2,205					30	N/A	N/A	662	1,543
5.	12		350,383		175,658			100	0	0	350,383	
6.	13		144,373					NA	0	0	41,644	102,729
7.	42		13,907					12	0	0	1,669	12,238
8.	45		174					45	0	0	78	96
9.	45		81					45	0	0	36	45
10.	47		89,004,443				10,935,725	8	0	0	6,245,497	82,758,946
11.	50		501,946		148,154	74,077		55	0	0	316,813	185,133
12.	95		4,305,209					0	0	0		4,305,209
13.	13		25,301					NA	0	0	10,120	15,181
		Totals	128,543,636	14,400	993,698	409,020	10,935,725				8,984,550	119,559,086

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Note 1. If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101. 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 2. 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 of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 3. An accelerated investment incentive property (AIIP) is a property (other than property included in Class 54 or 55) that you acquired after November 20, 2018 and became available for use before 2028. See the T2 Corporation Income Tax Guide for more information. Classes 54 and 55 include property that is a zero-emission vehicle you acquired after March 18, 2019 and became available for use before 2028.

Note 4. Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 9). 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 (show amounts that reduce the undepreciated capital cost in brackets) 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 5.

Note 5. Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 6. Include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d); and
- an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b).

Also include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year.

Note 7. For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

Note 8. If the amount in column 5 reduces the undepreciated capital cost (i.e. it is shown in brackets), you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 9. The relevant factors for AIIP of a class in Schedule II and for property included in classes 54 and 55, available for use before 2024, are:

- 2 1/3 for property in Classes 43.1 and 54;
- 1 1/2 for property in Class 55;
- 1 for property in Classes 43.2 and 53;
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 14 for additional information); and
- 0.5 for all other property that is AIIP.

Note 10. The UCC adjustment for non-AIIP acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 11. 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 17.

Note 12. If the amount in column 9 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 9 in column 15 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1.

Note 13. If no property is left in the class at the end of the tax year and there is still a positive amount in the column 9, you have a terminal loss. If applicable, enter the positive amount from column 9 in column 16. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1;
- property in Class 14.1, unless you have ceased carrying on the business to which it relates; or
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply.

Note 14. 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. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction).
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction).
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction).
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction).
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraph 1100(1)(y.2)(for single mine properties) and 1100(1)(ya.2)(for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive.
- Property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit: 150% of the amount determined by first subtracting the total of the residual value of the timber limit and all amounts you expended for the 1949 or later tax years for surveys, cruises or preparation of prints, maps or plans for the purpose of obtaining a licence or right to cut timber from the capital cost of the limit or right, and then dividing the result by the quantity of timber in the limit or the quantity of timber you have the right to cut.
- Industrial mineral mine or a right to remove industrial minerals from an industrial mineral mine: 150% of the amount determined by first subtracting the residual value, if any, of the mine or right from the capital cost of the mine or right, and then dividing the result by the number of units of commercially mineable material estimated to be in the mine when the mine or right was acquired (alternatively, if you have acquired a right to remove only a specified number of units, that number of units that you acquired a right to remove).

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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.	OSHAWA POWER AND UTILITIES C		86486 7593 RC0001	1					
2.	OSHAWA PUC ENERGY SERVICES II		85749 1336 RC0001	3					
3.	OSHAWA PUC SERVICES INC.		86579 9662 RC0001	3					
4.	2252112 Ontario Inc.		80068 6453 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	12,668,227		132,943		12,801,170
2	Allowance for doubtful account:	182,572		11,939		194,511
3						
	Reserves from Part 2 of Schedule 13					
	Totals	12,850,799		144,882		12,995,681

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Oshawa Power and Utilities C	100 Simcoe Street South Oshawa ON L1H 7M7			360,588		

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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	832,403	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	832,403	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	832,403	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 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 must 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, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

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 association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has 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 the agreement applies to . . . . . . **050** Year 2019

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** ☐ Yes ☒ No

	1 Name of associated corporations **100**	2 Business number of associated corporations **200**	3 Asso-ciation code **300**	4 Business limit for the year before the allocation $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	Oshawa PUC Networks Inc.	89172 5210 RC0001	1	500,000	100.0000	500,000
2	OSHAWA POWER AND UTILITIES CORPORATI(	86486 7593 RC0001	1	500,000		
3	OSHAWA PUC ENERGY SERVICES INC.	85749 1336 RC0001	1	500,000		
4	OSHAWA PUC SERVICES INC.	86579 9662 RC0001	1	500,000		
5	2252112 Ontario Inc.	80068 6453 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 (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C 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 lesser of: 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.

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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 the 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 stated, 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 incurred after March 21, 2017 no longer qualify for the investment tax credit. If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.
- File 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* and read Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see guide 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

	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 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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 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 an amalgamation or the wind-up of a 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 on line 780 of the T2 return if you do not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		587,728		
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)*		587,728	350	587,728
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	587,728

* 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 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 the taxation year ends before March 19, 2019; otherwise, enter $3,000,000) (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 = 365 = ______ F2

Your SR&ED expenditure limit for the year (enter amount D2, E2, or F2, whichever applies) 410 ______

* For taxation years ending after March 18, 2019, the taxable income is no longer taken into account in the SR&ED expenditure limit calculation. For more information, consult the Help (F1).

**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**	587,728			

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** 587,728 x (Number of days in the tax year after 2013 365 / Number of days in the tax year 365) x 15 % = 88,159 d

Subtotal (amount c **plus** amount d)	88,159 ▶	88,159	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 365 / Number of days in the tax year 365) 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) ______

Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayment of assistance that reduced a qualifying expenditure for a CCPC***	**460**		x 35 % =		h
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred before 2015	**480**		x 20 % =		i
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred after 2014	**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)		88,159	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 were a Canadian-controlled private corporation (CCPC), this percentage was applied to the portion that you claimed of the SR&ED qualified expenditure pool that did not exceed your expenditure limit at the time. This percentage includes the rate under subsection 127(10.1), **additions to investment tax credit**. See subsection 127(10.1) for details about exceptions. For expenditures not eligible for this rate use line 480 or 490 as appropriate.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

	Line	Amount		Amount	
ITC at the end of the previous tax year					M2
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		
Credit transferred on an amalgamation or the wind-up of a subsidiary	530				
Total current-year credit (from amount L2 in Part 11)	540	88,159			
Credit allocated from a partnership	550				
Subtotal (total of lines 530 to 550)		88,159	▶	88,159	O2
Total credit available (line 520 **plus** amount O2)				88,159	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)				88,159	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	88,159	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year Month Day		Line	Amount
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 part 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 (amount R2 in Part 12)	88,159	Z2
Amount Z2 or amount G2 in Part 11, whichever is less		AA2
Net amount (amount Z2 **minus** amount AA2; if negative, enter "0")	88,159	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 at amount 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 at amount 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 **760** ____________
Enter at amount E3 in Part 17.

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) Enter at amount A8 in Part 29.		F3

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 an amalgamation or the wind-up of a 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 [X] 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.	Michael Cudmore	Powerline Technician	69,965	6,997	2,000
2.	Jarrett Richard	Powerline Technician	49,486	4,949	2,000

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
3.	Derek Barss	Powerline Technician	67,803	6,780	2,000
4.	Brett Hodgkin	Powerline Technician	11,255	1,126	1,126

Total current-year credit (total of column E) Enter on line 640 in Part 22. 7,126 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

	Line	Amount		Amount	
ITC at the end of the previous tax year					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		
Credit transferred on an amalgamation or the wind-up of a subsidiary	630				
ITC from repayment of assistance	635				
Total current-year credit (amount A5 in Part 21)	640	7,126			
Credit allocated from a partnership	655				
Subtotal (total of lines 630 to 655)		7,126	▶	7,126	D5
Total credit available (line 625 **plus** amount D5)				7,126	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	7,126	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year Month Day		Line	Amount
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, 2007 and 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** ______

* If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.

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 an amalgamation or the wind-up of a 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	2018-12-31	Credit to be applied	941	
2nd previous tax year	2017-12-31	Credit to be applied	942	
3rd previous tax year	2016-12-31	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 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 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 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)
	7,126				7,126

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2018-12-31				
2017-12-31				
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				
2000-12-31				
				*
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.

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)
88,159				88,159

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2018-12-31				
2017-12-31				
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				
2000-12-31				
				*
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.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101	12,995,681		
Capital stock (or members' contributions if incorporated without share capital)	103	23,064,000		
Retained earnings	104	29,195,000		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	77,833,000		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		143,087,681	143,087,681	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)	143,087,681	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	2,072,000		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		2,072,000 ►	2,072,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter “0”)	190		141,015,681	

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)		141,015,681	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	141,015,681	

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) 141,015,681 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 141,015,681

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 affiliate		5,765,000	00
Customer advance payments	+	844,000	00
Current portion of long-term liabilities	+	916,000	00
Note payable to shareholder	+	60,064,000	00
Customer advance deposits	+	2,284,000	00
Regulatory liabilities	+	8,712,000	00
Regulatory assets	+	-752,000	00
	+		
	+		
	Total	77,833,000	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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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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 (business number, social insurance number or trust number).

	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	Oshawa Power and Utilities Corporation	86486 7593 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
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

On: 2019-12-31

- 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).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, 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	20,369,626
Taxable income for the year (DICs enter "0") *		110		
Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least *	130			
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140			
Subtotal (line 130 **plus** line 140)		►		A
Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0")		150		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	
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)			►	B
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	►	
Subtotal (**add** lines 100, 190, 290, and amount B)				20,369,626 C
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)			►	D
GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative)			490	20,369,626
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 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	20,369,626

* For lines 110, 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.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

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 2018-12-31

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:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B1

Aggregate investment income (line 440 of the T2 return) . . . . ______ C1

Subtotal (amount B1 **plus** amount C1) ______ ► ______ D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") ______ ► ______ E1

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 . . . . ______ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G1

Aggregate investment income (line 440 of the T2 return) . . . . ______ H1

Subtotal (amount G1 **plus** amount H1) ______ ► ______ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ______ ► ______ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ______ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied** by 0.72) . . . . **500** ______

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

Second previous tax year 2017-12-31

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:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B2

Aggregate investment income (line 440 of the T2 return) . . . . ______ C2

Subtotal (amount B2 **plus** amount C2) ______ ► ______ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ______ ► ______ E2

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 . . . . ______ F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G2

Aggregate investment income (line 440 of the T2 return) . . . . ______ H2

Subtotal (amount G2 **plus** amount H2) ______ ► ______ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ______ ► ______ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") ______ K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) . . . . **520** ______

****** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

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

Third previous tax year 2016-12-31

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:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B3

Aggregate investment income (line 440 of the T2 return) . . . . ______ C3

Subtotal (amount B3 **plus** amount C3) ______ ▶ ______ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") ______ ▶ ______ E3

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 . . . . ______ F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G3

Aggregate investment income (line 440 of the T2 return) . . . . ______ H3

Subtotal (amount G3 **plus** amount H3) ______ ▶ ______ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ______ ▶ ______ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") ______ K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **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") . . . . ______ L3

Enter amount L3 on line 560 in part 1.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

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. 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.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a 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.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.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last 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.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

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

Description	Line	Amount	Total	
Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3		2,500,000		
Total taxable dividends paid in the tax year	100	2,500,000		
Total eligible dividends paid in the tax year	150		2,500,000	A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160		20,369,626	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

Description	Line	Amount	Total	
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**.

Canada Revenue Agency | Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Oshawa PUC Networks Inc.	89172 5210 RC0001	2019-12-31

- 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)
Oshawa PUC 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	2000-10-18	1419333

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
100	SIMCOE STREET SOUTH	

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
OSHAWA	ON	CA	L1H 7M7

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 SAVAGE (Last name) **451** DAVID (First name)

454 ______________________, (Middle name(s))

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

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

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

Part 5 – Mailing address

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

510 Care of (if applicable)

520 Street number	530 Street name/Rural route/Lot and Concession number	540 Suite number

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

560 Municipality (e.g., city, town)	570 Province/state	580 Country	590 Postal/zip code

Part 6 – Language of preference

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

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Oshawa PUC Networks Inc.

Taxation Year . . . . 2019-01-01 to 2019-12-31

Jurisdiction . . . . Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
				X											

Corporation is associated . . . . Y

Corporation is related . . . . Y

Number of associated corporations . . . 4

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		2,428,651
Taxable income		
Donations		4,000
Calculation of income from an active business carried on in Canada		2,428,651
Dividends paid		2,500,000
Dividends paid – Regular		
Dividends paid – Eligible	2,500,000	
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		20,369,626
Balance of the general rate income pool at the end of the year		20,369,626
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Investment tax credits	95,285
Financial statement reserve	12,995,681

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	2,428,651		
Taxable income			
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Oshawa PUC Networks Inc.	128,840,799	128,840,799	141,015,681	141,015,681
OSHAWA POWER AND UTILITIES CORPORATION	3,670,584	3,670,584	3,237,356	3,237,356
OSHAWA PUC ENERGY SERVICES INC.	7,431,304	7,431,304	7,775,000	7,775,000
OSHAWA PUC SERVICES INC.	2,066,612	2,066,612	2,358,357	2,358,357
2252112 Ontario Inc.	2,122,134	2,122,134	1,944,607	1,944,607
Total	144,131,433	144,131,433	156,331,001	156,331,001

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Form CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

APPENDIX 4-6 – RECONCILIATION OF 2019 TAX RETURN TO FINANCIAL STATEMENTS

Oshawa PUC Networks Inc. 2019 PILS Summary		As per Financial Statements	As per Tax Filing	Changes
Accounting Income (Net Income after Tax)		5,213,727	5,214,000	(273)
Add:				
Depreciation		5,503,004	5,503,000	4
Provision for income taxes		749,446	749,000	446
Charitable Donations & Gifts (Sch 2)		5,000	4,000	1,000
Non deductible meals and entertainment		15,000	15,000	0
Reserves (balances at end of year)				
Employee future benefits		13,120,829	13,120,829	0
Doubtful Accounts - General		194,511	194,511	0
Offset of provision change (OPEB)		(319,659)	(319,659)	0
SRED expenditures deducted per Fin Statements			509,258	(509,258)
Inducements - ITA 12(1)(x)			6,237,159	(6,237,159)
Prior Year ITC claimed 12(1)(t)			55,712	(55,712)
Total Additions		19,268,132	26,068,810	(6,800,679)
Deduct:				
CCA		8,567,147	8,984,550	(417,403)
Reserves from financial statements-beginning		12,850,799	12,850,799	0
SRED expenditures claimed from Form T661 (line 460)			446,969	(446,969)
Other Deductions				
Capitalized Interest (return to Expense)		356,953	356,953	0
13(7.4) election			6,198,919	(6,198,919)
Total Deductions		21,774,898	28,838,190	(7,063,292)
Net Income (Loss) for income tax purposes		**2,706,960**	**2,444,620**	**262,340**
Less:Charitable Donationsfrom Sch 2		(5,000)		(5,000)
		2,701,960	2,444,620	257,340
Effective Tax Rate (Federal, Abatement, and Surtax)	15.00%	405,294	366,693	38,601
ITC (apprentices etc)		(9,000)	(7,126)	(1,874)
ITC (SR&ED)			(85,074)	85,074
Part I Tax calculated		**396,294**	**274,493**	**121,801**
Ontario				
Net Income for taxation		2,701,960	2,444,620	257,340
Prior year's losses		0	0	0
Taxable Income		**2,701,960**	**2,444,620**	**257,340**
Taxes Payable, before Tax Credits	11.50%	**310,725**	**280,671**	**30,054**
Add:				
Corporate Minimum Tax	2.70%	0	0	0
Deduct:				
Ontario Co-op Education Tax Credit		(10,000)	(14,077)	4,077
OntarioApprenticeship Training Tax Credit		(10,000)	(14,932)	4,932
Ontario Research and Development Credit			(20,570)	20,570
Net Provincial Tax Payable		**290,725**	**231,092**	**29,579**
Summary of Tax Payable				
Federal		396,294	274,493	121,801
Provincial		290,725	231,092	59,633
Prior Year Adjustments		62,427		62,427
Rounding			(600)	600
Total Tax Expense		**749,446**	**504,985**	**244,461**