

EXHIBIT 6 – REVENUE REQUIREMENT,
SUFFICIENCY/DEFICIENCY

2023 Cost of Service

Cooperative Hydro Embrun Inc.
EB-2022-0022

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6.1 PROPOSED REVENUE REQUIREMENT

The 2023 Test Year Base Revenue Requirement represents the amount of revenue the utility must collect from its customers to cover its day-to-day operating costs, taxes, interest paid on debts owed to investors (in CHEI's case, cooperative members), and a deemed return (profit).

CHEI's 2023 revenue requirement is calculated to be \$1,165,281.

Table 1 - Test Year Revenue Requirement (RRWF Model) below originates from the OEB's Revenue Requirement Workform. It presents CHEI's proposed 2023 Test Year Revenue Requirement as calculated in the OEB's Revenue Requirement Work:

Table 1 - Test Year Revenue Requirement (RRWF Model)

Particulars	Application
OM&A Expenses	\$753,157
Amortization/Depreciation	\$180,507
Property Taxes	\$ -
Income Taxes (Grossed up)	\$19,099
Other Expenses	\$ -
Return	
Deemed Interest Expense	\$95,669
Return on Deemed Equity	\$165,600
Service Revenue Requirement (before Revenues)	\$1,214,031
Revenue Offsets	\$48,750
Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	\$1,165,281

CHEI confirms that the OEB's 2022 Revenue Requirement Workform (RRWF) accurately reflects its' proposed rates for the 2023 Test Year, and therefore there is no requirement for the applicant to file its rate generator model.

The proposed revenue requirement proposes to yield a net income of \$165,600. The derivation of the income is shown at Table 2 – Utility Income (RRWF Model).

Table 3 – Statement of Rate Base (RRWF Model) shows the reconciliation between the return on deemed equity included in the revenue requirement.

Table 2 – Utility Income (RRWF Model)

Particulars	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	\$1,165,281
Other Revenue ⁽¹⁾	\$48,750
Total Operating Revenues	\$1,214,031
Operating Expenses:	
OM+A Expenses	\$753,157
Depreciation/Amortization	\$180,507
Property taxes	\$ -
Capital taxes	\$ -
Other expense	\$ -
Subtotal (lines 4 to 8)	\$933,664
Deemed Interest Expense	\$95,669
Total Expenses (lines 9 to 10)	\$1,029,333
Utility income before income taxes	\$184,698
Income taxes (grossed-up)	\$19,099
Utility net income	\$165,600

Table 3 – Statement of Rate Base (RRWF Model)

Particulars	Capitalization Ratio		Cost Rate	Return
	Initial Application	Initial Application		
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$2,677,129	3.49%	\$93,432
Short-term Debt	4.00%	\$191,223	1.17%	\$2,237
Total Debt	60.00%	\$2,868,352	3.34%	\$95,669
Equity				
Common Equity	40.00%	\$1,912,235	8.66%	\$165,600
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$1,912,235	8.66%	\$165,600
Total	100.00%	\$4,780,587	5.47%	\$261,269

6.1.1 Trend Analysis and Change from 2018 Cost of Service

Table 4 – Movement in Revenue Requirement from last COS (2018) below shows the movement from CHEI's 2018 board-approved revenue requirement to the 2023 proposed revenue

requirement, along with a high-level explanation of the changes from the 2018 Board Approved Cost of Service. A more in-depth description of the changes is presented in each component's respective Exhibits.

Table 4 – Movement in Revenue Requirement from last COS (2018)

Rate Year and Particulars	Rev. Req.	Change from 2018	High-level explanation	Reference
2018 Board Approved Revenue Requirement	\$1,067,336			
OM&A Expenses		+ \$71,186	Increase in Operating expenses to reflect increases in unplanned and inflationary costs.	Exhibit 4
Depreciation Expense		+ \$18,351	Increase related to capital investments	Exhibit 2
<i>Net Fixed Assets</i>		<i>\$884,842.56</i>	Increase related to additional capital investments	
<i>Working Capital Allowance</i>		<i>-\$12,107.58</i>	Reduction in WCA as a result of lower Cost of Power	Exhibit 2
<i>Rate Base</i>		<i>\$872,734.98</i>	Movement in Rate (Asset) Base	
Regulated Return on Capital		\$12,476.91	Increase in Return on Capital due to increasing in deemed WACC from 2018 (5.32%) to 2023 (5.47%)	Exhibit 5
Grossed up PILs		\$15,022.63	Increase in PILs due to increase in Assets	Exhibit 6
Revenues Offsets		-\$19,091.60	Reduction (shown as positive) in Revenue Offsets.	Exhibit 6
Increase in Revenue Requirement	\$97,945.59			
2023 Revenue Requirement	\$1,165,281.27			

The following two tables, Table 5 – Trend in Revenue Requirement and Table 6 - Variance Analysis of Revenue Requirement, present CHEI's Revenue Requirement trend starting from the 2018 Board Approved year to the 2023 proposed Revenue Requirement. The year-over-year changes in CHEI's Revenue Requirement beginning from the 2018 Board Approved year through to the 2023 proposed Revenue Requirement.

Table 5 – Trend in Revenue Requirement

Particular	Last Board Approved	2018	2019	2020	2021	2022	2023
OM&A Expenses	\$681,971	\$689,876	\$698,458	\$738,467	\$702,365	\$739,788	\$753,157
Depreciation Expense	\$162,155	\$163,632	\$164,417	\$169,611	\$170,745	\$178,991	\$180,507
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Distribution Expenses	\$844,126	\$853,508	\$862,875	\$908,079	\$873,110	\$918,779	\$933,664
Regulated Return On Capital	\$248,792	\$248,792	\$246,071	\$249,324	\$248,485	\$249,318	\$261,269
Grossed up PILs	\$4,076	\$11,176	\$17,511	\$25,842	\$21,676	\$8,429	\$19,099
Service Revenue Requirement	\$1,096,994	\$1,113,476	\$1,126,457	\$1,183,244	\$1,143,271	\$1,176,526	\$1,214,031
Less: Revenue Offsets	-\$29,658	-\$63,630	-\$54,454	-\$80,394	-\$49,594	-\$42,752	-\$48,750
Base Revenue Requirement	\$1,067,336	\$1,049,845	\$1,072,004	\$1,102,850	\$1,093,677	\$1,133,774	\$1,165,281

Table 6 - Variance Analysis of Revenue Requirement

Particular	Last Board Approved	2018	2019	2020	2021	2022	2023	Variance over last CoS
OM&A Expenses	681,971	689,876	698,458	738,467	702,365	739,788	753,157	
<i>Year over year change (\$)</i>		7,905	8,583	40,009	-36,102	1,321	13,369	71,186
<i>Year over year change (%)</i>		1.16%	1.24%	5.73%	-4.89%	0.18%	1.81%	10.44%
Depreciation Expense	162,155.42	163,632.49	164,417.18	169,611.44	170,744.89	178,990.89	180,506.89	
<i>Year over year change (\$)</i>		1,477.07	784.69	5,194.26	1,133.45	8,246.00	1,516.00	18,351.47
<i>Year over year change (%)</i>		0.91%	0.48%	3.16%	0.67%	4.83%	0.85%	11.32%
Property Taxes								
<i>Year over year change (\$)</i>								
<i>Year over year change (%)</i>								
Total Distribution Expenses	844,126.42	853,508.01	862,875.22	908,078.50	873,109.84	918,779.05	933,664.07	
<i>Year over year change (\$)</i>		9,381.59	9,367.21	45,203.28	-34,968.66	45,669.21	14,885.02	89,537.65
<i>Year over year change (%)</i>		1.11%	1.10%	5.24%	-3.85%	5.23%	1.62%	10.61%
Regulated Return On Capital	248,791.71	248,791.71	246,071.10	249,323.73	248,484.58	249,317.77	261,268.62	
<i>Year over year change (\$)</i>		0.00	-2,720.61	3,252.63	-839.15	833.19	11,950.85	12,476.91
<i>Year over year change (%)</i>		0.00%	-1.09%	1.32%	-0.34%	0.34%	4.79%	5.02%
Grossed up PILs	4,076.00	11,175.97	17,511.00	25,841.70	21,676.35	8,428.79	19,098.63	
<i>Year over year change (\$)</i>		7,099.97	6,335.03	8,330.70	-4,165.35	-13,247.56	10,669.84	15,022.63
<i>Year over year change (%)</i>		174.19%	56.68%	47.57%	-16.12%	-61.12%	126.59%	368.56%
Service Revenue Requirement	1,096,994.13	1,113,475.69	1,126,457.32	1,183,243.93	1,143,270.77	1,176,525.61	1,214,031.32	
<i>Year over year change (\$)</i>		16,481.56	12,981.63	56,786.61	-39,973.16	33,254.84	37,505.71	117,037.19
<i>Year over year change (%)</i>		1.50%	1.17%	5.04%	-3.38%	2.91%	3.19%	10.67%
Less: Revenue Offsets	-29,658.45	-63,630.34	-54,453.58	-80,393.57	-49,593.79	-42,751.72	-48,750.05	0.00
<i>Year over year change (\$)</i>		-33,971.89	9,176.76	-25,939.99	30,799.78	6,842.08	-5,998.34	-19,091.60
<i>Year over year change (%)</i>		114.54%	-14.42%	47.64%	-38.31%	-13.80%	14.03%	64.37%
Base Revenue Requirement	1,067,335.68	1,049,845.35	1,072,003.74	1,102,850.36	1,093,676.98	1,133,773.89	1,165,281.27	
<i>Year over year change (\$)</i>		-17,490.33	22,158.39	30,846.62	-9,173.38	40,096.91	31,507.37	97,945.59
<i>Year over year change (%)</i>		-1.64%	2.11%	2.88%	-0.83%	3.67%	2.78%	9.18%

As illustrated in the above tables, the proposed revenue requirement for the Test Year (2023) is 9.18% higher than the 2018 Cost of Service Approved Revenue Requirement. This represents a modest 1.75% annual compound growth rate in revenue requirement between the 2018 Cost of Service Approved Revenue Requirement and the proposed 2023 Cost of Service Revenue Requirement.

Over the period 2018 actual to the 2023 Test Year, CHEI's OM&A annual compound growth rate has been 1.75%, well below the inflation rate.

The regulated return on capital which increased by 12.5k, is explained in Exhibit 5.

6.2. OPERATION, MAINTENANCE & ADMINISTRATION COSTS (REF: EXHIBIT 4)

The OM&A variance between 2018 to 2023, which increased by 71K, is summarized below, and details are presented throughout Exhibit 4.

6.3 DEPRECIATION EXPENSES (REF: EXHIBIT 2)

The depreciation expense has increased proportionately with the increase in net fixed assets. Details of historical capital expenses and their related depreciation expenses are summarized below and are presented in detail in Exhibit 2.

6.4 RETURN ON CAPITAL (REF: EXHIBIT 5)

The regulated return on capital, summarized below, which increased by 15K, is explained in Exhibit 5.

6.5 TAXES & PAYMENTS IN-LIEU OF TAXES (PILS)

CHEI has used the OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2023 rates. PILs have been computed under MIFRS accounting policies. CHEI's external auditor BDO completed the PILS model to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable, and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

CHEI is required to calculate payment in lieu of income taxes ("PILs") based on its taxable income for the Test Year of 2023.

CHEI notes that it does not pay property taxes as its office space is leased. Property Taxes on the distribution system is recored in OM&A.

CHEI files Federal/Provincial tax returns annually.

There have been no exceptional circumstances that would require specific tax planning measures to minimize taxes payable. There are no outstanding audits, reassessments, or disputes relating to the tax returns filed by CHEI.

There are non-utility activities included in CHEI's financial results. Therefore the amount of PILs payable is calculated accordingly in the proposed allowance to be included in the revenue requirement.

CHEI's PILs are projected to be in the amount of \$19,099.

The income tax sheet from the OEB's Revenue Requirement Work form is presented in Table 7 - Tax Provision for the Test Year (OEB PILs Model) below, and the PILs model is being filed in conjunction with this application. The most recent federal and provincial tax returns are presented in Attachment 1 of this Exhibit.

Table 7 - Tax Provision for the Test Year (OEB PILs Model)

<u>Particulars</u>	<u>Application</u>
<u>Determination of Taxable Income</u>	
Utility net income before taxes	\$165,600
Adjustments required to arrive at taxable utility income	(\$28,152)
Taxable income	<u>\$137,448</u>
<u>Calculation of Utility income Taxes</u>	
Income taxes	\$16,769
Total taxes	<u>\$16,769</u>
Gross-up of Income Taxes	<u>\$2,330</u>
Grossed-up Income Taxes	<u>\$19,099</u>
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$19,099</u>
Other tax Credits	\$ -
<u>Tax Rates</u>	
Federal tax (%)	9.00%
Provincial tax (%)	3.20%
Total tax rate (%)	<u>12.20%</u>

CHEI is not claiming Apprenticeship Training Tax Credits.

CHEI confirms that it uses the stand-alone principle when determining PILs amounts.

- ✓ CHEI has exercised sound tax planning, and that for rate-setting purposes, it maximized tax credits and took the maximum deductions allowed if it made sense for the utility to do so.

- ✓ A copy of the most current Federal and Provincial taxes is presented in Attachment **1** of this Exhibit.
- ✓ Detailed calculations of Income Tax or PILs are shown in the OEB PILs model filed along with this application.
- ✓ There were no adjustments (e.g., Tax credits, CCA adjustments) for the Historical, Bridge, and Test Years, and as such, no supporting schedules and calculations and explanations for "other additions" and "other deductions" were required.

6.5.1 Non- Recoverable and Disallowed Expenses

CHEI confirms that expenses deemed non-recoverable in the revenue requirement (e.g., individual charitable donations) or disallowed for regulatory purposes have been excluded from the regulatory tax calculation.

6.5.2 Accelerated CCA

CHEI, with the assistance of its accounting firm BDO, has complied with the Accelerated Investment Incentive program, which provides for the first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

CHEI and BDO confirm that it has recorded the impact of the CCA rules changes in Account 1592 - PILs and Tax Variances – CCA Changes for November 21, 2018, up to 2023 Test Year. The worksheet showing the calculations of the entire revenue requirement impact is filed along with this application. The DVA model shows the full revenue requirement impact recorded in Account 1592.

CHEI acknowledges the OEB's practice with respect to the impact of changes in taxes due to regulatory or legislated tax changes during an incentive rate-setting period has been to share the impacts between distributor shareholders and ratepayers on a 50/50 basis. CHEI is proposing to dispose of 100%.

CHEI also understands that this practice may not apply concerning CCA rules; therefore, the utility proposes to dispose of its balances in the same manner as it disposes of its other deferral and variance accounts through the DVA rate rider mechanism.

CHEI is not proposing to smooth the impact of the CCA rules changes and disposition over the IRM period. The utility is proposing not to continue using Account 1592 going forward unless there are new changes to the CCA rules.

6.5.3 PILs Integrity Check

CHEI and its external auditors, BDO, confirm to the best of their knowledge that the following integrity checks have been completed in its application. In completing the PILs model, BDO confirms that;

- ✓ 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;
- ✓ the capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge, and test years;
- ✓ Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31st historic year UCC that agrees with the opening bridge year UCC at January 1;
- ✓ The CCA deductions in the application's PILs tax model for historical, bridge, and test years agree with the numbers in the UCC schedules for the same years filed in the application;
- ✓ Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application;
- ✓ CCA is maximized even if there are tax loss carry-forwards; and
- ✓ A statement is included in the application as to when the losses, if any, will be fully utilized.

6.6 OTHER REVENUE

Other Distribution Revenues are distribution-related revenues but are sourced from means other than distribution rates. For this reason, other revenues are deducted from CHEI's proposed revenue requirement.

Other Distribution Revenues includes items such as:

- Specific Service Charges
- Late Payment Charges
- Other Distribution Revenues
- Other Income and Expenses

A detailed breakdown of the related USoA account is shown in Table 8 – OEB Appendix 2-H on the next page.

Year-over-year variance analysis over the materiality threshold of \$10,000 follows at Section 6.1.3.1 - Other Revenue Variance Analysis.

Table 8 – OEB Appendix 2-H

		2018	2018	2019	2020	2021	2022	2023
USoA Description		Board Approved						
4235	4235-Miscellaneous Service Revenues	\$20,910	-\$13,655	-\$8,800	-\$6,810	-\$6,845	-\$7,071	-\$7,304
4225	4225-Late Payment Charges	\$11,400	-\$12,495	-\$12,600	-\$11,634	-\$10,750	-\$11,100	-\$11,450
4082	4082-Retail Services Revenues	\$3,245	-\$2,238	-\$2,740	-\$2,452	-\$2,500	-\$2,750	-\$2,800
4084	4084-Service Transaction Requests (STR) Revenues	-\$10	\$0	-\$9	-\$3	-\$15	-\$10	-\$10
4086	4086-SSS Administration Revenue	\$0	\$0	-\$6,911	-\$7,041	-\$6,956	-\$6,821	-\$6,686
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4210	4210-Rent from Electric Property	-\$6,593	-\$6,989	-\$6,665	-\$6,935	-\$7,000	-\$7,000	-\$12,500
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	4220-Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4240	4240-Provision for Rate Refunds	-\$20,000	\$0	\$0	\$0	\$0	\$0	\$0
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	-\$10,000	\$0	\$0	\$0
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$10,481	\$6,066	-\$28,405	\$0	\$0	\$0
4375	4375-Revenues from Non-Utility Operations	-\$30,000	-\$22,815	-\$16,065	-\$1,160	\$0	\$0	\$0
4380	4380-Expenses of Non-Utility Operations	\$30,000	\$22,815	\$16,065	\$1,160	\$0	\$0	\$0
4390	4390-Miscellaneous Non-Operating Income	\$5,500	-\$24,978	-\$3,974	-\$1,417	-\$9,528	-\$2,000	-\$2,000
4405	4405-Interest and Dividend Income	\$2,000	-\$13,756	-\$18,820	-\$5,697	-\$6,000	-\$6,000	-\$6,000
Total		\$29,658	-\$63,630	-\$54,454	-\$80,394	-\$49,594	-\$42,752	-\$48,750
Specific Service Charges		\$20,910	-\$13,655	-\$8,800	-\$6,810	-\$6,845	-\$7,071	-\$7,304
Late Payment Charges		\$11,400	-\$12,495	-\$12,600	-\$11,634	-\$10,750	-\$11,100	-\$11,450
Other Distribution/Operating Revenues		-\$10,152	-\$9,228	-\$16,326	-\$26,430	-\$16,471	-\$16,581	-\$21,996
Other Income or Deductions		-\$7,500	-\$28,252	-\$16,728	-\$35,519	-\$15,528	-\$8,000	-\$8,000
Total		\$29,658	-\$63,630	-\$54,454	-\$80,394	-\$49,594	-\$42,752	-\$48,750

Example: Account 4405 - Interest and Dividend Income

	2017 Actual ²	2018 Actual ²	2019 Actual ²	2020 Actual	Bridge Year	Bridge Year	Test Year
	2017	2018	2019	2020	2021	2022	2023
Short-term Investment Interest							
Bank Deposit Interest	-\$10,850	-\$10,661	-\$16,284	-\$4,266	-\$4,921	-\$4,921	-\$4,921
Miscellaneous Interest Revenue	-\$2,545	-\$3,095	-\$2,535	-\$1,431	-\$1,079	-\$1,079	-\$1,079
Total	-\$13,395	-\$13,756	-\$18,819	-\$5,697	-\$6,000	-\$6,000	-\$6,000

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6.1.1 Other Revenues Variance Analysis

CHEI offers the following explanations for variances over \$10,000 or less than -\$10,000. There were no noteworthy variances between 2018-2019, 2021-2022 and 2022-2023.

Table 9 - Variance Analysis of Other Operating Revenues below present year-over-year variances of other operating revenues:

Table 9 - Variance Analysis of Other Operating Revenues
2018BA – 2018

<i>Reporting Basis</i>	CGAAP	CGAAP	Var Analysis	Var Analysis
	2018	2018	\$	%
USoA Description	Board Approved			
4240-Provision for Rate Refunds	\$20,000	\$0	-\$20,000	100.00%
4390-Miscellaneous Non-Operating Income	-\$5,500	-\$24,978	-\$19,478	354.14%
4405-Interest and Dividend Income	-\$2,000	-\$13,756	-\$11,756	587.79%
4360-Loss on Disposition of Utility and Other Property	\$0	\$10,481	-\$10,481	100.00%

2018 Board Approved compared to 2018 Actual

- **4240-Provision for Rate Refunds:**

CHEI has made an accounting change to remove incorrectly putting its refund to its cooperative members in account 4240. The refund back to its members has instead been moved to a more appropriate account, 3049-Dividends Payable.

- **4390-Miscellaneous Non-Operating Income:**

The balances in this particular account increase as a result of a one-time refund of \$24,321 from the IESO. The reason for the refund was related to inventory overstock.

- **4405-Interest and Dividend Income:**

When CHEI filed the 2018 Cost of Service, the assumption was that the utility would be financing more of the station project itself, which would have tied up more of the utility cashflow which in turn, would have minimized the interest income. In reality, the utility borrowed the entire amount needed for the station which resulted in more interest income.

- **4360-Loss on Disposition of Utility and Other Property:**

The one-time increase is related to the disposal of poles, and other assets accounted for incorrectly in 2018-2019. The reason for the larger amount is that

BDO corrected the accounting error for both years in 2020. Table 10 - Variance Analysis of Other Operating Revenues. amounts in the table represent the incorrect amounts in 2018 and 2019 with a correcting adjustment in 2020. do the amounts in the table represent the incorrect amounts in 2018 and 2019 with a correcting adjustment in 2020

2019 – 2020

<i>Reporting Basis</i>	CGAAP	CGAAP	Var Analysis	Var Analysis
	2019	2020	\$	%
USoA Description				
4245-Government Assistance Directly Credited to Income	\$0	-\$10,000	-\$10,000	
4360-Loss on Disposition of Utility and Other Property	\$6,066	-\$28,405	-\$34,471	568.27%

2019 Actual compared to 2020 Actual

- **4245-Government Assistance Directly Credited to Income:**

The increase in \$10,000 is related to the one-time CEBA (Canada Emergency Business Account), a government-guaranteed loan to a maximum of \$40,000 to help eligible businesses with operating costs. Terms dictate that it is interest-free, and 25% (i.e., \$10,000) of the loan is eligible for loan forgiveness if 75% (i.e., \$30,000) has been fully repaid on or before December 31, 2022. The loan forgiveness of \$10,000 was booked in 2020.

- **4360-Loss on Disposition of Utility and Other Property:**

The one-time increase is related to the disposal of poles and other assets. The larger amount in 2020 resulted from the correction of an accounting error in the two previous years.

Table 11 - Variance Analysis of Other Operating Revenues

2020 – 2021

<i>Reporting Basis</i>	CGAAP	CGAAP	Var Analysis	Var Analysis
	2020	2021	\$	%
USoA Description				
4245-Government Assistance Directly Credited to Income	-\$10,000	\$0	\$10,000	100.00%
4360-Loss on Disposition of Utility and Other Property	-\$28,405	\$0	\$28,405	100.00%

The variances in the above accounts result from the balances going back to their original levels after the one-time adjustments identified from 2019 to 2020.

6.6.2 Proposed Specific Service Charges

Table 12 – Proposed Specific Service Charge (2022 Tariff Sheet)

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Income tax letter	\$	15.00
Account history	\$	15.00
Credit check (plus credit agency costs)	\$	25.00
Returned cheque (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	\$	25.00
Reconnection at meter - after regular hours	\$	50.00
Reconnection at pole - during regular hours	\$	185.00
Reconnection at pole - after hours	\$	415.00

Other

Special meter reads	\$	20.00
Service call - customer owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
Temporary service - installation and removal - overhead - no transformer	\$	500.00
Temporary service - installation and removal - underground - no transformer	\$	300.00
Temporary service - installation and removal - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) - Approved on an Interim Basis	\$	44.50

CHEI is not proposing any changes or new charges to the current Specific Service Charges approved by the OEB in previous applications.

CHEI confirms that the inflation rate of 3.3% is embedded in its' "Other Operating Revenue" projections for the Bridge and Test Year 2023.

The applicant confirms that it has reconciled amounts between Specific Service Charges and Other Revenues.

Wireline Pole Attachment Charges

CHEI confirms that it has used Decision and Order EB-2021-0304 which states that *effective January 1, 2022, the wireline pole attachment charge will be \$34.76 per attacher, per year, per pole* to determine its 2023 budgets in account 4210 which is used to record revenues from Wireline Pole Attachment Charges from Rogers, Bell and Hydro One.

MicroFIT Monthly Service Charge

CHEI is proposing no change to the MicroFIT Monthly Service Charge of \$10.00 as was approved in the LDC's 2018 Cost of Service rate application (EB-2017-0035).

CHEI has analysed its MicroFit related costs vs its revenues and and despite its yearly costs of \$6303.36 for having its MicroFits read vs its revenues of \$1560 per year, CHEI is not proposing to change its MicroFit charges. The reason being that it want its charge to be in line with other utilities.

6.6.3 Revenue from Affiliate Transactions, Shared Services, Corporate Cost Allocation.

CHEI has no affiliates and as such, does not have any affiliate transactions, shared services, and corporate cost allocation that will be affecting its 2023 rates.

6.7 REVENUE DEFICIENCY OR SURPLUS

6.7.1 Calculation of Revenue Deficiency or Sufficiency

CHEI is in a sufficiency position of \$124,033. The sufficiency is calculated as the difference between the 2023 Test Year Revenue Requirement and the Forecast Test Year Revenue Requirement at the applicant's 2022 approved distribution rates.

Revenue Deficiency = (current rates @ 2023 load forecast + revenue offsets) – (proposed rates @ 2023 load forecast + revenue offsets)

Table 13 – Revenues at current rates and 2023 load forecast and Table 14 - Revenues at proposed rates and 2023 load forecast shows the details of the derivation of the two comparators.

Table 13 – Revenues at current rates and 2023 load forecast

2022 Rates at 2023 Load					
Test Year Projected Revenue from Existing Variable Charges					
Customer Class Name	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Net Variable Revenue
Residential	\$0.0000	kWh	20,126,172	\$0.00	\$0.00
General Service < 50 kW	\$0.0187	kWh	4,617,010	\$86,338.09	\$86,338.09
General Service > 50 to 4999 kW	\$4.1379	kW	11,425	\$47,274.36	\$47,274.36
Unmetered Scattered Load	\$0.0153	kWh	93,084	\$1,424.19	\$1,424.19
Street Lighting	\$21.4175	kW	652	\$13,964.21	\$13,964.21
Total Variable Revenue			24,848,343	\$149,000.85	\$149,000.85
Test Year Projected Revenue from Existing Fixed Charges					
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL
Residential	\$37.44	2,345	\$1,053,554.09	\$0.00	\$1,053,554.09
General Service < 50 kW	\$22.34	165	\$44,145.36	\$86,338.09	\$130,483.45
General Service > 50 to 4999 kW	\$194.70	9	\$20,110.51	\$47,274.36	\$67,384.87
Unmetered Scattered Load	\$22.39	17	\$4,456.05	\$1,424.19	\$5,880.23
Street Lighting	\$2.36	633	\$17,935.52	\$13,964.21	\$31,899.73
Total Fixed Revenue		3,168	\$1,140,201.53	\$149,000.85	\$1,289,202.38

Table 14 - Revenues at proposed rates and 2023 load forecast

2023 Rates at 2023 Load					
Test Year Projected Revenue from Proposed Variable Charges					
Customer Class Name	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Net Variable Revenue
Residential	\$33.66	kWh	20,126,172	\$0.00	\$0.00
General Service < 50 kW	\$20.19	kWh	4,617,010	\$78,042.73	\$78,042.73
General Service > 50 to 4999 kW	\$193.82	kW	11,425	\$47,060.26	\$47,060.26
Unmetered Scattered Load	\$16.18	kWh	93,084	\$1,029.36	\$1,029.36
Street Lighting	\$2.14	kW	652	\$12,666.59	\$12,666.59
Total Variable Revenue			24,848,343	\$138,798.94	\$138,798.94
Test Year Projected Revenue from Proposed Fixed Charges					
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL
Residential	\$33.66	2,345	\$947,069.44	\$0.00	\$947,069.44
General Service < 50 kW	\$20.19	165	\$39,903.87	\$78,042.73	\$117,946.60
General Service > 50 to 4999 kW	\$193.82	9	\$20,019.42	\$47,060.26	\$67,079.68
Unmetered Scattered Load	\$16.18	17	\$3,220.72	\$1,029.36	\$4,250.08
Street Lighting	\$2.14	633	\$16,268.87	\$12,666.59	\$28,935.47
Total Fixed Revenue		3,168	\$1,026,482.32	\$138,798.94	\$1,165,281.27

				Other Revenues	\$48,750
				Revenue Sufficiency	-\$124,033

The revenue sufficiency presented at the next page is an excerpt from the Revenue Requirement Work Form. The drivers for the revenue deficiency are discussed in the next section.

Table 15 - Revenue Deficiency (RRWF)

Particulars	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below Distribution Revenue		(\$124,033)
Other Operating Revenue	\$1,289,314	\$1,289,314
Offsets - net		\$48,750
Total Revenue	\$48,750	\$1,214,031
Operating Expenses	\$1,338,064	\$933,664
Deemed Interest Expense	\$933,664	\$95,669
Total Cost and Expenses	\$95,669	\$1,029,333
Utility Income Before Income Taxes	\$1,029,333	\$184,698
Tax Adjustments to Accounting Income per 2022 PILs model		(\$28,152)
Taxable Income	(\$28,152)	\$156,546
Income Tax Rate	\$280,579	12.20%
Income Tax on Taxable Income	12.20%	\$19,099
Income Tax Credits	\$34,231	\$ -
Utility Net Income	\$ -	\$165,600
Utility Rate Base	\$274,500	\$4,780,587
Deemed Equity Portion of Rate Base	\$4,780,587	\$1,912,235
Income/(Equity Portion of Rate Base)	\$1,912,235	8.66%
Target Return - Equity on Rate Base	14.35%	8.66%
Deficiency/Sufficiency in Return on Equity	8.66%	0.00%
Indicated Rate of Return	5.69%	5.47%
Requested Rate of Return on Rate Base	7.74%	5.47%
Deficiency/Sufficiency in Rate of Return	5.47%	0.00%
Target Return on Equity	\$165,600	\$165,600
Revenue Deficiency/(Sufficiency)	(\$108,901)	
Gross Revenue Deficiency/(Sufficiency)	(\$124,033)	

6.7.2 Causes of Revenue Surplus

CHEI's existing rates are based on the Board-approved rates in 2018 as an outcome of a cost-of-service rate application and subsequent annual adjustments to its' base distribution rates in years 2017 to 2020 under the Board's third Generation Incentive Regulation Mechanism.

As illustrated in the previous section, the revenue sufficiency is determined to be \$124,033.

The surplus is in line with the applicant's directives from its Board of directors to reduce rates while maintaining the integrity of its service to customers, distribution system, safety, and reliability.

CHEI notes that although the utility is in a sufficiency position, its revenue requirement has increased from its last Cost of Service. The major contributors of the increase in revenue requirement from 2018 Board Approved to Test Year (2023) are presented in the following table with explanations following.

Table 16 – Change in Revenue Requirement

Particular	2018	2023	Diff
Long Term Debt	2.90%	3.49%	0.59%
Short Term Debt	2.29%	1.17%	-1.12%
Return on Equity	9.00%	8.66%	-0.34%
Weighted Debt Rate	2.86%	3.34%	0.48%
Regulated Rate of Return	5.32%	5.47%	0.15%
Controllable Expenses	\$681,971	\$753,157	\$71,186
Power Supply Expense	\$3,525,627	\$3,293,006	-\$232,621
Total Eligible Distribution Expenses	\$4,207,598	\$4,046,164	-\$161,434
Working Capital Allowance Rate	7.50%	7.50%	0.00%
Total Working Capital Allowance ("WCA")	\$315,570	\$303,462	-\$12,108
Fixed Asset Opening Bal Bridge Year	\$6,244,627	\$7,185,613	\$940,986
Fixed Asset Opening Bal Test Year	\$1,879,790	\$2,708,489	\$828,699
Average Fixed Asset	\$4,062,209	\$4,477,124	\$112,287
Working Capital Allowance	\$315,570	\$303,462	-\$12,108
Rate Base	\$4,377,778	\$4,780,587	\$100,180
Regulated Rate of Return	5.32%	5.47%	0.15%
Regulated Return on Capital	\$248,792	\$261,269	\$12,477
Deemed Interest Expense	\$80,297	\$95,669	\$15,372
Deemed Return on Equity	\$168,495	\$165,600	-\$2,895
OM&A	\$681,971	\$753,157	\$71,186
Depreciation Expense	\$162,155	\$180,507	\$18,351
PILs	\$4,076	\$19,099	\$15,023
Revenue Offset	-\$29,658	-\$48,750	-\$19,092
Revenue Requirement	\$1,067,336	\$1,165,281	\$97,946

The table above shows that the Rate Base of \$4,780,587 in 2023 is higher than the 2018 Board-approved amount of \$4,377,778 by 100,180.

The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 and summarized as;

- a) Investments in the distribution system to follow the Distribution System Plan.
- b) Focus on a new subdivision and commercial project planned for 2022
- c) Continue with the pole and transformer replacement plan.

The Working Capital Allowance was reduced by \$12,108 due to a lower cost of power.

Increased Operations, Maintenance, and Administration (OM&A) expenses are another driver of the revenue deficiency. Projected OM&A for the Test Year 2023 is \$71,186 higher than the 2018 Board-approved amount. CHEI's OM&A actual costs have seen a compound annual growth rate of all years of 1.75% (from 2018 Actuals to 2023 Test Year), which is below annual inflation rates.

The cost drivers underlying this increase are explained in Exhibit 4.

All customers's rates will be affected. However, CHEI does not have any discrete customer groups that may be materially impacted by changes to other rates and charges.

APPENDICES

List of Appendices

Appendix 6A	2020 Tax Return

APPENDIX 6A

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 89147 9412 RC0001

Corporation's name 002 Cooperative Hydro Embrun 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.

011 821 Notre-Dame 012 Suite 200

City Province, territory, or state 015 Embrun 016 ON

Country (other than Canada) Postal or ZIP code 017 KOA 1W1 018

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 022 821 Notre-Dame 023 Suite 200

City Province, territory, or state 025 Embrun 026 ON

Country (other than Canada) Postal or ZIP code 027 KOA 1W1 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 Province, territory, or state 035 Embrun 036 ON

Country (other than Canada) Postal or ZIP code 037 KOA 1W1 038

040 Type of corporation at the end of the tax year (tick one)

- 1 Canadian-controlled private corporation (CCPC)
2 Other private corporation
3 Public corporation
4 Corporation controlled by a public corporation
X 5 Other corporation (specify) Cooperative

If the type of corporation changed during the tax year, provide the effective date of the change 043

To which tax year does this return apply? Tax year start Year Month Day 060 2020-01-01 Tax year-end Year Month Day 061 2020-12-31

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

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)
4 Exempt under other paragraphs of section 149

Do not use this area

095 096 098

Attachments

Financial statement information: Use GIFL 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?	<input type="checkbox"/>	9
Is the corporation an associated CCPC?	<input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares?	<input type="checkbox"/>	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	<input type="checkbox"/>	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?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	<input type="checkbox"/>	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)?	<input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	<input type="checkbox"/>	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?	<input type="checkbox"/>	29
Did the corporation have a total amount over CAN\$1 million of reportable transactions with non-arm's length non-residents?	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	
Does the corporation earn income from one or more Internet web pages or websites?	<input type="checkbox"/>	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	<input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	3
Is the corporation claiming any type of losses?	<input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<input type="checkbox"/>	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)?	<input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input checked="" type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input type="checkbox"/>	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	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?	<input type="checkbox"/>	43
Is the corporation agreeing to the transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
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?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit?	<input type="checkbox"/>	T1177
Is the corporation claiming a Canadian journalism labour tax credit?	<input type="checkbox"/>	58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Attachments (continued)

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	<input type="checkbox"/>	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?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	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?	<input type="checkbox"/>	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?	<input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? . . .	270	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Is the corporation inactive?	280	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
What is the corporation's main revenue-generating business activity?					
					221122 Electric Power Distribution
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	Hydro distribution	285	100.000 %	
	286		287	%	
	288		289	%	
Did the corporation immigrate to Canada during the tax year?	291	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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	<input type="checkbox"/>	No	<input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	166,911	A
Deduct:			
Charitable donations from Schedule 2	311		
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	352		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		166,911	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	166,911	
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	166,911	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	166,911	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

- 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.
- 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 $\frac{500,000}{11,250} \times$ **415** *** D = _____ E

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** . **417** - 50,000 = F

Amount C $\frac{500,000}{100,000} \times$ Amount F = _____ G

The greater of amount E and amount G **422** _____ H

Reduced business limit (amount C minus amount H) (if negative, enter "0")	426	500,000	I
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			J

Reduced business limit after assignment (amount I minus amount J)	428	500,000	K
---	------------	---------	---

Small business deduction – Amount A, B, C, or K, whichever is the least	166,911	\times 19 % =	430	31,713
--	---------	-----------------	------------	--------

Enter amount from line 430 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) \times 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) \times 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 for each tax year that ended in the preceding calendar year. Each corporation with such income has to file a Schedule 7. For a corporation's first tax year that starts after 2018, this amount is reported at line 744 of the corresponding Schedule 7. Otherwise, this amount is the total of all amounts reported at line 745 of the corresponding Schedule 7 of the corporation for each tax year that ended in the preceding calendar year.

Specified corporate income and assignment under subsection 125(3.2)

L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L ³	N Business limit assigned to corporation identified in column L ⁴
1.	490	500	505
Total		510	515

Notes:

- This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income (other than specified farming or fishing income of the corporation for the year) 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.
- 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 M 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 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3	.....	_____	166,911	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 428 on page 4, whichever is the least	.....	_____	166,911	E
Aggregate investment income from line 440 on page 6*	.....	_____		F
		Subtotal (add amounts B to F)	<u>166,911</u>	▶ <u>166,911</u> 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 line 360 on page 3	.....	_____		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 F

Amount from line 400, 405, 410, or 428 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) K x 30 2 / 3 % = 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

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)		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")		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)		H
Amount H multiplied by 38 1 / 3 %		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	

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)		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.		

Part I tax

Base amount Part I tax – Taxable income (from line 360 on page 3) multiplied by 38 %	550	63,426	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			E
Deduct:			
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least			F
Net amount (amount E minus amount F)			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)		63,426	I
Deduct:			
Small business deduction from line 430 on page 4		31,713	J
Federal tax abatement	608	16,691	
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		48,404	K
Part I tax payable – Amount I minus amount K		15,022	L
Enter amount L on line 700 on page 9.			

Privacy notice

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 including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to 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 a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Info Source at canada.ca/cra-info-source.

Summary of tax and credits

Federal tax

Table with 2 columns: Tax type and Amount. Rows include Part I tax payable (700), Part III.1 tax payable (710), Part IV tax payable (712), Part IV.1 tax payable (716), Part VI tax payable (720), Part VI.1 tax payable (724), Part XIII.1 tax payable (727), Part XIV tax payable (728), and Total federal tax (15,022).

Add provincial or territorial tax:

Table with 2 columns: Tax type and Amount. Rows include Provincial or territorial jurisdiction (750 ON), Net provincial or territorial tax payable (760), and Total tax payable (770, 20,363 A).

Deduct other credits:

Table with 2 columns: Credit type and Amount. Rows include Investment tax credit refund (780), Dividend refund (784), Federal capital gains refund (788), Federal qualifying environmental trust tax credit (792), Canadian film or video production tax credit (796), Film or video production services tax credit (797), Canadian journalism labour tax credit (798), Tax withheld at source (800), Total payments on which tax has been withheld (801), Provincial and territorial capital gains refund (808), Provincial and territorial refundable tax credits (812), Tax instalments paid (840, 24,000), and Total credits (890, 24,000 B).

Refund code 894 1 Refund 3,637

Balance (amount A minus amount B) -3,637

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

Balance owing

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:

Form with checkboxes for Start and Change information, and fields for Institution number (914), Branch number (910), and Account number (918).

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 [X] No []

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

920

Certification

I, 950 Lamarche 951 Benoit 954 Manager

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 2022-01-31 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation

956 (613) 443-5110 Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below

957 Yes [X] 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 2