Renfrew Hydro Inc.

2024 Cost of Service Application

EB – 2023 – 0049

Exhibit 6: Revenue Requirement & Revenue Deficiency or Sufficiency

Rates Effective: January 1, 2024

Date Filed: May 24, 2023

Renfrew Hydro Inc.

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2.6 Revenue Requirement & Revenue Deficiency or Sufficiency

The following information is included in our Exhibit six (6):

- Determination of Net Utility Income
- Proposed Revenue Requirement
- Statement of Rate Base
- Actual Utility Return on Base
- Requested Rate of Return
- Deficiency or Sufficiency in Revenue
- Gross Deficiency or Sufficiency in Revenue

Consistent with the filing requirements, RHI is presenting information net of electricity price differentials captured in Retail Settlement Variance Accounts (RSVAs) and also net of any costs associated with low voltage (LV) charges or DVA balances of expenditures/revenues being tracked through approved deferral and variance accounts for specific distribution assets for which disposition is not being sought in this application.

2.6.1 Revenue Requirement Work Form

2.6.1.1 Determination of Net Utility Income

Renfrew Hydro Inc.'s (RHI) current rates are based on Board approved rates effective January 1, 2023, through an IRM proceeding (EB-2022-0060). Existing revenues based on existing Board approved rates, which are used in calculating utility income, are comprised of distribution revenue and exclude pass-thru charges such as LV Charges and Transmission Charges.

Details on existing and projected distribution revenue at existing rates are presented below. Table 6.1 below shows distribution revenues at proposed 2024 volumes.

Table 6.1: Distribution Revenues at Current Rates – 2024 Volumes

2023 Rates at 2024 Load

	Test Year Projected Revenue from Existing Variable Charges							
Customer Class Name	**Variable Distribution Rate**	**per**	**Test Year Volume**	**Gross Variable Revenue**	**Transform. Allowance Rate**	**Transform. Allowance kW's**	**Transform. Allowance $'s**	**Net Variable Revenue**
Residential	$0.0000	kWh	31,290,547	$0.00			$0.00	$0.00
General Service < 50 kW	$0.0173	kWh	11,622,476	$201,068.84			$0.00	$201,068.84
General Service > 50 to 4999 kW	$3.3767	kW	104,523	$352,943.74	-0.60	57878	-$34,726.80	$318,216.94
Unmetered Scattered Load	$0.0017	kWh	264,699	$449.99			$0.00	$449.99
Street Lighting	$4.6520	kW	1,075	$5,002.30			$0.00	$5,002.30
microFIT	$0.0000	kW	0	$0.00			$0.00	$0.00
	$0.0000			$0.00			$0.00	$0.00
Total Variable Revenue			**43,283,320**	**$559,464.86**		57878	-$34,726.80	$524,738.06

2023 Rates at 2024 Load

	Test Year Projected Revenue from Existing Fixed Charges							
Customer Class Name	**Fixed Rate**	**Customers (Connections)**	**Fixed Charge Revenue**	**Variable Revenue**	**TOTAL**	**% Fixed Revenue**	**% Variable Revenue**	**% Total Revenue**
Residential	$27.9300	3,922	$1,314,594.33	$0.00	$1,314,594.33	100.00%		60.11%
General Service < 50 kW	$35.1700	458	$193,251.46	$201,068.84	$394,320.30	49.01%	50.99%	18.03%
General Service > 50 to 4999 kW	$223.2000	42	$112,492.80	$318,216.94	$430,709.74	26.12%	73.88%	19.69%
Unmetered Scattered Load	$23.4400	37	$10,407.36	$449.99	$10,857.35	95.86%	4.14%	0.50%
Street Lighting	$2.2000	1,197	$31,600.80	$5,002.30	$36,603.10	86.33%	13.67%	1.67%
microFIT	$0.0000	0	$0.00	$0.00	$0.00			
0	$0.0000	0	$0.00	$0.00	$0.00			
Total Fixed Revenue		**5,656**	**$1,662,346.75**	**$524,738.06**	**$2,187,084.81**			

2.6.1.2 Proposed Revenue Requirement

RHI's 2024 Service Revenue Requirement of $2,717,112 represents the total revenue required by RHI in order to continue distributing electricity safely and reliably. The Service Revenue Requirement consists of OM&A expenses, costs related to capital investments (depreciation and return on capital), as well as payment of both property taxes and income taxes. The 2024 Base Revenue Requirement of $2,527,657 is the basis for determining 2024 distribution rates and the 2024 RRRP funding amount, based on the cost allocation study presented in Exhibit 7 and the rate design process presented in Exhibit 8. This amount is calculated as the Service Revenue Requirement, less a Revenue Offset of $189,455, being the net revenue received from sources other than rates. Revenue Requirement Workform can be found in PDF format in **Appendix A**.

Table 6.2 below summarizes RHI's proposed 2024 Revenue Requirements, consistent with Sheet 9 of the RRWF.

Table 6.2: Test Year Revenue Requirement

Particulars	Application
OM&A Expenses	$1,655,134
Amortization/Depreciation	$388,351
Property Taxes	$9,731
Income Taxes (Grossed up)	$34,347
Other Expenses	$ -
Return	
Deemed Interest Expense	$276,086
Return on Deemed Equity	$353,462
Service Revenue Requirement (before Revenues)	$2,717,112
Revenue Offsets	$189,455
Base Revenue Requirement	$2,527,657

The following table provides the calculation of RHI's 2024 net income at the proposed 2024 revenue requirement, consistent with Sheet 5 of the RRWF.

Table 6.3 Utility Income under Proposed Revenue Requirement

Particulars	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	$2,527,657
Other Revenue	$189,455
Total Operating Revenues	$2,717,112
Operating Expenses:	
OM+A Expenses	$1,655,134
Depreciation/Amortization	$388,351
Property taxes	$9,731
Capital taxes	$ -
Other expense	$ -
Subtotal (lines 4 to 8)	$2,053,217
Deemed Interest Expense	$276,086
Total Expenses (lines 9 to 10)	$2,329,303
Utility income before income taxes	$387,809
Income taxes (grossed-up)	$34,347
Utility net income	$353,462

2.6.1.3 Statement of Rate Base

Determination of RHI's 2024 rate base is required as a first step in determining the return on capital amount of $629,548 included in the revenue requirement. Table 6.4 summarizes the calculation of RHI's rate base for the 2024 Test Year, consistent with the more detailed rate base calculations and analysis contained in Exhibit # 2.

Table 6.4: Calculation of Rate Base

Particulars	Initial Application
Gross Fixed Assets (average)	$12,068,769
Accumulated Depreciation (average)	($3,515,810)
Net Fixed Assets (average)	$8,552,959
Allowance for Working Capital	$887,811
Total Rate Base	$9,440,770

2.6.1.4 Actual Utility Return on Rate Base

Table 6.5 below summarizes the calculation of RHI's 2024 return on rate base, consistent with the Cost of Capital parameters and capital structure presented in Exhibit 5.

Table 6.5: Return on Rate Base

Year: **2024**

Particulars	Capitalization Ratio			Cost Rate	Return
	(%)		($)	(%)	($)
Debt					
Long-term Debt	56.00%		$5,286,831	4.88%	$257,997
Short-term Debt	4.00%	(1)	$377,631	4.79%	$18,089
Total Debt	60.0%		$5,664,462	4.87%	$276,086
Equity					
Common Equity	40.00%		$3,776,308	9.36%	$353,462
Preferred Shares			$ -		$ -
Total Equity	40.0%		$3,776,308	9.36%	$353,462
Total	100.0%		$9,440,770	6.67%	$629,548

2.6.1.5 Requested and Indicated Rate of Return

Table 6.6 compares RHI's 2024 return on rate base, at both current approved rates, and proposed rates. The amounts in Table 6.5 are consistent with the amounts in Sheet 8 of the RRWF and the difference of $306,278 is equal to the revenue deficiency (prior to being grossed-up for taxes).

Table 6.6: Return on rate base - Current vs Proposed Rates

Particulars	At Current Rates	At Proposed Rates	Difference
Deemed interest	$ 276,086	$ 276,086	$ -
Return on Deemed equity	$ 47,184	$ 353,462	$ 306,278
Total Return on rate base	$ 323,270	$ 629,548	$ 306,278
Rate Base	$ 9,440,770	$ 9,440,770	$ -
Rate of Return on Rate Base	3.42%	6.67%	3.24%

The requested rate of return on rate base is 6.67%. Exhibit 5 provides detail on the determination of this rate, consistent with RHI's cost of debt and the OEB prescribed cost of capital parameters. As shown in Table 6.6, RHI's indicated rate of return (i.e.: its rate of return on rate base at existing approve rates) is 6.67%.

2.6.1.6 Calculation of Revenue Deficiency or Surplus

RHI's net revenue deficiency at current approved rates is $416,706. This deficiency is calculated as the difference between the 2024 Test Year Revenue Requirement and the forecast Test Year revenue at RHI's 2023 approved distribution rates.

The detailed calculation of the 2024 revenue deficiency is provided in Table 6.7 which is consistent with Sheet 8 of the RRWF. The drivers of the change in revenue requirement between 2017 Board Approved and 2024 Test Year that result in a 2024 revenue deficiency are detailed in Table 6.7.

Table 6.7: Revenue Deficiency (RRWF)

Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates
Revenue Deficiency from Below		$416,706
Distribution Revenue	$2,187,031	$2,110,951
Other Operating Revenue Offsets - net	$189,455	$189,455
Total Revenue	$2,376,486	$2,717,112
Operating Expenses	$2,053,217	$2,053,217
Deemed Interest Expense	$276,086	$276,086
Total Cost and Expenses	$2,329,303	$2,329,303
Utility Income Before Income Taxes	$47,184	$387,809
Tax Adjustments to Accounting Income per 2013 PILs model	($258,198)	($258,198)
Taxable Income	($211,014)	$129,611
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income	$ -	$34,347
Income Tax Credits	$ -	$ -
Utility Net Income	$47,184	$353,462
Utility Rate Base	$9,440,770	$9,440,770
Deemed Equity Portion of Rate Base	$3,776,308	$3,776,308
Income/(Equity Portion of Rate Base)	1.25%	9.36%
Target Return - Equity on Rate Base	9.36%	9.36%
Deficiency/Sufficiency in Return on Equity	-8.11%	0.00%
Indicated Rate of Return	3.42%	6.67%
Requested Rate of Return on Rate Base	6.67%	6.67%
Deficiency/Sufficiency in Rate of Return	-3.24%	0.00%
Target Return on Equity	$353,462	$353,462
Revenue Deficiency/(Sufficiency)	$306,279	$0
Gross Revenue Deficiency/(Sufficiency)	$416,706	

2.6.1.7 Causes of Revenue Deficiency or Surplus

RHI's existing rates are based on the Board-approved rates in 2017 following a cost-of-service rate application, and adjustments to its base distribution rates in 2018-2023 under the Board's Third Generation Incentive Regulation Mechanism.

As shown in Table 6.7 of Revenue Deficit at the previous section, the Revenue Deficiency is determined to be $416,706. The deficiency is largely due to increases in rate base and OM&A.

The proposed rate base for 2024 is $2,755,995 higher than the 2017 Board-approved amount, an increase of 50.6%. Based on a 6.67% overall cost of capital, the increase in the rate base drives an increase to the revenue requirement. The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 but for the most part, are due to investments in the distribution system to follow the distribution system plan and required system renewal.

A significant loss in customer number and load relative to the 2017 board approved forecast in General Service over 50kW (GS>50) has contributed to the Revenue Deficiency as well. Overall, RHI revenues based on 2017 Board approved Customer numbers and load forecast was $101,335 lower using constant 2022 rates currently in place. Table 6.8 below outlines this deficiency.

The major contributors of the deficiency are explained below and Table 6.9 comparing the specifics from 2017 Board Approved to 2024 Test Year is presented following the explanations below.

- Increase in OM&A of $191,585 from $1,473,280 in 2017 Board Approved to $1,664,865 in 2024. This represents a 13% increase over 7 years and compares favorably to normal inflationary targets. Cost drivers are explained further in Exhibit 4.
- An increase in Average Net Fixed Assets of $2,887,871 from $5,665,088 in 2017 Board approved to $8,552,959 in 2024. Explained further in Exhibit 2
- A decrease in Working Capital of $131,878 from $1,019,689 in 2017 Board approved to $887,811 in 2024.
- An increase in the Weighted Average Cost of Capital from 5.67% of 2017 Board approved to 6.67% in 2024.
- An increase in Depreciation Expenses of $145,199 from $243,152 of 2017 Board approved to $388,351 in 2024.
- An increase in deemed PILs expense of $13,069 from $21,278 in the 2017 Board approved value to $34,347 in 2024.

Table 6.8: Annualized Revenues at 2022 Actual Load vs 2017 Board Approved Load

Customer Class Name	Billed Units	Last Board Appr	2022	Fixed Rate	Revenue at 2017 Forecast	Revenue at 2022 Actual	Revenue sufficiency (deficiency)
Residential	Fixed	3,835	3,888	$27.0100	1,243,000	1,260,179	17,178
General Service < 50 kW	Fixed	414	454	$34.0100	168,962	185,286	16,325
General Service > 50 to 4999 kW	Fixed	61	42	$215.8600	158,010	108,793	- 49,216
Unmetered Scattered Load	Fixed	34	37	$22.6700	9,249	10,065	816
Street Lighting (Connections)	Fixed	1,199	1,197	$2.1300	30,646	30,595	- 51
					Total		- 14,948

Customer Class Name	Billed Units	Last Board Appr	2022	Variable Distribution Rate	Revenue at 2017 Forecast	Revenue at 2022 Actual	Revenue deficiency
Residential	N/A	29,993,952	30,997,474	$0.0000	-	-	-
General Service < 50 kW	kWh	12,181,792	11,513,618	$0.0167	203,436	192,277	- 11,159
General Service > 50 to 4999 kW	kW	122,368	102,093	$3.2657	399,617	333,403	- 66,214
Unmetered Scattered Load	kWh	155,148	264,699	$0.0016	248	424	175
Street Lighting	kW	3,118	1,075	$4.4990	14,028	4,838	- 9,190
					Total		- 86,387
					Total fixed and variable		- 101,335

Table 6.9: Comparison of Revenue Deficiency (RRWF)

Particulars (taken from RRWF- 8. Rev_Def_Suff)	2017 Board approved	2024 Proposed Rates	Increase (decrease) $	Increase (decrease) %
Revenue Deficiency from Below				
Distribution Revenue	$2,003,438	$2,527,657	$524,219	26.2%
Other Operating Revenue Offsets - net	$113,005	$189,455	$76,450	67.7%
Total Revenue	**$2,116,443**	**$2,717,112**	**$600,669**	**28.4%**
Operating Expenses	$1,716,432	$2,053,217	$336,785	19.6%
Deemed Interest Expense	$143,963	$276,086	$132,123	91.8%
Total Cost and Expenses	**$1,860,395**	**$2,329,303**	**$468,908**	**25.2%**
Utility Income Before Income Taxes	$256,054	$387,809	$131,755	51.5%
Tax Adjustments to Accounting Income per 2017 PILs model	($114,192)	($258,198)	($144,006)	126.1%
Taxable Income	$141,855	$129,611	($12,244)	(8.63%)
Income Tax Rate	15%	26.50%	11.5%	76.7%
Income Tax on Taxable Income	$21,278	$34,347	$13,069	55.7%
Income Tax Credits	$0	$0	$0	0.00%
Utility Net Income	**$234,769**	**$353,462**	**$118,693**	**50.6%**
Utility Rate Base	**$6,684,775**	**$9,440,770**	**$2,755,995**	**41.2%**
Deemed Equity Portion of Rate Base	$2,673,910	$3,776,308	$1,102,398	41.2%
Income/(Equity Portion of Rate Base)	8.78%	9.36%	0.58%	6.6%
Target Return - Equity on Rate Base	8.78%	9.36%	0.58%	6.6%
Deficiency/Sufficiency in Return on Equity	0.00%	0.00%	0.00%	0.00%
Indicated Rate of Return	5.67%	6.67%	1.00%	17.6%
Requested Rate of Return on Rate Base	5.67%	6.67%	1.00%	17.6%
Deficiency/Sufficiency in Rate of Return	0.00%	0.00%	0.00%	0.00%
Target Return on Equity	**$234,769**	**$353,462**	**$118,693**	**50.6%**

2.6.1.8 Impact of change in accounting standards or policies

RHI has adopted MIFRS and confirms that it incorporated the required changes to its capitalization policies and depreciation rates as part of its 2017 Cost of Service Application. As such, there are no changes to accounting standards that impact the change in revenue requirement. IFRS 16 change has no net effect as expense has moved from OM&A to Depreciation and interest, which ultimately has a nil effect.

2.6.1.9 – Revenue Requirement Work Form

Table 6.10 below presents RHI's Revenue Requirement trend from the 2017 Board Approved to 2024 Test Year:

Table 6.10: Trend in Revenue Requirement

	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Particular	**Last Board Approved**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
OM&A Expenses	$1,469,016	$1,414,103	$1,439,373	$1,359,749	$1,402,857	$1,478,466	$1,461,113	$1,593,621	$1,655,134
Depreciation Expense	$243,152	$245,165	$278,437	$340,799	$318,523	$325,887	$339,093	$362,467	$388,351
Property Taxes	$4,265	$5,106	$6,148	$4,004	$5,497	$11,477	$9,147	$9,439	$9,731
Total Distribution Expenses	$1,716,433	$1,664,374	$1,723,958	$1,704,552	$1,726,877	$1,815,830	$1,809,353	$1,965,526	$2,053,217
Regulated Return On Capital	$378,732	$378,733	$396,966	$436,931	$466,965	$468,240	$474,748	$505,409	$629,548
Grossed up PILs	$21,278	$3,601	$28,125	$3,067	-$19,461	-$22,991	$26,538	-$21,317	$34,347
Service Revenue Requirement	**$2,116,443**	**$2,046,708**	**$2,149,049**	**$2,144,550**	**$2,174,381**	**$2,261,079**	**$2,310,639**	**$2,449,618**	**$2,717,112**
Less: Revenue Offsets	-$113,004	$85,805	-$109,898	-$37,587	-$75,153	-$161,621	-$187,768	-$160,623	-$189,455
Base Revenue Requirement	**$2,003,439**	**$2,132,512**	**$2,039,152**	**$2,106,963**	**$2,099,229**	**$2,099,458**	**$2,122,871**	**$2,288,995**	**$2,527,657**

Table 6.10 summarizes the drivers of the increase in RHI's revenue requirement between 2017 Board Approved and 2024 Test Year with respect to each of the above line items.

Detailed year-over-year variance analysis and/or cost driver analysis for certain line items can be also found in the following sections of the Application:

- OM&A expenses – Exhibit 4
- Regulated return on capital – Exhibit 5
- Revenue offsets – Exhibit 3
- Rate base – Exhibit 2

2.6.2 Taxes or Payments in Lieu of Taxes (PILS) & Property Taxes

2.6.2.1 Income Taxes or PILs

RHI summarizes the following:

1. Detailed calculations of income tax or PILS as applicable are included in Table 6.11 below. A copy of the Income Tax/PILs model is available on the OEB's website. Regulatory assets and liabilities are excluded from taxes/PILs calculations.

2. Supporting schedules and calculations identifying reconciliating items are included in Table 6.10.

3. A copy of the most recent Federal and Provincial tax return is included in **Appendix B.**

4. Financial statements do not differ from the financial statements filed in support of the application and are therefore not included with the tax return.

5. RHI is not claiming tax credits such as Apprenticeship Training Tax Credits or Education Tax Credits.

6. Supporting schedules, calculations, and explanations for "other additions" and "other deductions" in RHI's PILs model are included in Table 6.11. The significant supporting schedule is CCA which has been provided in Table 6.12. Other calculations (donations, 24 meals) are immaterial, and the balances related to employee future benefits agree to the actuarial report provided in **Appendix C**.

7. RHI has completed the integrity checks in the PILs model.

8. RHI has overridden tax rates in the OEB model, **Appendix D**, to reflect true tax rates paid by RHI due to CRA associated company rules and RHI's relationship with Renfrew Power Generation Inc. and has provided justification for this deviation from standard below in Table 6.13.

9. RHI has applied a loss carryforward from its 2023 expected tax return to be allotted over 5 years as the taxable income results of 2023 are an exception due to the large purchase of a

double bucket truck and other non-distribution assets which qualify for full CCA deductibility in 2023.

RHI is required to make payments in lieu of income taxes (taxes) based on its taxable income. RHI files Federal/Provincial tax returns annually. The income tax rate and capital cost allowance rates used to calculate taxes on RHI’s income tax returns are the same rates that have been proposed in the Test Period.

Table 6.11: Tax Provision for 2024 Test Year

Particular	Last Board Approved	2017	2018	2019	2020	2021	2022	Bridge Year 2023	Test Year 2024
Amount Calculated on line 9999 of Schedule 125		139,306	191,657	179,991	197,600	109,638	234,814		
Provision for income tax - Current		3,601	28,125	3,067	- 19,461	- 22,991	26,538		
Provision for income tax - Deferred		9,321	38,142	76,966	76,229	60,782	61,785		
Income before PILs/Taxes	234,769	152,228	257,924	260,024	254,368	147,429	323,137	205,519	353,463
Amortization of Tangible Assets	245,807	250,806	281,186	344,473	359,444	372,022	392,308	437,901	500,473
Gains/(loss) on disposal of assets	10,000	7,555	- 29,859	912	3,959	27,939	3,630	3,798	2,800
Non-Deductible Interest/meals expense	-	540	3	-	-	630	882	875	810
Remeasurements of Employee Future benefits	- 3,786	- 6,460	67,375	1,149	1,193	341	6,462	6,462	6,462
Capital Cost Allowance	- 366,213	- 391,080	- 468,854	- 594,982	- 604,517	- 588,217	- 581,525	- 1,282,337	- 600,339
Right of Use Lease Obligation principal	-	-	-	- 43,108	- 44,781	- 46,518	- 48,323	- 50,155	- 52,017
Taxable Income	**120,577**	**13,589**	**107,775**	**- 31,532**	**- 30,334**	**- 86,374**	**96,571**	**- 677,937**	**211,652**
Losses carried forward/backwards	-	- 13,589	- 107,775	31,532	30,334	86,374	- 96,571	96,571	- 211,652
Regulatory Taxable Income	**120,577**	**-**	**-**	**-**	**-**	**-**	**-**	**- 581,366**	**-**
Tax rate	15%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
Corporate PILs	18,087	-	-	-	-	-	-	-	-
Income Tax Gross Up	85.0%	73.5%	73.5%	73.5%	73.5%	73.5%	73.5%	73.5%	73.5%
Gross Up Amount	3,192	-	-	-	-	-	-	-	-
Grossed Up PILs	**21,279**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Tax Adjustments to Accounting Income (RRWF)	**- 114,192**	**- 138,639**	**- 150,149**	**- 291,556**	**- 284,702**	**- 233,803**	**- 226,566**	**- 883,456**	**- 141,811**

In November 2018, the Minister of Finance delivered the 2018 Fall Economic Statement, and the announcement included a provision for accelerated CCA deductions. The changes were effective for all expenditures incurred after November 20, 2018. A summary of the impact to RHI is below:

- ½ year rule suspended for CCA, with accelerated CCA on capital asset classes at 1.5 times the previous rate for first year of CCA deduction for expenditures incurred and available for use between November 20, 2018, and December 31, 2023.

- ½ year rule suspended for CCA for expenditures incurred and available for use between January 1, 2024, and December 31, 2027.

- full CCA claimed for non-distribution assets purchased in 2023 at 100% of disbursement

Below is a summary of the supporting schedule for CCA for 2024.

Table 6.12: Supporting Schedule - CCA - 2024

Class	UCC - Beginning of the year	Additions	CCA Rate	CCA - at Accelerated rate	UCC- End of year
1	2,756,915	-	4%	110,277	2,646,638
8	24,535	17,000	20%	8,307	33,228
10	67,189	100,000	30%	50,157	117,032
12	-	8,000	100%	8,000	-
13	19,157	-	NA	14,306	4,851
14.1	4,159	-	7%	291	3,868
45	2,257	-	45%	1,016	1,241
47	4,304,819	795,000	8%	407,986	4,691,833
	7,179,031	920,000		600,339	7,498,692

As could be noted in Table 6.11, RHI has paid nothing in net PILs taxes over the 7-year period as PILs tax charges in the years 2017 through 2018 have been recovered through 2019, 2020 and 2021 loss carry backs due primarily to accelerated CCA. RHI has recorded $85,596, plus interest charges, in Group 2 Deferral and Variance accounts sub account 1592 – PILs and tax Variances – CCA. Please note that RHI has opted to repay our customers 100% of our tax savings due to the accelerated CCA and these details are in Exhibit 9. RHI is aware of the Board policy issued July 25, 2019, on a 50/50 basis to repay customers at 50% of tax savings due to Bill C-97 policy change, however based on recent settlements in our industry we believe that a 100% is the most preferred method to address this issue.

RHI has overridden the tax rates in the OEB model to better reflect the true tax rate which is prevalent in RHI's tax filings. RHI, through common ownership of the Town of Renfrew, is considered an Associated Company with Renfrew Power Generation Inc. (RPG) and as such combines the total assets of both RHI and RPG when determining classification of small or large business corporations and tax rates. An excerpt below from RHI's most recent PILs tax return shows the asset base for tax purposes of RHI to be $15,025,289 for 2022. As the PILs model uses rate base as the determinant for the rate of tax, RHI is grouped in the 12.5% small business tax rate with RHI's rate base being $9,440,770. This makes the Canada Revenue Agency and the PILs tax Model classifications inconsistent and not truly reflective of PILs tax paid by the entity, when applicable.

Table 6.13: Taxable Capital Supporting Schedule

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	Taxable capital used to calculate line 120 in Schedule 65
RENFREW HYDRO INC.	7,170,627	7,170,627	7,653,707	7,653,707	
RENFREW POWER GENERATION INC.	29,345,478	29,345,478	7,371,582	7,371,582	
Total	36,516,105	36,516,105	15,025,289	15,025,289	

RHI is in a unique position due to its Associated Company status with this provider of electricity generation. Due to the significant capital investment RPG completed in 2015, RPG has expanded its generation of electricity and RHI customers have benefited as Embedded Generation has grown from just under 1 Megawatt to just short of 2 Megawatt per month on average from 2015 to 2022. This has reduced demand charges from externally provided power through reduced transmission charges. Hydro One's Network, Transmission and Common Sub-transmission lines charges for 2023 combine to $9.09 per kilowatt, per month. Multiplying this amount across 12 months for approximately 1,000 kW computes to an annual savings of $109,080 in pass through charges to the customers of RHI. This does not even include Wholesale market charges as these would extend to additional cost savings for RHI customers.

In addition, RHI's loss factor due to this increased production has reduced from 1.081 to 1.0714. On the surface, this reduction can be calculated by approximately 24% of RHI's distributed power being from embedded generation within the Town. 24% of Hydro One's loss factor is being saved by the customers in Renfrew. The 24% Hydro One Loss factor of 1.034 equals .008 in reduced loss factor, which is almost exactly the reduction of RHI's loss factor in this application.

RHI has calculated the effect of reduction of loss factor of customer bills in Table 6.13 below by simply changing the Loss Factor on each rate class and multiplying by the Forecasted customers at normal average usage which RHI used for 2023 IRM models. The result of the loss factor adjustment in savings across all rate classes amounts to $96,507.

Table 6.14: Impact of Loss Factor reduction on Bill (2023 All inclusive rates)

Average Monthly Bill	Usage	Loss factor at 1.081%	Loss Factor at 1.0714%	Monthly savings	# of Forecast Customers	Annual Savings
Residential	750 kWh TOU RPP	$ 121.34	$ 120.54	$ 0.80	3,922	$ 37,651
GS < 50	2,000 kWh TOU RPP	$ 315.19	$ 313.10	$ 2.09	458	$ 11,487
GS > 50	RHI Average in IRM	$ 12,671.40	$ 12,578.81	$ 92.59	42	$ 46,665
USL	RHI Average in IRM	$ 99.13	$ 98.48	$ 0.65	37	$ 289
SL	RHI Average in IRM	$ 7,660.18	$ 7,625.59	$ 34.59	1	$ 415
						$ 96,507

RHI acknowledges power costs are flow through and the cost of power savings are already passed through to the customer, albeit on a 2-year delayed cycle through IRM applications. The adjustment to lost factor will benefit customers by removing the time lag associated with Group 1 variances and narrow variances so customers are charged in real time.

The Province of Ontario has a total of 5,367,402 customers from the 2021 Yearbook of Electrical distributors. Of those customers, only 475,380 belong to LDCs with less than $15M in Net Property, Plant and Equipment (NPPE), also from the same Yearbook. This alone, places 91.8% of Customers with LDCs in the recoverable tax bracket of 26.5%. Another 253,080 customers are with LDCs between $10M and $15M in NPPE, which these customers are in a PILs bracket between 12.5% and 26.5%. This amounts to another 4.7% of the total of the province's customers. This analysis does not even include working capital component to those customer bases and therefore rate base. All this is to say that only 3.5% of Ontario electricity customers are paying through their distribution rates the 12.5% tax rate that the PILs Model automatically places RHI in for calculating PILs tax due to the use of rate base.

For the above reasons, RHI deems it reasonable to override the tax rates within the model as the relationship with RPG provides significant cost savings to the Customers of RHI. RHI Customers are also part of a very small portion of Customers across the Province not already paying the full tax rate.

RHI is also projecting a large tax loss in 2023 due to the immediate full CCA depreciation of non-distribution assets such as the double bucket truck purchase for tax purposes. This loss will allow RHI to recover taxes paid in 2022 and provide a carryforward value for tax purposes. RHI is requesting to spread this loss carry forward over 5 years as using the full value in 2024 would result in no inclusion of PILs tax in the test year and this would not be persistent over the 5-year term of the Cost of Service.

2.6.2.2 Other Taxes

The only other taxes than the PILs presented in this Exhibit incurred by RHI are property taxes, which have not significantly fluctuated between 2017 Board Approved and the 2024 Test Year. The tax amounts are derived from actual invoices received. The 2023 Bridge Year and the 2024 Test Year are based on an inflationary increase.

Table 6.15 – Other Taxes

Particular	Property Taxes
Last Board Approved	4,265
2017	5,106
2018	6,148
2019	4,004
2020	5,497
2021	11,477
2022	9,147
2023	9,439
2024	9,731

2.6.2.3 Non-recoverable & Disallowed Expenses

RHI does not have any expenses that are deducted for general tax purposes but for which recovery in 2024 distribution rates would be disallowed.

2.6.3 Other Revenue

2.6.3.1 Other Revenue

Other Distribution Revenues are revenues that are distribution related but are sourced from means other than distribution rates. For this reason, other revenues are deducted from RHI's proposed revenue requirement. Other Distribution Revenues includes items such as:

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

Table 6.16: OEB Appendix 2_H: Other Operating Revenues

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2017 Actual²	2018 Actual²	2019 Actual²	2020 Actual²	2021 Actual²	2022 Actual	Bridge Year	Test Year
		2017	2018	2019	2020	2021	2022	2023	2024
	Reporting Basis								
4082	Retail Services Revenues	-$ 4,968	-$ 4,788	-$ 8,200	-$ 5,661	-$ 4,996	-$ 4,725	-$ 8,360	-$ 8,407
4084	Service Transaction Requests (STR) Revenues	-$ 34	-$ 21	$ -	-$ 41	-$ 17	-$ 27	$ -	$ -
4086	SSS Administration Revenue	-$ 12,541	-$ 12,670	-$ 12,728	-$ 12,830	-$ 12,885	-$ 12,964	-$ 13,125	-$ 13,490
4210	Rent from Electric Property	-$ 37,648	-$ 46,443	-$ 41,996	-$ 41,996	-$ 41,996	-$ 41,996	-$ 41,996	-$ 89,981
4225	Late Payment Charges	-$ 22,682	-$ 22,173	-$ 17,932	-$ 23,867	-$ 16,548	-$ 17,169	-$ 19,588	-$ 19,588
4235	Miscellaneous Service Revenues	-$ 45,881	-$ 36,382	-$ 31,363	-$ 36,136	-$ 67,178	-$ 62,231	-$ 37,412	-$ 37,849
4245	Government and Other Assistance Directly Credited to Income	-$ 2,160	-$ 4,414	-$ 3,674	-$ 19,236	-$ 29,970	-$ 25,843	-$ 11,541	-$ 14,853
4305	Regulatory Debits	$ 162,681	$ 154,342	$ 148,036	$ 146,814	$ -	$ -	$ -	$ -
4325	Revenues from Merchandise	-$ 10,576	-$ 17,495	-$ 6,756	-$ 3,224	-$ 128	-$ 926	-$ 4,440	-$ 4,440
4355	Gain on Disposition of Utility and Other Property	$ -	-$ 42,847	-$ 5,750	$ -	-$ 6,531	$ -	-$ 20,000	$ -
4362	Loss from Retirement of Utility and Other Property	$ 7,555	$ 6,771	$ 6,662	$ 3,959	$ 34,470	$ 3,630	$ 3,798	$ 2,800
4375	Revenues from Non Rate-Regulated Utility Operations	-$ 10,410	-$ 105,075	-$ 73,365	-$ 220,909	-$ 74,124	-$ 28,352	-$ 3,200	-$ 3,200
4380	Expenses of Non Rate-Regulated Utility Operations	$ 46,164	$ 43,305	$ 32,144	$ 148,912	$ 65,784	$ 24,386	$ -	$ -
4390	Miscellaneous Non-Operating Income	-$ 11,090	-$ 6,667	-$ 4,071	-$ 3,349	-$ 3,161	-$ 1,653	-$ 1,500	-$ 1,500
4405	Interest and Dividend Income	$ 27,393	-$ 15,340	-$ 18,594	-$ 7,680	-$ 4,340	-$ 19,899	-$ 13,800	-$ 13,800
Miscellaneous Service Revenues		-$ 45,881	-$ 36,382	-$ 31,363	-$ 36,136	-$ 67,178	-$ 62,231	-$ 37,412	-$ 37,849
Late Payment Charges		-$ 22,682	-$ 22,173	-$ 17,932	-$ 23,867	-$ 16,548	-$ 17,169	-$ 19,588	-$ 19,588
Other Operating Revenues		-57350.6	-$ 68,336	-$ 66,598	-$ 79,764	-$ 89,864	-$ 85,554	-$ 76,021	-$ 126,732
Other Income or Deductions		211718.3	$ 16,994	$ 78,306	$ 64,614	$ 11,969	-$ 22,814	-$ 39,142	-$ 20,140
Total		$ 85,805	-$ 109,898	-$ 37,587	-$ 75,153	-$ 161,621	-$ 187,768	-$ 172,164	-$ 204,309

A detailed breakdown by USoA account is shown in OEB Appendix 2-H. Year over year variance analysis follows.

Variance Analysis

Table 6.17 to 6.24 below presents year over year variances of other operating revenues. An explanation of variances above the materiality threshold of $10,000 is provided in the detail below.

Table 6.17: 2017 Board Approved vs 2017 Actual

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2017	2017	$	%
USoA#	USoA Description	Board Approved			
4235	**4235-Miscellaneous Service Revenues**	-$18,500	-$45,881	-$27,381	148.01%
4225	**4225-Late Payment Charges**	-$20,000	-$22,682	-$2,682	13.41%
4082	4082-Retail Services Revenues	-$5,000	-$4,968	$32	0.64%
4084	4084-Service Transaction Requests (STR) Revenues	-$50	-$34	$17	33.00%
4086	4086-SSS Administration Revenue	-$12,500	-$12,541	-$41	0.33%
4210	4210-Rent from Electric Property	-$38,000	-$37,648	$352	0.93%
4245	4245-Government Assistance Directly Credited to Income	-$800	-$2,160	-$1,360	170.01%
4305	4305-Regulatory Debits	$0	$162,681	$162,681	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$7,000	-$10,576	-$3,576	51.09%
4355	4355-Gain on Disposition of Utility and Other Property	-$5,454	$0	$5,454	100.00%
4360	4360-Loss on Disposition of Utility and Other Property	$10,000	$7,555	-$2,445	24.45%
4375	4375-Revenues from Non-Utility Operations	-$8,000	-$10,410	-$2,410	30.12%
4380	4380-Expenses of Non-Utility Operations	$0	$46,164	$46,164	
4390	4390-Miscellaneous Non-Operating Income	-$3,700	-$11,090	-$7,390	199.73%
4405	4405-Interest and Dividend Income	-$4,000	$27,393	$31,393	784.84%
	Total	-$113,004	$85,805	$198,809	176%

	Specific Service Charges	-$18,500	-$45,881	-$27,381	148.01%
	Late Payment Charges	-$20,000	-$22,682	-$2,682	13.41%
	Other Distribution/Operating Revenues	-$56,350	-$57,351	-$1,001	1.78%
	Other Income or Deductions	-$18,154	$211,718	$229,872	1266.23%
	Total	-$113,004	$85,805	$198,809	175.93%

The increase in specific service charges of $27,381 favorable to Board approved in USoA account #4235 primarily relates to Occupancy change volumes increasing and dis-connect and re-connection charges commenced for service upgrades.

Late Payment and Other Distribution/Operating revenues charges were below materiality threshold.

Other Income or deductions once removing regulatory debits related to CGAAP and MFIRS depreciation of $162,681 debit and $31,235 of negative interest charges related to these were $35,956 negative, which is primarily account 4380 which was recovered in 2018 after the sale of the property where RHI was previously located.

Table 6.18: 2018 Actual vs 2017 Actual

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2017	2018	$	%
USoA#	**USoA Description**				
4235	**4235-Miscellaneous Service Revenues**	-$45,881	-$36,382	$9,500	20.70%
4225	**4225-Late Payment Charges**	-$22,682	-$22,173	$509	2.24%
4082	4082-Retail Services Revenues	-$4,968	-$4,788	$180	3.63%
4084	4084-Service Transaction Requests (STR) Revenues	-$34	-$21	$13	38.06%
4086	4086-SSS Administration Revenue	-$12,541	-$12,670	-$129	1.03%
4210	4210-Rent from Electric Property	-$37,648	-$46,443	-$8,795	23.36%
4245	4245-Government Assistance Directly Credited to Income	-$2,160	-$4,414	-$2,254	104.35%
4305	4305-Regulatory Debits	$162,681	$154,342	-$8,340	5.13%
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$10,576	-$17,495	-$6,919	65.42%
4355	4355-Gain on Disposition of Utility and Other Property	$0	-$42,847	-$42,847	
4360	4360-Loss on Disposition of Utility and Other Property	$7,555	$6,771	-$785	10.39%
4375	4375-Revenues from Non-Utility Operations	-$10,410	-$105,075	-$94,665	909.39%
4380	4380-Expenses of Non-Utility Operations	$46,164	$43,305	-$2,859	6.19%
4390	4390-Miscellaneous Non-Operating Income	-$11,090	-$6,667	$4,423	39.88%
4405	4405-Interest and Dividend Income	$27,393	-$15,340	-$42,733	156.00%
	Total	$85,805	-$109,898	-$195,702	228%

	Specific Service Charges	-$45,881	-$36,382	$9,500	20.70%
	Late Payment Charges	-$22,682	-$22,173	$509	2.24%
	Other Distribution/Operating Revenues	-$57,351	-$68,336	-$10,986	19.16%
	Other Income or Deductions	$211,718	$16,994	-$194,725	91.97%
	Total	$85,805	-$109,898	-$195,702	228.08%

Specific Service charges declined in the year as dis-connect and re-connection charges declined significantly while comparing year to year.

Late payment charges remained consistent, and variance is below materiality.

Other Distribution/Operating Revenues increased due to an adjustment in pole attachment count with telecommunications companies.

Other income increased by $194,725 as the utility sold the property formerly used for office and operations, 1/5th of which was included in the previous Cost-of-service, netting $42,847. Account #4375 netted $61,789 increase but was a recovery of 2017 expense of $46,164. Interest income increased by $42,733 as the $31,425 of interest charges from the previous year were a one-time charge.

Table 6.19: 2019 Actual vs 2018 Actual

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2018	2019	$	%
USoA#	**USoA Description**				
4235	**4235-Miscellaneous Service Revenues**	-$36,382	-$31,363	$5,018	13.79%
4225	**4225-Late Payment Charges**	-$22,173	-$17,932	$4,241	19.13%
4082	4082-Retail Services Revenues	-$4,788	-$8,200	-$3,412	71.26%
4084	4084-Service Transaction Requests (STR) Revenues	-$21	$0	$21	100.00%
4086	4086-SSS Administration Revenue	-$12,670	-$12,728	-$58	0.46%
4210	4210-Rent from Electric Property	-$46,443	-$41,996	$4,448	9.58%
4245	4245-Government Assistance Directly Credited to Income	-$4,414	-$3,674	$740	16.76%
4305	4305-Regulatory Debits	$154,342	$148,036	-$6,306	4.09%
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$17,495	-$6,756	$10,739	61.38%
4355	4355-Gain on Disposition of Utility and Other Property	-$42,847	-$5,750	$37,097	86.58%
4360	4360-Loss on Disposition of Utility and Other Property	$6,771	$6,662	-$108	1.60%
4375	4375-Revenues from Non-Utility Operations	-$105,075	-$73,365	$31,709	30.18%
4380	4380-Expenses of Non-Utility Operations	$43,305	$32,144	-$11,161	25.77%
4390	4390-Miscellaneous Non-Operating Income	-$6,667	-$4,071	$2,597	38.95%
4405	4405-Interest and Dividend Income	-$15,340	-$18,594	-$3,254	21.22%
	Total	-$109,898	-$37,587	$72,311	66%

	Specific Service Charges	-$36,382	-$31,363	$5,018	13.79%
	Late Payment Charges	-$22,173	-$17,932	$4,241	19.13%
	Other Distribution/Operating Revenues	-$68,336	-$66,598	$1,739	2.54%
	Other Income or Deductions	$16,994	$78,306	$61,313	360.80%
	Total	-$109,898	-$37,587	$72,311	65.80%

Specific Service charges, late payment fees and Other Distribution revenues all changed below materiality threshold of $10,000.

Other income declined by $61,313 as the gain from sale of property was a one-time increase.

1 **Table 6.20: 2020 Actual vs 2019 Actual**

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2019	2020	$	%
USoA#	**USoA Description**				
4235	**4235-Miscellaneous Service Revenues**	-$31,363	-$36,136	-$4,772	15.22%
4225	**4225-Late Payment Charges**	-$17,932	-$23,867	-$5,935	33.09%
4082	4082-Retail Services Revenues	-$8,200	-$5,661	$2,539	30.97%
4084	4084-Service Transaction Requests (STR) Revenues	$0	-$41	-$41	
4086	4086-SSS Administration Revenue	-$12,728	-$12,830	-$102	0.80%
4210	4210-Rent from Electric Property	-$41,996	-$41,996	$0	0.00%
4245	4245-Government Assistance Directly Credited to Income	-$3,674	-$19,236	-$15,562	423.51%
4305	4305-Regulatory Debits	$148,036	$146,814	-$1,222	0.83%
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$6,756	-$3,224	$3,533	52.29%
4355	4355-Gain on Disposition of Utility and Other Property	-$5,750	$0	$5,750	100.00%
4360	4360-Loss on Disposition of Utility and Other Property	$6,662	$3,959	-$2,703	40.58%
4375	4375-Revenues from Non-Utility Operations	-$73,365	-$220,909	-$147,543	201.11%
4380	4380-Expenses of Non-Utility Operations	$32,144	$148,912	$116,768	363.26%
4390	4390-Miscellaneous Non-Operating Income	-$4,071	-$3,349	$721	17.71%
4405	4405-Interest and Dividend Income	-$18,594	-$7,680	$10,914	58.69%
	Total	-$37,587	-$75,153	-$37,566	100%

	Specific Service Charges	-$31,363	-$36,136	-$4,772	15.22%
	Late Payment Charges	-$17,932	-$23,867	-$5,935	33.09%
	Other Distribution/Operating Revenues	-$66,598	-$79,764	-$13,166	19.77%
	Other Income or Deductions	$78,306	$64,614	-$13,693	17.49%
	Total	-$37,587	-$75,153	-$37,566	99.94%

Specific Service charges and late payment fees both changed below materiality threshold of $10,000.

Other Distribution Revenues increased by $13,166, primarily due to government assistance related to the training of an apprentice line maintainer’s wages.

Other income or deductions increased $13,693 due to request from the Town of Renfrew to assist in Street Light conversion to LED lights in which RHI earned additional revenue on a one-time basis.

Table 6.21: 2021 Actual vs 2020 Actual

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2020	2021	$	%
USoA#	**USoA Description**				
4235	**4235-Miscellaneous Service Revenues**	-$36,136	-$67,178	-$31,043	85.91%
4225	**4225-Late Payment Charges**	-$23,867	- 16,548.22	$7,319	30.66%
4082	4082-Retail Services Revenues	-$5,661	-$4,996	$665	11.74%
4084	4084-Service Transaction Requests (STR) Revenues	-$41	-$17	$24	58.46%
4086	4086-SSS Administration Revenue	-$12,830	-$12,885	-$55	0.43%
4210	4210-Rent from Electric Property	-$41,996	-$41,996	$0	0.00%
4245	4245-Government Assistance Directly Credited to Income	-$19,236	-$29,970	-$10,735	55.80%
4305	4305-Regulatory Debits	$146,814	$0	-$146,814	100.00%
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$3,224	-$128	$3,095	96.03%
4355	4355-Gain on Disposition of Utility and Other Property	$0	-$6,531	-$6,531	
4360	4360-Loss on Disposition of Utility and Other Property	$3,959	$34,470	$30,511	770.65%
4375	4375-Revenues from Non-Utility Operations	-$220,909	-$74,124	$146,785	66.45%
4380	4380-Expenses of Non-Utility Operations	$148,912	$65,784	-$83,129	55.82%
4390	4390-Miscellaneous Non-Operating Income	-$3,349	-$3,161	$188	5.62%
4405	4405-Interest and Dividend Income	-$7,680	-$4,340	$3,341	43.50%
	Total	-$75,153	-$161,621	-$86,469	115%

	Specific Service Charges	-$36,136	-$67,178	-$31,043	85.91%
	Late Payment Charges	-$23,867	-$16,548	$7,319	30.66%
	Other Distribution/Operating Revenues	-$79,764	-$89,864	-$10,100	12.66%
	Other Income or Deductions	$64,614	$11,969	-$52,644	81.48%
	Total	-$75,153	-$161,621	-$86,469	115.06%

Specific Service charges increased $31,043 during the year. The increase can be attributable to a new apartment complex requiring service during its build and temporary servicing and rental of transformer charges. This continued into 2022.

Late payment charged declined due to OEB imposed moratorium on late payment fees to residential customers due to the Covid 19 pandemic.

Other distribution revenues increased $10,100 due to continued government assistance related to the training of an apprentice line maintainer’s wages.

Other income or deductions increased due to the removal of regulatory debit from 2017 Cost of Service offset of $146,814 cost with also the decline in revenue obtained the previous year from the Town of Renfrew Street lighting conversion. RHI also recorded $23,980 net losses on disposal of assets after review of asset counts.

Table 6.22: 2022 Actual vs 2021 Actual

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2021	2022	$	%
USoA#	USoA Description				
4235	**4235-Miscellaneous Service Revenues**	-$67,178	-$62,231	$4,948	7.36%
4225	**4225-Late Payment Charges**	- 16,548.22	-$17,169	-$621	3.75%
4082	4082-Retail Services Revenues	-$4,996	-$4,725	$271	5.42%
4084	4084-Service Transaction Requests (STR) Revenues	-$17	-$27	-$10	58.10%
4086	4086-SSS Administration Revenue	-$12,885	-$12,964	-$79	0.61%
4210	4210-Rent from Electric Property	-$41,996	-$41,996	$0	0.00%
4245	4245-Government Assistance Directly Credited to Income	-$29,970	-$25,843	$4,128	13.77%
4305	4305-Regulatory Debits	$0	$0	$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$128	-$926	-$798	622.49%
4355	4355-Gain on Disposition of Utility and Other Property	-$6,531	$0	$6,531	100.00%
4360	4360-Loss on Disposition of Utility and Other Property	$34,470	$3,630	-$30,840	89.47%
4375	4375-Revenues from Non-Utility Operations	-$74,124	-$28,352	$45,772	61.75%
4380	4380-Expenses of Non-Utility Operations	$65,784	$24,386	-$41,398	62.93%
4390	4390-Miscellaneous Non-Operating Income	-$3,161	-$1,653	$1,508	47.71%
4405	4405-Interest and Dividend Income	-$4,340	-$19,899	-$15,560	358.54%
	Total	-$161,621	-$187,768	-$26,147	16%

	Specific Service Charges	-$67,178	-$62,231	$4,948	7.36%
	Late Payment Charges	-$16,548	-$17,169	-$621	3.75%
	Other Distribution/Operating Revenues	-$89,864	-$85,554	$4,310	4.80%
	Other Income or Deductions	$11,969	-$22,814	-$34,783	290.60%
	Total	-$161,621	-$187,768	-$26,147	16.18%

Specific Service charges, late payment charges and other Distribution revenue variances all were below the materiality threshold of $10,000.

Other income or deductions increased by $34,783 with $24,309 less loss on disposal of assets and increased Interest income due to rising interest rates on average bank balances.

Table 6.23: 2023 Bridge year vs 2022 Actual

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2022	2023	$	%
USoA#	USoA Description				
4235	**4235-Miscellaneous Service Revenues**	-$62,231	-$37,412	$24,819	39.88%
4225	**4225-Late Payment Charges**	- 17,169.33	-$19,588	-$2,419	14.09%
4082	4082-Retail Services Revenues	-$4,725	-$8,360	-$3,635	76.93%
4084	4084-Service Transaction Requests (STR) Revenues	-$27	$0	$27	100.00%
4086	4086-SSS Administration Revenue	-$12,964	-$13,125	-$161	1.24%
4210	4210-Rent from Electric Property	-$41,996	-$41,996	$0	0.00%
4245	4245-Government Assistance Directly Credited to Income	-$25,843	-$11,541	$14,302	55.34%
4305	4305-Regulatory Debits	$0	$0	$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$926	-$4,440	-$3,514	379.66%
4355	4355-Gain on Disposition of Utility and Other Property	$0	-$20,000	-$20,000	
4360	4360-Loss on Disposition of Utility and Other Property	$3,630	$3,798	$168	4.62%
4375	4375-Revenues from Non-Utility Operations	-$28,352	-$3,200	$25,152	88.71%
4380	4380-Expenses of Non-Utility Operations	$24,386	$0	-$24,386	100.00%
4390	4390-Miscellaneous Non-Operating Income	-$1,653	-$1,500	$153	9.26%
4405	4405-Interest and Dividend Income	-$19,899	-$14,800	$5,099	25.62%
	Total	-$187,768	-$172,164	$15,604	8%

	Specific Service Charges	-$62,231	-$37,412	$24,819	39.88%
	Late Payment Charges	-$17,169	-$19,588	-$2,419	14.09%
	Other Distribution/Operating Revenues	-$85,554	-$75,021	$10,533	12.31%
	Other Income or Deductions	-$22,814	-$40,142	-$17,329	75.96%
	Total	-$187,768	-$172,164	$15,604	8.31%

Specific Service charges are expected to decline by $24,819 as temporary rental charges for electrical transformers at new building development and a malfunctioned transformer came to an end in 2022.

Late payment charges were below the materiality threshold of $10,000 but are expected to rebound to levels received pre-pandemic.

Other Distribution revenues are expected to decline by $12,583 as apprenticeship tax credits are expected to decline as line maintainers status change will reduce government assistance of wages.

Other income or deductions are expected to increase by $17,329 mainly due to the expected sale and proceeds of $20,000 for RHI's 23-year-old double bucket truck.

Table 6.22: 2024 Test year vs 2023 Bridge year

	Reporting Basis	MIFRS	MIFRS	Var Analysis	Var Analysis
		2023	2024	$	%
USoA#	**USoA Description**				
4235	**4235-Miscellaneous Service Revenues**	-$37,412	-$37,849	-$437	1.17%
4225	**4225-Late Payment Charges**	-$19,588	-$19,588	$0	0.00%
4082	4082-Retail Services Revenues	-$8,360	-$8,407	-$47	0.56%
4084	4084-Service Transaction Requests (STR) Revenues	$0	$0	$0	
4086	4086-SSS Administration Revenue	-$13,125	-$13,490	-$366	2.79%
4210	4210-Rent from Electric Property	-$41,996	-$89,981	-$47,985	114.26%
4245	4245-Government Assistance Directly Credited to Income	-$11,541	-$14,853	-$3,313	28.70%
4305	4305-Regulatory Debits	$0	$0	$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-$4,440	-$4,440	$0	0.00%
4355	4355-Gain on Disposition of Utility and Other Property	-$20,000	$0	$20,000	100.00%
4360	4360-Loss on Disposition of Utility and Other Property	$3,798	$2,800	-$998	26.28%
4375	4375-Revenues from Non-Utility Operations	-$3,200	-$3,200	$0	0.00%
4380	4380-Expenses of Non-Utility Operations	$0	$0	$0	
4390	4390-Miscellaneous Non-Operating Income	-$1,500	-$1,500	$0	0.00%
4405	4405-Interest and Dividend Income	-$14,800	-$13,800	$1,000	6.76%
	Total	-$172,164	-$204,309	-$32,145	19%

	Specific Service Charges	-$37,412	-$37,849	-$437	1.17%
	Late Payment Charges	-$19,588	-$19,588	$0	0.00%
	Other Distribution/Operating Revenues	-$75,021	-$126,732	-$51,710	68.93%
	Other Income or Deductions	-$40,142	-$20,140	$20,002	49.83%
	Total	-$172,164	-$204,309	-$32,145	18.67%

Specific Service charges and late payment charges are expected to stabilize and remain consistent with the 2023 Bridge year.

Other Distribution revenues are expected to increase by $51,718. Primarily, this comes from resetting of pole attachment fees from the previous Cost-of-service at $22.35 per year to the latest rate of $36.05. RHI has also informed the Town of Renfrew that commencing 2024 they will also be receiving pole attachment charges for their street lights at this same rate.

Other income or deductions are expected to increase by $20,002 due to the removal of the one-time sale in 2023 of RHI's old double bucket truck.

For the purpose of the rate setting process, revenue in USoA account # 4245 is not inclusive of other revenues as this relates to the amortization of Contributed capital and has been re-allocated to Depreciation Expense in the Cost allocation model.

2.6.3.2 New Proposed Specific Charges

As part of the review of Customer Service Rules (EB-2017-0183), RHI has taken into consideration the proposed amendments to the Distribution System Code, Standard Supply Service Code, Unit Submetering, and Gas Distribution Access Rule. In light of these proposed amendments, RHI has adjusted its budgeted revenue for the proposed changes.

RHI is not proposing any new specific service charges.

2.6.3.3 Revenue from Affiliate Transactions

RHI confirms that it does not have any material transactions with affiliates. RHI provides immaterial service in maintenance of Street lights and Traffic lights for the Town of Renfrew with inclusive revenues of $3,200 for this activity, net of expenses. RHI does not deviate from Article 340 of the APH in any of the following disclosures.

2.6.3.4 Discrete Customer Groups

RHI confirms it is not proposing any additional charges to discrete customer groups.

Appendix

List of Appendices

Appendix A	Revenue Requirement Workform
Appendix B	2022 PILs Tax Return
Appendix C	Actuarial Report
Appendix D	PILs Workform

Appendix A

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Version 1.00

Utility Name	Renfrew Hydro Inc.
Service Territory	
Assigned EB Number	EB-2023-0049
Name and Title	Lance Jefferies, President
Phone Number	613-432-4884 ex 224
Email Address	ljefferies@renfrewhydro.com
Test Year	2024
Bridge Year	2023
Last Rebasing Year	2017

The RRWF has been enhanced commencing with 2017 rate applications to provide estimated base distribution rates. The enhanced RRWF is not intended to replace a utility's formal rate generator model which should continue to be the source of the proposed rates as well as the final ones at the conclusion of the proceeding. The load forecasting addition made to this model is intended to be demonstrative only and does not replace the information filed in the utility's application. In an effort to minimize the incremental work required from utilities, the cost allocation and rate design additions to this model do in fact replace former appendices that were required to be filed as part of the cost of service (Chapter 2) filing requirements.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Notes:

(1)	Pale green cells represent inputs
(2)	Pale green boxes at the bottom of each page are for additional notes
(3)	Pale yellow cells represent drop-down lists
(4)	***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***
(5)	***Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.***

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Data Input [1]

		Initial Application	(2)			(6)	Per Board Decision	
1	**Rate Base**							
	Gross Fixed Assets (average)	$12,068,769			$ 12,068,769		$12,068,769	
	Accumulated Depreciation (average)	($3,515,810)	(5)		($3,515,810)		($3,515,810)	
	Allowance for Working Capital:							
	Controllable Expenses	$1,664,865			$ 1,664,865		$1,664,865	
	Cost of Power	$10,172,608			$ 10,172,608		$10,172,608	
	Working Capital Rate (%)	7.50%	(9)	0.00%	7.50%	(9)		(9)
2	**Utility Income**							
	Operating Revenues:							
	Distribution Revenue at Current Rates	$2,187,031						
	Distribution Revenue at Proposed Rates	$2,527,657						
	Other Revenue:							
	Specific Service Charges	$37,840						
	Late Payment Charges	$19,588						
	Other Distribution Revenue	$111,886						
	Other Income and Deductions	$20,140						
	Total Revenue Offsets	$189,455	(7)					
	Operating Expenses:							
	OM+A Expenses	$1,655,134			$ 1,655,134		$1,655,134	
	Depreciation/Amortization	$388,351			$ 388,351		$388,351	
	Property taxes	$9,731			$ 9,731		$9,731	
	Other expenses							
3	**Taxes/PILs**							
	Taxable Income:							
	Adjustments required to arrive at taxable income	($258,198)	(3)					
	Utility Income Taxes and Rates:							
	Income taxes (not grossed up)	$25,245						
	Income taxes (grossed up)	$34,347						
	Federal tax (%)	15.00%						
	Provincial tax (%)	11.50%						
	Income Tax Credits							
4	**Capitalization/Cost of Capital**							
	Capital Structure:							
	Long-term debt Capitalization Ratio (%)	56.0%						
	Short-term debt Capitalization Ratio (%)	4.0%	(8)			(8)		(8)
	Common Equity Capitalization Ratio (%)	40.0%						
	Prefered Shares Capitalization Ratio (%)	0.0%						
		100.0%						
	Cost of Capital							
	Long-term debt Cost Rate (%)	4.88%						
	Short-term debt Cost Rate (%)	4.79%						
	Common Equity Cost Rate (%)	9.36%						
	Prefered Shares Cost Rate (%)							

Notes:

General Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

(1) All inputs are in dollars ($) except where inputs are individually identified as percentages (%)

(2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I

(3) Net of addbacks and deductions to arrive at taxable income.

(4) Average of Gross Fixed Assets at beginning and end of the Test Year

(5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

(6) Select option from drop-down list by clicking on cell M12. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.

(7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement

(8) 4.0% unless an Applicant has proposed or been approved for another amount.

(9) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, a WCA factor based on lead-lag study, with supporting rationale could be provided.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Rate Base and Working Capital

Rate Base

Line No.	Particulars		Initial Application			Per Board Decision
1	Gross Fixed Assets (average) (2)	$12,068,769	$ -	$12,068,769	$ -	$12,068,769
2	Accumulated Depreciation (average) (2)	($3,515,810)	$ -	($3,515,810)	$ -	($3,515,810)
3	Net Fixed Assets (average) (2)	$8,552,959	$ -	$8,552,959	$ -	$8,552,959
4	Allowance for Working Capital (1)	$887,811	$ -	$887,811	($887,811)	$ -
5	**Total Rate Base**	$9,440,770	$ -	$9,440,770	($887,811)	$8,552,959

(1) Allowance for Working Capital - Derivation

Line No.	Particulars					
6	Controllable Expenses	$1,664,865	$ -	$1,664,865	$ -	$1,664,865
7	Cost of Power	$10,172,608	$ -	$10,172,608	$ -	$10,172,608
8	Working Capital Base	$11,837,474	$ -	$11,837,474	$ -	$11,837,474
9	Working Capital Rate % (1)	7.50%	0.00%	7.50%	-7.50%	0.00%
10	Working Capital Allowance	$887,811	$ -	$887,811	($887,811)	$ -

Notes

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2021 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

(2) Average of opening and closing balances for the year.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Utility Income

Line No.	Particulars	Initial Application				Per Board Decision
	Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	$2,527,657	($2,527,657)	$ -	$ -	$ -
2	Other Revenue (1)	$189,455	($189,455)	$ -	$ -	$ -
3	Total Operating Revenues	$2,717,112	($2,717,112)	$ -	$ -	$ -
	Operating Expenses:					
4	OM+A Expenses	$1,655,134	$ -	$1,655,134	$ -	$1,655,134
5	Depreciation/Amortization	$388,351	$ -	$388,351	$ -	$388,351
6	Property taxes	$9,731	$ -	$9,731	$ -	$9,731
7	Capital taxes	$ -	$ -	$ -	$ -	$ -
8	Other expense	$ -	$ -		$ -	
9	Subtotal (lines 4 to 8)	$2,053,217	$ -	$2,053,217	$ -	$2,053,217
10	Deemed Interest Expense	$276,086	($276,086)	$ -	$ -	$ -
11	Total Expenses (lines 9 to 10)	$2,329,303	($276,086)	$2,053,217	$ -	$2,053,217
12	**Utility income before income taxes**	$387,809	($2,441,026)	($2,053,217)	$ -	($2,053,217)
13	Income taxes (grossed-up)	$34,347	$ -	$34,347	$ -	$34,347
14	**Utility net income**	$353,462	($2,441,026)	($2,087,564)	$ -	($2,087,564)

Notes

Other Revenues / Revenue Offsets

(1)

	Initial Application				Per Board Decision
Specific Service Charges	$37,840		$ -		$ -
Late Payment Charges	$19,588		$ -		$ -
Other Distribution Revenue	$111,886		$ -		$ -
Other Income and Deductions	$20,140		$ -		$ -
Total Revenue Offsets	$189,455	$ -	$ -	$ -	$ -

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	Determination of Taxable Income			
1	Utility net income before taxes	$353,462	$ -	$ -
2	Adjustments required to arrive at taxable utility income	($258,198)	$ -	$ -
3	Taxable income	$95,264	$ -	$ -
	Calculation of Utility income Taxes			
4	Income taxes	$25,245	$25,245	$25,245
6	Total taxes	$25,245	$25,245	$25,245
7	Gross-up of Income Taxes	$9,102	$9,102	$9,102
8	Grossed-up Income Taxes	$34,347	$34,347	$34,347
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$34,347	$34,347	$34,347
10	Other tax Credits	$ -	$ -	$ -
	Tax Rates			
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	26.50%	26.50%	26.50%

Notes

Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$5,286,831	4.88%	$257,997
2	Short-term Debt	4.00%	$377,631	4.79%	$18,089
3	**Total Debt**	60.00%	$5,664,462	4.87%	$276,086
	Equity				
4	Common Equity	40.00%	$3,776,308	9.36%	$353,462
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$3,776,308	9.36%	$353,462
7	**Total**	100.00%	$9,440,770	6.67%	$629,548
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	0.00%	$ -	0.00%	$ -
2	Short-term Debt	0.00%	$ -	0.00%	$ -
3	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
4	Common Equity	0.00%	$ -	0.00%	$ -
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	0.00%	$ -	0.00%	$ -
7	**Total**	0.00%	$9,440,770	0.00%	$ -
		Per Board Decision			
		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	0.00%	$ -	4.88%	$ -
9	Short-term Debt	0.00%	$ -	4.79%	$ -
10	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
11	Common Equity	0.00%	$ -	9.36%	$ -
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	0.00%	$ -	0.00%	$ -
14	**Total**	0.00%	$8,552,959	0.00%	$ -

Notes

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	At Current Approved Rates	At Proposed Rates	Per Board Decision: At Current Approved Rates	Per Board Decision: At Proposed Rates
1	Revenue Deficiency from Below		$416,706		($182,060)		$2,793,492
2	Distribution Revenue	$2,187,031	$2,110,951	$2,187,031	$2,709,717	$ -	($2,793,492)
3	Other Operating Revenue Offsets - net	$189,455	$189,455	$ -	$ -	$ -	$ -
4	**Total Revenue**	$2,376,486	$2,717,112	$2,187,031	$2,527,657	$ -	$ -
5	Operating Expenses	$2,053,217	$2,053,217	$2,053,217	$2,053,217	$2,053,217	$2,053,217
6	Deemed Interest Expense	$276,086	$276,086	$ -	$ -	$ -	$ -
8	**Total Cost and Expenses**	$2,329,303	$2,329,303	$2,053,217	$2,053,217	$2,053,217	$2,053,217
9	**Utility Income Before Income Taxes**	$47,184	$387,809	$133,814	$474,440	($2,053,217)	($2,053,217)
10	Tax Adjustments to Accounting Income per 2013 PILs model	($258,198)	($258,198)	($258,198)	($258,198)	$ -	$ -
11	**Taxable Income**	($211,014)	$129,611	($124,384)	$216,242	($2,053,217)	($2,053,217)
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	**Income Tax on Taxable Income**	$ -	$34,347	$ -	$57,304	$ -	$ -
14	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
15	**Utility Net Income**	$47,184	$353,462	$133,814	($2,087,564)	($2,053,217)	($2,087,564)
16	**Utility Rate Base**	$9,440,770	$9,440,770	$9,440,770	$9,440,770	$8,552,959	$8,552,959
17	Deemed Equity Portion of Rate Base	$3,776,308	$3,776,308	$ -	$ -	$ -	$ -
18	Income/(Equity Portion of Rate Base)	1.25%	9.36%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.36%	9.36%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-8.11%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	3.42%	6.67%	1.42%	0.00%	-24.01%	0.00%
22	Requested Rate of Return on Rate Base	6.67%	6.67%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.24%	0.00%	1.42%	0.00%	-24.01%	0.00%
24	Target Return on Equity	$353,462	$353,462	$ -	$ -	$ -	$ -
25	Revenue Deficiency/(Sufficiency)	$306,279	$0	($133,814)	$ -	$2,053,217	$ -
26	**Gross Revenue Deficiency/(Sufficiency)**	$416,706		($182,060) (1)		$2,793,492 (1)	

Notes:

(1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Revenue Requirement

Line No.	Particulars	Application			Per Board Decision	
1	OM&A Expenses	$1,655,134		$1,655,134	$1,655,134	
2	Amortization/Depreciation	$388,351		$388,351	$388,351	
3	Property Taxes	$9,731		$9,731	$9,731	
5	Income Taxes (Grossed up)	$34,347		$34,347	$34,347	
6	Other Expenses	$ -				
7	Return					
	Deemed Interest Expense	$276,086		$ -	$ -	
	Return on Deemed Equity	$353,462		$ -	$ -	
8	**Service Revenue Requirement (before Revenues)**	$2,717,112		$2,087,564	$2,087,564	
9	Revenue Offsets	$189,455		$ -	$ -	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$2,527,657		$2,087,564	$2,087,564	
11	Distribution revenue	$2,527,657		$ -	$ -	
12	Other revenue	$189,455		$ -	$ -	
13	**Total revenue**	$2,717,112		$ -	$ -	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$0	(1)	($2,087,564) (1)	($2,087,564)	(1)

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% (2)	Per Board Decision	Δ% (2)
Service Revenue Requirement	$2,717,112	$2,087,564	#####	$2,087,564	#####
Grossed-Up Revenue Deficiency/(Sufficiency)	$416,706	($182,060)	#####	$2,793,492	#####
Base Revenue Requirement (to be recovered from Distribution Rates)	$2,527,657	$2,087,564	#####	$2,087,564	#####
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	$340,626	$ -	#####	$ -	#####

Notes

(1) Line 11 - Line 8

(2) Percentage Change Relative to Initial Application

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Load Forecast Summary

This spreadsheet provides a summary of the customer and load forecast on which the test year revenue requirement is derived. The amounts serve as the denominators for deriving the rates to recover the test year revenue requirement for purposes of this RRWF.

The information to be input is inclusive of any adjustments to kWh and kW to reflect the impacts of CDM programs up to and including CDM programs planned to be executed in the test year. i.e., the load forecast adjustments determined in **Appendix 2-I** should be incorporated into the entries. The inputs should correspond with the summary of the Load Forecast for the Test Year in **Appendix 2-IB** and in Exhibit 3 of the application.

Appendix 2-IB is still required to be filled out, as it also provides a year-over-year variance analysis of demand growth andf trends from historical actuals to the Bridge and Test Year forecasts.

Stage in Process: Initial Application

	Customer Class	Initial Application						Per Board Decision		
	Input the name of each customer class.	Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA [1] Annual	Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA [1] Annual	Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA [1] Annual
1	Residential	3,922	31,290,547							
2	GS <50	458	11,622,476							
3	GS>50-Regular	42	43,975,532	104,523						
4	Unmetered Scattered Load	37	264,699							
5	Street Lighting	1,197	388,078	1,075						
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
	Total		**87,541,331**	**105,598**		**-**	**-**		**-**	**-**

Notes:

[1] Input kW or kVA for those customer classes for which billing is based on demand (kW or kVA) versus energy consumption (kWh)

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: ***Initial Application***

A) Allocated Costs

	Name of Customer Class [3] From Sheet 10. Load Forecast	Costs Allocated from Previous Study [1]	%	Allocated Class Revenue Requirement [1] (7A)	%
1	Residential	$ 1,265,175	59.78%	$ 1,596,629	58.76%
2	GS <50	$ 296,709	14.02%	$ 394,931	14.53%
3	GS>50-Regular	$ 507,593	23.98%	$ 661,234	24.34%
4	Unmetered Scattered Load	$ 7,644	0.36%	$ 12,575	0.46%
5	Street Lighting	$ 39,322	1.86%	$ 51,743	1.90%
6			0.00%		0.00%
7			0.00%		0.00%
8			0.00%		0.00%
9			0.00%		0.00%
10			0.00%		0.00%
11			0.00%		0.00%
12			0.00%		0.00%
13			0.00%		0.00%
14			0.00%		0.00%
15			0.00%		0.00%
16			0.00%		0.00%
17			0.00%		0.00%
18			0.00%		0.00%
19			0.00%		0.00%
20			0.00%		0.00%
	Total	$ 2,116,443	100.00%	**$ 2,717,112**	100.00%
			Service Revenue Requirement (from Sheet 9)	**$ 2,717,112.08**	

(1) Class Allocated Revenue Requirement, from Sheet O-1, Revenue to Cost || RR, row 40, from the Cost Allocation Study in this application. This excludes costs in deferral and variance accounts. For Embedded Distributors, Account 4750 - Low Voltage (LV) Costs are also excluded.

(2) Host Distributors - Provide information on any embedded distributor(s) as a separate class, if applicable. If embedded distributors are billed in a General Service class, include the allocated costs and revenues of the embedded distributor(s) in the applicable class, and also complete Appendix 2-Q.

(3) Customer Classes - If these differ from those in place in the previous cost allocation study, modify the customer classes to match the proposal in the current application as closely as possible.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: ***Initial Application***

B) Calculated Class Revenues

	Name of Customer Class	Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1	Residential	$ 1,314,498	$ 1,519,228	$ 1,482,954	$ 113,675
2	GS <50	$ 394,363	$ 455,785	$ 423,836	$ 26,095
3	GS>50-Regular	$ 430,710	$ 497,792	$ 562,622	$ 38,613
4	Unmetered Scattered Load	$ 10,857	$ 12,548	$ 12,607	$ 967
5	Street Lighting	$ 36,603	$ 42,304	$ 45,638	$ 10,105
6					
7					
8					
9					
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15					
16					
17					
18					
19					
20					
	Total	$ 2,187,031	$ 2,527,657	$ 2,527,657	$ 189,455

(4) In columns 7B to 7D, LF means Load Forecast of Annual Billing Quantities (i.e., customers or connections, as applicable X 12 months, and kWh, kW or kVA as applicable. Revenue quantities should be net of the Transformer Ownership Allowance for applicable customer classes. Exclude revenues from rate adders and rate riders.

(5) Columns 7C and 7D - Column Total should equal the Base Revenue Requirement for each.

(6) Column 7C - The OEB-issued cost allocation model calculates "1+d" on worksheet O-1, cell C22. "d" is defined as Revenue Deficiency/Revenue at Current Rates.

(7) Column 7E - If using the OEB-issued cost allocation model, enter Miscellaneous Revenues as it appears on worksheet O-1, row 19,

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: ***Initial Application***

C) Rebalancing Revenue-to-Cost Ratios

	Name of Customer Class	Previously Approved Ratios Most Recent Year: 2017 %	Status Quo Ratios (7C + 7E) / (7A) %	Proposed Ratios (7D + 7E) / (7A) %	Policy Range %
1	Residential	95.63%	102.27%	100.00%	85 - 115
2	GS <50	120.07%	122.02%	113.93%	80 - 120
3	GS>50-Regular	97.30%	81.12%	90.93%	80 - 120
4	Unmetered Scattered Load	120.00%	107.48%	107.95%	80 - 120
5	Street Lighting	120.00%	101.29%	107.73%	80 - 120
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12					
13					
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19					
20					

(8) Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant, rebased in 2012 with further adjustments to move within the range over two years, the Most Recent Year would be 2015. However, the ratios in 2015 would be equal to those after the adjustment in 2014.

(9) Status Quo Ratios - The OEB-issued cost allocation model provides the Status Quo Ratios on Worksheet O-1. The Status Quo means "Before Rebalancing".

(10) Ratios shown in red are outside of the allowed range. Applies to both Tables C and D.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: ***Initial Application***

(D) ***Proposed Revenue-to-Cost Ratios***

	Name of Customer Class	Proposed Revenue-to-Cost Ratio Test Year	Price Cap IR Period 1	Price Cap IR Period 2	Policy Range
1	Residential	100.00%	100.00%	100.00%	85 - 115
2	GS <50	113.93%	113.93%	113.93%	80 - 120
3	GS>50-Regular	90.93%	90.93%	90.93%	80 - 120
4	Unmetered Scattered Load	107.95%	107.95%	107.95%	80 - 120
5	Street Lighting	107.73%	107.73%	107.73%	80 - 120
6					
7					
8					
9					
10					
11					
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20					

(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2021 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2022 and 2023 Price Cap IR models, as necessary. For 2022 and 2023, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2019 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Rate Design and Revenue Reconciliation

This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and voluemtric rates based on the allocated class revenues and fixed/variable split resulting from the cost allocation study and rate design and as proposed by the applicant. However, the RRWF does not replace the rate generator model that an applicant distributor may use in support of its application. The RRWF provides a demonstrative check on the derivation of the revenue requirement and on the proposed base distribution rates to recover the revenue requirement, based on summary information from a more detailed rate generator model and other models that applicants use for cost allocation, load forecasting, taxes/PILs, etc.

Stage in Process: *Initial Application*

	Customer and Load Forecast					Class Allocated Revenues			Fixed / Variable Splits [2]			Distribution Rates					Revenue Reconciliation		
	Customer Class From sheet 10. Load Forecast					From Sheet 11. Cost Allocation and Sheet 12. Residential Rate Design			Percentage to be entered as a fraction between 0 and 1			Monthly Service Charge		Volumetric Rate					
		Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance [1] ($)	Rate	No. of decimals	Rate		No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance
1	Residential	kWh	3,922	31,290,547	-	$ 1,482,954	$ 1,482,954	$ -	100.00%	0.00%		$31.51	2	$0.0000	/kWh	4	$ 1,482,986.64	$ -	$ 1,482,986.64
2	GS <50	kWh	458	11,622,476	-	$ 423,836	$ 207,740	$ 216,096	49.01%	50.99%		$37.80		$0.0186	/kWh		$ 207,748.80	$ 216,178.0547	$ 423,926.85
3	GS>50-Regular	kW	42	43,975,532	104,523	$ 562,622	$ 146,946	$ 415,676	26.12%	73.88%	$ 34,727	$291.56		$4.3091	/kW		$ 146,946.24	$ 450,401.2228	$ 562,620.66
4	Unmetered Scattered Load	kWh	37	264,699	-	$ 12,607	$ 12,085	$ 523	95.86%	4.14%		$27.22		$0.0020	/kWh		$ 12,085.68	$ 529.3980	$ 12,615.08
5	Street Lighting	kW	1,197	388,078	1,075	$ 45,638	$ 39,401	$ 6,237	86.33%	13.67%		$2.74		$5.8019	/kW		$ 39,357.36	$ 6,237.0425	$ 45,594.40
6			-	-	-												$ -	$ -	$ -
7			-	-	-												$ -	$ -	$ -
8			-	-	-												$ -	$ -	$ -
9			-	-	-												$ -	$ -	$ -
10			-	-	-												$ -	$ -	$ -
11			-	-	-												$ -	$ -	$ -
12			-	-	-												$ -	$ -	$ -
13			-	-	-												$ -	$ -	$ -
14			-	-	-												$ -	$ -	$ -
15			-	-	-												$ -	$ -	$ -
16			-	-	-												$ -	$ -	$ -
17			-	-	-												$ -	$ -	$ -
18			-	-	-												$ -	$ -	$ -
19			-	-	-												$ -	$ -	$ -
20			-	-	-												$ -	$ -	$ -

Total Transformer Ownership Allowance $ 34,727

Total Distribution Revenues	$ 2,527,743.63
Base Revenue Requirement	$ 2,527,656.66
Difference	$ 86.97
% Difference	0.003%

Rates recover revenue requirement

Notes:

[1] Transformer Ownership Allowance is entered as a positive amount, and only for those classes to which it applies.

[2] The Fixed/Variable split, for each customer class, drives the "rate generator" portion of this sheet of the RRWF. Only the "fixed" fraction is entered, as the sum of the "fixed" and "variable" portions must sum to 100%. For a distributor that may set the Monthly Service Charge, the "fixed" ratio is calculated as: [MSC x (average number of customers or connections) x 12 months] / (Class Allocated Revenue Requirement).

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2023 Filers

Tracking Form

The first row shown, labelled "Original Application", summarizes key statistics based on the data inputs into the RRWF. After the original application filing, the applicant provides key changes in capital and operating expenses, load forecasts, cost of capital, etc., as revised through the processing of the application. This could be due to revisions or responses to interrogatories. The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)

Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

(1) Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

(2) Short description of change, issue, etc.

Summary of Proposed Changes

		Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
Reference (1)	Item / Description (2)	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance ($)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	$ 629,548	6.67%	$ 9,440,770	$ 11,837,474	$ 887,811	$ 388,351	$ 34,347	$ 1,655,134	$ 2,717,112	$ 189,455	$ 2,527,657	$ 416,706

Appendix B

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 86222 7923 RC0001

Corporation's name
002 RENFREW HYDRO INC.

Address of head office
Has this address changed since the last time the CRA was notified? 010 Yes [ ] No [X]
If yes, complete lines 011 to 018.
011 499 O'BRIEN ROAD
012 UNIT B
City: 015 RENFREW — Province, territory, or state: 016 ON
Country (other than Canada): 017 — Postal or ZIP code: 018 K7V 3Z3

Mailing address (if different from head office address)
Has this address changed since the last time the CRA was notified? 020 Yes [ ] No [X]
If yes, complete lines 021 to 028.
021 c/o
022 499 O'BRIEN ROAD
023 UNIT B
City: 025 RENFREW — Province, territory, or state: 026 ON
Country (other than Canada): 027 — Postal or ZIP code: 028 K7V 3Z3

Location of books and records (if different from head office address)
Has this address changed since the last time the CRA was notified? 030 Yes [ ] No [X]
If yes, complete lines 031 to 038.
031 499 O'BRIEN ROAD
032
City: 035 RENFREW — Province, territory, or state: 036 ON
Country (other than Canada): 037 — Postal or ZIP code: 038 K7V 3Z3

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 2022-01-01 — Tax year-end (Year Month Day) 061 2022-12-31

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)
- [ ] 4 Exempt under other paragraphs of section 149

Do not use this area

095 096 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	170		29
Did the corporation have a total amount over 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		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		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
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 claiming a Canadian journalism labour tax credit?	272		58
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
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	273		63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	274		59
Is the corporation claiming an air quality improvement tax credit?	275		65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	276		68

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? 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	Electric Power 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		96,571	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")			96,571	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		96,571	
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	96,571	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	96,571	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 for tax years starting before April 7, 2022

Amount C 500,000 x 415 *** 59,661 D / 11,250 = 2,651,600 E1

Taxable capital business limit reduction for tax years starting after April 6, 2022

Amount C 500,000 x 415 *** 59,661 D / 90,000 = E2

Amount E1 or amount E2, whichever applies 2,651,600 ► 2,651,600 E3

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

The greater of amount E3 and amount G 422 2,651,600 H

Reduced business limit (amount C **minus** amount H) (if negative, enter "0")	426		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		K
Small business deduction – Amount A, B, C, or K, whichever is the least ____ x 19 % =	430		

Enter amount from line 430 at amount K 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 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.

Small business deduction (continued)

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 490	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L [3] 500	N Business limit assigned to corporation identified in column L [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 (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.
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 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			96,571	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		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")			96,571	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			12,554	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	96,571	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)	96,571	K	x 30 2 / 3 % = 29,615	L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)			14,486	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)	10,507	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")	10,507	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	36,697 A
Additional tax on personal services business income (section 123.5)				
Taxable income from a personal services business	555	x 5 % =	560	B
Additional tax on banks and life insurers from Schedule 68			565	C
Recapture of investment tax credit from Schedule 31			602	D

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		E	
Taxable income from line 360 on page 3	96,571 F		
Deduct: Amount from line 400, 405, 410, or 428 on page 4, whichever is the least	G		
Net amount (amount F **minus** amount G)	96,571 ▶	96,571 H	
Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount E or amount H		604	I
Subtotal (add amounts A, B, C, D, and I)			36,697 J

Deduct:

Small business deduction from line 430 on page 4		K	
Federal tax abatement	608	9,657	
Manufacturing and processing profits deduction and zero-emission technology manufacturing 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	12,554	
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		22,211 ▶	22,211 L

Part I tax payable – Amount J **minus** amount L	14,486 M

Enter amount M on line 700 on page 9.

Privacy notice

Personal information (including the SIN) is collected to administer or enforce 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 the 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 paying interest or penalties, or in 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 Information about Programs and Information Holdings at canada.ca/cra-information-about-programs.

Summary of tax and credits

Federal tax

Part I tax payable from amount M on page 8	700	14,486
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 VI.2 tax payable from Schedule 67	725	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		14,486

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	6,831
Total tax payable	770	21,317 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from amount JJ on page 7	784		
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Return of fuel charge proceeds to farmers tax credit from Schedule 63	795		
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		
Air quality improvement tax credit from Schedule 65	799		
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	600	
Total credits	890	600 ▶	600 B

Balance (amount A **minus** amount B) 20,717

If the result is negative, you have **a refund**. If the result is positive, you have a **balance owing**.
Enter the amount below on whichever line applies.

Generally, the CRA does not charge or refund a difference of $2 or less.

Refund code 894 [ ] Refund ______ Balance owing 20,717

For information on how to enrol for direct deposit, go to **canada.ca/cra-direct-deposit**.

For information on how to make your payment, go to **canada.ca/payments**.

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 Yes [ ] No [X]

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920 F5943

Certification

I, 950 JEFFERIES (Last name) 951 LANCE (First name) 954 PRESIDENT (Position, office, or rank),
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2023-04-15 — Date (yyyy/mm/dd)
Signature of the authorized signing officer of the corporation
956 (613) 432-4884 — 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 1

Schedule of Instalment Remittances

Name of corporation contact

Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
		600

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 600 **A**

Total instalments credited to the taxation year per T9 600 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	2,644,402	2,949,017
	Total tangible capital assets	2008	+	11,154,129	10,451,141
	Total accumulated amortization of tangible capital assets	2009	–	2,914,657	2,540,882
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	368,303	274,454
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	11,252,177	11,133,730
	Liabilities				
	Total current liabilities	3139	+	2,388,255	2,365,582
	Total long-term liabilities	3450	+	4,417,773	4,529,403
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	6,806,028	6,894,985
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	4,446,149	4,238,745
	Total liabilities and shareholder equity	3640	=	11,252,177	11,133,730
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	1,740,981	1,533,577

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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	+	12,470,249	12,398,280
	Cost of sales	8518	–	10,493,406	10,258,859
	Gross profit/loss	8519	=	1,976,843	2,139,421
	Cost of sales	8518	+	10,493,406	10,258,859
	Total operating expenses	9367	+	1,971,006	2,004,936
	Total expenses (mandatory field)	9368	=	12,464,412	12,263,795
	Total revenue (mandatory field)	8299	+	12,787,549	12,411,224
	Total expenses (mandatory field)	9368	–	12,464,412	12,263,795
	Net non-farming income	9369	=	323,137	147,429
	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	=	323,137	147,429
	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	–	26,538	-22,991
	Future (deferred) income tax provision	9995	–	61,785	60,782
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	234,814	109,638

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- Fill out this schedule to identify who prepared or reported on the financial statements, the extent of their involvement and to identify the type of information contained in the notes to the financial statements. If the person preparing the tax return is not the person referred to above, they must still complete Parts 1, 2, 3, 4 and 5, 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 person who prepared or reported on the financial statements

Were financial statements prepared? . . . . . **111** Yes [X] No [ ]

If you answered **no**, go to part 5.

Does the person who prepared or reported on the financial statements have an accounting professional designation? . . . . . **095** Yes [X] No [ ]

Is that person connected* with the corporation? . . . . . **097** Yes [ ] No [X]

Note: If that person does not have an accounting professional designation or is connected with the corporation, go to part 4.

* 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 person referred to in part 1: **198**

- Completed an auditor's report . . . . . [X] 1
- Completed a review engagement report . . . . . [ ] 2
- Conducted a compilation engagement . . . . . [ ] 3
- Other . . . . . [ ] 4

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 person referred to in part 1 expressed a reservation? . . . . . **099** Yes [ ] No [X]

Part 4 – Other information

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 [ ] No [X]
- Is re-evaluation of asset information mentioned in the notes? . . . . . **105** Yes [ ] No [X]
- Is contingent liability information mentioned in the notes? . . . . . **106** Yes [ ] No [X]
- 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 [ ] No [X]

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.

Part 5 – Information on the person who prepared the information return

If the person that prepared the information return has an accounting professional designation but is not the person associated with the financial statements in part 1 above, choose one of the following options, if applicable: 110

Financial statements provided by client . . . . [ ] 1

Prepared the information return and the financial information contained therein . . . . [ ] 2

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022

1. NATURE OF BUSINESS

Renfrew Hydro Inc. (the company)'s primary business activity is the distribution of electricity to the Town of Renfrew residents and businesses. The company owns and operates an electrical distribution system, which delivers electricity power to its customers in the Town of Renfrew. Renfrew Hydro Inc. is wholly owned by the Municipality of the Town of Renfrew and is governed by a Board of Directors. The address of the company's corporate office and principal place of business is 499 O'Brien Road, Unit B, Renfrew, Ontario. The financial statements were approved by the Board of Directors on 13 April 2023 who have the power to amend the financial statements after issue.

2. BASIS OF PRESENTATION

(a) Statement of Compliance:

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and including principles prescribed by the Ontario Energy Board ("OEB").

(b) Basis of Measurement:

The financial statements have been prepared on a historical cost basis with the exception of employee future benefits which are measured at the present value of the benefit obligation. The financial statements are presented in Canadian dollars (CDN$), which is also the company's functional currency, and all values are rounded to the nearest dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(c) Explanation of Activities Subject to Rate Regulation:

Renfrew Hydro Inc., as an electricity distributor, is both licensed and regulated by the OEB which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the company and establishing standards of service for the company's customers. The OEB has broad powers relating to licensing, standards of conduct and service and the regulation of rates charged by the company and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market.Regulatory risk:

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.Recovery risk:

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Renfrew Hydro Inc. is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forcast, actual returns achieved can differ from approved returns.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Regulatory Deferral Accounts:

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesale market administered by the Independent Electricity System Operator (the "IESO") after 1 May 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the "EA") and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

Explanation of Recognized Amounts:

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as described below.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

(b) Revenue:

The sale and distribution of energy and other revenues are accounted for as revenue when:

i) The parties to the contract have approved the contract and are committed to perform their respective obligations;

ii) Each party's rights regarding the goods or services to be transferred can be identified;

iii) The payment terms for the goods or services to be transferred can be identified; iv) The contract has commercial substance and;

v) It is probable that Renfrew Hydro Inc. will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue is recognized to the extent that it is probable that economic benefits will flow to Renfrew Hydro Inc. and that the revenue can be reliably measured. Revenue comprises of sales and distribution of energy, pole use rental, fixed collection charges, interest revenue from Regulatory Deferral Accounts, investment income and other miscellaneous revenues.

Sale and Distribution of Energy:

Renfrew Hydro Inc. is licensed by the OEB to distribute electricity. As a licensed distributor, the company is responsible for billing customers for

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electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether Renfrew Hydro Inc. ultimately collects these amounts from customers. The company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues from the sale and distribution of electricity are recognized over time on an accrual basis,
including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on the meter readings as the customer consumes the electricity.

Other:

Other revenues, which include revenues from late payment charges, conservation demand management, pole use rental, change of occupancy charges, collection reconnection charges, sale of scrap material, microfit administration, deferred credit and other miscellaneous revenues are recognized at the time services are provided.

Where the company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue. Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as deferred revenue and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

(c) Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand and in bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(d) Customer Deposits:

Customers may be required to post security to obtain electricity or other services, which are refundable. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits. Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest rates paid on customer deposits are based on the Bank of Canada's prime business rate less 2%. Also included in this balance are cash and securities lodged with Renfrew Hydro Inc. by counterparties under electricity supply agreements.

(e) Property, Plant and Equipment:

Recognition and measurement:

Property, plant and equipment (PP&E) are recognized at cost, being the purchase price and directly attributable cost of acquisition or construction

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required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the company, including eligible borrowing costs.

Amortization of PP&E is recorded in the Statement of Income and Other Comprehensive Income on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated useful lives are as follows:

Buildings - brick	50	years
Buildings - other	25	years
Distribution stations and related equipment	15-50	years
Distribution system - poles and fixtures	45	years
Distribution system - overhead conductors	60	years
Distribution system - underground conduit	50	years
Distribution system - underground conductor	50	years
Distribution lines - transformers	40	years
Distribution services - overhead	60	years
Distribution services - underground	40	years
Distribution meters	25	years
Distribution - smart meters	15	years
Office equipment (other than computer)	10	years
Computer equipment	5	years
Leasehold improvements	10	years
Right of Use asset	10	years
Miscellaneous equipment and tools	10	years
Trucks under 3 tons	5	years
Trucks over 3 tons	12	years

Amortization methods and useful lives are reviewed at each reporting date.

Construction in Progress and Spare Parts:

Construction in progress is comprised of assets under construction and major spare parts not yet placed into service. Construction in progress is not amortized until the assets are in service.

Deferred Revenue:

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue. Developer contributions for capital assets are amortized to income on the same basis as the related assets are being amortized.

Gains and Losses on Disposal:

Gains and losses on disposal of an item of PP&E are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the Statement of Income and Other Comprehensive Income when the asset is disposed of. When an item of PP&E with related deferred revenue is disposed, the remaining deferred revenue is recognized in full in the Statement of Income and Other Comprehensive Income.

(f) Borrowing Costs:

The company capitalizes interest expenses and other finance charges directly relating to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use. Capitalization

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commences when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible Assets:

Computer Software:

Computer software that is acquired or developed by the company, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

Easements:

Payments to obtain rights to access land ("easements") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the company does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date. The estimated useful lives for the current and comparative years are: Easements 20 years

Computer software 5 years

(h) Impairment of Non-Financial Assets:

The company conducts annual internal assessments of the values of PP&E, intangible assets and regulatory deferral account debit balances to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where the carrying value exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit ('CGU'), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The company has one cash-generating unit for which impairment testing is performed. An impairment loss is charged to the Statement of Income and Other Comprehensive Income.

(i) Employee Future Benefits:

Multi-Employer Defined Benefit Plan:

The employees of the company participate in the Ontario Municipal Employees Retirement System ("OMERS"). The company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The company is only one of a number of employers that participates in the plan and the financial information provided to the company on the basis of the contractual agreements is usually insufficient to measure the company's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

Post-Employment Benefit Plan:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation on behalf of its retired employees unfunded extended medical and life insurance benefits is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value. Any unrecognized past service costs are deducted.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The calculation is performed by a qualified actuary using the projected unit credit method every third year or when there are significant changes to workforce. Defined benefit obligations are measured using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities. Remeasurements of the defined benefit obligation are recognized directly within equity in other comprehensive income. The remeasurements include actuarial gains and losses. Service costs are recognized in the Statement of Income and Other Comprehensive Income in operating expenses, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognized in the Statement of Income and Other Comprehensive Income in finance expense, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of benefit payments during the period. Gains or losses arising from changes to defined benefits or plan curtailment are recognized immediately in the Statement of Income and Other Comprehensive Income. Settlements of defined benefit plans are recognized in the period in which the settlement occurs.

Other Long-term Service Benefits:

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

(j) Payment in Lieu of Taxes Payable:

Tax Status:

The company is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As an MEU, the company is exempt from tax under the Income Tax Act (Canada) and the company Tax Act (Ontario). Under the Electricity Act, 1998, the company is required to make, for each taxation year, PILs to Ontario Electricity Financial company ("OEFC"), commencing 1 October 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the company Tax Act (Ontario) as modified by the

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Electricity Act, 1998, and related regulations.
Current and Deferred Tax:
Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances (See Note 9). Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date and are expected to apply when the liabilities (assets) are settled (recovered). The company recognized deferred tax arising from temporary difference on regulatory deferral account balances.
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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022
3. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the company reassesses both recognized and unrecognized deferred tax assets. The company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
(k) Leases (Right-of-use):
Leases are recognized as right-of-use (ROU) assets and a right of use lease obligation at the lease commencement date. ROU assets are initially measured at cost and subsequently carried at cost less accumulated amortization and impairments. The initial cost of an ROU asset equals the amount of the initial measurement of the corresponding right of use lease obligation, plus any initial direct costs incurred to bring the assets into operation. ROU assets are classified within property, plant and equipment in these financial statements.
Right-of-use lease obligations are initially measured at the present value of lease payments that are not paid at the commencement date. The lease payments are discounted using the rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate which reflects the company's ability to borrow money over a similar term, for an asset of similar value to the underlying asset, similar security or in a similar economic environment. Variable lease payments that do not depend on an index or rate are not included in the measurement of the right-of-use lease obligations.
Right-of-use lease obligations are subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When a right-of-use lease obligation is remeasured in this way, a corresponding

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adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Payments under right-of-use lease obligations are apportioned between interest expense and a reduction of the outstanding lease liability.

(l) Finance Income and Finance Costs:

Finance income comprises of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the Statement of Income and Other Comprehensive Income, using the effective interest method.

Finance costs are comprised of interest payable on debt and impairment losses recognized on financial assets and net interest on employee future benefits.

(m) Inventory:

Cost of inventory comprise of direct materials, which typically consists of distribution assets not deemed as major spares, unless purchased for specific capital projects in process or as spare units. The company classifies all major future components of its' electricity distribution system infrastructure to PP&E. These items are not amortized until they are put into service. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed in inventory. Inventory is recognized at the lower of cost and replacement cost. Replacement cost is the cost of purchasing the inventory.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Standards, Amendments and Interpretations Not Yet Effective:

There are several new standards and amendments to standards that are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these financial statements. The company has assessed these as being irrelevant or that would not have a significant impact to the financial statements.

(o) Distribution revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the year.

Unbilled revenue at the beginning of the year	$ 974,207
Unbilled revenue at the end of the year	1,028,273

The adjusting power bill received from Hydro One is recorded in the period to which it refers and not in the period in which it is received.

(p) Financial Instruments:

Recognition and Derecognition:

The company initially recognizes financial instruments on the date the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. Financial assets and financial liabilities, with the exception of financial assets classified or designated at fair value through profit and loss ("FVTPL"), are measured at fair value plus transaction costs on initial recognition. Financial assets at FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it loses control of the assets. The company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the company has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets:

The company determines the classification of financial assets at initial recognition. Financial assets are subsequently measured at amortized cost, FVTPL or fair value through other comprehensive income ("FVTOCI").

Financial assets are subsequently measured at amortized cost if both of the following conditions are met and they are not designated as FVTPL:

1) Financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Measurement gains or losses are recognized in net earnings.

Financial assets are not reclassified subsequent to their initial recognition, unless the company identifies changes in its business model requiring reassessment.

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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The company's financial assets classified at amortized cost are comprised of cash, accounts receivable and unbilled revenue. The company does not have any financial instruments classified as FVTPL or FVTOCI.

The company recognizes loss allowances for expected credit losses ("ECL's") on accounts receivable. The company has applied the simplified approach permitted by IFRS 9, Financial Instruments, to caclulate the ECL. Under this approach, no assessment of change in credit risk is required. Rather, the lifetime ECL is recognized for the accounts receivable balances from initial recognition. The change in ECL's is recognized in net earnings and reflected as an allowance against accounts receivable. The company uses historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends.

Financial liabilities:

The company determines the classification of financial liabilities at initial recognition. Financial liabilities are subsequently measured at amortized cost or FVTPL. The company's financial liabilities are comprised of term bank loan, accounts payable and accrued liabilities, due to associated companies, amounts to be billed in advance that are recognized in deferred revenue, refundable customer deposits and promissory note. All of these are subsequently measured at amortized cost.

4. USE OF ESTIMATES AND JUDGMENTS

The company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Employee Future Benefits:

The cost of post employment medical and insurance benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, post employment medical and insurance benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See Note 13 Employee Future Benefits.

Payments in Lieu of Taxes Payable:

The company is required to make payments in lieu of taxes calculated on the same basis as income taxes on taxable income earned and capital taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounts Receivable Impairment:

In determining the allowance for doubtful accounts, the company considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances along with future economic trends.15

Renfrew Hydro Inc.

Notes to the Financial Statements

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5. ACCOUNTS RECEIVABLE	2022	2021
Accounts receivable	$916,854	$1,191,341
Allowance for doubtful accounts	(30,401)	(17,355)
Net accounts receivable	$886,453	$1,173,986

Due to its short term nature, the carrying amount of the accounts receivable and other accounts receivable approximates its fair value.

6. INVENTORY

Materials purchased for use at a later date is currently shown at lower of cost (using average cost method) or replacement cost. The amount of inventory expensed by the company during the year was $ 11,077 (2021 - $ 24,276).

7. Property, plant and equipment and intangible assets

Cost
Accumulated
Amortization
2022
Net Book
Value
2021
Net Book
Value
Cost Current
Amort/Dep. Current
Cost Prior
Amort/Dep. Prior
–
Land

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$16,895
$16,895
$16,895
Buildings, transmission and
distribution system
9,361,208
$1,974,742
7,386,466
7,096,023

–

–

–

Trucks, tools, equipment, computer software and easements
874,297
511,054
363,243
412,796
Leasehold improvements
134,591
99,146
35,445
49,624
Right of Use asset
450,408
329,715
120,693
168,430
Construction work in progress
316,730
316,730
166,491

–

$11,154,129
$2,914,657
$8,239,472
$7,910,259
(a) Property, plant and equipment:
Cost
Accumulated
Amortization
2022
Net Book
Value
2021
Net Book Value
Land
$16,895
$16,895
$22,895
Buildings, transmission and
distribution system
11,324,397

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$7,065,612
4,258,785
4,052,889
Easements and improvements
23,981
17,052
6,929
662
Office equipment
240,465
211,430
29,035
45,450
Trucks, tools and equipment
1,099,819
905,466
194,353
237,021
$12,705,557
$8,199,560
$4,505,997
$4,358,917

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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022
7. Property, plant and equipment and intangible assets (Continued)
Reconciliation of changes to property plant and equipment:
Land
Building, transmission and distribution system
Trucks, tools, equipment, computer software and easements
Leasehold improvements and right of use asset
Construction work in progress
Total
Net book value, 31 December 2020
$16,895
$6,805,459
$399,752
$279,970
$106,651
$7,608,727
Additions
571,354
76,829
59,840
708,023
Amortization
(246,321)
(63,785)
(61,916)
(372,022)
Disposals
(34,469)
(34,469)
Net book value, 31 December 2021

Corporation's name	Business number	Tax year end Year Month Day
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$16,895
$7,096,023
$412,796
$218,054
$166,491
$7,910,259
Additions
590,342
23,070
150,239
763,651
Amortization
(258,366)
(72,026)
(61,916)
(392,308)
Disposals
(42,130)
(42,130)
Net book value, 31 December 2022
$16,895
$7,385,869
$363,840
$156,138
$316,730
$8,239,472

Right of Use asset:

The Right of Use asset relates to the lease of the office and the garage and had an amortization expense of $ 47,738 (2021 - $ 47,738) and an interest expense of $ 6,877 (2021 - $ 8,682) for the year and a carrying amount of $ 120,693 (2021 - $ 168,431) at the end of the year.

8. PAYMENT IN LIEU OF TAXES (PILs) AND DEFERRED TAX LIABILITY

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

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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022

8. PAYMENT IN LIEU OF TAXES (PILs) AND DEFERRED TAX ASSET (Continued)

2022
2021
Income before regulatory items
$169,561
$273,617
Net movement in regulatory balances
153,576
(129,245)
Remeasurement of post employment benefits
3,057
Disposal of smart meter regulatory balances

Income before payment in lieu of taxes and deferred taxes
Expected PILs at the combined tax rate of 26.50% (2021 - 26.50%)
Increase in income tax expense relating from non-deductible items:

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50% of meal expense
Scientific research and experimental development expense
Capital loss on disposal of asset
Taxation affect of:
Difference between capital cost allowance and amortization
Loss (gain) on disposal of assets
Non deductible meals
2017 and 2018 Provincial audit amendments
Non taxable difference in employee future benefits
Non deductible interest
Right of Use Lease Obligation principal
2021 Ontario CMT applied
Amendment to 2021 loss carry back
Total provision for (recovery of) payment in lieu of taxes for the year
$323,137
$85,631
(50,142)
962
234
1,713
(12,806)
(4,275)
5,221
$26,538
$147,429
$39,069
(57,292)
7,404
128
(102)
90
39
(12,327)
$(22,991)
Provision for (recovery of) payment in lieu of taxes:
2022
2021
Regular operations
$10,880
$(22,991)
Regulatory items
15,658
$26,538
$(22,991)

The 2022 deferred tax liability consists of the following:
2022
2021
Property, plant, equipment and intangible assets
$(202,403)
$(138,906)
Employee future benefits
60,782
59,070
Culmulative eligible capital
Total deferred tax liability

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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$(141,621)
$(79,836)

At 31 December 2022, the above deferred tax liability has been recorded. The utilization of the tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The company believes that this asset should be recognized as it will be recovered through future rates.

9. REGULATORY DEFERRAL ACCOUNT BALANCES

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the company has amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances. These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the "EA") and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022

9. REGULATORY DEFERRAL ACCOUNT BALANCES (Continued)

The regulatory deferral account balances are comprised of:

Regulatory Deferral Account Debit
2021
Dispositions
2022
Balances Arising in the Year
Recovered
from
Customer
2022

Low voltage variance
$221,496
$(105,030)
$159,473
$275,939

COVID-19 Impacts
5,128
97
5,225

LRAM
25,171
25,171

Other deferral accounts

Stranded meters
8,720
127
8,847

Customer choice
5,031
96
5,127

Regulatory balances - 2021
3,660

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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25
$(5)
3,680
Regulatory balances - 2022
6,381
6,381
Payment in lieu regulatory
$244,035
$(105,030)
$184,989
$6,376
$330,370
Regulatory Deferral Account Credit
2021
Dispositions
2022
Balances Arising in the Year
Returned
to
Customer
2022
Change in asset useful lives
$(77,770)
$(77,770)
Other deferral accounts
(132,980)
$260
$(43,274)
(175,994)
Retail settlement variance
(451,744)
213,510
(9,625)
(247,859)
Regulatory dispositions - 2015
Regulatory dispositions - 2019
(2,099)
(39)
(2,138)
Regulatory balances - 2020
(11,229)
(106)
(11,335)
Regulatory balances - 2022
(108,740)
$108,740
Payment in lieu and tax variances
(54,375)
(18,398)
(72,773)
Payment in lieu
(12,577)
(12,577)
$(730,197)
$105,030
$(84,019)

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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$108,740
$(600,446)
Net regulatory deferral account balances
$(486,162)
$-
$100,970
$115,116
$(270,076)
The net cash change in regulatory accounts consists of the following:
2022 2021
Comprehensive income (loss) - regulatory balances
$100,970
$(210,506)
- smart meters regulatory balances
- stranded meters regulatory balances
- payment in lieu recoverable regulatory
Net change in financial position account balances
115,116
(129,355)
Net cash change in regulatory accounts
$216,086
$(339,861)
Carrying Charges:
Carrying charges are calculated monthly on the opening balance of the applicable variance account using a specified interest rate as outlined by the OEB.
Low Voltage Variance:
This account is used to record the variance arising from low voltage transactions which are not part of the wholesale market. The account is used to record the net of the amount charged by a host distributor to an embedded distributor for transmission or low voltage services and the amount billed to the embedded
distributor's customers based on the embedded distributor's approved rates.
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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022
9. REGULATORY DEFERRAL ACCOUNT BALANCES (Continued)
Smart Meters:
The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The OEB established variance accounts to track revenues collected with respect to smart meters and associated costs of the initiatives. Carrying charges are recorded monthly on the opening principal amount.
Lost Revenue Adjustment Mechanism Variance (LRAM):
This variance account captures the difference between results of actual, verified impacts of authorized CDM activities undertaken and the level of CDM program activities included in the distributor's load forecast and therefore embedded into the rates.
Retail Settlement Variances:
Retail settlement variance accounts are comprised of the variances between amounts charged by the company to its customers, based on regulated rates and the corresponding cost of non-competitive electricity service incurred by the company. The settlement variances relate primarily to service charges, non-competitive electricity charges and the global adjustment. Accordingly, the company has deferred the variances between the costs incurred and the

related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB. Carrying charges are recorded monthly on the opening principal balances.

Change in Asset Useful Lives:

In 2013, the company changed their useful lives for some of the property, plant and equipment assets. The OEB required these differences be recorded in regulatory accounts with the other side being recorded in other (expenses) revenue. The company has recognized a change in asset useful lives liability arising from the recognition of regulatory deferral account balances. The change in asset useful lives liability balance is presented within the total regulatory deferral account credit balances presented in the Statement of Financial Position.

Regulatory Balances:

This control account is used to record the disposition of deferral and variance account balances for electricity distributors receiving approval to recover (refund) account balances in rates as part of the regulatory process.

Other Deferral Accounts:

Other deferral accounts include debit and credit balances in other regulatory assets, retail cost variance accounts, miscellaneous deferred debits and smart metering entity charges. Carrying charges are recorded monthly on the opening balances. IFRS Transition Costs:

The OEB consultation process was set up to determine the effect of IFRS on local distribution companies. The consultation concluded that prudently incurred administrative costs directly related to IFRS transition would be recoverable from ratepayers on the same basis as other administrative costs. The OEB has approved the collection from customers to cover the expected one-time costs of implementing IFRS. Collections over a 4 year period are off-set by OEB approved expenses in this variance account.

The company has recognized an IFRS transition cost liability arising from the recognition of regulatory deferral account balances. The IFRS transition cost liability balance is presented within the total regulatory deferral account credit balances presented in the Statement of Financial Position.

10. DEFERRED REVENUE

There has not been any non-cash contributions of PP&E during the year.

2022 2021

Deferred revenue, net, beginning of year $310,587 $150,928

Add: deferred revenue received 43,576 166,620

Less: deferred revenue recognized as other revenue (8,748)

(6,961)Deferred revenue, net, end of year $345,415 $310,587

11. CUSTOMER DEPOSITS

Customer deposits represents cash deposits from electricity distribution customers and retailers, as well as construction deposits. Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the company in accordance with policies set out by the OEB or upon termination of their electricity distribution service. Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

12. PROMISSORY NOTE

The promissory note of $ 2,705,168 is payable to the Town of Renfrew with an interest rate of 4.90% with no fixed terms of repayment. The

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Notes to the financial statements

rate was lowered from 6.08% in 2021 and will be further adjusted to 3.72% in 2023. The interest rate for 2024 will be either 3.72% or the newly established allowable rate obtained through the Cost of Service Application, whichever is greater. Interest paid to the Town of Renfrew on the promissory note for 2022 was $ 132,553 (2021 - $ 164,474). The Town of Renfrew has passed a resolution that the note will not be called within the next year.13. EMPLOYEE FUTURE BENEFITS

a) Multi-Employer Defined Benefit Plan:

The employees of the company participate in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2022, the company contributed $ 77,661 (2021 - $ 77,561) to the plan and is included as an expense in the Statement of Income and Other Comprehensive Income. The company does not recognize in its financial statements any share of the pension plan surplus (deficit) as this is a joint responsibility of all Ontario municipal organizations and their employees. The pension plan had a deficit for 2022 of $ 6,100,000,000 (2021 - deficit of $ 69,000,000) on the fair market value of the Plan's assets.b) Post-Employment Benefit Plan:

The company provides certain unfunded health and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The company has reported its share of the defined benefit costs and related liabilities, as calculated by an actuary, in these financial statements. The accrued benefit liability and the expense for the year ended 31 December 2022 is based on results and assumptions determined by actuarial valuation as at 31 December 2022.

The plan is exposed to a number of risks, including:

Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation.

Longevity risk: changes in the estimation of mortality rates of current and former employees.

Health care cost risk: increases in cost of providing health and life insurance benefits.

	2022	2021
Opening liability	$222,906	$222,565
Expense for the year	16,521	15,575
Employer contributions	(10,059)	(12,177)
Loss (gain)		(3,057)
Closing liability	$229,368	$222,906

14. SHARE CAPITAL

a) Ordinary Shares:

All shares are ranked equally with no par value with regards to the company's residual assets.b) Movement in Ordinary Share Capital:

No movement in ordinary share capital has occurred during 2022 and 2021.

c) Nature and Purpose of Equity:

The reserves recorded in equity on the company's Statement of Financial Position include 'Share capital' and 'Retained earnings'. Share capital is used to record the issuance of equity. Retained earnings is used to record the company's change in retained income from year to year. Accumulated other comprehensive income (loss) is used to record the company's change in accumulated other comprehensive income (loss) from year to year.

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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For the year ended 31 December 2022
15. RELATED PARTY TRANSACTIONS
The Ultimate Parent:
The common shares of Renfrew Hydro Inc. are owned by the Town of Renfrew, the ultimate parent, which constitutes a local government. Consequently, the company is exempt from some of the general disclosure requirements of IAS 24 with relation to transactions with government-related parties, and has applied the government-related disclosure requirements. During the year, the Town of Renfrew put a deposit down of $ 162,872 (2021 - Nil) for the Mateway arena expansion. Renfrew Hydro Inc. is related to Renfrew Power Generation Inc. by common ownership. During the year, Renfrew Hydro Inc. purchased $ 729,161 (2021 - $ 603,651) of hydro electric power and paid $ 5,250 (2021 - $ 7,542) for contract work, received $ 4,885 (2021 - $ 4,518) for electricity and received Nil (2021 - $ 3,492) for contract work. These transactions are in the normal course of operations and are measured at fair market value.
Due to Associated Companies:
As required by the Energy Competitions Act, 1998 (Bill 35), the Renfrew Hydro Electric Commission was split into two separate companies as of 1 November 2000. The two companies are called Renfrew Hydro Inc. and Renfrew Power Generation Inc. Due to associated company represents power sales and contracted services payable to Renfrew Power Generation Inc. and the Town of Renfrew.
Key Management Remuneration:
For the year ended 31 December 2022, wages and short-term employee benefits paid to key management personnel were $ 513,309 (2021 - $ 539,704). There are no other types of compensation paid to key management personnel.
16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
Cash and cash equivalents are measured at cost which approximates its' fair value due to the short term nature. The carrying values of receivables, unbilled revenue, accounts payable and accrued liabilities, customer deposits and due to associated company approximates its' fair value because of the short maturity of these instruments. The carrying value of the term bank loan approximates its' fair value due to the fact that the interest rate on the loan approximates the current fair value rate.
The fair value of the promissory note and long term customer deposits are not readily determinable and therefore, the amounts are carried at cost. The company's activities provide for a variety of financial risks, including credit risk, market risk and liquidity risk.
i) Credit risk:
Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the company, such as accounts receivable, expose it to credit risk. The company earns its revenue from a broad base of customers located in the Town. No single customer accounts for revenue in excess of 10% of total revenue. The balance of the accounts receivable at 31 December 2022 is $ 886,453 (2021 - $ 1,173,986). The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Income and Other Comprehensive Income. Subsequent recoveries of receivables previously provisioned are credited to the Statement of Income and Other Comprehensive Income. The balance of the allowance for impairment at 31 December 2022 is $ 30,401 (2021 - $ 17,355). The company's credit risk associated with accounts receivable is primarily related to payments from distribution customers. The company has approximately 4,380 customers, the

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB.

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Renfrew Hydro Inc.

Notes to the Financial Statements

For the year ended 31 December 2022

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

31 December 2022

Under 90 days

90 days - 1 year

1 - 2 years

Over 2 years

Total

Accounts receivable

$886,453

$-

$-

$-

$886,453

31 December 2021

Accounts receivable

$1,173,986

$-

$-

$-

$1,173,986

ii) Market risk:

The company is not exposed to significant market risk given they do not have investments in foreign currency, have minimal investment in interest bearing instruments and fixed rate debt will be paid as scheduled. Due to the fact that the fixed rate debt is held by the Shareholder the risk is minimal.

iii) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its' financial obligations as they come due. The company monitors its' liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial assets and liabilities:

31 December 2022

Under 90 days

90 days - 1 year

1 - 2 years

Over 2 years

Total

Accounts receivable

$886,453

$886,453

Unbilled revenue

1,028,273

1,028,273

Accounts payable and accrued liabilities

1,700,839

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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1,700,839
Customer credits
$134,175
134,175
Customer deposits
197,157
$154,996
352,153
Term bank loan
33,130
70,894
91,150
195,174
Right of Use lease obligation
50,198
78,715
128,913
Payable to the Town of Renfrew
$2,705,168
2,705,168
Due to associated companies
264,616
264,616
31 December 2021
Accounts receivable
$1,173,986
$1,173,986
Unbilled revenue
974,207
974,207
Accounts payable and accrued liabilities
1,521,021
1,521,021
Customer credits
$137,735
137,735
Customer deposits
27,163
$156,672
183,835
Term bank loan
31,590
$67,642
127,482
226,714
Right of Use lease obligation
48,323
$102,344
26,569
177,236
Payable to the Town of Renfrew
2,705,168
2,705,168
Due to associated companies
599,748
599,748

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022
17. CAPITAL MANAGEMENT
The main objectives of the company, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, prudent management of its' capital structure with regard for recoveries of financing charges permitted by the OEB on its' regulated electricity distribution business, and to deliver the appropriate financial returns. The company's definition of capital is shareholder's equity.
18. SEGMENT DISCLOSURES
Based on the company's internal management structure, it only has one operating segment.
19. OTHER OPERATING REVENUE 2022 2021
Late payment charges
{N#}
$17,168
$16,548
Customer
{N#}
Pole rentals
{N#}
41,996
41,996
Change of occupancy charges
{N#}
13,500
13,410
Reconnection charges
{N#}
1,105
845
Sale of scrap material
{N#}
1,653
3,161
Microfit administration
{N#}
1,440
1,444
FIT Monthly
{N#}
12,952
12,609
Deferred credit
{N#}
8,748
6,961
Affordability Fund Trust (non rate regulated)
{N#}
(420)
Miscellaneous revenue
{N#}
55,221
70,768

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{N#}
{N#}
$153,783
$167,322
20. OPERATING AND MAINTENANCE 2022 2021
Distribution, operation and maintenance:
Operations supervision and engineering
$43,149
$21,067
Distribution station equipment and maintenance
68,237
54,283
Overhead distribution lines and feeders
212,261
211,062
Underground distribution lines and feeders
1,132
7,993
Distribution transformers
8,144
16,648
Distribution meters
13,593
50,939
Health and Safety
35,510
32,239
Customer premises
44,715
49,249
$426,741
$443,480
(b) Utilization, operation and maintenance: 2022 2021
Customer premises
$-
$28,588
21. TERM BANK LOAN
(a) A term bank loan of $ 195,174 (2021 - $ 226,714) is payable to the Royal Bank with an interest rate of 4.54%. The loan is repayable in monthly blended principal and interest payments of $ 3,436. Collateral for the loan is a security agreement chattel mortgage covering the 2018 Freightliner truck with a net book value of $ 204,331 (2021 - $ 231,912).
(b) A term bank loan of $ Nil (2021 - $ Nil) is payable to the Royal Bank with an interest rate of 3.53%. The loan is repayable in monthly blended principal and interest payments of $ 437. Collateral for the loan is a security agreement chattel mortgage covering the 2015 Dodge Journey.
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Renfrew Hydro Inc.
Notes to the Financial Statements
For the year ended 31 December 2022
21. TERM BANK LOAN (Continued)
(b) Principal and interest payments:

	Principal	Interest	Total
2023	$33,130	$8,101	$41,231
2024	34,651	6,580	41,231
2025	36,242	4,989	41,231

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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2026 37,907 3,324 41,231
2027 39,647 1,584 41,231
2028 13,597 127 13,724
2028
$195,174 $24,705 $219,879
Less current portion (33,130) (8,101) (41,231)
$162,044 $16,604 $178,648

22. COMMITMENTS

Renfrew Hydro Inc. is a member of Cornerstone Hydro Electric Concepts (CHEC). Renfrew Hydro Inc. may terminate its' membership at any time giving 60 days notice of termination and by making a pre-payment in full of the balance of its' remaining contract service costs. The current contract is a three year term ending 31 December 2023. At 31 December 2022, the obligation to CHEC includes 2023 membership dues of $ 13,590 and a two year commitment for a shared Geographic Information System Technician at an estimated cost of $ 15,000 per year.

Renfrew Hydro Inc. has the right to redeem its' shares at cost in Utility Collaborative Services Inc. (UCS) by retraction upon the following terms, notice of such retraction must be given 120 days prior to the effective date and an early cancellation charge shall be paid equal to the previous three years worth of the average purchases from UCS for services or products; or providing three years notice and continue receiving services at the same or greater average volume as those received at the time the notice was given.

In 2015, Renfrew Hydro Inc. entered into a ten year lease with an option to renew for a second term of five years with 119871 Canada Inc. for office, stores and garage space. Annual charges are based on a fixed rate for the square footage. For 2022 the total charges were $ XX,XXX. The future lease payments are as follows: 2023 $55,200
2024 to 2028 248,400
2029 and beyond

23. Staff costs 2022 2021
2022
2021
Wages
$937,419
$941,698
Short-term employee benefits
226,287
231,492
Post-employment benefits
18,161
14,005
Change in post-employment benefits
6,462
341
$1,188,329
$1,187,536

24. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES 2022 2021
Accounts payable and accrued liabilities $199,414 $235,750
Payable to Hydro One 1,501,425 1,285,273
Accounts payable and accrued liabilities $1,700,839
$1,521,02325. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations.

Corporation's name	Business number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

Assets – lines 1000 to 2599

1000	256,626	1062	886,453	1120	380,260
1480	1,028,273	1484	92,790	1599	2,644,402
1600	16,895	1601	10,931	1602	-4,896
1680	9,361,208	1681	-1,974,742	1740	691,328
1741	-390,975	1774	91,840	1775	-66,134
1787	80,198	1788	-49,049	1900	450,408
1901	-329,715	1918	134,591	1919	-99,146
1920	316,730	2008	11,154,129	2009	-2,914,657
2300	100	2420	330,370	2424	37,833
2589	368,303	2599	11,252,177		

Liabilities – lines 2600 to 3499

2621	1,700,839	2680	8,140	2701	33,130
2860	264,616	2960	184,373	2961	197,157
3139	2,388,255	3140	2,705,168	3143	162,044
3220	345,415	3240	141,621	3320	1,063,525
3450	4,417,773	3499	6,806,028		

Shareholder equity – lines 3500 to 3640

3500	2,705,168	3600	1,740,981	3620	4,446,149
3640	11,252,177				

Retained earnings – lines 3660 to 3849

3660	1,533,577	3680	234,814	3701	-27,410
3849	1,740,981				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	12,470,249	**8089**	12,470,249	**8090**	13,571
8210	-3,630	**8230**	307,359	**8299**	12,787,549

Cost of sales – lines 8300 to 8519

8450	10,493,406	**8518**	10,493,406	**8519**	1,976,843

Operating expenses – lines 8520 to 9369

8520	12,420	**8670**	392,308	**8714**	159,918
8810	584,152	**8964**	382,274	**9270**	439,934
9367	1,971,006	**9368**	12,464,412	**9369**	323,137

Extraordinary items and taxes – lines 9970 to 9999

9970	323,137	**9990**	26,538	**9995**	61,785
9999	234,814				

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
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- 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			234,814 A
Add:			
Provision for income taxes – current	101	26,538	
Provision for income taxes – deferred	102	61,785	
Amortization of tangible assets	104	392,308	
Loss on disposal of assets	111	3,630	
Non-deductible meals and entertainment expenses	121	882	
Subtotal of additions		485,143	485,143

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Remeasurements of employee future benefits	6,462
	Total of column 2	6,462

Total of column 2	296	6,462	
Subtotal of other additions	199	6,462	6,462 D
Total additions	500	491,605	491,605
Amount A **plus** line 500			726,419 B
Deduct:			
Capital cost allowance from Schedule 8	403	581,525	
Subtotal of deductions		581,525	581,525

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	IFRS 16 Right of Use Lease Obligation Principle	48,323
	Total of column 2	48,323

Total of column 2	396	48,323	
Subtotal of other deductions	499	48,323	48,323 E
Total deductions	510	629,848	629,848
Net income (loss) for income tax purposes (amount B **minus** line 510)			96,571 C

Enter amount C on line 300 of the T2 return.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- 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)
  - 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 (as defined in subsection 186(3)).
- A payer corporation is **connected** with a recipient corporation at any time in a tax year, if at that time the recipient corporation meets either of the following conditions:
  - it controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b)
  - it 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, H.1, I, I.1, I.2 and L **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 columns J, K and L 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) [1] 240	F1	G Eligible dividends included in column F 242	H Total taxable dividends paid by the connected payer corporation (line 460 in Schedule 3 for the tax year in column D) 250	H.1 Total eligible dividends paid by the connected payer corporation (line 465 in Schedule 3 for the tax year in column D)	I Dividend refund of the connected payer corporation (for tax year in column D) [2] 260
1						

	I.1 Eligible dividend refund of the connected payer corporation from its eligible refundable dividend tax on hand (ERDTOH) (amount CC from T2 return for the tax year in column D)	I.2 Additional non-eligible dividend refund of the connected payer corporation from its ERDTOH (amount II from T2 return for the tax year in column D)	J Part IV tax for eligible dividends. Dividends (from column G) multiplied by 38 1/3% [3] 265	K Part IV tax before deductions. Dividends (from column F) multiplied by 38 1/3% [4] 275	L Part IV tax before deductions on taxable dividends received from connected corporations [5] 280
1					
				Total of column L (enter amount on line 2E in Part 2)	

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 K (and column J, if applicable). 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.

5 For the purpose of calculating your eligible refundable dividend tax on hand (ERDTOH), Part IV tax on taxable dividends received from **connected** corporations (with a tax year starting after 2018) is equal to the sum of Part IV tax on eligible dividends and non-eligible dividends received from **connected** corporations to the extent that such dividends caused a dividend refund to those corporations from their ERDTOH.

Part IV tax before deductions on taxable dividends received from **connected** corporations for purposes of column L is the sum of (i) and (ii), where

(i) Part IV tax on eligible dividends received from **connected** corporations is equal to amount CC of the **connected** payer corporation (on page 7 of the T2 return) **divided** by line 465 of the **connected** payer corporation, **multiplied** by column G; and

(ii) Part IV tax on non-eligible dividends received from **connected** corporations is equal to amount II of the **connected** payer corporation (on page 7 of the T2 return) **divided** by line 470 of the **connected** payer corporation, **multiplied** by the difference between columns F and G.

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 (total of column L 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)

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 taxable 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)

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 recipient corporation with which you are connected, 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 recipient corporation with which you are connected **400**	M Business number **410**	N Tax year-end of recipient corporation in which the dividends in column O were received YYYYMMDD **420**	O Taxable dividends paid to recipient corporations with which you are connected **430**	P Eligible dividends included in column O **440**
1	Corporation of the Town of Renfrew	NR	2022-12-31	27,410	
2					
				27,410 (Total of column O)	(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	27,410
Total eligible dividends paid in the tax year (total of column P **plus** line 455)		465	
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		470	27,410

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)		3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	10,507	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)			27,410	
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year		500	27,410	
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)			27,410	4B

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- Use this schedule if any of the following apply to your corporation during the tax year:
  - it 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)
  - it is claiming provincial or territorial tax credits or rebates (see Part 2)
  - it has to pay taxes, other than income tax, for Newfoundland and Labrador or Ontario (see Part 2)
- All legislative references are to the federal Income Tax Regulations (the 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 (Note 1) 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 (Note 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		

Note 1: **Permanent establishment** is defined in subsection 400(2).
Note 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
96,571		96,571	11,106

Ontario basic income tax (from Schedule 500)	270	11,106		
Ontario small business deduction (from Schedule 500)	402			
Subtotal (line 270 **minus** line 402)		11,106	11,106	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)			11,106	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")			11,106	5E
Ontario research and development tax credit (from Schedule 508)	416			
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")			11,106	5F
Ontario corporate minimum tax credit (from Schedule 510)	418		4,275	
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")			6,831	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)			6,831	5I
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452			
Ontario apprenticeship training tax credit (from Schedule 552)	454			
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario 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 regional opportunities investment tax credit (from Schedule 570)	472			
Ontario refundable tax credits (total of lines 450 to 472)				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		6,831	

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 6,831

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.

Schedule 8

Canada Revenue Agency / Agence du revenu du Canada

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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 ☒

Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Are you associated in the tax year with one or more EPOPs with which you have entered into an agreement under subsection 1104(3.3) of the Regulations? . . . . **105** Yes ☒ No ☐

If you answered **yes**, complete Part 1. Otherwise, go to Part 2.

Enter a percentage assigned to each associated EPOP (including your corporation) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all the percentages assigned under the agreement should not exceed 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of nil. For more information about the immediate expensing limit, see note 12 in Part 2.

	1 Name of EPOP **110**	2 Identification number See note 1 **115**	3 Percentage assigned under the agreement **120**
1.	RENFREW HYDRO INC.	862227923RC0001	100.000
2.	RENFREW POWER GENERATION INC.	899591010RC0001	
		Total	100.000

Immediate expensing limit allocated to the corporation (see **note 2**) **125** 1,500,000

Note 1: The identification number is the social insurance number, business number, or partnership account number of the EPOP.

Note 2: If the total of column 3 is more than 100%, enter 0.

Part 2 – CCA calculation

	1 Class number See note 3 200	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 4 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See note 5 232	5 Adjustments and transfers See note 6 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 7 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 8 222	8 Proceeds of dispositions See note 9 207
1.	1	Builds, trans & dist	3,029,944						38,500
2.	8	Office equipment	6,814	1,511	1,511				0
3.	10	Computer Equipment	2,204						0
4.	10	Transportation Equip	134,916						0
5.	8	Tools, shop & garg	31,522	14,619	14,619				0
6.	47	Hydro distribution Equipment	3,762,379	590,342					0
7.	13	Leasehold improvements	47,769						0
8.	14.1	Land Rights	4,972						0
9.	12	Computer Software		1,200	1,200				0
10.	45	Computer Hardware	7,461						0
11.	50	Computer Hardware		5,740	5,740				0
		Totals	7,027,981	613,412	23,070				38,500

	1 Class number	Description	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) 234	10 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 10	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See note 11 236	12 Immediate expensing See note 12 238	13 Cost of acquisitions on remainder of Class (column 3 **minus** column 4 **plus** column 11 **minus** column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See note 13 225	15 Remaining UCC (column 10 **minus** column 12) (if negative, enter "0")	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 **minus** column 9 **plus** column 6 **minus** column 13 **plus** column 14 **minus** column 7) (if negative, enter "0") See note 14
1.	1	Builds, trans & dist		2,991,444					2,991,444	
2.	8	Office equipment		8,325	1,511	1,511			6,814	
3.	10	Computer Equipment		2,204					2,204	
4.	10	Transportation Equip		134,916					134,916	
5.	8	Tools, shop & garg		46,141	14,619	14,619			31,522	
6.	47	Hydro distribution Equipment		4,352,721			590,342	590,342	4,352,721	
7.	13	Leasehold improvements		47,769					47,769	

	1 Class number	Description	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) 234	10 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See **note 10**	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See **note 11** 236	12 Immediate expensing See **note 12** 238	13 Cost of acquisitions on remainder of Class (column 3 **minus** column 4 **plus** column 11 **minus** column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See **note 13** 225	15 Remaining UCC (column 10 **minus** column 12) (if negative, enter "0")	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 **minus** column 9 **plus** column 6 **minus** column 13 **plus** column 14 **minus** column 7) (if negative, enter "0") See **note 14**
8.	14.1	Land Rights		4,972					4,972	
9.	12	Computer Software		1,200	1,200	1,200				
10.	45	Computer Hardware		7,461					7,461	
11.	50	Computer Hardware		5,740	5,740	5,740				
		Totals		7,602,893	23,070	23,070	590,342	590,342	7,579,823	

Part 2 – CCA calculation (continued)

	1 Class number	Description	17 Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the year (column 14 **minus** column 16) (if negative, enter "0")	18 UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the year (column 17 **multiplied** by the relevant factor) See note 15	19 UCC adjustment for property acquired during the year other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8 **plus** column 9) (if negative, enter "0") See note 16 224	20 CCA rate % See note 17 212	21 Recapture of CCA See note 18 213	22 Terminal loss See note 19 215	23 CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See note 20 217	24 UCC at the end of the year (column 10 **minus** column 23) 220
1.	1	Builds, trans & dist				4	0	0	119,658	2,871,786
2.	8	Office equipment				20	0	0	2,874	5,451
3.	10	Computer Equipment				30	0	0	661	1,543
4.	10	Transportation Equip				30	0	0	40,475	94,441
5.	8	Tools, shop & garg				20	0	0	20,923	25,218
6.	47	Hydro distribution Equipment	590,342	295,171		8	0	0	371,831	3,980,890
7.	13	Leasehold improvements				NA	0	0	14,306	33,463
8.	14.1	Land Rights				5	0	0	500	4,472
9.	12	Computer Software				100	0	0	1,200	
10.	45	Computer Hardware				45	0	0	3,357	4,104
11.	50	Computer Hardware				55	0	0	5,740	
		Totals	590,342	295,171					581,525	7,021,368

Enter the total of column 21 on line 107 of Schedule 1.
Enter the total of column 22 on line 404 of Schedule 1.
Enter the total of column 23 on line 403 of Schedule 1.

Note 3: 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.

Note 4: Include any property acquired in previous years that has now become available for use, net of any government assistance received or entitled to be received in the year from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. 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 5: A DIEP reported in column 4 is a property acquired after April 18, 2021, by a corporation that was a Canadian-controlled private corporation (CCPC) throughout the year, which became available for use in the tax year (before 2024) and was designated as such on or before the day that is 12 months after the filing-due date for the tax year to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the year in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the year for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5. Also include property acquired 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 at least 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 7: 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.

Part 2 – CCA calculation (continued)

Note 8: Include all amounts you have repaid during the year for 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)
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 include property acquired 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 and continuously owned by the transferor until it was acquired by you.

Note 9: 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).
If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle.

Note 10: If the amount in column 5 (as shown in brackets) reduces the undepreciated capital cost, you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 11: The only amounts incurred before April 19, 2021, to be included in this column are certain inventory purchases from arm's length persons or partnerships where the conditions in paragraphs 1100(0.3)(a) to (c) are met.

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the tax year (total of column 12) should not exceed the lesser of:
1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:
– $1.5 million, if you are not associated with any other EPOP in the tax year
– amount from line 125, if you are associated in the tax year with one or more EPOPs
– nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the tax year with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
– the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent tax years ending in a calendar year, if you have two or more tax years ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
– any amount allocated by the minister under subsection 1104(3.4) of the Regulations
The immediate expensing limit has to be prorated if your tax year is less than 365 days. You cannot carry forward any unused amount of the immediate expensing limit.
2. UCC of the DIEP: total of column 11
You have to maintain the CCPC status throughout the relevant tax year in order to claim the immediate expensing.

Note 13: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018, and that became available for use before 2028.
Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2028.
Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that are acquired after March 1, 2020, and that became available for use before 2028.
See the T2 Corporation Income Tax Guide for more information.

Note 14: Include only elements from columns 6 and 7 that are not related to the DIEP.

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:
– 2 1/3 for property in Classes 43.1, 54, and 56
– 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 20 for additional information) and
– 0.5 for all other property that is an AIIP

Part 2 – CCA calculation (continued)

Note 16: The UCC adjustment for property acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP, property included in Classes 54 to 56, and property to which the immediate expensing was applied). Include only elements from columns 6 and 7 that are not related to the DIEP.
For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 17: 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 23.

Note 18: If the amount in column 10 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 10 in column 21 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1. However, they do apply to a passenger vehicle that was, at any time, a DIEP.

Note 19: 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 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. 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
- 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, unless certain conditions are met

Note 20: 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 paragraphs 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

The AIIP also apply to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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

	Name	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
	100	200	300	400	500	550	600	650	700
1.	RENFREW POWER GENERATION IN	CA	89959 1010 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

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Schedule 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 2022

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 [X] 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	RENFREW HYDRO INC.	86222 7923 RC0001	1	500,000	100.0000	500,000	
2	RENFREW POWER GENERATION INC.	89959 1010 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 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution, long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101		
Capital stock (or members' contributions if incorporated without share capital)	103	2,705,168	
Retained earnings	104	1,740,981	
Contributed surplus	105		
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	3,012,384	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	195,174	
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)		7,653,707 ▶	7,653,707 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)			7,653,707 A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal (**add** lines 121 to 124)		▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		7,653,707

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)		7,653,707 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	7,653,707

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) 7,653,707 × (Taxable income earned in Canada **610** 96,571 / Taxable income 96,571) = **Taxable capital employed in Canada** **690** 7,653,707

Notes: 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . **701** ______

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ______

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ______

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ______

Total deductions (add lines 711, 712, and 713) ______ ▶ ______ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ______

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . ______ F

Deduct: . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") ______ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . ______ I

Enter this amount at line 415 of the T2 return.

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- 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 (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "**NR**") 200	Social insurance number (9 digits) 300	Trust number (T followed by 8 digits) 350	Percentage common shares 400	Percentage preferred shares 500
1	TOWN OF RENFREW	106984826RC0001			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
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

On: 2022-12-31

- 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 federal Income Tax Act and 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	235,352
Taxable income for the year (DICs enter "0")*	110	96,571	
Amount on line 400, 405, 410, 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	96,571	
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))		190	69,531
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 amount E4 in Part 3 and amount W5 in Part 4)	230		
Post-wind-up (total of amount E4 in Part 3 and amount W5 in Part 4)	240		
Subtotal (**add** lines 220, 230, and 240)	290	▶	
Subtotal (**add** lines 100, 190, 290, and amount B)			304,883 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	304,883
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)		590	304,883

Enter this amount on line 160 of Schedule 55, Part III.1 Tax on Excessive Eligible Dividend Designations.

* 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 (for example, flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

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

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

First previous tax year 2021-12-31

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, 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, 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 2020-12-31

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, 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, 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** ______

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

Third previous tax year 2019-12-31

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, 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, 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

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 not 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
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

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 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,** and **low rate income pool.**
- 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		27,410			
Total taxable dividends paid in the tax year	100	27,410			
Total eligible dividends paid in the tax year			150		
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			160	304,883	
Excessive eligible dividend designation (line 150 **minus** line 160)					A
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			180		
Subtotal (amount A **minus** line 180)					B
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount B **multiplied** by 20 %)			190		

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 A of Schedule 54)					C
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			280		
Subtotal (amount C **minus** line 280)					D
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount D **multiplied** by 20 %)			290		

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.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- Use this schedule if your corporation had a **permanent establishment** (as defined in section 400 of the federal Income Tax Regulations) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- 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	96,571	1A
Ontario basic rate of tax for the year	**11.5 %**	1B
Ontario basic income tax (amount 1A **multiplied** by amount 1B) Note 2	11,106	1C

Note 1 If your corporation had a permanent establishment only in Ontario, enter the amount from line 360, 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	96,571	2A
Line 405 of the T2 return	96,571	2B
Line 410 of the T2 return	500,000	2C
Line 415 of the T2 return	59,661	2D

Amount 2C 500,000 x (Amount 2D 59,661 / 11,250) = 2,651,600 2E

Line 515 of the T2 return ______ 2F

Subtotal (amount 2C **minus** amount 2E **minus** amount 2F) ______ ► ______ 2G

Amount 2A, 2B or 2G whichever is the least ______ ► ______ 2H

Ontario domestic factor (ODF): Taxable income for Ontario Note 3 / Taxable income for all provinces Note 4 = 96,571.00 / 96,571 = 1.00000 2I

Amount 2H **multiplied** by amount 2I ______ 2J

Ontario taxable income (amount 1A) 96,571 2K

Ontario small business income (amount 2J or 2K, whichever is less) ______ ► ______ 2L

Ontario small business deduction for the year

Amount 2L ______ x (Number of days in the tax year before January 1, 2020 ______ / Number of days in the tax year 365) x 8 % = ______ 2M

Amount 2L ______ x (Number of days in the tax year after December 31, 2019 365 / Number of days in the tax year 365) x 8.3 % = ______ 2N

Ontario small business deduction for the year (amount 2M **plus** amount 2N) ______ ► ______ 2O

Enter amount 2O 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 2H, whichever is the 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 2C 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 ______	x	Number of days in the tax year before January 1, 2020 / Number of days in the tax year	/ 365	x	8 %	=	4D
Amount 4C ______	x	Number of days in the tax year after December 31, 2019 / Number of days in the tax year	365 / 365	x	8.3 %	=	4E

Total (amount 4D **plus** amount 4E) ▶ 4F

Ontario domestic factor (amount 2I) 1.00000 4G

Ontario credit union tax reduction (amount 4F **multiplied** by amount 4G) 4H

Enter amount 4H on line 410 of Schedule 5.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- 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	11,252,177
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	32,068,520
Total assets (total of lines 112 to 116)		43,320,697
Total revenue of the corporation for the tax year **	142	12,787,549
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	3,103,925
Total revenue (total of lines 142 to 146)		15,891,474

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	234,814
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	26,538		
Provision for deferred income taxes (debits)/cost of future income taxes	222	61,785		
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		88,323 ▶		88,323 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	323,137

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.
- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		**515**		
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	**518**			
Adjusted CMT loss available		▶		C
Net income subject to CMT calculation (if negative, enter "0")		**520**		

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

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

Subtotal (amount 1 **plus** amount 2) ______ 3

Gross CMT: amount on line 3 above x OAF **	**540**		
Deduct:			
Foreign tax credit for CMT purposes ***	**550**		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")			D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		11,106	
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 *		4,275 G		
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)		4,275 ▶	620	4,275
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)				4,275 H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				4,275 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)			4,275 M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		11,106 1	
For a corporation that is not a life insurance corporation:			
CMT after foreign tax credit deduction (amount D from Part 3)	2		
For a life insurance corporation:			
Gross CMT (line 540 from Part 3)	3		
Gross SAT (line 460 from Part 6 of Schedule 512)	4		
The **greater** of amounts 3 and 4	5		
Deduct: line 2 or line 5, whichever applies:		6	
Subtotal (if negative, enter "0")		11,106 ▶	11,106 N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		11,106	
Deduct:			
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)			
Subtotal (if negative, enter "0")		11,106 ▶	11,106 O
CMT credit deducted in the current tax year (least of amounts M, N, and O)			4,275 P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . ______ Q

Deduct:

CMT loss expired * . . . . **700** ______

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ______ ▶ **720** ______

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . **750** ______

CMT loss available (line 720 **plus** line 750) . . . . ______ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . ______

Subtotal (if negative, enter "0") ______ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . **760** ______

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . **770** ______ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
RENFREW HYDRO INC.	86222 7923 RC0001	2022-12-31

- 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	RENFREW POWER GENERATION INC.	89959 1010 RC0001	32,068,520	3,103,925
		Total	450 32,068,520	550 3,103,925

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.

Corporate Taxpayer Summary

Corporate information

Corporation's name: RENFREW HYDRO INC.

Taxation Year: 2022-01-01 to 2022-12-31

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: 1

Type of corporation: Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial*: 20,717

* 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		96,571
Taxable income		96,571
Donations		
Calculation of income from an active business carried on in Canada		96,571
Dividends paid		27,410
Dividends paid – Regular	27,410	
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		235,352
Balance of the general rate income pool at the end of the year		304,883
Part I tax (base amount)		36,697

Credits against Part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I	14,486	ITC refund	
M&P deduction		Part IV		Dividends refund:	
Foreign tax credit		Part III.1		– Eligible dividends	
Investment tax credits		Other*		– Non-eligible dividends	
Abatement/Other*	22,211	Provincial or territorial tax	6,831	Instalments	600
				Other*	
				Balance due/refund (–)	20,717

* 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

Capital dividend amount: 6,218

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	96,571		
Taxable income	96,571		
% Allocation	100.00		
Attributed taxable income	96,571		
Tax payable before deduction*	11,106		
Deductions and credits	4,275		
Net tax payable	6,831		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	6,831		
Instalments and refundable credits			
Balance due/Refund (-)	6,831		
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	Taxable capital used to calculate line 120 in Schedule 65
RENFREW HYDRO INC.	7,170,627	7,170,627	7,653,707	7,653,707	
RENFREW POWER GENERATION INC.	29,345,478	29,345,478	7,371,582	7,371,582	
Total	36,516,105	36,516,105	15,025,289	15,025,289	

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 Forms CO-1029.8.33.CS and 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	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)	Capital used to calculate the Nova Scotia basic capital deduction on financial institutions (Schedule 353)
Total		

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2022-12-31**	**2021-12-31**	**2020-12-31**	**2019-12-31**	**2018-12-31**
Net income	96,571	-86,374	-30,334	-31,532	107,775
Taxable income	96,571				107,775
Active business income	96,571				101,557
Dividends paid	27,410	49,400	44,998	47,914	70,000
Dividends paid – Regular	27,410	49,400	44,998	47,914	70,000
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	235,352	293,064	310,427	333,130	260,009
GRIP – end of the year	304,883	235,352	293,064	310,427	333,130
Donations					
Balance due/refund (-)	20,717				28,125
Line 996 – Amended tax return	☐	☐	☐	☒	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2022-12-31**	**2021-12-31**	**2020-12-31**	**2019-12-31**	**2018-12-31**
Taxable income before loss carrybacks	N/A	N/A			107,775
Non-capital losses	N/A	N/A			103,119
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			103,119
Adjusted taxable income after loss carrybacks	N/A	N/A			4,656

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2022-12-31**	**2021-12-31**	**2020-12-31**	**2019-12-31**	**2018-12-31**
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Part I	14,486				17,638
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*	22,211				23,980

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					1,907
Instalments	600				
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Net income	96,571	-86,374	-30,334	-31,532	107,775
Taxable income	96,571				107,775
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income	96,571				107,775
Surtax					
Income tax payable before deduction	11,106				12,394
Income tax deductions /credits	4,275				
Net income tax payable	6,831				12,394
Taxable capital					
Capital tax payable					
Total tax payable*	6,831				12,394
Instalments and refundable credits					
Balance due/refund**	6,831				12,394

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . RENFREW HYDRO INC.

Taxation Year . . . . 2022-01-01 to 2022-12-31

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 . . 1

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* 20,717

* 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		96,571
Taxable income		96,571
Donations		
Calculation of income from an active business carried on in Canada		96,571
Dividends paid		27,410
Dividends paid – Regular	27,410	
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		235,352
Balance of the general rate income pool at the end of the year		304,883
Part I tax (base amount)		36,697

Credits against Part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I	14,486	ITC refund	
M&P deduction		Part IV		Dividends refund:	
Foreign tax credit		Part III.1		– Eligible dividends	
Investment tax credits		Other*		– Non-eligible dividends	
Abatement/Other*	22,211	Provincial or territorial tax	6,831	Instalments	600
				Other*	
				Balance due/refund (–)	20,717

* 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

Capital dividend amount 6,218

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	96,571		
Taxable income	96,571		
% Allocation	100.00		
Attributed taxable income	96,571		
Tax payable before deduction*	11,106		
Deductions and credits	4,275		
Net tax payable	6,831		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	6,831		
Instalments and refundable credits			
Balance due/Refund (-)	6,831		
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	Taxable capital used to calculate line 120 in Schedule 65
RENFREW HYDRO INC.	7,170,627	7,170,627	7,653,707	7,653,707	
RENFREW POWER GENERATION INC.	29,345,478	29,345,478	7,371,582	7,371,582	
Total	36,516,105	36,516,105	15,025,289	15,025,289	

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 Forms CO-1029.8.33.CS and 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	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)	Capital used to calculate the Nova Scotia basic capital deduction on financial institutions (Schedule 353)
Total		

Appendix C

December 14, 2021

Steven Head, CPA-CA Director of Finance
Renfrew Hydro Inc.
Via email: shead@renfrewhydro.com

Dear Steve:

Re: Valuation of the Post Retirement Benefits Continuation Program as of December 31, 2021

Renfrew Hydro Inc. (the Company) has retained the services of Mondelis Actuarial Services Corporation to perform an accounting valuation of post-employment benefits as at December 31, 2021. The previous full valuation was prepared effective December 31, 2018 and results from that valuation have been extrapolated to December 2021. The results have been prepared in accordance with our understanding of the International Financial Reporting Standards (IFRS IAS19R).

This document contains the accounting results to be disclosed in the December 31, 2021 financial statements as well as a projection for the fiscal years ending December 31, 2022 and December 31, 2023. Disclosure exhibits are in Appendix F.

The detailed calculations and a summary of membership data, plan provisions and assumptions are provided in this report per the following sections.

SUMMARY OF RESULTS

The following table summarizes the results for fiscal year ending December 31, 2021, as well as projections for December 31, 2022 and December 31, 2023.

Fiscal year ending December 31	2021	Forecast 2022	Forecast 2023
	$	$	$
Benefit Expense/(Income)	15,575	16,521	17,036
Financial position – Mar 31			
Benefit obligation	222,906	229,368	236,796
Fair value of plan assets	—	—	—
Funded (unfunded) status	(222,906)	(229,368)	(236,796)
Unamortized amounts – Dec 31			
Actuarial gains/(losses)	—	—	—
Prior service costs	—	—	—
Accrued Benefit Asset/(Liability) – Dec 31	(222,906)	(229,368)	(236,796)

Breakdown of benefit obligation

	Health	Life	Total
	($)	($)	($)
Active	24,900	80,200	105,100
Retired	0*	117,800	117,800
Total	24,900	198,000	222,900

* There are no retirees under age 65.

CERTIFICATION

I confirm the following:

- The Plan's benefits are defined benefits for purposes of IFRS accounting standards.
- The valuation and extrapolation thereof were performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from this valuation were determined in accordance with our understanding of IFRS accounting standards.
- The results herein were prepared using Renfrew Hydro's best estimate assumptions as at December 31, 2021 in consultation with us.
- I am not aware of any events subsequent to December 31, 2021 which, in my opinion, would have a material impact on the results of the valuations and extrapolations.
- I am a member in good standing of the Canadian Institute of Actuaries. I understand that this report will be used for audit evidence and may be relied on under the terms of the Joint Policy Statement approved by the Actuarial Standards Board (Canada) and the Auditing and Assurance Standards Board (Canada) as described in Section 1520 of the Canadian Institute of Actuaries Standards of Practice.
- I am, and Mondelis Actuarial Services Corporation is, independent with respect to Renfrew Hydro Inc.
- The data upon which this valuation is based are sufficient and reliable for the purposes of the valuation.
- This report has been prepared, and my opinion given, in accordance with generally accepted actuarial practice.

Emerging experience differing from assumptions will result in gains and losses which will be revealed in future valuations. I am available at your convenience to provide you with any additional information that you may require.

Sincerely,

Harish Pawagi, FSA, FCIA
harish.pawagi@mondelis.com
Direct: 519-804-2896

Att.

APPENDIX A – ACTUARIAL ASSUMPTIONS

Reporting Period	**Fiscal year ending December 31, 2021**
Economic Factors	
Discount rate for calculation of Fiscal 2021 Benefit Expense	3.90%
Discount rate for calculation of December 31, 2021 disclosures and estimate of Fiscal 2022 Benefit Expense	3.15%
Health Care Trend Rates	7.66% one year after the full valuation date; decreasing to an ult rate of 5.00% over 8 yrs
Demographic Factors	

Retirement Age	**Retirement Rates Before Eligibility for Unreduced Retirement**	**Retirement Rates After Eligibility for Unreduced Retirement**
55	0.035	0.210
56	0.035	0.190
57	0.035	0.150
58	0.035	0.150
59	0.04	0.170
60	0.07	0.250
61	0.07	0.250
62	0.07	0.220
63	0.075	0.220
64	0.085	0.220
65	1.000	1.000

Mortality	Canadian Pensioners' Mortality Table Public Sector projected on a generational basis using CPM Improvement Scale B

Termination of employment

Age	**Termination Rate**
25	0.0597
35	0.0350
45	0.0229
50	0.0187

Disability	No provision for future disability was made.
Salary scale	3.6%
Loadings	
Sales tax	8.00%
Age difference between retiree and spouse	Female spouse is assumed to be 3 years younger
Percentage electing family coverage	
Current retirees	Current elected coverage
Future retirees	100%

In the table above, all rates and percentages are annualized unless otherwise noted. Retirement rates, termination rates and salary scale are selected to be consistent with OMERS pension plan assumptions.

Discount Rate used under PSAB 3250/3255

A discount rate of 3.15% is used as at December 31, 2021; 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 November 30, 2021.

Actuarial Methods

The following list outlines the methods that have been used to value the plan for accounting purposes.

- the benefit obligation and the current service cost were calculated using the projected benefit method pro-rated on service.
- the attribution period is from the date of hire to date of first payment (expected retirement date).

APPENDIX B – COST OF BENEFITS

The fiscal 2021 total assumed premium for full time employees, including tax and before any cost sharing are shown below.

	Dec 31, 2018		Dec 31, 2021	
	Before 8% tax	**After 8% tax**	**Before 8% tax**	**After 8% tax**
Health				
Single	93.50	100.98	119.78	129.36
Family	252.40	272.59	323.33	349.20
Life Insurance				
per $1000	3.297	3.561	3.297	3.561

Family premiums were provided by Renfrew Hydro. Single premiums were assumed in the same proportion as the prior report.

Renfrew Hydro will provide for 100% of the premium charged for continued Health and Life Insurance coverage from the date of retirement to age 65 for health; to death for life insurance.

APPENDIX C - MEMBERSHIP DATA

The following tables summarize the data as at the December 31, 2021 valuation date as provided by Renfrew Hydro. Members over age 65 are not entitled to health benefits. Disabled members are included with the retirees and are assumed to commence post-retirement benefits at the retirement age assumption.

Age Group	Number of Active Employees Male	Female	Total	Average Service
20 to 25	1	0	1	0.3
25 to 30	0	0	0	0.0
30 to 35	1	1	2	6.0
35 to 40	1	0	1	10.6
40 to 45	1	1	2	9.5
45 to 50	1	0	1	1.5
50 to 55	2	1	3	21.5
55 to 60	1	0	1	2.5
Totals	8	3	11	10.0

Age Group	Number of Retirees and Disabled Employees Male	Female	Total
65 to 70	2	2	4
70 to 75	3	2	5
75 to 80	2	0	2
	7	4	11

Notes: There is one disabled member who is disabled and not expected to recover. Disabled members are expected to retire at the normal retirement age of 65 and are not eligible for the health continuation benefit. Their salaries for the purposes of post-retirement life insurance are frozen. Expected average remaining service lifetime (EARSL) of the active members is 15.8.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

The following summarizes the provisions of the plan for retiree benefit coverage. The summary is based on information provided by the Company.

Life Insurance	
Benefit	**Life Insurance Option 2**: provides an initial 50% of salary as the coverage at termination but decreases linearly over 10 years to 25% of salary at termination **Life Insurance Option 3**: provides a fixed 50% of salary at termination as the face amount (3 retirees)
Eligibility	Age 55 with 10 years of qualifying service
Coverage Ceases	At member's death

Health	
Benefit	Health Benefits
Coverage Period	From date of early retirement to age 65
Eligibility	Age 55 with 20 years of qualifying service

Dental	
Benefit	None

APPENDIX E – ACCOUNTING POLICIES

Measurement date – The Company uses a December 31 measurement date for valuing post-employment benefits.

Amortization of actuarial gains/losses – gains/losses arising in a year are recognized immediately in the Balance Sheet Asset/(Liability).

APPENDIX F - ACCOUNTING DISCLOSURE EXHIBITS

Fiscal year ending December 31	2021	Projection 2022	Projection 2023
Discount rate at start of year	3.90%	3.15%	3.15%
Discount rate at end of year	3.15%	3.15%	3.15%
Interest rate on assets	N/A	N/A	N/A
EARSL Period	15.8	15.8	15.8
Reconcile Obligation			
Obligation at start of year	222,565	222,906	229,368
Change in obligation from revaluation	0	0	0
Plan changes in year	0	0	0
Current service cost	6,996	9,508	9,808
Member contributions	0	0	0
Benefit payments	(12,177)	(10,059)	(9,608)
Interest on obligation	8,579	7,013	7,228
Obligation at end of year	225,963	229,368	236,796
Actual obligations at end of year	222,906	229,368	236,796
(Gain)/Loss recognized at end of year	(3,057)	0	0
Reconcile Plan Assets			
Invested assets at start of year	0	0	0
Contributions	12,177	10,059	9,608
Benefit payments	(12,177)	(10,059)	(9,608)
Expected earnings on assets	0	0	0
Expected asset at end of year	0	0	0
Actual asset at end of year	0	0	0
(Gain)/Loss recognized at end of year	0	0	0
Transition Amount			
Transition amount at start of year	0	0	0
Remaining amortization period	0	0	0
Impact on Balance Sheet of change to IFRS	0	0	0
Amortization in year	0	0	0
Past Service Costs			
Value of Plan Improvement in Year	0	0	0
Amortization charge	0	0	0

Fiscal year ending December 31	2021	Projection 2022	Projection 2023
Actuarial (Gains)/Losses			
10% window	N/A	N/A	N/A
Impact on Balance Sheet of change to IFRS			
(Gain) / Loss in year	(3,057)	0	0
Revaluation Actuarial (Gain) / Loss	0	0	0
Amortization in current year	0	0	0
Recognized in year	(3,057)	0	0
Unamortized Net Actuarial (Gain)/Loss	0	0	0
Annual amortization for next year	0	0	0
Expense			
Current service cost	6,996	9,508	9,808
Interest on obligation	8,579	7,013	7,228
Interest on assets	0	0	0
Amortize transition amount	0	0	0
Amortize plan improvements	0	0	0
Amortize gains and losses	0	0	0
Expense	15,575	16,521	17,036
Reconcile Funded Status			
Benefit Obligation at end of period	222,906	229,368	236,796
Market value of assets, end of period	0	0	0
Contributions in transit, end of period	0	0	0
Funded status = surplus/(deficit)	(222,906)	(229,368)	(236,796)
Unamortized transition obligation/(asset)	0	0	0
Unamortized past service costs	0	0	0
Unamortized net actuarial loss (gain)	0	0	0
Accrued benefit asset (liability)	(222,906)	(229,368)	(236,796)
Balance Sheet Asset/(Liability)			
Accrued amount at start of period	(222,565)	(222,906)	(229,368)
Expense	15,575	16,521	17,036
Employer contributions	12,177	10,059	9,608
Gains/(losses) recognized in retained earnings	3,057	0	0
Balance Sheet Asset/(Liability) at end of period	(222,906)	(229,368)	(236,796)
Sensitivity Tests (change in benefit obligation)			
1% increase in discount rates	(30,000)		
1% decrease in discount rates	38,000		

Appendix D

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

Version 1.00

Utility Name	Renfrew Hydro Inc.
Assigned EB Number	EB-2023-0049
Name and Title	Lance Jefferies, President
Phone Number	613-432-4884 ex 224
Email Address	ljefferies@renfrewhydro.com
Date	2023-05-24
Last COS Re-based Year	**2017**

Note: Drop-down lists are shaded blue; Input cells are shaded green.

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2023 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	**-258,084**	
Test Year - Payments in Lieu of Taxes (PILs)	T0	**25,275**	
Test Year - Grossed-up PILs	T0	**34,388**	
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	353,462	
Taxable Income	T1	95,378	
Difference	calculated	-258,084	as above

Income Tax/PILs Workform for 2023 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	Yes	
2	The capital additions and deductions in the CCA Schedule 8 agree with the rate base section for historical, bridge and test years	No	Additions yes, deductions no. Pooled assets.
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.	Yes	
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	Yes	
5	Loss carry-forwards, if any, from prior year tax returns' Schedule 4 agree with those disclosed in the application	N/A	None
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	N/A	
7	CCA is maximized even if there are tax loss carry-forwards	Yes	
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.	Yes	
9	The income tax rate used to calculate the tax expense is consistent with the utility's actual tax facts and evidence filed in the application	Yes	

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

				Test Year	Bridge Year	
Rate Base		S		**$ 9,440,770**	**$ 8,920,594**	
Return on Ratebase						
Deemed ShortTerm Debt %	4.00%	T	$	377,631	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$	5,286,831	*X = S * U*	
Deemed Equity %	40.00%	V	$	3,776,308	*Y = S * V*	
Short Term Interest Rate	4.79%	Z	$	18,089	*AC = W * Z*	
Long Term Interest	4.88%	AA	$	257,997	*AD = X * AA*	
Return on Equity (Regulatory Income)	9.36%	AB	**$**	**353,462**	*AE = Y * AB*	T1
Return on Rate Base			**$**	**629,548**	*AF = AC + AD + AE*	

Questions that must be answered

	Historical Year	Bridge Year	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	Yes	Yes	Yes
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?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

Tax Rates Federal & Provincial As of MMM XX, 2019	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021	Effective January 1, 2022
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%	3.50%	3.50%	3.20%	3.20%	3.20%

Notes

1. The Ontario Energy Board's proxy for taxable capital is rate base.
2. The appropriate Federal and Ontario small business rates are calculated in the Income/PILs Workform. The Federal and Ontario small business deduction:
   a. is applicable if taxable capital is below $10 million.
   b. is phased out with taxable capital of more than $10 million.
   c. is completely eliminated when the taxable capital is $15 million or more. Effective for the 2022 taxation year, the Federal small business deduction is revised to be completely eliminated when the taxable capital is $50 million or more.

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

PILs Tax Provision - Historical Year

Note: Input the actual information from the tax returns for the historical year.

					Wires Only	
Regulatory Taxable Income				H1	$ 96,571	A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	11.50%	B			
	Federal tax rate (Maximum 15%)	15.00%	C			
	Combined tax rate (Maximum 26.5%)				26.50%	D = B+C
Total Income Taxes					**$ 25,591**	**E = A * D**
Investment Tax Credits						F
Miscellaneous Tax Credits					$ 4,274	G
Total Tax Credits					**$ 4,274**	**H = F + G**
Corporate PILs/Income Tax Provision for Historical Year					**$ 21,317**	**I = E - H**

Ontario Energy Board

Income Tax/PILs Workform for 2023 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)	$ 2,871,786		$ 2,871,786	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	$ 30,669		$ 30,669	B8
10	Motor Vehicles, Fleet	$ 95,984		$ 95,984	B8
10.1	Certain Automobiles			$ -	B8
12	Computer Application Software (Non-Systems)	$ -		$ -	B8
13 1	Lease # 1	$ 33,463		$ 33,463	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)	$ 4,472		$ 4,472	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			$ -	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)	$ 4,104		$ 4,104	B8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -	B8
47	Distribution System (acq'd post Feb 22/05)	$ 3,980,890		$ 3,980,890	B8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)			$ -	B8
95	CWIP			$ -	B8
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
				$ -	
	SUB-TOTAL - UCC	7,021,368	0	7,021,368	

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 2023 Filers

PILS Tax Provision - Bridge Year

	Reference	Wires Only	
Regulatory Taxable Income	B1	-$ 677,937	**A**

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	11.5%	-$ 77,963	11.5%	**B**
Federal (Max 15%)	15.0%	15.0%	-$ 101,691	15.0%	**C**

Combined effective tax rate (Max 26.5%)	26.50%	**D = B + C**
Total Income Taxes	$ -	**E = A * D**
Investment Tax Credits		**F**
Miscellaneous Tax Credits		**G**
Total Tax Credits	$ -	**H = F + G**
Corporate PILs/Income Tax Provision for Bridge Year	$ -	**I = E - H**

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	**(A + 101 + 102)**		205,519
Additions:			
Amortization of tangible assets	104		437,901
Loss on disposal of assets	111		3,798
Non-deductible meals and entertainment expense	121		875
Remeasurements of employee future benefits	295		6,462
Total Additions			**449,036**
Deductions:			
Capital cost allowance from Schedule 8	403	B8	1,282,337
Capital Lease Payments	395		50,155
Total Deductions		calculated	**1,332,492**
Net Income for Tax Purposes		calculated	**-677,937**
TAXABLE INCOME		calculated	**-677,937**

Ontario Energy Board

Income Tax/PILs Workform for 2023 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	677,937	
Other Adjustments		-96,571	
Balance available for use post Bridge Year	calculated	581,366	T4

Net Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Amount to be used in Bridge Year		0	
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 2023 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)	4(a) Cost of Acquisitions from column 3 that are designated immediate expensing property (DIEP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 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")	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 %	(15) Recapture of CCA	(16) Terminal Loss	(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	$ 2,871,786								$ 2,871,786	$ -	$ -	0.50	$ -	$ -	4%			$ 114,871		$ 2,756,915	T8
8	General Office Equipment, Furniture, Fixtures	H8	$ 30,669	$ 27,000		$ 27,000					$ 57,669	$ -	$ -	0.50	$ -	$ -	20%			$ 33,134		$ 24,535	T8
10	Motor Vehicles, Fleet	H8	$ 95,984	$ 585,000		$ 585,000					$ 680,984	$ -	$ -	0.50	$ -	$ -	30%			$ 613,795		$ 67,189	T8
12	Computer Application Software (Non-Systems)	H8	$ -	$ 70,000		$ 70,000					$ 70,000	$ -	$ -	0.00	$ -	$ -	100%			$ 70,000		$ -	T8
13 1	Lease # 1	H8	$ 33,463								$ 33,463	$ -	$ -	0.00	$ -	$ -	NA			$ 14,306		$ 19,157	T8
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	H8	$ 4,472								$ 4,472	$ -	$ -		$ -	$ -	7%			$ 313		$ 4,159	T8
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	H8	$ 4,104								$ 4,104	$ -	$ -		$ -	$ -	45%			$ 1,847		$ 2,257	T8
47	Distribution System (acq'd post Feb 22/05)	H8	$ 3,980,890	$ 730,000	$ 730,000						$ 4,710,890	$ -	$ 730,000	0.50	$ 365,000	$ -	8%			$ 406,071		$ 4,304,819	T8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	H8	$ -	$ 28,000		$ 28,000					$ 28,000	$ -	$ -	0.50	$ -	$ -	55%			$ 28,000		$ -	T8
95	CWIP	H8	$ -								$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -		$ -	T8
	TOTALS		$ 7,021,368	$ 1,440,000	$ 730,000	$ 710,000	$ -	$ -	$ -	$ -	$ 8,461,368	$ -	$ 730,000		$ 365,000	$ -		$ -	$ -	$ 1,282,337	B1	$ 7,179,031	

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):

Income Tax/PILs Workform for 2023 Filers

Ontario Energy Board

PILs Tax Provision - Test Year

								Wires Only	
Regulatory Taxable Income							T1	$ 95,264	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate					
Ontario (Max 11.5%)	11.5%	11.5%	$ 10,955	11.5%	B				
Federal (Max 15%)	15.0%	15.0%	$ 14,290	15.0%	C				
Combined effective tax rate (Max 26.5%)								26.50%	D = B + C
Total Income Taxes								**$ 25,245**	**E = A * D**
Investment Tax Credits									F
Miscellaneous Tax Credits									G
Total Tax Credits								**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Test Year								**$ 25,245**	**I = E - H** S. Summary
Corporate PILs/Income Tax Provision Gross Up [1]						73.50%	J = 1-D	**$ 9,102**	**K = I/J-I**
Income Tax (grossed-up)								**$ 34,347**	**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 2023 Filers

Taxable Income - Test Year

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	353,462
Additions:			
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		500,473
Loss on disposal of assets	111		2,800
Non-deductible meals and entertainment expense	121		810
Remeasurements of employee future benefits	295		6,462
Total Additions			**510,545**
Deductions:			
Capital cost allowance from Schedule 8	403	T8	600,339
Capital Lease Payments	395		52,131
Total Deductions		calculated	**652,470**
NET INCOME FOR TAX PURPOSES		calculated	**211,538**
Non-capital losses of previous tax years from Schedule 4	331	T4	116,273
REGULATORY TAXABLE INCOME		calculated	**95,264**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2023 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	581,366		581,366
Amount to be used in Test Year and Price Cap Years	T1	211,538		211,538
Number of years loss until next cost of service (i.e. years the loss is to be spread over)		5		
Amount to be used in Test Year	calculated	116,273		116,273
Loss Carry Forward Generated in Test Year (if any)	T1	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	465,093		465,093

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 2023 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)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 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")	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 %	(15) Recapture of CCA	(16) Terminal Loss	(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	$ 2,756,915							$ 2,756,915	$ -	$ -	1.00	$ -	$ -	4%			$ 110,277		$ 2,646,638
8	General Office Equipment, Furniture, Fixtures	B8	$ 24,535	17,000	17,000					$ 41,535	$ -	$ 17,000	1.00	$ 17,000	$ -	20%			$ 8,307		$ 33,228
10	Motor Vehicles, Fleet	B8	$ 67,189	100,000	100,000					$ 167,189	$ -	$ 100,000	1.00	$ 100,000	$ -	30%			$ 50,157		$ 117,032
12	Computer Application Software (Non-Systems)	B8	$ -	8,000	8,000					$ 8,000	$ -	$ 8,000	0.00	$ -	$ -	100%			$ 8,000		$ -
13 1	Lease # 1	B8	$ 19,157							$ 19,157	$ -	$ -	0.00	$ -	$ -	NA			$ 14,306		$ 4,851
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	$ 4,159							$ 4,159	$ -	$ -		$ -	$ -	7%			$ 291		$ 3,868
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	B8	$ 2,257							$ 2,257	$ -	$ -		$ -	$ -	45%			$ 1,016		$ 1,241
47	Distribution System (acq'd post Feb 22/05)	B8	$ 4,304,819	795,000	795,000					$ 5,099,819	$ -	$ 795,000	1.00	$ 795,000	$ -	8%			$ 407,986		$ 4,691,833
	TOTALS		$ 7,179,031	$ 920,000	$ 920,000	$ -	$ -	$ -	$ -	$ 8,099,031	$ -	$ 920,000		$ 912,000	$ -		$ -	$ -	$ 600,339	T1	$ 7,498,692