EXHIBIT 6 – REVENUE REQUIREMENT, SUFFICIENCY/DEFICIENCY

2024 Cost of Service

Westario Power Inc.
EB-2023-0058

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6.1 PROPOSED REVENUE REQUIREMENT

The 2024 Test Year Base Revenue Requirement represents the amount of revenue the utility must collect from its customers to cover its day-to-day operating costs, taxes, interest paid on debts owed to investors (in WPI's case, cooperative members), and a deemed return (profit).

WPI's 2024 revenue requirement is calculated to be $13,089,920.

Table 1 - Test Year Revenue Requirement (RRWF Model) below originates from the OEB's Revenue Requirement Workform. It presents WPI's proposed 2024 Test Year Revenue Requirement as calculated in the OEB's Revenue Requirement Work:

Table 1 - Test Year Revenue Requirement (RRWF Model)

Particulars	Application
OM&A Expenses	$6,971,717
Amortization/Depreciation	$2,409,135
Property Taxes	$49,008
Income Taxes (Grossed up)	$218,219
Other Expenses	$ -
Return	
Deemed Interest Expense	$1,594,360
Return on Deemed Equity	$2,690,550
Service Revenue Requirement (before Revenues)	$13,932,989
Revenue Offsets	$843,069
Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	$13,089,920
Distribution revenue	$13,089,920
Other revenue	$843,069
Total revenue	$13,932,989
Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	$ -

WPI confirms that the OEB's 2024 Revenue Requirement Workform (RRWF) accurately reflects its' proposed rates for the 2024 Test Year, and therefore there is no requirement for the applicant to file its rate generator model.

The proposed revenue requirement proposes to yield a net income of $2,690,550. The derivation of the income is shown at Table 2 – Utility Income (RRWF Model).

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

Table 2 – Utility Income (RRWF Model)

Particulars	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	$13,089,920
Other Revenue (1)	$843,069
Total Operating Revenues	$13,932,989
Operating Expenses:	
OM+A Expenses	$6,971,717
Depreciation/Amortization	$2,409,135
Property taxes	$49,008
Capital taxes	$ -
Other expense	$ -
Subtotal (lines 4 to 8)	$9,429,860
Deemed Interest Expense	$1,594,360
Total Expenses (lines 9 to 10)	$11,024,220
Utility income before income taxes	$2,908,769
Income taxes (grossed-up)	$218,219
Utility net income	$2,690,550

Table 3 – Statement of Rate Base (RRWF Model)

Particulars	Capitalization Ratio		Cost Rate	Return
	Initial Application			
	(%)	($)	(%)	($)
Debt				
Long-term Debt	56.00%	$40,243,270	3.62%	$1,456,671
Short-term Debt	4.00%	$2,874,519	4.79%	$137,689
Total Debt	60.00%	$43,117,789	3.70%	$1,594,360
Equity				
Common Equity	40.00%	$28,745,193	9.36%	$2,690,550
Preferred Shares	0.00%	$ -	0.00%	$ -
Total Equity	40.00%	$28,745,193	9.36%	$2,690,550
Total	100.00%	$71,862,982	5.96%	$4,284,910

6.1.1 Trend Analysis and Change from 2018 Cost of Service

Table 4 – Movement in Revenue Requirement from last COS (2018) below shows the movement from WPI's 2018 board-approved revenue requirement to the 2024 proposed revenue requirement, along with a high-level explanation of the changes from the 2018 Board Approved Cost of Service. A more in-depth description of the changes is presented in each component's respective Exhibits.

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

Rate Year and Particulars	Rev. Req.	Change from 2018	
2018 Board Approved Revenue Requirement	**$10,669,547**		
Operation Maintenance Admin Costs	$1,160,684	Increase in Operating expenses to reflect increases in unplanned and inflationary costs	Ex 4
Depreciation Expense	$426,380		Ex 6
Net Fixed Assets	*$21,430,543*	Increase in Average Net Fixed Assets	Ex 2
Working Capital Allowance	*$73,990*	Reduction in WCA because of lower Cost of Power	Ex 2
Rate Base	***$21,504,533***	Movement in Rate (Asset) Base	Ex 2
Return on Capital	$1,229,657	Increase in Return on Capital	Ex 5
PILs	-$28,911	Increase in PILs due to increase in Assets	Ex 6
Property Taxes	$14,008	Inflationary increase in property taxes	Ex 4
Other Revenues	-$381,445	Reduction in Other Revenues	Ex 6
Increase in Revenue Requirement	**$2,406,365**		Ex 6

The following two tables, Table 5 – Trend in Revenue Requirement and

Table 6 - Variance Analysis of Revenue Requirement, present WPI's Revenue Requirement trend starting from the 2013 Board Approved year to the 2024 proposed Revenue Requirement. The year-over-year changes in WPI's Revenue Requirement beginning from the 2018 Board Approved year through to the 2024 proposed Revenue Requirement.

Table 5 – Trend in Revenue Requirement (2018 to 2024)

Particular	Last Board Approved	2018	2019	2020	2021	2022	2023	2024
OM&A Expenses	$5,811,033	$5,456,933	$5,908,501	$5,929,941	$6,739,075	$7,885,682	$6,697,382	$6,971,717
Depreciation Expense	$1,982,755	$1,926,937	$1,685,681	$1,777,404	$1,785,531	$1,936,866	$2,181,129	$2,409,135
Property Taxes	$35,000	$34,925	$34,842	$34,827	$30,937	$44,788	$47,256	$49,008
Total Distribution Expenses	$7,828,788	$7,418,795	$7,629,023	$7,742,173	$8,555,543	$9,867,336	$8,925,767	$9,429,860
Regulated Return on Capital	$3,055,253	$3,016,097	$3,236,475	$3,447,364	$3,585,734	$3,585,734	$4,084,706	$4,284,910
Grossed up PILs	$247,130	-$21,000	-$49,000	-$223,000	$208,000	-$282,000	$119,172	$218,219
Service Revenue Requirement	**$11,131,171**	**$10,413,893**	**$10,816,498**	**$10,966,537**	**$12,349,277**	**$13,171,070**	**$13,129,644**	**$13,932,989**
Less: Revenue Offsets	-$461,624	-$490,590	-$740,932	-$700,650	-$636,798	-$824,231	-$793,183	-$843,069
Base Revenue Requirement	**$10,669,547**	**$9,923,303**	**$10,075,567**	**$10,265,887**	**$11,712,480**	**$12,346,838**	**$12,336,461**	**$13,089,920**
YoY change ($)		*-746,244*	*152,264*	*190,320*	*1,446,593*	*634,359*	*-10,377*	*753,459*
YoY Change (%)		*-6.99%*	*1.53%*	*1.89%*	*14.09%*	*5.42%*	*-0.08%*	*6.11%*
From last CoS ($)								*2,420,373*
From last CoS (%)								*22.68%*

Table 6 - Variance Analysis of Revenue Requirement

								Test Year	**Variance over last CoS**
Particular	**Last Board Approved**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	
OM&A Expenses	5,811,033	5,456,933	5,908,501	5,929,941	6,739,075	7,885,682	6,697,382	6,971,717	
Year over year change ($)		*-354,100*	*451,568*	*21,440*	*809,133*	*1,146,607*	*-1,188,300*	*274,335*	*1,160,684*
Year over year change (%)		*-6.09%*	*8.28%*	*0.36%*	*13.64%*	*17.01%*	*-15.07%*	*4.10%*	*19.97%*
Depreciation Expense	1,982,755.00	1,926,936.73	1,685,680.56	1,777,404.39	1,785,531.48	1,936,865.89	2,181,128.67	2,409,134.80	
Year over year change ($)		*-55,818*	*-241,256.17*	*91,723.83*	*8,127.09*	*151,334.41*	*244,262.78*	*228,006.14*	*426,380*
Year over year change (%)		*-2.82%*	*-12.52%*	*5.44%*	*0.46%*	*8.48%*	*12.61%*	*10.45%*	*21.50%*
Property Taxes	35,000.00	34,925.34	34,841.99	34,827.45	30,937.00	44,787.98	47,256.00	49,008.00	
Year over year change ($)		*-75*	*-83.35*	*-14.54*	*-3,890.45*	*13,850.98*	*2,468.02*	*1,752.00*	*14,008*
Year over year change (%)		*-0.21%*	*-0.24%*	*-0.04%*	*-11.17%*	*44.77%*	*5.51%*	*3.71%*	*40.02%*
Total Distribution Expenses	7,828,788	7,418,795	7,629,023	7,742,173	8,555,543	9,867,336	8,925,767	9,429,860	
Year over year change ($)		*-409,993*	*210,228*	*113,150*	*813,370*	*1,311,793*	*-941,569*	*504,093*	*1,601,072*
Year over year change (%)		*-5.24%*	*2.83%*	*1.48%*	*10.51%*	*15.33%*	*-9.54%*	*5.65%*	*20.45%*
Regulated Return on Capital	3,055,253	3,016,097	3,236,475	3,447,364	3,585,734	3,585,734	4,084,706	4,284,910	
Year over year change ($)		*-39,156*	*220,377*	*210,889*	*138,370*	*0*	*498,972*	*200,204*	*1,229,657*
Year over year change (%)		*-1.28%*	*7.31%*	*6.52%*	*4.01%*	*0.00%*	*13.92%*	*4.90%*	*40.25%*
Grossed up PILs	247,130	-21,000	-49,000	-223,000	208,000	-282,000	119,172	218,219	
Year over year change ($)		*-268,130*	*-28,000*	*-174,000*	*431,000*	*-490,000*	*401,172*	*99,047*	*-28,911*
Year over year change (%)		*-108.50%*	*133.33%*	*355.10%*	*-193.27%*	*-235.58%*	*-142.26%*	*83.11%*	*-11.70%*
Service Revenue Requirement	**11,131,171**	**10,413,893**	**10,816,498**	**10,966,537**	**12,349,277**	**13,171,070**	**13,129,644**	**13,932,989**	
Year over year change ($)		*-717,278*	*402,605*	*150,039*	*1,382,740*	*821,793*	*-41,426*	*803,345*	*2,801,818*
Year over year change (%)		*-6.44%*	*3.87%*	*1.39%*	*12.61%*	*6.65%*	*-0.31%*	*6.12%*	*25.17%*
Less: Revenue Offsets	-461,624	-490,590	-740,932	-700,650	-636,798	-824,231	-793,183	-843,069	
Year over year change ($)		*-28,966*	*-250,342*	*40,281*	*63,853*	*-187,434*	*31,048*	*-49,886*	*-381,445*
Year over year change (%)		*6.27%*	*51.03%*	*-5.44%*	*-9.11%*	*29.43%*	*-3.77%*	*6.29%*	*82.63%*
Base Revenue Requirement	**10,669,547**	**9,923,303**	**10,075,567**	**10,265,887**	**11,712,480**	**12,346,838**	**12,336,461**	**13,089,920**	
Year over year change ($)		*-746,244*	*152,264*	*190,320*	*1,446,593*	*634,359*	*-10,377*	*753,459*	*2,420,373*
Year over year change (%)		*-6.99%*	*1.53%*	*1.89%*	*14.09%*	*5.42%*	*-0.08%*	*6.11%*	*22.68%*

As illustrated in the above tables, the proposed revenue requirement for the Test Year (2024) is 22.68% higher than the 2018 Cost of Service Approved Revenue Requirement. WPIs represents a 2.96% annual compound growth rate.

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

The OM&A variance between 2018 to 2024, which increased by 1,160,664, is summarized below, and details are presented throughout Exhibit 4.

6.3 DEPRECIATION EXPENSES (REF: EXHIBIT 2)

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

6.4 RETURN ON CAPITAL (REF: EXHIBIT 5)

The regulated return on capital, summarized below, which increased by 1,229,657, is explained in Exhibit 5.

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

WPI has used the 2024 OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2024 rates. PILs have been computed under MIFRS accounting policies. WPI's external auditor KPMG completed the PILS model to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable, and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

WPI is required to calculate payment in lieu of income taxes ("PILs") based on its taxable income for the Test Year of 2024.

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

WPI files Federal/Provincial tax returns annually.

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

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

WPI's PILs are projected to be in the amount of $218,219.

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

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

Particulars	Application
Determination of Taxable Income	
Utility net income before taxes	$2,690,550
Adjustments required to arrive at taxable utility income	($2,085,301)
Taxable income	$605,249
Calculation of Utility income Taxes	
Income taxes	$160,391
Total taxes	$160,391
Gross-up of Income Taxes	$57,828
Grossed-up Income Taxes	$218,219
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$218,219
Other tax Credits	$ -
Tax Rates	
Federal tax (%)	15.00%
Provincial tax (%)	11.50%
Total tax rate (%)	26.50%

WPI is not claiming Apprenticeship Training Tax Credits.

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

- ✓ WPI has exercised sound tax planning, and that for rate-setting purposes, it maximized tax credits and took the maximum deductions allowed if it made sense for the utility to do so.
- ✓ A copy of the most current Federal and Provincial taxes is presented in Attachment 1 of WPIs Exhibit.
- ✓ Detailed calculations of Income Tax or PILs are shown in the OEB PILs model filed along with WPIs application.
- ✓ There were no adjustments (e.g., Tax credits, CCA adjustments) for the Historical, Bridge, and Test Years, and as such, no supporting schedules and calculations and explanations for "other additions" and "other deductions" were required.

6.5.1 Non- Recoverable and Disallowed Expenses

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

6.5.2 Accelerated CCA

WPI, has complied with the Accelerated Investment Incentive program, which provides for the first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

WPI confirms that it has recorded the impact of the CCA rules changes in Account 1592 - PILs and Tax Variances – CCA Changes for November 21, 2018, up to 2024 Test Year. The worksheet showing the calculations of the entire revenue requirement impact is filed along with WPIs application. The DVA model shows the full revenue requirement impact recorded in Account 1592.

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

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

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

6.5.3 PILs Integrity Check

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

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

6.6 OTHER REVENUE

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

Other Distribution Revenues includes items such as:

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

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

Year-over-year variance analysis over the materiality threshold of $50,000 follows at Section 6.1.3.1 - Other Revenue Variance Analysis.

Table 8 – OEB Appendix 2-H

Reporting Basis	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
	2018	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
USoA Description	**Board Approved**							
4235-Miscellaneous Service Revenues	-$100,000	-$88,590	-$106,081	-$243,741	-$263,790	-$423,178	-$287,034	-$304,838
4225-Late Payment Charges	-$200,000	-$111,644	-$99,699	-$73,839	-$74,504	-$81,674	-$91,464	-$97,137
4082-Retail Services Revenues	-$14,546	-$4,846	-$16,788	-$27,275	-$25,740	-$25,639	-$26,493	-$28,318
4084-Service Transaction Requests (STR) Revenues	-$171	-$285	-$408	-$455	-$192	-$225	-$198	-$212
4086-SSS Administration Revenue	-$68,500	-$67,643	-$68,573	-$68,953	-$69,981	-$70,711	-$74,190	-$79,296
4210-Rent from Electric Property	-$130,774	-$158,916	-$165,763	-$147,507	-$134,757	-$135,233	-$149,832	-$159,126
4220-Other Electric Revenues	-$42	$32	-$199	$0	$0	$0	$0	$0
4240-Provision for Rate Refunds	$0	$0	$0	$0	$0	$0	$0	$0
4245-Government Assistance Directly Credited to Income	-$35,747	-$48,554	-$253,172	-$179,820	-$134,854	-$104,342	-$109,848	-$116,662
4325-Revenues from Merchandise Jobbing, etc.	-$59,500	-$257,999	-$203,892	$2,952	-$5,263	-$12,010	$0	$0
4330-Costs and Expenses of Merchandising Jobbing, etc.	$59,500	$160,580	$33,496	$697	$0	$0	$0	$0
4355-Gain on Disposition of Utility and Other Property	-$1,244	-$15,279	-$26,819	-$10,321	-$259	$0	$0	$0
4360-Loss on Disposition of Utility and Other Property	$0	$24,290	$181,103	$13,233	$0	$0	$0	$0
4362-Loss from Retirement of Utility and Other Properties	$140,000	$192,207	-$34,492	$107,794	$124,210	$66,396	$50,000	$53,101
4375-Sub-account Generation Facility Revenues	$0	-$2,794	-$1,397	$0	-$30,514	$0	$0	$0
4380-Expense of Non-Rae Regulated Utility Operations	$0	$3,059	$156,486	$0	$19,400	72,706	$0	$0
4390-Miscellaneous Non-Operating Income	$0	$0	$0	$0	$0	-$7,253	-$14,124	-$15,001
4395-Rate-Payer Benefit Including Interest	-$20,600	-$27,053	-$3,980	-$14,898	-$13,619	$0	$0	$0
4405-Interest and Dividend Income	-$30,000	-$87,154	-$130,753	-$58,517	-$26,935	-$103,069	-$90,000	-$95,580
Total	**-$461,624**	**-$490,590**	**-$740,932**	**-$700,650**	**-$636,798**	**-$824,231**	**-$793,183**	**-$843,069**

Specific Service Charges	-$100,000	-$88,590	-$106,081	-$243,741	-$263,790	-$423,178	-$287,034	-$304,838
Late Payment Charges	-$200,000	-$111,644	-$99,699	-$73,839	-$74,504	-$81,674	-$91,464	-$97,137
Other Distribution/Operating Revenues	-$249,780	-$280,212	-$504,904	-$424,010	-$365,523	-$336,150	-$360,561	-$383,614
Other Income or Deductions	$88,156	-$10,144	-$30,247	$40,941	$67,019	$16,771	-$54,124	-$57,480
Total	**-$461,624**	**-$490,590**	**-$740,932**	**-$700,650**	**-$636,798**	**-$824,231**	**-$793,183**	**-$843,069**

4405 – Interest Expenses	2018 Actual²	2019 Actual²	2020 Actual²	2021 Actual²	2022 Actual	Bridge Year (as of 202309303)	Test Year
Interest and Dividend Income acc# 440500	-$13,029	-$69,716	-$27,592	-$9,057	-$2,341	-$8,096	-$16,566
Interest Regulatory Assets acc # 440510	-$74,125	-$61,037	-$30,926	-$17,879	-100,728	-$165,501	-$79,014
Total	-$87,154	-$130,753	-$58,518	-$26,936	-$103,069	-$173,597	-$95,580

6.1.1 Other Revenues Variance Analysis

WPI offers the following explanations for variances over $25,000.

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

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

Reporting Basis			Var Analysis	Var Analysis
	2018	2018	$	%
USoA Description	**Board Approved**			
4225-Late Payment Charges	-$200,000	-$111,644	$88,356	44.18%
4362-Loss from Retirement of Utility and Other Properties	$140,000	$192,207	$52,207	37.29%

- **4225-Late Payment Charges:**

  Late payment penalties were lower than anticipated in the company's 2018 application. Despite the utility's best attempts to develop a reasonable budget, the charges are often beyond the utility's control.

- **4362-Loss from Retirement of Utility and Other Properties:**

  The actual increase relates to the scrapped wire, cable, UG transformers and higher than OEB approved smart meters and poles.

Table 10 - Variance Analysis of Other Operating Revenues 2018 – 2019

Reporting Basis			Var Analysis	Var Analysis
	2018	2019	$	%
USoA Description				
4325-Revenues from Merchandise Jobbing, etc.	-$257,999	-$203,892	$54,107	20.97%
4360-Loss on Disposition of Utility and Other Property	$24,290	$181,103	$156,813	645.59%
4380-Expenses for Non-Rate-Regulated Operations	$3,059	$156,486	$153,428	5016.22%

2018 Actual compared to 2019 Actual.

- **4325-Revenues from Merchandise Jobbing, etc.:**

  Revenues from Jobbing can be very sporadic and reactive. They occur as needed and are for the most part out of the control of the utility.

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

  The increase relates to the extra UG transformers and higher than previous year number of smart meters and poles.

- **4380- Expense of Non-Rate Regulated Utility Operations**

  The full amount relates to the consulting fees.

Table 11 - Variance Analysis of Other Operating Revenues 2019 – 2020

Reporting Basis			Var Analysis	Var Analysis
	2019	**2020**	**$**	**%**
USoA Description				
4225-Late Payment Charges	-$99,699	-$73,839	$25,860	25.94%
4245-Government Assistance Directly Credited to Income	-$253,172	-$179,820	$73,353	28.97%
4325-Revenues from Merchandise Jobbing, etc.	-$203,892	$2,952	$206,845	101.45%
4362-Loss from Retirement of Utility and Other Properties	-$34,492	$107,794	$142,286	412.52%
4405-Interest and Dividend Income	-$130,753	-$58,517	$72,236	55.25%

2019 Actual compared to 2020 Actual.

- **4225-Late Payment Charges:**

  Late Payment charges were lower than anticipated and are out of the control of the utility. Given the fact that 2020 represents the first year of the pandemic, the utility was pleased to see that customers were able to pay their bills on time.

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

  The majority of the increase relates to the $67k contributions from the customers amortized to income.

- **4325-Revenues from Merchandise Jobbing,**

  Similar to the prior year, jobbing revenue may fluctuate and be reactive in nature. They occur as required and are largely beyond the control of the utility.

- **4362-Loss from Retirement of Utility and Other Properties**

  The increase relates to the extra scrap transformers, as well as decommissioning of Southampton MS2 unit.

- **4405-Interest and Dividend Income**

  This variance represents the interest revenues on loans and swaps which change with interest rates and the total debt instruments the company holds that particular year.

Table 12 - Variance Analysis of Other Operating Revenues 2020 – 2021

Reporting Basis			Var Analysis	Var Analysis
	2020	2021	$	%
USoA Description				
4245-Government Assistance Directly Credited to Income	-$179,820	-$134,854	$44,966	25.01%
4405-Interest and Dividend Income	-$58,517	-$26,935	$31,582	53.97%

2020 Actual compared to 2021 Actual.

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

  Year over year changes relate to the amortization of government assistance only.

- **4405-Interest and Dividend Income**

  This difference represents the interest revenues on loans and swaps that fluctuate with interest rates, as well as the total debt instruments held by the company that year.

Table 13 - Variance Analysis of Other Operating Revenues 2021 – 2022

Reporting Basis			Var Analysis	Var Analysis
	2021	2022	$	%
USoA Description				
4245-Government Assistance Directly Credited to Income	-$134,854	-$104,342	$30,512	22.63%

2020 Actual compared to 2021 Actual.

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

  Year over year changes relate to the amortization of government assistance only.

Table 14 - Variance Analysis of Other Operating Revenues 2022 – 2023

Reporting Basis			Var Analysis	Var Analysis
	2022	**2023**	**$**	**%**
USoA Description				
4235-Miscellaneous Service Revenues	-$423,178	-$287,034	$136,144	32.17%

2020 Actual compared to 2021 Actual.

- **4235-Miscellaneous Service Revenues**
  The full uptick of the service revenues in 2022 is related to the large credit obtained from one customer.

6.6.2 Proposed Specific Service Charges

Table 15 – Proposed Specific Service Charge

SPECIFIC SERVICE CHARGES

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

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

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

Customer Administration

Arrears certificate	$	15.00
Statement of account	$	15.00
Pulling post dated cheques	$	15.00
Duplicate invoices for previous billing	$	15.00
Request for other billing information	$	15.00
Easement letter	$	15.00
Income tax letter	$	15.00
Notification charge	$	15.00
Account history	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque (plus bank charges)	$	15.00
Charge to certify cheque	$	15.00
Legal letter charge	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Special meter reads	$	30.00

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection charge - at meter - during regular hours	$	65.00
Reconnection charge - at meter - after regular hours	$	185.00
Reconnection charge - at pole - during regular hours	$	185.00
Reconnection charge - at pole - after regular hours	$	415.00

Other

Service call - customer-owned equipment	$	30.00
Service call - after regular hours	$	165.00
Temporary service - install & remove - overhead - no transformer	$	500.00
Temporary service - install & remove - underground - no transformer	$	300.00
Temporary service - install & remove - overhead - with transformer	$	1,000.00
Specific charge for access to the power poles - $/pole/year (with the exception of wireless attachments)	$	37.38

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

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

Revenues from MicroFit are recorded in account 4235 in accordance with OEB policy.

No Rates and Charges have been included in the utility's Conditions of Service.

Wireline Pole Attachment Charges

WPI confirms that it has used Decision and Order EB-2021-0304 which states that *effective January 1, 2023, the wireline pole attachment charge will be $37.78 per attached, per year, per pole* to determine its 2023-2024 budgets in account 4210 which is used to record revenues from Wireline Pole Attachment Charges from Rogers, Bell and Hydro One.

MicroFIT Monthly Service Charge

WPI is proposing no change to the MicroFIT Monthly Service Charge of $10.00 as was approved in the LDC's 2018 Cost of Service rate application.

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

WPI has no affiliates and as such, does not have any affiliate transactions, shared services, and corporate cost allocation that will be affecting its 2024 rates.

6.7 REVENUE DEFICIENCY OR SURPLUS

6.7.1 Calculation of Revenue Deficiency or Sufficiency

WPI is in a deficiency position of $13,932,989. The sufficiency is calculated as the difference between the 2024 Test Year Revenue Requirement and the Forecast Test Year Revenue Requirement at the applicant's 2023 approved distribution rates.

Revenue Deficiency = (current rates @ 2024 load forecast + revenue offsets) – (proposed rates @ 2024 load forecast + revenue offsets)

Table 16 – Revenues at current rates and 2024 load forecast and Table 17 - Revenues at proposed rates and 2024 load forecast shows the details of the derivation of the two comparators.

Table 16 – Revenues at current rates and 2024 load forecast

	Test Year Projected Revenue from Proposed 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	193,221,398	0			$0	$0
General Service < 50 kW	$0.0151	kWh	70,181,854	1,056,578			$0	$1,056,578
General Service > 50 to 4999 kW	$4.2596	kW	444,572	1,893,676	0.60	183035	$109,821	$1,783,855
Unmetered Scattered Load	$0.0224	kWh	213,149	4,781			$0	$4,781
Sentinel Lighting	$35.3339	kW	16	565			$0	$565
Street Lighting	$5.7191	kW	6,650	38,032			$0	$38,032
Large User								
Total Variable Revenue			**264,067,639**	**2,993,632**		183035	$109,821	$2,883,811
2024 Rates at 2024 Load								
	Test Year Projected Revenue from Proposed Fixed Charges							
Customer Class Name	**Fixed Rate**	**Customers (Connections)**	**Fixed Charge Revenue**	**Variable Revenue**	**TOTAL**	**% Fixed Revenue**	**% Variable Revenue**	**% Total Revenue**
Residential	$31.24	21,879	$8,201,778	$0	$8,201,778	100.19%		67.03%
General Service < 50 kW	$31.07	2,690	$1,002,862	$1,056,578	$2,059,440	47.65%	49.12%	15.73%
General Service > 50 to 4999 kW	$258.64	154	$478,889	$1,783,855	$2,262,744	21.16%	69.74%	12.91%
Unmetered Scattered Load	$6.03	47	$3,415	$4,781	$8,196	39.04%	58.31%	0.06%
Sentinel Lighting	$6.82	8	$681	$565	$1,247	51.21%	45.32%	0.01%
Street Lighting	$6.81	6,345	$518,483	$38,032	$556,515	87.28%	6.80%	4.25%
Large User								
Total Fixed Revenue		**31,123**	**$10,206,109**	**$2,883,811**	**$13,089,920**			

Table 17 - Revenues at proposed rates and 2024 load forecast

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	193,221,398	$0			$0	$0
General Service < 50 kW	$0.0135	kWh	70,181,854	$947,455			$0	$947,455
General Service > 50 to 4999 kW	$2.7296	kW	444,572	$1,213,502	-0.60	183035	-$109,821	$1,103,681
Unmetered Scattered Load	$0.0210	kWh	213,149	$4,476			$0	$4,476
Sentinel Lighting	$33.0736	kW	16	$529			$0	$529
Street Lighting	$5.3299	kW	6,650	$35,444			$0	$35,444
Large User								
Total Variable Revenue			**264,067,639**	**$2,201,407**		183035	-$109,821	$2,091,586

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	$31.30	21,879	$8,217,703	$0	$8,217,703	100.00%		67.03%
General Service < 50 kW	$30.40	2,690	$981,236	$947,455	$1,928,692	50.88%	49.12%	15.73%
General Service > 50 to 4999 kW	$258.64	154	$478,889	$1,103,681	$1,582,571	30.26%	69.74%	12.91%
Unmetered Scattered Load	$5.65	47	$3,200	$4,476	$7,676	41.69%	58.31%	0.06%
Sentinel Lighting	$6.39	8	$638	$529	$1,168	54.68%	45.32%	0.01%
Street Lighting	$6.38	6,345	$485,745	$35,444	$521,189	93.20%	6.80%	4.25%
Large User								
Total Fixed Revenue		**31,123**	**$10,167,412**	**$2,091,586**	**$12,258,998**			

2024 Rates at 2024 Load

	Test Year Projected Revenue from Proposed 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	193,221,398	0			$0	$0
General Service < 50 kW	$0.0151	kWh	70,181,854	1,056,578			$0	$1,056,578
General Service > 50 to 4999 kW	$4.2596	kW	444,572	1,893,676	0.60	183035	$109,821	$1,783,855
Unmetered Scattered Load	$0.0224	kWh	213,149	4,781			$0	$4,781
Sentinel Lighting	$35.3339	kW	16	565			$0	$565
Street Lighting	$5.7191	kW	6,650	38,032			$0	$38,032
Large User								
Total Variable Revenue			**264,067,639**	**2,993,632**		183035	$109,821	$2,883,811

2024 Rates at 2024 Load

	Test Year Projected Revenue from Proposed Fixed Charges							
Customer Class Name	**Fixed Rate**	**Customers (Connections)**	**Fixed Charge Revenue**	**Variable Revenue**	**TOTAL**	**% Fixed Revenue**	**% Variable Revenue**	**% Total Revenue**
Residential	$31.24	21,879	$8,201,778	$0	$8,201,778	100.19%		67.03%
General Service < 50 kW	$31.07	2,690	$1,002,862	$1,056,578	$2,059,440	47.65%	49.12%	15.73%
General Service > 50 to 4999 kW	$258.64	154	$478,889	$1,783,855	$2,262,744	21.16%	69.74%	12.91%
Unmetered Scattered Load	$6.03	47	$3,415	$4,781	$8,196	39.04%	58.31%	0.06%
Sentinel Lighting	$6.82	8	$681	$565	$1,247	51.21%	45.32%	0.01%
Street Lighting	$6.81	6,345	$518,483	$38,032	$556,515	87.28%	6.80%	4.25%
Large User								
Total Fixed Revenue		**31,123**	**$10,206,109**	**$2,883,811**	**$13,089,920**			
				Integrity Check	$13,089,920			

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

Table 18 - Revenue Deficiency (RRWF)

	Initial Application	
Particulars	**At Current Approved Rates**	**At Proposed Rates**
Revenue Deficiency from Below		$833,571
Distribution Revenue	$12,259,026	$12,256,349
Other Operating Revenue Offsets - net	$843,069	$843,069
Total Revenue	$13,102,095	$13,932,989
Operating Expenses	$9,429,860	$9,429,860
Deemed Interest Expense	$1,594,360	$1,594,360
Total Cost and Expenses	$11,024,220	$11,024,220
Utility Income Before Income Taxes	$2,077,875	$2,908,769
Tax Adjustments to Accounting Income per 2013 PILs model	($2,085,301)	($2,085,301)
Taxable Income	($7,426)	$823,468
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income	$ -	$218,219
Income Tax Credits	$ -	$ -
Utility Net Income	$2,077,875	$2,690,550
Utility Rate Base	$71,862,982	$71,862,982
Deemed Equity Portion of Rate Base	$28,745,193	$28,745,193
Income/ (Equity Portion of Rate Base)	7.23%	9.36%
Target Return - Equity on Rate Base	9.36%	9.36%
Deficiency/Sufficiency in Return on Equity	-2.13%	0.00%
Indicated Rate of Return	5.11%	5.96%
Requested Rate of Return on Rate Base	5.96%	5.96%
Deficiency/Sufficiency in Rate of Return	-0.85%	0.00%
Target Return on Equity	$2,690,550	$2,690,550
Revenue Deficiency/(Sufficiency)	$612,675	$ -
Gross Revenue Deficiency/(Sufficiency)	$833,571	(1)

6.7.2 Causes of Revenue Deficiency

WPI's existing rates are based on the Board-approved rates in 2018 as an outcome of a cost-of-service rate application and subsequent annual adjustments to its' base distribution rates in years 2018 to 2023 under the Board's Annual Incentive Regulation mechanism.

As illustrated in the previous section, the revenue deficiency is determined to be $833,571.

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

The major contributors of the increase in revenue requirement from 2018 Board Approved to Test Year (2024) are presented in the following table with explanations following.

Table 19 – Change in Revenue Requirement

Particular	2018	2024	Diff
Long Term Debt	4.24%	3.62%	-0.62%
Short Term Debt	2.29%	4.79%	2.50%
Return on Equity	9.00%	9.36%	0.36%
Weighted Debt Rate	4.11%	3.70%	-0.41%
Regulated Rate of Return	**6.07%**	**5.96%**	**-0.10%**
Controllable Expenses	$5,846,033	$7,020,725	$1,174,692
Power Supply Expense	$50,685,050	$50,496,893	-$188,157
Total Eligible Distribution Expenses	$56,531,083	$57,517,618	$986,535
Working Capital Allowance Rate	7.50%	7.50%	0.00%
Total Working Capital Allowance ("WCA")	**$4,239,831**	**$4,313,821**	**$73,990**
Avg Gross Assets	$74,439,550	$86,096,163	$11,656,613
Avg Acc Depr	$28,320,932	$18,547,003	-$9,773,930
Average Fixed Asset	$46,118,617	$67,549,160	$21,430,543
Working Capital Allowance	$4,239,831	$4,313,821	$73,990
Rate Base	**$50,358,448**	**$71,862,982**	**$21,504,533**
Regulated Rate of Return	6.07%	5.96%	-0.10%
Regulated Return on Capital	**$3,055,253**	**$4,284,910**	**$1,229,657**
Deemed Interest Expense	$1,242,349	$1,594,360	$352,011
Deemed Return on Equity	$1,812,904	$2,690,550	$877,646
OM&A	$5,811,033	$6,971,717	$1,160,684
Property Taxes	$35,000	$49,008	$14,008
Depreciation Expense	$1,982,755	$2,409,135	$426,380
PILs	$247,130	$218,219	-$28,911
Revenue Offset	-$461,624	-$843,069	-$381,445
Revenue Requirement	**$10,669,547**	**$13,089,920**	**$2,420,373**
			22.68%

The table above shows that the Rate Base of $71,862,982 in 2024 is higher than the 2018 Board-approved amount of $50,538,448 by $21,504,533.

The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 and follow the Distribution System Plan.

The Working Capital Allowance has marginally increased by $73,990 mostly as result of the cost of power changes.

Increased Operations, Maintenance, and Administration (OM&A) expenses are another driver of the revenue deficiency. Projected OM&A for the Test Year 2024 is $1,160,684 higher than the 2018 Board-approved amount.

WPI's OM&A actual costs have seen a compound annual growth rate of all years of 2.64% which is above the annual inflation rates but is necessary for the utility to be able to provide service to its growing distribution area and related system.

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

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

APPENDICES

List of Appendices

Appendix 6A	2022 Tax Return

APPENDIX 6A

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** 89276 4416 RC0003

Corporation's name
002 Westario Power Inc.

Address of head office
Has this address changed since the last time the CRA was notified? . . . . **010** Yes ☐ No ☒
If **yes**, complete lines 011 to 018.
011 24 Eastridge Road
012 RR 2
City: **015** Walkerton
Province, territory, or state: **016** ON
Country (other than Canada): **017**
Postal or ZIP code: **018** N0G 2V0

Mailing address (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . **020** Yes ☐ No ☒
If **yes**, complete lines 021 to 028.
021 c/o
022
023
City: **025**
Province, territory, or state: **026**
Country (other than Canada): **027**
Postal or ZIP code: **028**

Location of books and records (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . **030** Yes ☐ No ☒
If **yes**, complete lines 031 to 038.
031
032
City: **035**
Province, territory, or state: **036**
Country (other than Canada): **037**
Postal or ZIP code: **038**

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

Is the corporation a professional corporation that is a member of a partnership? . . . . **067** Yes ☐ No ☒

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

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

Is this the final tax year before amalgamation? . . . . **076** Yes ☐ No ☒

Is this the final return up to dissolution? . . . . **078** Yes ☐ No ☒

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

Is the corporation a resident of Canada? **080** Yes ☒ 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 ☒
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**	☐	9
Is the corporation an associated CCPC?	**160**	☐	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**	☒	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**	☒	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	**202**	☒	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	**203**	☒	3
Is the corporation claiming any type of losses?	**204**	☒	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	**205**	☐	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**	☒	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**	☒	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	**234**	☒	
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**	☒	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	**266**	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	**267**	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	**268**	☒	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	**269**	☐	54
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

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

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

Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Hydro Services	**285**	100.000 %
286		**287**	%
288		**289**	%

Did the corporation immigrate to Canada during the tax year?	**291**	Yes ☐	No ☒
Did the corporation emigrate from Canada during the tax year?	**292**	Yes ☐	No ☒
Do you want to be considered as a quarterly instalment remitter if you are eligible?	**293**	Yes ☐	No ☐
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**	-928,868	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")				C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions		**355**		D
Taxable income (amount C **plus** amount D)		**360**		
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** _______ A

Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) of the amount on line 632* on page 8, **minus** 4 times the amount on line 636** on page 8, and **minus** any amount that, because of federal law, is exempt from Part I tax . . . . **405** _______ B

Business limit (see notes 1 and 2 below) . . . . **410** 500,000 C

Notes:

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

Business limit reduction

Taxable capital business limit reduction for tax years starting before April 7, 2022

Amount C 500,000 x **415** *** 143,482 D / 11,250 = ... 6,376,978 E1

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

Amount C 500,000 x **415** *** 143,482 D / 90,000 = ... _______ E2

Amount E1 or amount E2, whichever applies 6,376,978 ► 6,376,978 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** 6,376,978 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 . . . . ________ 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") . . . . ________ H

General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 % . . . . ________ I
Enter amount I on line 638 on page 8.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

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

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

Lesser of amounts 9B and 9H from Part 9 of Schedule 27 . . . . ________ K
Amount 13K from Part 13 of Schedule 27 . . . . ________ L
Personal services business income . . . . **434** ________ M

Subtotal (**add** amounts K to M) ________ ▶ ________ N

Amount J **minus** amount N (if negative, enter "0") . . . . ________ O

General tax reduction – Amount O **multiplied** by 13 % . . . . ________ P
Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ________ x 30 2 / 3 % = ... ________ A

Foreign non-business income tax credit from line 632 on page 8 . . . . ________ B

Foreign investment income from Schedule 7 . . . . **445** ________ x 8 % = ________ C

Subtotal (amount B **minus** amount C) (if negative, enter "0") ________ ▶ ________ D

Amount A **minus** amount D (if negative, enter "0") . . . . ________ E

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

Amount from line 400, 405, 410, or 428 on page 4, whichever is the least . . . . ________ G

Foreign non-business income tax credit from line 632 on page 8 . . . . ________ x 75 / 29 = ________ H

Foreign business income tax credit from line 636 on page 8 . . ________ x 4 = ________ I

Subtotal (**add** amounts G to I) ________ ▶ ________ J

Subtotal (amount F **minus** amount J) ________ K x 30 2 / 3 % = ________ L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . ________ M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . **450** ________ N

Refundable dividend tax on hand

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

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)		AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)	306,667	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")	306,667	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** ______ 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 . . . . ______ 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) ______ ▶ ______ 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) ______ J

Deduct:

Small business deduction from line 430 on page 4 . . . . ______ K

Federal tax abatement . . . . **608** ______

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** ______

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 ______ ▶ ______ L

Part I tax payable – Amount J **minus** amount L . . . . ______ 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	
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	

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	
Deduct other credits:			Total tax payable 770	A
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	135,776		
Total credits	890	135,776	▶ 135,776	B
Balance (amount A **minus** amount B)			-135,776	

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** 1

Refund 135,776

Balance owing

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 ☒

If this return was prepared by a tax preparer for a fee, provide their EFILE number **920** A4970

Certification

I, **950** Ivanov	**951** Volod	**954** CEO ,
Last name	First name	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 2023-06-08		**956** (519) 507-6666
Date (yyyy/mm/dd)	Signature of the authorized signing officer of the corporation	Telephone number

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

958	**959**
Name of other authorized person	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

Financial Statements of

Westario Power Inc.

Year ended December 31, 2022

KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
Fax 519 672-5684

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Westario Power Inc.

Opinion

We have audited the financial statements of Westario Power Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 28, 2023

WESTARIO POWER INC.

Statement of Financial Position
December 31, 2022 with comparative information for December 31, 2021

	Note		December 31, 2022		December 31, 2021
Assets					
Current assets					
Cash and cash equivalents		$	-	$	101,167
Accounts receivable	5		4,065,660		4,074,255
Due from shareholders	20		398,521		400,760
Unbilled revenue			5,482,009		5,183,429
Income taxes receivable			369,188		124,461
Materials and supplies	6		135,895		92,616
Prepaid expenses			203,726		467,128
Total current assets			10,654,999		10,443,816
Non-current assets					
Property, plant and equipment	7		66,749,281		61,723,328
Intangible assets	8		2,300,026		2,279,025
Long-term asset			136,367		2,623
Total non-current assets			69,185,674		64,004,976
Total assets			**79,840,673**		**74,448,792**
Regulatory balances	10		11,437,381		8,425,077
Total assets and regulatory balances		**$**	**91,278,054**	**$**	**82,873,869**

See accompanying notes to the financial statements.

WESTARIO POWER INC.

Statement of Financial Position
December 31, 2022 with comparative information for December 31, 2021

	Note	December 31, 2022	December 31, 2021
Liabilities			
Current liabilities			
Bank indebtedness		$ 4,240,596	$ -
Accounts payable and accrued liabilities	11	8,488,927	7,965,259
Due to shareholders	20	52,920	82,950
Long-term debt due within one year	12	2,136,332	2,088,675
Income taxes payable		-	-
Customer deposits		1,759,908	1,314,765
Total current liabilities		16,678,683	11,451,649
Non-current liabilities			
Long-term debt	12	23,692,092	22,882,124
Post employment benefits	13	324,417	347,900
Deferred revenue		4,505,566	3,694,530
Deferred tax liabilities	9	4,572,000	3,920,000
Unrealized loss on interest rate swap	12	926,846	860,171
Total non-current liabilities		34,020,921	31,704,725
Total liabilities		**50,699,604**	**43,156,374**
Equity			
Share capital	14	18,269,167	18,269,167
Retained earnings		21,625,062	20,710,137
Accumulated other comprehensive income (loss)		(81,159)	(81,159)
Total equity		**39,813,070**	**38,898,145**
Total liability and equity		**90,512,674**	**82,054,519**
Regulatory balances	10	765,380	819,350
Total liabilities, equity and regulatory balances		**$ 91,278,054**	**$ 82,873,869**

Subsequent event (note 22)

Commitments and contingencies (notes 7, 19 and 21(c))

See accompanying notes to the financial statements.

On behalf of the Board:

__________________________ Director __________________________ Director

WESTARIO POWER INC.

Statement of Comprehensive Income
Year ended December 31, 2022, with comparative information for 2021

	Note	**2022**	**2021**
Revenue			
Sale of energy		55,860,278	54,811,674
Distribution revenue		11,782,313	11,172,449
Other	15	840,133	792,317
		68,482,724	66,776,440
Operating expenses			
Cost of power purchased		58,296,729	56,409,789
Employee salaries and benefits	16	3,764,455	3,322,167
Operating expenses	17	4,342,396	3,632,314
Depreciation and amortization		1,923,032	1,776,421
		68,326,612	65,140,691
Income from operating activities		**156,112**	**1,635,749**
Finance income	18	103,069	26,935
Finance costs	18	(1,173,855)	(948,879)
Unrealized gain/(loss) on interest rate swap		(66,675)	818,346
Income before income taxes		**(981,349)**	**1,532,151**
Income tax expense	9	370,000	810,000
Net income for the year		**(1,351,349)**	**722,151**
Net movement in regulatory balances, net of tax	10	2,414,274	1,525,437
Income tax expense	9	652,000	466,000
Net income for the year and net movement in regulatory balances		**1,714,925**	**2,713,588**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefits	13	-	50,200
Tax on re-measurements	9	-	(13,000)
Net movement in regulatory balances, net of tax	10	-	13,000
Other comprehensive income for the year		**-**	**50,200**
Total comprehensive income for the year		**1,714,925**	**2,763,788**

See accompanying notes to the financial statements.

WESTARIO POWER INC.

Statement of Changes in Equity
Year ended December 31, 2022, with comparative information for 2021

	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2021	**$ 18,269,168**	**$ 18,796,549**	**$ (131,359)**	**$ 36,934,358**
Net income and net movement in regulatory balances	-	2,713,588	-	2,713,588
Other comprehensive loss	-	-	50,200	50,200
Dividends	-	(800,000)	-	(800,000)
Balance at December 31, 2021	**$ 18,269,168**	**$ 20,710,137**	**$ (81,159)**	**$ 38,898,146**
Balance at January 1, 2022	**$ 18,269,168**	**$ 20,710,137**	**$ (81,159)**	**$ 38,898,146**
Net income and net movement in regulatory balances	-	1,714,925	-	1,714,925
Other comprehensive loss	-	-	-	-
Dividends	-	(800,000)	-	(800,000)
Balance at December 31, 2022	**$ 18,269,168**	**$ 21,625,062**	**$ (81,159)**	**$ 39,813,070**

See accompanying notes to the financial statements.

WESTARIO POWER INC.

Statement of Cash Flows
Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities		
Net income and net movement in regulatory balances	$ 1,714,925	$ 2,713,588
Adjustments for:		
Depreciation and amortization	1,923,032	1,776,421
Amortization of deferred revenue	(92,596)	(77,633)
Post-employment benefits	(23,483)	(24,431)
Loss on disposal of property, plant, and equipment	66,396	123,951
Unrealized (gain)/loss on interest rate swap	66,675	(818,346)
Net finance costs	1,070,786	921,944
Income tax expense	370,000	810,000
	5,095,735	5,425,494
Changes in non-cash operating working capital:		
Accounts receivable	8,595	4,781
Due to/from related parties	(27,791)	(144,946)
Unbilled revenue	(298,580)	147,402
Materials and supplies	(43,279)	(16,076)
Prepaid expenses	263,402	25,312
Accounts payable and accrued liabilities	523,668	19,076
Long term lease obligation	-	(2,268)
Customer deposits	445,143	(386,511)
	871,158	(353,230)
Regulatory balances	(3,066,274)	(1,991,437)
Income tax paid	37,273	(567,472)
Income tax received	-	35,454
Interest expensed	(1,173,855)	(938,414)
Interest received	103,069	26,935
Net cash from operating activities	**1,867,106**	**1,637,330**
Investing activities		
Purchase of property, plant and equipment	(6,982,259)	(5,492,648)
Proceeds on disposal of property, plant and equipment	-	1,000
Purchase of intangible assets	(54,123)	(17,000)
Long-term assets	(133,744)	88,950
Net cash used by investing activities	**(7,170,126)**	**(5,419,698)**
Financing activities		
Dividends paid	(800,000)	(800,000)
Contributions received from customers	903,632	203,006
Long-term debt	3,000,000	3,000,000
Repayment of long-term debt	(2,142,375)	(2,336,212)
Net cash from financing activities	**961,257**	**66,794**
Decrease in cash	(4,341,763)	(3,715,574)
Cash, beginning of the year	101,167	3,816,741
Cash, end of the year	**$ (4,240,596)**	**101,167**

See accompanying notes to the financial statements.

1. Reporting entity

Westario Power Inc. (the “Corporation”) is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the Town of Walkerton of the Municipality of Brockton. The address of the Corporation’s registered office is 24 Eastridge Road, Walkerton, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial customers in the following communities, specifically:

- The Township of Huron-Kinloss (Villages of Ripley and Lucknow)
- The Municipality of Kincardine (Kincardine Ward 1)
- The Municipality of South Bruce (Villages of Mildmay and Teeswater)
- The Town of Saugeen Shores (Towns of Port Elgin and Southampton)
- The Township of North Huron (Town of Wingham)
- The Municipality of Brockton (Town of Walkerton and Village of Elmwood)
- The Town of Hanover (Town of Hanover)
- The Town of Minto (Towns of Harriston and Palmerston, Village of Clifford)
- The Municipality of West Grey (Village of Neustadt)

The Corporation is owned generally by the communities they serve, specifically:

- The Township of Huron-Kinloss
- The Municipality of Kincardine
- The Municipality of South Bruce
- The Town of Saugeen Shores
- The Township of North Huron
- The Municipality of Brockton
- The Town of Hanover
- The Town of Minto
- FortisOntario Inc.

The financial statements are for the Corporation as at and for the year ended December 31, 2022.

2. Basis of presentation

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on April 25, 2023

(b) Basis of measurement

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

2. Basis of presentation (continued)

(c) Functional and presentation currency

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

(d) Use of estimates

Assumptions and estimation uncertainty

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

(i) Note 3(b) – measurement of unbilled revenue
(ii) Note 3(b) – Determination of the performance obligations for contributions from customers and the related amortization period
(iii) Notes 3(d), 3(e), 7, 8 – estimation of useful lives of its property, plant and equipment and intangible assets
(iv) Note 10 – recognition and measurement of regulatory balances
(v) Note 13 – measurement of defined benefit obligations: key actuarial assumptions
(vi) Note 19 – recognition and measurement of provisions and contingencies
(vii) Note 21 – Estimation for impairment of doubtful accounts, based on the lifetime expected credit losses

(e) Rate regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe licence requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

2. Basis of presentation (continued)

(e) Rate regulation (continued)

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholders’ equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licenced distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a Cost of Service application on November 22, 2018, for rates effective June 1, 2018 to December 31, 2018, with annual IRM filed August 13, 2018, for rates effective January 1, 2019 to December 31, 2019, August 12, 2019 for rates effective January 1, 2020 to December 31, 2020, and August 31, 2020 for rates effective January 1, 2021 to December 31, 2021. The GDP IPI-FDD for 2018 is 2.0%, the Corporation’s productivity factor is nil and the stretch factor is 0.3%, resulting in a net adjustment of 1.7% to the previous year’s rates. The GDP IPI-FDD for 2019 is 2.0%, the Corporation’s productivity factor is nil and the stretch factor is 0.3%, resulting in a net adjustment of 1.7% to the previous year’s rates. The GDP IPI-FDD for 2020 is 2.2%, the Corporation opted for a 0.2% reduction in light of the COVID-19 emergency, the Corporation’s productivity factor is nil and the stretch factor is 0.3%, resulting in a net adjustment of 1.7% to the previous year’s rates.

Electricity rates

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

3. Significant accounting policies

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

(a) Financial instruments

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities except for investment in equities which is classified as available for sale. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f).

Available for sale financial assets are subsequently measured at fair value, within the changes therein recognized in other comprehensive income until the assets are sold.

The Corporation holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and change therein are recognized in the statement of comprehensive income.

Hedge accounting has not been used in the preparation of these financial statements.

(b) Revenue recognition

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of the power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges were recorded on a net basis as the Corporation is acting as an agent for this billing stream.

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Certain customers are also required to contribute towards the capital cost of the construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the performance obligations are met. Amounts received in advance of these milestones are presented as deferred revenue.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Materials and supplies

Materials and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant, and equipment

Items of property, plant, and equipment (“PP&E”) used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

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

Borrowing costs on qualifying assets may be capitalized as part of the cost of the asset based on the weighted average cost of debt incurred on the Corporation’s borrowings. Qualifying assets are considered to be those that take in excess of twelve months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

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

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
Buildings	50
Distribution stations	45
Distribution lines, overhead	65
Distribution lines, underground	60
Distribution equipment	45 – 60
Distribution transformers	40
Meters	15 – 35
Communications equipment	10
Computer equipment	5
Office furniture	10
Tools and garage equipment	10
Trucks	10 - 15

(e) Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost, less accumulated amortization. All other intangible assets are measured at cost.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

Computer software that is acquired or developed by the Corporation after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

	Years
Computer software	5

(f) Impairment

(i) Financial assets measured at amortized cost

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

3. Significant accounting policies (continued)

(f) Impairment (continued)

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a prorate basis, if applicable.

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

(g) Customer deposits

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

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

(h) Provisions

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

(i) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

3. Significant accounting policies (continued)

(i) Regulatory balances (continued)

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

(j) Post-employment benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (“OMERS”). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (“the Fund”) and provides pensions for employees of Ontario municipalities, local boards, and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an underfunded position, additional contribution rates may be assessed to participating employers and members.

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

(ii) Post-employment benefits, other than pension

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management’s best estimate of certain underlying assumptions. Re-measurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss as part of operating expenses.

3. Significant accounting policies (continued)

(k) Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents.

Finance costs comprise interest expense on borrowings, finance lease obligations and unwinding of the discount on provisions, net interest expense on post-employment benefits, and impairment losses on financial assets. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(l) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

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

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits, and temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

(m) Leases

Effective January 1, 2018, the Corporation early adopted IFRS 16, which specifies how to recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The Corporation's accounting policy under IFRS 16 is as follows:

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

3. Significant accounting policies (continued)

(m) Leases (continued)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from three to four years for vehicles. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is 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 the lease liability is remeasured in this way, a corresponding 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.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4. Standards issued not yet adopted

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. These standards or amendments relate to the measurement and disclosure of financial assets and liabilities. The extent of the impact on adoption of these standards and amendments has not yet been determined.

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

ii. Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

iii. Annual Improvements to IFRS Standards 2018-2020

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1):

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. On July 15, 2020 the IASB issued an amendment to defer the effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or rollover of liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option.

The amendments state that settlement of liability includes transferring a company's own equity instruments to the counterparty, and when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of the standard has not yet been determined.

ii. Property, Plant, and Equipment - Proceeds before Intended Use (Amendments to IAS 16):

On May 14, 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16). The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

The amendments provide guidance on the accounting for sale proceeds and the related production costs for items a company produces and sells in the process of making an item of property, plant and equipment available for its intended use. Specifically, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2022. The extent of the impact of adoption of the standard has not yet been determined.

iii. Annual Improvements to IFRS Standards 2018-2020:

On May 14, 2020, the IASB issued Annual Improvements to IFRS Standards 2018-2020.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The amendments relate to the following:

- IFRS 9 Financial Instruments: Clarifies which fees are included for the purpose of performing the 'ten percent test' for derecognition of financial liabilities.

4. Standards issued not yet adopted (continued)

-IFRS 16 Leases: Removes the illustration of payments from the lessor relating to leasehold improvements in the Illustrative Example thirteen.

-IAS 41 Agriculture: Removes the requirement to exclude cash flows for taxation when measuring fair value.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2023. The Company does not expect these standards to have a material impact on the financial statements.

5. Accounts receivable

	2022	2021
Trade receivables	$ 4,019,434	$ 3,764,164
Other receivables	46,226	203,327
Billable work	-	106,764
	$ 4,065,660	$ 4,074,255

6. Materials and supplies

The amount of materials and supplies written down due to obsolescence in 2022 was $9,014 (2021 - $439).

7. Property, plant and equipment

	Land and Buildings	Distribution equipment	Other fixed assets	Construction -in-progress	Total
Cost or deemed cost					
Balance at January 1, 2022	$ 2,762,368	$ 66,045,365	$ 4,026,682	$ 1,747,169	$ 74,591,978
Additions	10,394	4,964,967	561,104	1,456,188	6,982,259
Transfers	-	1,665,930	-	(1,655,930)	-
Disposals/retirements	-	(117,587)	-	-	(117,587)
Balance at December 31, 2022	$ 2,772,762	$ 72,548,675	$ 4,587,786	$ 1,547,427	$ 81,456,650
Balance at January 1, 2021	$ 2,762,368	$ 62,901,515	$ 3,585,274	$ 64,371	$ 69,313,528
Additions	10,394	3,289,029	449,086	1,744,139	5,492,648
Transfers	-	61,341	-	(61,341)	-
Disposals/retirements	-	(206,520)	(7,678)	-	(214,198)
Balance at December 31, 2021	$ 2,772,762	$ 66,045,365	$ 4,026,682	$ 1,747,169	$ 74,591,978
Accumulated depreciation					
Balance at January 1, 2022	$ 419,194	$ 10,468,285	$ 1,981,171	$ -	$ 12,868,650
Depreciation	52,780	1,509,554	327,576	-	1,889,910
Disposals/retirements	-	(51,191)	-	-	(51,191)
Balance at December 31, 2022	$ 471,974	$ 11,926,648	$ 2,308,747	$ -	$ 14,707,369
Balance at January 1, 2021	$ 366,414	$ 9,142,218	$ 1,704,617	$ -	$ 11,213,249
Depreciation	52,780	1,408,377	283,491	-	1,744,648
Disposals/retirements	-	(82,310)	(6,937)	-	(89,247)
Balance at December 31, 2021	$ 419,194	$ 10,468,285	$ 1,981,171	$ -	$ 12,868,650
Carrying amounts					
At December 31, 2022	$ 2,300,788	$ 60,622,027	$ 2,279,039	$ 1,547,427	$ 66,749,281
At December 31, 2021	$ 2,353,568	$ 55,577,080	$ 2,045,511	$ 1,747,169	$ 61,723,328

At December 31, 2022 land and buildings with a carrying amount of $2,300,788 (2021 - $2,353,568) are subject to a general security agreement.

During the year, borrowing costs of $nil (2021 - $nil) were capitalized as part of the cost of property, plant and equipment. A capitalization rate of $nil (2021 - $nil) was used to determine the amount of borrowing costs to be capitalized.

Property, plant & equipment purchase commitments outstanding as at December 31, 2022 are $1,680,430 (2021 - $1,704,824)

8. Intangible assets

	Goodwill	Computer software	Total
Cost or deemed cost			
Balance at January 1, 2022	$ 2,214,322	$ 827,716	$ 3,042,038
Additions	-	54,123	54,123
Disposals/retirements	-	-	-
Balance at December 31, 2022	$ 2,214,322	$ 881,839	$ 3,096,161
Balance at January 1, 2021	$ 2,214,322	$ 810,716	$ 3,025,038
Additions	-	17,000	17,000
Disposals/retirements	-	-	-
Balance at December 31, 2021	$ 2,214,322	$ 827,716	$ 3,042,038
Accumulated amortization			
Balance at January 1, 2022	$ -	$ 763,013	$ 763,013
Amortization	-	33,122	33,122
Disposals/retirements	-	-	-
Balance at December 31, 2022	$ -	$ 796,135	$ 796,135
Balance at January 1, 2021	$ -	$ 731,240	$ 731,240
Amortization	-	31,773	31,773
Disposals/retirements	-	-	-
Balance at December 31, 2021	$ -	$ 763,013	$ 763,013
Carrying amounts			
At December 31, 2022	$ 2,214,322	$ 85,704	$ 2,300,026
At December 31, 2021	$ 2,214,322	$ 64,703	$ 2,279,025

9. Income tax expense

Income tax expense is comprised of:

	2022	2021
Current tax expense	$ (237,000)	$ 136,000
Prior year adjustment	(45,000)	-
	(282,000)	136,000
Deferred tax expense:		
Change in recognized deductible temporary differences		
Property, plant, equipment and intangible assets	$ 656,000	$ 486,000
Post-retirement benefits	6,000	4,000
Unrealized interest	(18,000)	217,000
Other	8,000	(33,000)
	$ 652,000	$ 674,000
Income tax expense	$ 370,000	$ 810,000
Other comprehensive income		
Post-retirement benefits	-	13,000
Other	-	-
Net movement in regulatory balances	(652,000)	(479,000)
Income tax expense recognized in Statement of Comprehensive Income	$ (282,000)	$ 344,000

Reconciliation of effective tax rate:

	2022	2021
Income before taxes	$ 1,432,925	$ 3,107,788
Canada and Ontario statutory Income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	380,000	824,000
Increase (decrease) in income taxes resulting from:		
Permanent differences	2,000	(1,000)
Recognized deductible temporary differences due to/from customers	(652,000)	(479,000)
Other	(12,000)	-
Income tax expense	$ 282,000	$ 344,000

Significant components of the Corporation’s deferred tax balances:

	2022	2021
Deferred tax assets (liabilities):		
Property, plant, equipment and intangible assets	$ (4,855,000)	$ (4,199,000)
Post-employment benefits	86,000	92,000
Unrealized interest	246,000	228,000
Other	(49,000)	(41,000)
	$ (4,572,000)	$ (3,920,000)

10. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory deferral account debit balances	January 1, 2022	Activity	Recovery/ reversal	December 31, 2022	Remaining recovery/ reversal years
Group 1 deferred accounts	$ 4,160,591	$ 3,233,849	$ (901,633)	$ 6,492,807	1
Regulatory settlement account	58,504	(1,514,215)	1,509,499	53,788	1
Other regulatory accounts	77,982	32,804	-	110,786	3
Income tax	4,128,000	652,000	-	4,780,000	
	$ 8,425,077	$ 2,404,438	$ 607,866	$ 11,437,381	

Regulatory deferral account debit balances	January 1, 2021	Activity	Recovery/ reversal	December 31, 2021	Remaining recovery/ reversal years
Group 1 deferred accounts	$ 2,911,476	$ 2,096,496	$ (847,381)	$ 4,160,591	1
Regulatory settlement account	-	(785,825)	844,329	58,504	1
Other regulatory accounts	63,126	14,856	-	77,982	3
Income tax	3,649,000	479,000	-	4,128,000	
	$ 6,623,602	$ 1,804,527	$ (3,052)	$ 8,425,077	

Regulatory deferral account credit balances	January 1, 2022	Activity	Recovery/ reversal	December 31, 2022	Remaining years
Group 1 deferred accounts	$ -	$ 603,953	$ (609,879)	$ (5,926)	1
Regulatory settlement account	-	-	-	-	1
Other regulatory accounts	(819,350)	57,883	2,013	(759,454)	3
	$ (819,350)	$ 607,866	$ (607,866)	$ (765,380)	

Regulatory deferral account credit balances	January 1, 2021	Activity	Recovery/ reversal	December 31, 2021	Remaining years
Group 1 deferred accounts	$ (483,653)	$ 483,653	$ -	$ -	1
Regulatory settlement account	(24,584)	24,584	-	-	1
Other regulatory accounts	(514,075)	(308,327)	3,052	(819,350)	3
	$ (1,022,312)	$ 199,910	$ 3,052	$ (819,350)	

IFRS 14 Regulatory Deferral Accounts, paragraph 36 stipulates that "when an entity concludes that a regulatory deferral account balance is no longer fully recoverable or reversible, it shall disclose that fact, the reason why it is not recoverable or reversible and the amount by which the regulatory deferral account balance has been reduced." The Corporation continues to reasonably expect full recovery of regulatory balances.

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

10. Regulatory balances (continued)

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. An application was made August 4, 2022 to the OEB to recover $2,334,732 of the Group 1 deferral accounts. Approval was received December 8, 2022. The balance is to be recovered over a period of twelve months, commencing January 1, 2023.

The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates. Settlement of the regulatory transition to IFRS account has been approved by the OEB with recovery from the customers over a period of up to 4 years, completed December 31, 2016.

Regulatory balances attract interest at OEB-prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of twenty five basis points. In 2022 the annual rate was 0.57% for the period from January to March, 1,02% April to June, 2,20% July to September, and 3.87% for the period from October to December, 2022.

11. Accounts payable and accrued liabilities

	2022	2021
Accounts payable – energy purchases	$ -	$ 5,517,895
Payroll	185,947	429,918
Interest	36,221	36,221
Trade and other	8,266,759	1,981,225
	$ 8,488,927	$ 7,965,259

12. Long-term debt

	2022	2021
Non-revolving term installment loan #1 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 0.80%, payable in monthly installments of principal plus interest due March 1, 2022	$ -	$ 144,894
Non-revolving term installment loan #2 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.65%, payable in monthly installments of principal plus interest due January 2, 2025	868,715	1,027,431
Non-revolving term installment loan #3 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 0.80%, payable in monthly installments of principal plus interest due July 2, 2027	661,088	954,678
Non-revolving term installment loan #4 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due September 1, 2028	1,380,273	1,591,750
Non-revolving term installment loan #5 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due July 3, 2029	1,538,442	1,738,807
Non-revolving term installment loan #6 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due June 1, 2027	1,266,668	1,400,000
Non-revolving term installment loan #7 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due February 1, 2033	2,711,111	2,977,778
Non-revolving term installment loan #8 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due December 1, 2033	2,933,333	3,200,000
Non-revolving term installment loan #9 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due December 1, 2035	3,433,333	3,700,000
Non-revolving term installment loan #10 bearing interest at the Banker's Acceptance rate of 2.631% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due September 1, 2041	2,825,000	2,975,000
Non-revolving term installment loan #11 bearing interest at the Banker's Acceptance rate of 2.94% plus a stamping fee of 1.00%, payable in monthly installments of principal plus interest due September 1, 2042	2,950,000	-
Shareholder loan Municipality of South Bruce, 4.12% payable quarterly, interest only	292,498	292,498
Shareholder loan Town of Hanover, 4.12% payable quarterly, interest only	1,135,083	1,135,083
Shareholder loan Town of Saugeen Shores, 4.12% payable quarterly, interest only	3,062,913	3,062,913
Shareholder loan Township of Huron Kinloss, 4.12% payable quarterly, interest only	370,285	370,285
Shareholder loan Township of North Huron, 4.12% payable quarterly, interest only	399,682	399,682
	25,828,424	24,970,799
Current portion of term loans:	(2,136,332)	(2,088,675)
	$23,692,092	$22,882,124

12. Long-term debt (continued)

CIBC Term secured bank loans are secured by a general security agreement conveying a security interest in the personal property of the Corporation, a first priority present and future fixed charge securing not more than $2,500,000 over the real property at 24 Eastridge Road, and acknowledgement of fire insurance, with first loss payable to CIBC.

On September 24, 2021, the Corporation entered into an interest rate swap agreement and amended it on July 19, 2022 on a notional principal of $20,125,685 maturing on October 1, 2041. At the same time, the Corporation terminated all of the previously held swap arrangements on CIBC term instalment loans (#1-10), without penalty. The new swap agreement on CIBC term instalment loans (#1-11) is structured such that only one fixed rate payment and a weighted average interest rate remains. The amortization period of each individual loan remains materially unchanged. The swap is a receive variable, pay fixed swap with CIBC World Markets and effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 2.940% plus stamping fee. Prior to this transaction, the previously held swap arrangements on term instalment loans #1-10 had an effective interest rate of 2.631% plus stamping fee.

The swap entered into by the Corporation does not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contract is marked to market at each year end with the gain or loss recorded in the statement of comprehensive income. The loss on the swap recorded in 2022 was $66,675 (2021 - $818,346 gain).

The shareholders' notes are only due on demand to the extent the shareholder can request payment ninety days prior to yearend. In the event a request is made, the Corporation is obligated to repay the shareholder during the following fiscal year. No repayments are required without a written request. No amounts were requested by shareholders of the Corporation on or before September 30, 2021. Shareholder loans bear interest at 4.12% payable quarterly.

The Corporation's term instalment loans, with a carrying amount of $20,567,963 as at December 31, 2022, are repayable monthly in accordance with the amortization schedule associated with each individual loan. However, the loan agreements contain a covenant stating that at the end of each quarter, the Corporations' current ratio must not be less than 1.1 to 1.0, otherwise the loans will be repayable on demand.

12. Long-term debt (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current and long-term debt	Retained earnings	Total (financing cash flows)
Balance at January 1, 2022	$ 24,970,799	$ 20,710,137	
Dividends paid	-	(800,000)	$ (800,000)
Proceeds from issuance of long-term debt (term loan #10)	3,000,000	-	3,000,000
Repayments of long-term debt	(2,142,375)	-	(2,142,375)
Total changes from financing cash flows	**$ 857,625**	**$ (800,000)**	**$ 57,625**
Total equity-related other changes	-	1,714,925	
Balance at December 31, 2022	$ 25,828,424	$ 21,625,062	

13. Post-employment benefits

(a) OMERS pension plan

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2022, the Corporation made employer contributions of $508,166 to OMERS (2021 - $423,638), of which approximately $170,295 (2021 - $134,937) has been capitalized as part of PP&E and the remaining amount of $337,871 (2021 - $288,701) has been recognized in profit or loss. The Corporation estimates that a contribution of approximately $440,000 to OMERS will be made during the next fiscal year.

As at December 31, 2022, OMERS had approximately 541,000 members, The most recently available OMERS annual report is for the year ended December 31, 2022, which reported that the plan was 97% funded, with an unfunded liability of $3.1 billion. This unfunded liability is likely to result in future payments by participating employers and members.

(b) Post-employment benefits other than pension

The Corporation pays certain life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and re-measurements recognized for post-employment benefit plans.

Reconciliation of the obligation	2022	2021
Defined benefit obligation, beginning of year	$ 347,900	$ 412,066
Included in profit or loss		
Interest cost	9,797	10,465
Included in OCI		
Actuarial (gains) losses arising from:		
Changes in actual and expected plan experience	-	(50,200)
Benefits paid	(23,483)	(24,431)
Defined benefit obligation, end of year	$ 347,900	$ 347,900

Actuarial assumptions	2022	2021
Discount rate	2.90%	2.90%
Salary levels	actuals	actuals

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by $48,800. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by $60,100.

14. Share capital

	2022	2021
Authorized:		
Unlimited number of common shares		
Issued:		
10,000 common shares	$ 18,269,168	$ 18,269,168

Dividends

The Corporation has established a dividend policy with consideration given to the cash position, the working capital requirements, the net capital expenditures requirements and other considerations from time to time.

The Corporation paid aggregate dividends in the year on common shares of $80.00 per share (2021 - $80), which amount to total dividends paid in the year of $800,000 (2021 - $800,000).

15. Other revenue

	2022	2021
Rendering of services	$ 747,537	$ 714,684
Amortization of contributions received from customers	92,596	77,633
Performance incentive payments under CDM programs	-	-
	$ 840,133	$ 792,317

16. Employee salaries and benefits

	2022	2021
Salaries, wages and benefits	$ 3,285,002	$ 2,925,892
CPP and EI remittances	141,582	107,574
Contributions to OMERS	337,871	288,701
Post-employment benefit plans	-	-
	$ 3,764,455	$ 3,322,167

17. Operating expenses

	2022	2021
Contract/consulting	$ 1,877,975	$ 1,480,840
Materials and supplies	28,556	24,540
Vehicles	193,381	126,603
Write down/(recovery) of material and supplies	(10,904)	(3,630)
Losses on disposal of property, plant and equipment	66,396	124,210
Other	2,186,992	1,879,751
	$ 4,342,396	$ 3,632,314

18. Finance income and costs

	2022	2021
Finance income		
Interest income on bank deposits	$ 103,069	$ 26,935
Finance costs		
Interest expense on long-term debt	$ 1,028,406	$ 877,794
Interest expense on customer deposits	1,626	2,516
Net interest expense on post-employment benefits	-	10,465
Other	143,823	58,104
	1,173,855	948,879
Net finance costs recognized in profit or loss	$ 1,070,786	$ 921,944

19. Contingencies

Contractual Obligations

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

General

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

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2022, no assessments have been made.

20. Related party transactions

Transactions with Shareholders

In the ordinary course of business, the Corporation delivers electricity to the following Shareholders that are billed at prices and under terms approved by the OEB.

- The Township of Huron-Kinloss
- The Municipality of Kincardine
- The Municipality of South Bruce
- The Town of Saugeen Shores
- The Township of North Huron
- The Municipality of Brockton
- The Town of Hanover
- The Town of Minto

In the ordinary course of business, the Corporation receives and pays for services under contract for information technology from Canadian Niagara Power Inc. a subsidiary of FortisOntario Inc.

Outstanding balances due from/(due to) related parties and shareholders are:

	2022	2021
Due from:		
The Township of Huron-Kinloss	$ 18,971	$ 2
The Municipality of Kincardine	97,190	50,295
The Municipality of South Bruce	31,409	28,103
The Town of Saugeen Shores	72,494	168,702
The Township of North Huron	32,630	28,616
The Municipality of Brockton	26,724	24,026
The Town of Hanover	65,008	52,352
The Town of Minto	54,096	48,664
	$ 398,521	$ 400,760
Due to:		
Canadian Niagara Power Inc.	(16,130)	(45,638)
Township of Huron Kinloss	(2,550)	(2,550)
Municipality of South Bruce	(2,014)	(2,014)
Town of Saugeen Shores	(21,659)	(22,180)
Township of North Huron	(2,752)	(2,752)
Municipality of Brockton	-	-
Town of Hanover	(7,816)	(7,816)
	$ (52,920)	$ (82,950)
	$ 317,810	$ 317,810

21. Financial instruments and risk management

Fair value disclosure

The carrying values of cash and cash equivalents, accounts receivable, unbilled revenue, due from/to shareholders and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long-term debt at December 31, 2022 is $25,828,424 (2021 - $24,970,799). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date from a third-party banking institution.

The swap agreement is measured at fair value, which is provided by a third-party banking institution, and is based on market rates at the date of the valuation.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies, are discussed below.

(a) Credit risk

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Communities served as outlined in note 1. No single customer accounts for a balance in excess of 11% of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment, which management estimates based on lifetime expected credit losses, and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2022 is $265,319 (2021 - $117,723). An impairment loss of $nil (2021 - $47,478) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2022, approximately $365,040 (2021 - $231,123) is considered sixty days past due. The Corporation has over twenty-four thousand customers, the majority of whom are residential. Credit risk is managed through the collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2022, the Corporation holds security deposits in the amount of $555,614 (2021 - $582,659).

21. Financial instruments and risk management (continued)

(b) Market risk

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

Fluctuations in interest rates as at December 31, 2022 would have no effect on the Corporation as long-term debt is not subject to variable interest rates.

(c) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure.

The Corporation has access to a $4.5 million credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. The line of credit bears interest at the bank's prime rate. The credit facility is secured by a general security agreement conveying a security interest in the personal property of the Corporation. As at December 31, 2022, $4,240,596 has been drawn under the Corporation's $4.5 million credit facility.

The Corporation as part of its credit facility also has a bilateral facility for $1,897,399 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $1,897,399 has been drawn and posted with the IESO (2021 - $1,897,399).

The Corporation as part of its credit facility also has a standby letter of credit for $100,000 (the "LC" facility) for the purpose of issuing letters of credit to the Ministry of Environment with regards to compliance under the terms of the Provisional Certificate of Approval for Waste Management System. Currently $100,000 has been drawn and posted with the Ministry of Environment (2021 - $100,000).

The majority of accounts payable, as reported on the statement of financial position, are due within thirty days.

(d) Capital disclosures

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, 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 Corporation's definition of capital includes shareholders' equity and long-term debt. As at December 31, 2022, shareholders' equity amounts to $39,531,070 (2021 - $38,898,145) and long-term debt amounts to $23,692,092 (2021 - $22,882,124).

22. Subsequent event:

At March 2023, the Corporation signed and revolving term installment loan #12 for $4,500,000 bearing interest at the Banker’s Acceptance rate of 3.16% plus a stamping fee of 1.20%, payable in monthly installments of principal plus interest due April 3, 2043.

Schedule of Instalment Remittances

Name of corporation contact

Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalments during year-end	135,776
	Instalments carried forward from PY	

Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	135,776	**A**
Total instalments credited to the taxation year per T9	135,776	**B**

Transfer

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

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Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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			1,714,925	A

Add:

Provision for income taxes – current	101	-282,000		
Amortization of tangible assets	104	1,830,436		
Loss on disposal of assets	111	66,396		
Charitable donations and gifts from Schedule 2	112	2,547		
Non-deductible club dues and fees	120	324		
Non-deductible meals and entertainment expenses	121	7,540		
Subtotal of additions		1,625,243 ▶	1,625,243	

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Post retirement - end of year	324,417
2	Swap Valuation - current year	926,846
3	Amortization of LTA	93,673
4	Capital Lease interest	2,908
5	Expensed item to be capitalized	48,859
6	Regulatory asset adjustment	0
7	Contributed capital in deferred revenue	538,857
	Total of column 2	1,935,560 ▶

	296	1,935,560		
Subtotal of other additions	199	1,935,560 ▶	1,935,560	D
Total additions	500	3,560,803 ▶	3,560,803	
Amount A **plus** line 500			5,275,728	B

Deduct:

Capital cost allowance from Schedule 8	403	4,370,074		
Subtotal of deductions		4,370,074 ▶	4,370,074	

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	Post Retirement - beg of year	347,869
2	Swap Valuation - prior year	860,171
3	Capital items expensed for tax purposes	7,253
4	Lease payments paid	15,154
5	Interest	0
6	Election under subsection 13(7.4)	538,857
7	Regulatory asset adjustment	65,218
	Total of column 2	1,834,522 ▶

	396	1,834,522

Subtotal of other deductions	**499**	1,834,522 ▶	1,834,522	E
Total deductions	**510**	6,204,596 ▶	6,204,596	
Net income (loss) for income tax purposes (amount B **minus** line 510)			-928,868	C

Enter amount C on line 300 of the T2 return.

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	2022-12-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers
  - the eligible amount of gifts of certified cultural property
  - the eligible amount of gifts of certified ecologically sensitive land or
  - the additional deduction for gifts of medicine made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017, to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Various	2,547
Subtotal	2,547
Add: Total donations of less than $100 each	
Total donations in current tax year	2,547

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			1A		
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1, Net Income (Loss) for Income Tax Purposes)	210	2,547		2,547	2,547
Subtotal (line 250 **plus** line 210)		2,547	1B	2,547	2,547
Subtotal (line 240 **plus** amount 1B)		2,547	1C	2,547	2,547
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		2,547	1D	2,547	2,547
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount 1D **minus** line 260)	280	2,547		2,547	2,547

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262		
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1

Enter amount 1 on line 420 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the Taxation Act, 2007 (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015)	263		
Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %)			2

Enter amount 2 on line 570 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia Income Tax Act.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016, and before January 1, 2024)	265		
British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %)			3

Enter amount 3 on line 683 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia Income Tax Act.

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2002-05-06			
Total (to line A)				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes Note 1 **multiplied** by 75 % 2A

Taxable capital gains arising in respect of gifts of capital property included in Part 1 Note 2 . . . . . **225**

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) **227**

The amount of the recapture of capital cost allowance in respect of charitable donations **230**

Proceeds of disposition, **less** outlays and expenses Note 2 . . . . . 2B

Capital cost Note 2 . . . . . 2C

Amount 2B or 2C, whichever is less **235**

Amount on line 230 or 235, whichever is less 2D

Subtotal (**add** lines 225, 227, and amount 2D) 2E

Amount 2E **multiplied** by 25 % 2F

Subtotal (amount 2A **plus** amount 2F) 2G

Maximum allowable deduction for charitable donations
(enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least) 2H

Note 1: For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Note 2: This amount must be prorated by the following calculation, eligible amount of the gift **divided** by the proceeds of disposition of the gift.

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			3A		
Gifts of certified cultural property expired after five tax years*	**439**				
Gifts of certified cultural property at the beginning of the current tax year (amount 3A **minus** line 439)	**440**				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	**450**				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	**410**				
Subtotal (line 450 **plus** line 410)			3B		
Subtotal (line 440 **plus** amount 3B)			3C		
Adjustment for an acquisition of control	**455**				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	**460**				
Subtotal (line 455 **plus** line 460)			3D		
Gifts of certified cultural property closing balance (amount 3C **minus** amount 3D)	**480**				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2002-05-06			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line 6th *prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line 6th *prior year* and donations and gifts that are included on line 21st *prior year* expire automatically in the current tax year.

Part 4 – Gifts of certified ecologically sensitive land

		Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			4A	
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	**539**			
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount 4A **minus** line 539)	**540**			
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	**550**			
Total current-year gifts of certified ecologically sensitive land (include this amount on line 112 of Schedule 1)	**520**			
Subtotal (line 550 **plus** line 520)			4B	
Subtotal (line 540 **plus** amount 4B)			4C	
Adjustment for an acquisition of control	**555**			
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	**560**			
Subtotal (line 555 **plus** line 560)			4D	
Gifts of certified ecologically sensitive land closing balance (amount 4C **minus** amount 4D)	**580**			

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year*	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2002-05-06			
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

		Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			5A		
Additional deduction for gifts of medicine expired after five tax years*	**639**				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount 5A **minus** line 639)	**640**				
Additional deduction for gifts of medicine made before March 22, 2017 transferred on an amalgamation or the wind-up of a subsidiary	**650**				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	**602**				
Cost of gifts of medicine made before March 22, 2017	**601**				
Subtotal (line 602 **minus** line 601)			5B		
Amount 5B **multiplied** by 50 %			5C		
Eligible amount of gifts	**600**				

Federal

a ______ x (b / c) = Additional deduction for gifts of medicine made before March 22, 2017 **610** ______

Québec

a ______ x (b / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

Alberta

a ______ x (b / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

where:

a is the **lesser** of line 601 and amount 5C

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			5D		
Subtotal (line 640 **plus** amount 5D)			5E		
Adjustment for an acquisition of control	**655**				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	**660**				
Subtotal (line 655 **plus** line 660)			5F		
Additional deduction for gifts of medicine closing balance (amount 5E **minus** amount 5F)	**680**				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2002-05-06			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year ____ A

Deduct: Gifts of musical instruments expired after twenty tax years ____ B

Gifts of musical instruments at the beginning of the tax year ____ C

Add:

Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary ____ D

Total current-year gifts of musical instruments ____ E

Subtotal (line D **plus** line E) ____ F

Deduct: Adjustment for an acquisition of control ____ G

Total gifts of musical instruments available ____ H

Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17) ____ I

Gifts of musical instruments closing balance ____ J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2021-12-31	
2nd prior year	2020-12-31	
3rd prior year	2019-12-31	
4th prior year	2018-12-31	
5th prior year	2017-12-31	
6th prior year*	2016-12-31	
7th prior year	2015-12-31	
8th prior year	2014-12-31	
9th prior year	2013-12-31	
10th prior year	2012-12-31	
11th prior year	2011-12-31	
12th prior year	2010-12-31	
13th prior year	2009-12-31	
14th prior year	2008-12-31	
15th prior year	2007-12-31	
16th prior year	2006-12-31	
17th prior year	2005-12-31	
18th prior year	2004-12-31	
19th prior year	2003-12-31	
20th prior year	2002-12-31	
21st prior year*	2002-05-06	
Total		

* These gifts expired in the current year.

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Schedule 3

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

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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	The Corporation of the Municipality of Brockton	88070 7625 RC0001	2022-12-31	100,871	
2	The Corporation of the Town of Hanover	10812 6947 RC0001	2022-12-31	120,719	
3	The Corporation of the Municipality of Kincardine	87830 9020 RC0001	2022-12-31	107,815	
4	The Corporation of the Town of Saugeen Shores	87894 8629 RC0001	2022-12-31	199,838	
5					
				529,243 (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** 270,757

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** 800,000

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** 800,000

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % . . . 3A
(enter at amount AA on page 7 of the T2 return)

Line 470 **multiplied** by 38 1 / 3 % . . . 306,667 3B
(enter at amount DD on page 7 of the T2 return)

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) . . . 800,000

Other dividends paid in the tax year (total of 510 to 540) . . .

Total dividends paid in the tax year . . . **500** 800,000

Dividends paid out of capital dividend account . . . **510**

Capital gains dividends . . . **520**

Dividends paid on shares described in subsection 129(1.2) . . . **530**

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year . . . **540**

Subtotal (total of lines 510 to 540) ▶ 4A

Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A) . . . 800,000 4B

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	2022-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the federal Income Tax Act, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the T2 Corporation – Income Tax Guide.
- File this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the federal Income Tax Act.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes				-928,868	1A
Net capital losses deducted in the year (enter as a positive amount)			1B		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)			1C		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)			1D		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)			1E		
Employer deduction for non-qualified securities – Paragraph 110(1)(e)			1F		
Subtotal (total of amounts 1B to 1F)			▶		1G
Subtotal (amount 1A **minus** amount 1G; if positive, enter "0"				-928,868	1H
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions					1I
Subtotal (amount 1H **minus** amount 1I)				-928,868	1J
Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss)					1K
Current-year non-capital loss (amount 1J **plus** amount 1K; if positive, enter "0") If amount 1L is negative, enter it on line 110 as a positive.				-928,868	1L

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			1M		
Non-capital loss expired **(note 1)**	100				
Non-capital losses at the beginning of the tax year (amount 1M **minus** line 100)	102		▶		
Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary **(note 2)** corporation	105				
Current-year non-capital loss (from amount 1L)	110	928,868			
Subtotal (line 105 **plus** line 110)		928,868	▶	928,868	1N
Subtotal (line 102 **plus** amount 1N)				928,868	1O

Note 1: A non-capital loss expires after **20 tax years** and an allowable business investment loss becomes a net capital loss after **10 tax years**.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

Part 1 – Non-capital losses (continued)

Other adjustments (includes adjustments for an acquisition of control)	150			
Section 80 – Adjustments for forgiven amounts	140			
Subsection 111(10) – Adjustments for fuel tax rebate				
Non-capital losses of previous tax years applied in the current tax year Enter line 130 on line 331 of the T2 return.	130			
Current and previous years non-capital losses applied against current-year taxable dividends subject to Part IV tax **(note 3)**	135			
Subtotal (total of lines 150, 140, 130 and 135)			▶		1P
Non-capital losses before any request for a carryback (amount 1O **minus** amount 1P)				928,868	1Q

Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901				
Second previous tax year to reduce taxable income	902	82,464			
Third previous tax year to reduce taxable income	903	846,404			
First previous tax year to reduce taxable dividends subject to Part IV tax	911				
Second previous tax year to reduce taxable dividends subject to Part IV tax	912				
Third previous tax year to reduce taxable dividends subject to Part IV tax	913				
Total of requests to carry back non-capital losses to previous tax years (total of lines 901 to 913)		928,868	▶	928,868	1R
Closing balance of non-capital losses to be carried forward to future tax years (amount 1Q **minus** amount 1R)	180				

Note 3: Line 135 is the total of lines 330 and 335 from Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200				
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205				
Subtotal (line 200 **plus** line 205)			▶		2A
Other adjustments (includes adjustments for an acquisition of control)	250				
Section 80 – Adjustments for forgiven amounts	240				
Subtotal (line 250 **plus** line 240)			▶		2B
Subtotal (amount 2A **minus** amount 2B)					2C
Current-year capital loss (from the calculation on Schedule 6, Summary of Dispositions of Capital Property)			210		
Unused non-capital losses from the 11th previous tax year **(note 4)**			2D		
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year **(note 5)**			2E		
Enter amount 2D or 2E, whichever is less	215				
ABILs expired as non-capital losses: line 215 **multiplied** by 2.000000			220		
Subtotal (amount 2C **plus** line 210 **plus** line 220)					2F

Note
If there has been an amalgamation or a wind–up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220.

Note 4: Determine the amount of the non-capital loss from the **11th previous tax year**, and enter the part of the non-capital loss that was not deducted in the **previous 11 years**.

Note 5: Enter the amount of the ABILs from the **11th previous tax year**. Enter the full amount on amount 2E.

Part 2 – Capital losses (continued)

Capital losses from previous tax years applied against the current-year net capital gain **(note 6)** **225**

Capital losses before any request for a carryback (amount 2F **minus** line 225) 2G

Request to carry back capital loss to (note 7):

	Capital gain (100%)		Amount carried back (100%)
First previous tax year		**951**	
Second previous tax year		**952**	
Third previous tax year		**953**	

Subtotal (total of lines 951 to 953) ▶ 2H

Closing balance of capital losses to be carried forward to future tax years (amount 2G **minus** amount 2H) **(note 8)** **280**

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current tax year, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **divide** this amount by 2. The result represents the 50% inclusion rate.

Note 8: Capital losses can be carried forward indefinitely.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year 3A

Farm loss expired **(note 9)** **300**

Farm losses at the beginning of the tax year (amount 3A **minus** line 300) . . . . **302** ▶

Farm losses transferred on an amalgamation or on the wind–up of a subsidiary corporation . **305**

Current-year farm loss (amount 1K in Part 1) **310**

Subtotal (line 305 **plus** line 310) ▶ 3B

Subtotal (line 302 **plus** amount 3B) 3C

Other adjustments (includes adjustments for an acquisition of control) **350**

Section 80 – Adjustments for forgiven amounts **340**

Farm losses of previous tax years applied in the current tax year **330**

Enter line 330 on line 334 of the T2 Return.

Current and previous years farm losses applied against current-year taxable dividends subject to Part IV tax **(note 10)** **335**

Subtotal (total of lines 350, 340, 330 and 335) ▶ 3D

Farm losses before any request for a carryback (amount 3C **minus** amount 3D) 3E

Request to carry back farm loss to:

First previous tax year to reduce taxable income **921**

Second previous tax year to reduce taxable income **922**

Third previous tax year to reduce taxable income **923**

First previous tax year to reduce taxable dividends subject to Part IV tax **931**

Second previous tax year to reduce taxable dividends subject to Part IV tax **932**

Third previous tax year to reduce taxable dividends subject to Part IV tax **933**

Subtotal (total of lines 921 to 933) ▶ 3F

Closing balance of farm losses to be carried forward to future tax years (amount 3E **minus** amount 3F) **380**

Note 9: A farm loss expires after **20 tax years**.

Note 10: Line 335 is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business . . . . **485** ____________

(line 485 ____________ – $2,500) **divided** by 2 . . . . ____________ 4A

Amount 4A or $ 15,000 , whichever is less . . . . ____________ ▶ ____________ 4B

2,500 4C

Subtotal (amount 4B **plus** amount 4C) 2,500 ▶ 2,500 4D

Current-year restricted farm loss (line 485 **minus** amount 4D) ____________ 4E

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year . . . . ____________ 4F

Restricted farm loss expired **(note 11)** . . . . **400** ____________

Restricted farm losses at the beginning of the tax year (amount 4F **minus** line 400) . . . . **402** ____________ ▶ ____________

Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation . . . . **405** ____________

Current-year restricted farm loss (from amount 4E) . . . . **410** ____________

Enter line 410 on line 233 of Schedule 1, Net Income (Loss) for Income Tax Purposes.

Subtotal (line 405 **plus** line 410) ____________ ▶ ____________ 4G

Subtotal (line 402 **plus** amount 4G) ____________ 4H

Restricted farm losses from previous tax years applied against current farming income . . . . . **430** ____________

Enter line 430 on line 333 of the T2 return.

Section 80 – Adjustments for forgiven amounts . . . . **440** ____________

Other adjustments . . . . **450** ____________

Subtotal (total of lines 430 to 450) ____________ ▶ ____________ 4I

Restricted farm losses before any request for a carryback (amount 4H **minus** amount 4I) ____________ 4J

Request to carry back restricted farm loss to:

First previous tax year to reduce farming income . . . . **941** ____________

Second previous tax year to reduce farming income . . . . **942** ____________

Third previous tax year to reduce farming income . . . . **943** ____________

Subtotal (total of lines 941 to 943) ____________ ▶ ____________ 4K

Closing balance of restricted farm losses to be carried forward to future tax years (amount 4J **minus** amount 4K) **480** ____________

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 11: A restricted farm loss expires after **20 tax years**.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year . . . . ______ 5A

Listed personal property loss expired **(note 12)** . . . . **500** ______

Listed personal property losses at the beginning of the tax year (amount 5A **minus** line 500) . **502** ______ ▶ ______

Current-year listed personal property loss (from Schedule 6) . . . . **510** ______

Subtotal (line 502 **plus** line 510) ______ 5B

Listed personal property losses from previous tax years applied against listed personal property gains . . . . **530** ______

Enter line 530 on line 655 of Schedule 6.

Other adjustments . . . . **550** ______

Subtotal (line 530 **plus** line 550) ______ ▶ ______ 5C

Listed personal property losses remaining before any request for a carryback (amount 5B **minus** amount 5C) ______ 5D

Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains . . . . **961** ______

Second previous tax year to reduce listed personal property gains . . . . **962** ______

Third previous tax year to reduce listed personal property gains . . . . **963** ______

Subtotal (total of lines 961 to 963) ______ ▶ ______ 5E

Closing balance of listed personal property losses to be carried forward to future tax years (amount 5D **minus** amount 5E) **580** ______

Note 12: A listed personal property loss expires after **7 tax years**.

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number **600**	Tax year ending YYYY/MM/DD **602**	Corporation's share of limited partnership loss **604**	Corporation's at-risk amount **606**	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses **608**	Column 4 **minus** column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 **minus** column 6) **620**
1.							

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number **630**	Tax year ending YYYY/MM/DD **632**	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary **634**	Corporation's at-risk amount **636**	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses **638**	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) **650**
1.							

Continuity of limited partnership losses that can be carried forward to future tax years

	1	2	3	4	5	6
	Partnership account number **660**	Limited partnership losses at the end of the previous tax year **662**	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary **664**	Current-year limited partnership losses (from line 620) **670**	Limited partnership losses applied in the current year (must be equal to or less than line 650) **675**	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) **680**
1.						

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), tick the box . . . . **190** Yes ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A	928,868		928,868	N/A		
1st preceding taxation year 2021-12-31		N/A		N/A			
2nd preceding taxation year 2020-12-31		N/A		N/A			
3rd preceding taxation year 2019-12-31		N/A		N/A			
4th preceding taxation year 2018-12-31		N/A		N/A			
5th preceding taxation year 2017-12-31		N/A		N/A			
6th preceding taxation year 2016-12-31		N/A		N/A			
7th preceding taxation year 2015-12-31		N/A		N/A			
8th preceding taxation year 2014-12-31		N/A		N/A			
9th preceding taxation year 2013-12-31		N/A		N/A			
10th preceding taxation year 2012-12-31		N/A		N/A			
11th preceding taxation year 2011-12-31		N/A		N/A			
12th preceding taxation year 2010-12-31		N/A		N/A			
13th preceding taxation year 2009-12-31		N/A		N/A			
14th preceding taxation year 2008-12-31		N/A		N/A			
15th preceding taxation year 2007-12-31		N/A		N/A			
16th preceding taxation year 2006-12-31		N/A		N/A			
17th preceding taxation year 2005-12-31		N/A		N/A			
18th preceding taxation year 2004-12-31		N/A		N/A			
19th preceding taxation year 2003-12-31		N/A		N/A			
20th preceding taxation year 2002-12-31		N/A		N/A			*
Total		928,868		928,868			

* **This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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 during the tax year Note 1		**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

Ontario basic income tax (from Schedule 500)	270				
Ontario small business deduction (from Schedule 500)	402				
Subtotal (line 270 **minus** line 402)			▶		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)					5C
Ontario resource tax credit (from Schedule 504)	404				
Ontario tax credit for manufacturing and processing (from Schedule 502)	406				
Ontario foreign tax credit (from Schedule 21)	408				
Ontario credit union tax reduction (from Schedule 500)	410				
Ontario political contributions tax credit (from Schedule 525)	415				
Ontario non-refundable tax credits (total of lines 404 to 415)			▶		5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")					5E
Ontario research and development tax credit (from Schedule 508)				416	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")					5F
Ontario corporate minimum tax credit (from Schedule 510)				418	
Ontario community food program donation tax credit for farmers (from Schedule 2)				420	
Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0")					5G
Ontario corporate minimum tax (from Schedule 510)	278				
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)					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	

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

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

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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.			
		Total	

Immediate expensing limit allocated to the corporation (see **note 2**) **125**

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		6,596,702						0
2.	1b		1,154,634						0
3.	2		2,485,252						0
4.	8	WPSI	14,065						0
5.	8		506,813	80,447	80,447				0
6.	10		331,625	490,809	490,809				0
7.	12			54,123	54,123				0
8.	14.1		438,418						0
9.	45	WPSI	4						0
10.	47		29,203,326	5,403,998					7,253
11.	50		10,436	38,707	38,707				0
		Totals	40,741,275	6,068,084	664,086				7,253

	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			6,596,702					6,596,702	
2.	1b			1,154,634					1,154,634	
3.	2			2,485,252					2,485,252	
4.	8	WPSI		14,065					14,065	
5.	8			587,260	80,447	80,447			506,813	
6.	10			822,434	490,809	490,809			331,625	
7.	12			54,123	54,123		54,123	54,123	54,123	

	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			438,418					438,418	
9.	45	WPSI		4					4	
10.	47			34,600,071			5,403,998	5,403,998	34,600,071	7,253
11.	50			49,143	38,707	38,707			10,436	
		Totals		46,802,106	664,086	609,963	5,458,121	5,458,121	46,192,143	7,253

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					4	0	0	263,868	6,332,834
2.	1b					6	0	0	69,278	1,085,356
3.	2					6	0	0	149,115	2,336,137
4.	8	WPSI				20	0	0	2,813	11,252
5.	8					20	0	0	181,810	405,450
6.	10					30	0	0	590,297	232,137
7.	12		54,123			100	0	0	54,123	
8.	14.1					5	0	0	30,445	407,973
9.	45	WPSI				45	0	0	2	2
10.	47		5,396,745	2,698,373		8	0	0	2,983,876	31,616,195
11.	50					55	0	0	44,447	4,696
		Totals	5,450,868	2,698,373					4,370,074	42,432,032

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 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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	10,328,829		
Capital stock (or members' contributions if incorporated without share capital)	103	18,269,168		
Retained earnings	104	21,625,061		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	27,641,252		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		77,864,310 ►	77,864,310	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)		77,864,310	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	77,864,310	

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	398,521
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	398,521

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)		77,864,310	C
Deduct: Investment allowance for the year (line 490)		398,521	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	77,465,789	

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)	77,465,789	x	Taxable income earned in Canada	**610**	1,000	=	**Taxable capital employed in Canada** **690**	77,465,789
			Taxable income		1,000			

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

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

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

Deduct the following amounts:

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

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

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

Total deductions (**add** lines 711, 712, and 713) ________ ► ________ E

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

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

Part 5 – Calculation for purposes of the small business deduction

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

Taxable capital employed in Canada (amount from line 690)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.225%)		I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Loans and advances

Description	Operator (Note)	Amount	
Current portion of debt (BS tab of PBC FS)		2,136,332	00
Long-term portion of debt (BS tab of PBC FS)	+	23,692,092	00
Current portion of customer deposits (BS tab of PBC FS)	+	1,759,908	00
Due to shareholders (GL #220510)	+	52,920	00
	Total	27,641,252	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for the

Description	Operator (Note)	Amount	
Future tax liability		4,572,000	00
Post retirement benefits	+	324,417	00
Unrealized loss on swap	+	926,846	00
Deferred revenue	+	4,505,566	00
	+		
	Total	10,328,829	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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	The Corporation of the Municipality of Brockton	880707625RC0001			12.610	
2	The Corporation of the Town of Hanover	108126947RC0001			15.090	
3	The Corporation of the Municipality of Kincardine	878309020RC0001			13.480	
4	The Corporation of the Town of Saugeen Shores	878948629RC0001			24.870	
5						
6						
7						
8						
9						
10						

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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
Westario Power Inc.	89276 4416 RC0003	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 3 800,000

Total taxable dividends paid in the tax year **100** 800,000

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** 14,910,689

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 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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**	91,278,054
Share of total assets from partnership(s) and joint venture(s) *	**114**	
Total assets of associated corporations (amount from line 450 on Schedule 511)	**116**	
Total assets (total of lines 112 to 116)		91,278,054
Total revenue of the corporation for the tax year **	**142**	68,493,197
Share of total revenue from partnership(s) and joint venture(s) **	**144**	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	**146**	
Total revenue (total of lines 142 to 146)		68,493,197

The corporation is subject to CMT if:
- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			**210**	1,714,925	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	**220**				
Provision for deferred income taxes (debits)/cost of future income taxes	**222**				
Equity losses from corporations	**224**				
Financial statement loss from partnerships and joint ventures	**226**				
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	**230**				
Other additions (see note below):					
Share of adjusted net income of partnerships and joint ventures **	**228**				
Total patronage dividends received, not already included in net income/loss	**232**				
281	**282**				
283	**284**				
Subtotal			►		A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	**320**	282,000			
Provision for deferred income taxes (credits)/benefit of future income taxes	**322**				
Equity income from corporations	**324**				
Financial statement income from partnerships and joint ventures	**326**				
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	**330**				
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	**332**				
Gain on donation of listed security or ecological gift	**340**				
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	**342**				
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	**344**				
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	**346**				
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	**348**				
Other deductions (see note below):					
Share of adjusted net loss of partnerships and joint ventures **	**328**				
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	**334**				
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	**336**				
Patronage dividends paid (from Schedule 16) not already included in net income/loss	**338**				
381	**382**				
383	**384**				
385	**386**				
387	**388**				
389	**390**				
Subtotal		282,000	►	282,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			**490**	1,432,925	

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 $\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}}$ $\frac{}{365}$ x 4 % = ______ 1

Amount from line 520 ______ x $\frac{\text{Number of days in the tax year after June 30, 2010}}{\text{Number of days in the tax year}}$ $\frac{365}{365}$ 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) . . . . ______

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:

$\frac{\text{Ontario taxable income ****}}{\text{Taxable income *****}}$ ______ = ______

Ontario allocation factor . . . . 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year * . . . . ______ G

Deduct:

CMT credit expired * . . . . **600** ______

CMT credit carryforward at the beginning of the current tax year * (see note below) . . . . ______ ► **620** ______

Add:

CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below) . . . . . . **650** ______

CMT credit available for the tax year (amount on line 620 **plus** amount on line 650) . . . . ______ H

Deduct:

CMT credit deducted in the current tax year (amount P from Part 5) . . . . ______ I

Subtotal (amount H **minus** amount I) ______ J

Add:

Net CMT payable (amount E from Part 3) . . . . ______

SAT payable (amount O from Part 6 of Schedule 512) . . . . ______

Subtotal ______ ► ______ K

CMT credit carryforward at the end of the tax year (amount J **plus** amount K) . . . . **670** ______ L

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

- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4) . . . . ______ M

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . ______ 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . ______ 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) . . . . ______ 3

Gross SAT (line 460 from Part 6 of Schedule 512) . . . . ______ 4

The **greater** of amounts 3 and 4 . . . . ______ 5

Deduct: line 2 or line 5, whichever applies: ______ 6

Subtotal (if negative, enter "0") ______ ► ______ N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . ______

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) . . . . ______

Subtotal (if negative, enter "0") ______ ► ______ O

CMT credit deducted in the current tax year (least of amounts M, N, and O) . . . . ______ P

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

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

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * . . . . **700** ________

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

Add:

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

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

Deduct:

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

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

Add:

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

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

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

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

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

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

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

Complete this part if:

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

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

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

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

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

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SCHEDULE 511

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

Name of corporation	Business Number	Tax year-end Year Month Day
Westario Power Inc.	89276 4416 RC0003	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
	Total	450	550

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

* **Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

** **Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.