EXHIBIT 6 – Revenue Requirement and Revenue Deficiency / Sufficiency

2023 Cost of Service

Tillsonburg Hydro Inc.
EB-2023-0053

TABLE OF CONTENTS

6.0 CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

Tillsonburg Hydro Inc. ("THI") has included the following information in this Exhibit, excluding energy costs (i.e. Cost of Power and associated costs) and revenues:

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

The information in this Exhibit supports THI's request in this Application for an increase in its Revenue Requirement to support the proposed capital and operating budgets for 2024, to service debt, to pay deemed PILs and to return the allowed Return on Equity.

THI has determined that the Revenue Deficiency for the 2024 Test Year is $649,197, or $768,971 on a gross basis.

The calculations on which this determination is based are set out below. The Revenue Deficiency calculation does not include the following:

- Recovery of Deferral and Variance Accounts
- Other electricity charges which include Energy Commodity, Transmission Charges and Wholesale Market Service Charges

These items are considered elsewhere in this Application and are treated either as recoveries of regulatory assets or regulatory liabilities on the Balance Sheet, or as energy related costs recorded in the OEB-prescribed Retail Settlement Variance Accounts.

Revenue Requirement

THI's Revenue Requirement consists of the following:

- Operations, Maintenance and Administration (OM&A) Expense
- Property Taxes
- Depreciation/Amortization Expense
- PILs
- Return on Rate Base (Deemed Interest & Return on Equity)

THI's Revenue Requirement is primarily received through electricity distribution rates with Other Revenue from Board-approved specific service charges such as Late Payment Charges and Other Miscellaneous Charges.

These Other Revenues, as described in 6.3, are treated as offsets against THI's Service Revenue Requirement to calculate the Base Revenue Requirement upon which class-specific distribution rates are calculated.

Determination of Net Utility Income

THI has determined its allowable 2024 Net Income as $716,286. Table 6-1 provides a Net Income calculation for the 2024 Test Year.

Table 6-1 – Determination of Net Income

Details	Amount
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	$5,182,383
Other Revenue	$478,611
Total Operating Revenues	**$5,660,994**
Operating Expenses:	
OM+A Expenses	$3,272,229
Depreciation/Amortization	$906,281
Property Taxes	$5,500
Subtotal: Operating Expenses	**$4,184,009**
Deemed Interest Expense	$709,984
Total Expenses	**$4,893,993**
Utility Income before Income Taxes	**$767,001**
Income Taxes (grossed-up)	$50,715
Utility Net Income	**$716,286**

Statement of Rate Base

A summary of THI’s Rate Base for the 2024 Test Year, calculated on THI’s deemed capital structure in accordance with the OEB Filing Requirements and as presented in Exhibit 5, is summarized in Table 6-2. THI’s 2024 Rate Base is $19,443,156.

Table 6-2 – Statement of Rate Base

Particulars	Amount
Net Capital Assets in Service:	
2024 Avg Gross Assets	$32,036,650
2024 Avg Acc. Depr.	$14,374,536
Average Net Fixed Assets	**$17,662,114**
Working Capital Allowance	$1,781,042
Total 2024 Rate Base	**$19,443,156**
Allowance for Working Capital Derivation:	
Controllable Expense	$3,277,729
Cost of Power	$20,469,496
Working Capital Base	$23,747,225
Working Capital Rate (%)	7.50%
Working Capital Allowance	**$1,781,042**

Actual Utility Return on Rate Base

Table 6-3 summarizes the computation of THI's 2024 Test Year at Existing Rates and the 2024 Test Year at Proposed Rates in order to achieve the Required Revenue.

Table 6-3 – Actual Return on Rate Base

Description	2024 at Existing Rates	2024 at Proposed Rates
Rate Base	**$19,443,156**	**$19,443,156**
Deemed Interest Expense	$709,984	$709,984
Net Income	-$1,970	$716,286
Total Return on Rate Base ($)	**$708,014**	**$1,426,270**
Total Return on Rate Base (%)	**3.64%**	**7.34%**
Short-Term Interest Rate	6.23%	6.23%
Long-Term Interest Rate	6.08%	6.08%
Return on Equity	-0.03%	9.21%

Indicated Rate of Return

THI's 2024 Indicated Rate of Return is 3.64%[1] as presented in Table 6-3 and is calculated as the sum of Utility Net Income and Deemed Interest Expense divided by the Utility Rate of Return on Rate Base.

Requested Rate of Return

THI's Requested Rate of Return is 7.34% or $1,426,270, as summarized in Table 6-3 above. In the absence of the change to distribution rates for 2024 requested in this Application, and assuming that the 2024 Approved rates remained unchanged, THI's Return on Rate Base would be $708,014 or 3.64%, which is less than deemed interest applicable to THI's actual and notional debt.

Deficiency or Sufficiency in Revenue

THI has provided a detailed calculation supporting its 2024 Revenue Deficiency in Table 6-4 in this Exhibit, including calculation of Gross Deficiency. The Gross Revenue Deficiency is calculated at $768,971. Table 6-4 provides the Revenue Deficiency calculation for the 2024 Test Year at Proposed Rates, which provides the required Net Income and Total Return on Rate Base.

[1] In table 6-4 below and Tab 8 of the Revenue Requirement Work Form THI's indicated Rate of Return is shown as 4.00%. This is the result of a required adjustment to the Revenue Requirement Work Form and similar calculations in Table 6-4 to allow for a negative PILs value. Without this adjustment, the correct Revenue Deficiency and Gross Revenue Deficiency cannot be calculated

1 **Table 6-4 – Revenue Deficiency Determination**

Particulars	2024 at Existing Rates	2024 at Proposed Rates (Required)
Revenue Deficiency from Below ->		**$768,971**
Distribution Revenue	$4,413,412	$4,413,412
Other Operating Revenue Offsets - net	$478,611	$478,611
Total Revenue	**$4,892,023**	**$5,660,994**
Operating Expenses	$4,184,009	$4,184,009
Deemed Interest Expense	$709,984	$709,984
Total Cost and Expenses	**$4,893,993**	**$4,893,993**
Utility Income Before Income Taxes	-$1,970	$767,001
Tax Adjustments to Accounting Income per PILs model	-$441,403	-$441,403
Taxable Income	**-$443,373**	**$325,598**
Income Tax Rate	15.58%	15.58%
Income Tax on Taxable Income	-$69,059	$50,715
Income Tax Credits	$0	$0
Utility Net Income	**$67,089**	**$716,286**
Utility Rate Base	$19,443,156	$19,443,156
Deemed Equity Portion of Rate Base	$7,777,262	$7,777,262
Income/(Equity Portion of Rate Base)	0.86%	9.21%
Target Return - Equity on Rate Base	9.21%	9.21%
Deficiency/Sufficiency in Return on Equity	**-8.35%**	**0.00%**
Indicated Rate of Return	4.00%	7.34%
Requested Rate of Return on Rate Base	7.34%	7.34%
Deficiency/Sufficiency in Rate of Return	**-3.34%**	**0.00%**
Target Return on Equity	$716,286	$716,286
Revenue Deficiency/(Sufficiency)	$649,197	$0
Gross Revenue Deficiency/(Sufficiency)	**$768,971**	**$0**

Cost Drivers on Revenue Deficiency

Table 6-5 below shows trends and variances in THI's revenue requirement over the 2020 to 2024 Test Year period, compared against its most recent OEB approved 2013 rebasing year.

Table 6-5 – Revenue Deficiency by Revenue Requirement Component

Particulars	2013 Board Approved	2020 Actual	2021 Actual	2022 Actual	2023 Bridge	2024 Test	Variance: 2013 BA to 2024 Test	CAGR: 2013 BA to 2024 Test
Rate Base	**$9,823,188**	**$16,645,162**	**$17,436,025**	**$18,201,844**	**$19,155,860**	**$19,443,156**	**98%**	**6.40%**
Cost of Capital								
Deemed Long-Term Debt (%)	4.19%	4.19%	4.19%	4.19%	4.19%	6.08%		
Deemed Short-Term Debt (%)	2.07%	2.07%	2.07%	2.07%	2.07%	6.23%		
Deemed Interest Expense	$238,625	$404,344	$423,556	$442,159	$465,334	$709,984	198%	10.42%
Return on Equity (%)	8.98%	2.42%	1.43%	-0.32%	3.31%	9.21%		
Return on Equity ($)	$352,849	$161,117	$99,681	-$23,481	$253,524	$716,286	103%	6.65%
Sub Total	**$591,474**	**$565,462**	**$523,237**	**$418,679**	**$718,858**	**$1,426,270**	**141%**	**8.33%**
Operating Expenses								
Depreciation	$278,975	$663,021	$818,344	$789,938	$853,797	$906,281	225%	11.31%
OM&A	$2,515,082	$2,842,841	$2,883,036	$2,906,752	$3,090,929	$3,272,229	30%	2.42%
Property Taxes	$0	$0	$0	$0	$5,200	$5,500		
PILs (Grossed Up)[2]	$0	$0	$5,613	$21,199	$0	$50,715		
Sub Total	**$2,794,057**	**$3,505,863**	**$3,706,993**	**$3,717,890**	**$3,949,926**	**$4,234,724**	**52%**	**3.85%**
Service Revenue Requirement	$3,385,531	$4,071,324	$4,230,230	$4,136,569	$4,668,784	$5,660,994	67%	4.78%
Other Revenue	$138,345	$268,837	$353,859	$479,765	$638,426	$478,611	246%	11.94%
Base Revenue Requirement	**$3,247,186**	**$3,802,487**	**$3,876,370**	**$3,656,804**	**$4,030,358**	**$5,182,383**	**60%**	**4.38%**
2013 Adjustment[1]	-$13,171							
Adjusted 2013 Base Revenue Requirement	**$3,234,015**							

1. Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS

The contributors to THI's Revenue Deficiency are broadly dispersed across the components making up its Revenue Requirement. Since 2013 rebasing, THI's Rate Base has grown by 98% in order to make prudent and necessary investments to maintain safe

---

[2] PILs (Grossed Up) have been assigned a floor of $0 for the purpose of completing this analysis, to provide an apples to apples Revenue Requirement comparison of the 2013 and 2024 Test Years against the Historical and Bridge Years

and reliable service, and to serve new connecting customers. Further discussion of THI's Rate Base can be found in Exhibit 2.

With growth in Rate Base comes corresponding increases to Depreciation Expense and Cost of Capital. The former is further discussed in Exhibit 2, while the latter is discussed in Exhibit 5.

In order to maintain pace with an expanding Rate Base and continue to serve customers in the historical period and Test Year, THI's OM&A expenses have grown by a Compound Annual Growth Rate ("CAGR") of 2.42% relative to OEB approval in 2013. Further discussion of THI's Operating Expenditures can be found in Exhibit 4.

Increases to THI's Service Revenue Requirement are partially offset by a 246% increase to Other Revenue relative to 2013 Board Approved, increasing from $138,345 to $478,611. Further discussion of Other Revenue can be found in Section 6.3 of this Exhibit.

Change in Methodology

THI has not made any changes to methodologies to deficiency / sufficiency relative to past and common practice. A sole modification was made to the OEB's Revenue Requirement Work Form, tab 8 in completion of the model and generation of Table 6-4 above. The model was modified to allow for the creation of a negative PILs value in the Revenue at Existing Rates column, which allows for the correct calculation of the Revenue Deficiency and Gross Revenue Deficiency.

6.1 REVENUE REQUIREMENT WORK FORM

The RRWF (Revenue Requirement Work Form) has been included in this exhibit as Appendix B: THI_2024_Rev_Reqt_Workform_20230430. THI has ensured that figures entered in the RRWF reconcile with the appropriate figures in other Exhibits of this Application.

THI provides table 6-6 below to demonstrate calculation of forecast 2023 Bridge Year revenues at existing rates. 2024 Test Year Revenue at existing (i.e. 2023) rates can be found in Exhibit 8.

Table 6-6 – Forecast Bridge Year Revenue at Existing Rates

	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	59,512,317	$0	-0.60		$0	$0
GS<50	$0.0204	kWh	22,590,994	$460,856	-0.60		$0	$460,856
GS 50-499kW	$2.2956	kW	163,381	$375,059	-0.60		$0	$375,059
GS 500-1499kW	$1.1900	kW	62,156	$73,966	-0.60	62,156	-$37,294	$36,672
GS >= 1500kW	$2.0999	kW	42,700	$89,666	-0.60	42,700	-$25,620	$64,046
USL	$0.0142	kWh	335,322	$4,762	-0.60		$0	$4,762
Sentinel Lighting	$24.2633	kW	196	$4,754	-0.60		$0	$4,754
Street Lighting	$9.3951	kW	1,676	$15,745	-0.60		$0	$15,745
Total Variable Revenue			**82,708,742**	**$1,024,807**			**-$62,914**	**$961,893**

	Test Year Projected Revenue from Existing Fixed Charges				
Customer Class Name	**Fixed Rate**	**Customers / Connections**	**Fixed Charge Revenue**	**Variable Revenue**	**TOTAL**
Residential	$30.74	7,623	$2,812,035	$0	**$2,812,035**
GS<50	$29.18	690	$241,629	$460,856	**$702,485**
GS 50-499kW	$151.80	73	$133,431	$375,059	**$508,490**
GS 500-1499kW	$1,578.72	6	$104,391	$36,672	**$141,063**
GS >= 1500kW	$2,222.57	2	$53,342	$64,046	**$117,387**
USL	$8.10	55	$5,378	$4,762	**$10,139**
Sentinel Lighting	$2.77	116	$3,842	$4,754	**$8,596**
Street Lighting	$1,969.13	1	$23,630	$15,745	**$39,374**
Total Fixed Revenue / Total Revenue		**8,566**	**$3,377,677**	**$961,893**	**$4,339,570**

6.2 TAXES OR PAYMENTS IN LIEU OF TAXES (PILS) AND PROPERTY TAXES

THI is subject to the payment of PILs under Section 93 of the Electricity Act, 1998, as amended. THI does not pay Section proxy taxes and is exempt from the payment of income and capital taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act. In this Application, THI is forecasting regulatory taxable income of $274,883 and is requesting $42,816 in PILs for recovery, grossed up to $50,715 for revenue requirement purposes. Financial Statements included with this Application are the same as those provided with THI's tax returns.

As discussed in Exhibit 9, THI has tracked the revenue requirement implications of the Accelerated Investment Incentive Program ("AIIP") from its effective date in 2018 to the end of 2022. In 2023, THI will claim the AIIP in its tax return. Due to the timing of THI's preparation of this application and its 2023 tax return, amounts associated with AIIP claims in 2023 have not been included in Account 1592. Subject to the timing of THI's 2023 Tax Return being finalized, THI will enter amounts relating to 2023 AIIP claims into Account 1592, Sub-Account Accelerated CCA during the proceeding to review this Application via an evidence update. Alternatively, THI will record balances in Account 1592 for future disposition. In the 2024 Test Year and beyond, THI proposes to forego claiming the AIIP to avoid the need for future credit and debit entries into Account 1592, as has been agreed to in settlement in other recent applications before the OEB.[3] As such, calculation of PILs in the 2024 Test Year does not assume or include the impacts of AIIP claims.

THI notes that it pays dividends to its shareholder. However, since the shareholder is a municipality and not subject to income taxes, the dividends are treated as non-taxable and do not affect the PILs return.

A copy of THI's 2022 Federal and Provincial (Ontario) tax return has been provided as Appendix D to this Exhibit. PILs amounts included in the 2022 financial statements are based on the estimates in the audited year-end financial statements and will differ from the actual PILs return. The difference between actual and estimate will be recorded in the 2023 financial statements.

At the time of filing this Application, THI has not filed its 2023 corporate income tax returns. THI does not expect significant changes between the final 2023 corporate income tax returns and the 2023 forecast income tax provision. THI will provide a copy of the final 2023 tax returns as soon as they are available and update the Board's Income Tax/PILs Work Form model for the 2023 Actuals.

[3] E.g. EB-2023-0055

6.2.1 PILs Tax Work Form

THI has used the OEB's PILs Tax Work Form model to calculate the amount of taxes for inclusion in 2024 rates, relying on MIFRS accounting policies. Detailed calculation of THI's requested recovery of PILs in rates can be found in a completed version of the OEB's PILs model, provided as Appendix C to this Exhibit.

THI confirms its use of the standalone principle in determining PILs amounts, and verifies it has exercised sound tax planning and that for rate setting purposes, it maximized tax credits and takes the maximum deductions allowed where it makes sense for the utility to do so. THI also confirms it has excluded regulatory assets and liabilities from PILs calculations both when they were created, and when they were collected, regardless of the actual tax treatment accorded to those amounts.

Loss Carry Forwards

As shown in Appendix C, Tab B1, THI is forecasting negative taxable income in the 2023 Bridge Year in the amount of ($270,307). The actual taxable loss incurred will provide a loss carry-forward for use over the rate term beginning in the 2024 Test Year. THI has entered a value of five in cell G14, Tab T4 of Appendix C, indicating the loss carry-forward is anticipated to be spread across a 5 year period, mitigating taxable income in the 2024 Test Year by $54,061.

Other Additions and Deductions

In accordance with the Filing Requirements, THI has excluded the deferral and variance accounts for Regulatory Assets and Liabilities from the reserve balances for 2023 Bridge Year and 2024 Test Year.

6.2.2 Other Taxes

At the time of THI's last Cost of Service application in 2013, the utility did pay property taxes. THI once again commenced paying property taxes to the Town of Tillsonburg effective in 2023, in a forecast amount of $5,200. THI forecasts property taxes in the 2024 Test Year in the amount of $5,500.

6.2.3 Non-recoverable and Disallowed Expenses

THI has not included donations, other than LEAP, in the calculation of revenue requirement. THI does not have any additional expenses that are deductible for general tax purposes, but for which recovery in 2024 distribution rates would be partially or fully disallowed.

6.3 OTHER REVENUE

Other Distribution Revenues are revenues that are distribution related but are sourced from means other than distribution rates. For this reason, other revenues are deducted from THI's proposed Service Revenue Requirement, to determine the Base Revenue Requirement relied upon to establish distribution rates.

Other Distribution Revenues includes:

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

THI has incorporated all changes to Customer Service Rules and any amendments to the Distribution System Code, Standard Supply Service Code, Unit Submetering Code, and other applicable codes since its last COS. THI has not proposed any new specific service charges or incorporated new rates or rules that would impact Other Revenue.

Table 6-7 below provides details on the Other Revenue included in THI's Operating Revenue which agrees to the Other Revenue component of Table 3-1 in Exhibit 3. Each variance that is above the materiality threshold of $50,000 is highlighted in red and an explanation for this variance is provided below.

Table 6-7 Other Revenue with Variance

USoA Description	OEB Approved 2013	Actual 2020	Actual 2021	Var Analysis $	Var Analysis %	Actual 2021	Actual 2022	Var Analysis $	Var Analysis %	Actual 2022	Bridge 2023	Var Analysis $	Var Analysis %	Bridge 2023	Test 2024	Var Analysis $	Var Analysis %
4235-Miscellaneous Service Revenues	-$43,705	-$79,798	-$106,293	-$26,495	33.20%	-$106,293	-$149,712	-$43,420	40.85%	-$149,712	-$154,113	-$4,401	2.94%	-$154,113	-$113,805	$40,308	26.15%
4225-Late Payment Charges	-$17,500	-$18,672	-$20,108	-$1,436	7.69%	-$20,108	-$23,956	-$3,848	19.14%	-$23,956	-$25,154	-$1,198	5.00%	-$25,154	-$26,412	-$1,258	5.00%
4082-Retail Services Revenues	-$14,030	-$13,962	-$11,987	$1,976	14.15%	-$11,987	-$12,113	-$126	1.05%	-$12,113	-$12,718	-$606	5.00%	-$12,718	-$13,354	-$636	5.00%
4084-Service Transaction Requests (STR) Revenues	-$369	-$64	-$46	$18	28.72%	-$46	-$50	-$5	10.25%	-$50	-$53	-$3	5.00%	-$53	-$56	-$3	5.00%
4086-SSS Administration Revenue	-$18,077	$0	$0	$0		$0	$0	$0		$0	$0	$0		$0	$0	$0	
4210-Rent from Electric Property	-$26,664	-$24,876	-$49,529	-$24,653	99.11%	-$49,529	-$24,876	$24,653	49.78%	-$24,876	-$26,119	-$1,244	5.00%	-$26,119	-$27,425	-$1,306	5.00%
4220-Other Electric Revenues	$0	-$18,169	-$9,968	$8,200	45.13%	-$9,968	-$26,838	-$16,870	169.24%	-$26,838	-$28,180	-$1,342	5.00%	-$28,180	-$29,589	-$1,409	5.00%
4245-Government Assistance Directly Credited to Income	$0	-$104,345	-$117,162	-$12,817	12.28%	-$117,162	-$131,351	-$14,189	12.11%	-$131,351	-$143,283	-$11,931	9.08%	-$143,283	-$155,938	-$12,655	8.83%
4375-Revenues from Non-Utility Operations	$0	-$16,787	-$19,805	-$3,018	17.98%	-$19,805	-$21,102	-$1,297	6.55%	-$21,102	-$20,071	$1,031	4.89%	-$20,071	$0	$20,071	100.00%
4380-Expenses of Non-Utility Operations	$0	$26,945	$15,151	-$11,794	43.77%	$15,151	$916	-$14,236	93.96%	$916	$517	-$398	43.50%	$517	$0	-$517	100.00%
4390-Miscellaneous Non-Operating Income	$0	$0	$1,937	$1,937		$1,937	$791	-$1,146	59.17%	$791	$0	-$791	100.00%	$0	$0	$0	
4395-Rate-Payer Benefit Including Interest	$0	-$2,591	$0	$2,591	100.00%	$0	$0	$0		$0	$0	$0		$0	$0	$0	
4405-Interest and Dividend Income	-$18,000	-$16,518	-$36,051	-$19,532	118.25%	-$36,051	-$91,472	-$55,422	153.73%	-$91,472	-$229,252	-$137,780	150.62%	-$229,252	-$112,032	$117,220	51.13%
Total	**-$138,344**	**-$268,837**	**-$353,859**	**-$85,023**	**32%**	**-$353,859**	**-$479,765**	**-$125,905**	**36%**	**-$479,765**	**-$638,426**	**-$158,661**	**33%**	**-$638,426**	**-$478,611**	**$159,815**	**25%**

Specific Service Charges	-$43,705	-$79,798	-$106,293	-$26,495	33.20%	-$106,293	-$149,712	-$43,420	40.85%	-$149,712	-$154,113	-$4,401	2.94%	-$154,113	-$113,805	$40,308	26.15%
Late Payment Charges	-$17,500	-$18,672	-$20,108	-$1,436	7.69%	-$20,108	-$23,956	-$3,848	19.14%	-$23,956	-$25,154	-$1,198	5.00%	-$25,154	-$26,412	-$1,258	5.00%
Other Distribution/Operating Revenues	-$32,476	-$14,027	-$12,032	$1,994	14.22%	-$12,032	-$12,163	-$131	1.09%	-$12,163	-$12,771	-$608	5.00%	-$12,771	-$13,410	-$639	5.00%
Other Income or Deductions	-$44,664	-$156,340	-$215,426	-$59,086	37.79%	-$215,426	-$293,933	-$78,507	36.44%	-$293,933	-$446,388	-$152,455	51.87%	-$446,388	-$324,984	$121,403	27.20%
Total	-$138,344	-$268,837	-$353,859	-$85,023	31.63%	-$353,859	-$479,765	-$125,905	35.58%	-$479,765	-$638,426	-$158,661	33.07%	-$638,426	-$478,611	$159,815	25.03%

As shown above, THI has experienced very few material variances in its Other Revenues by UsoA Account since 2020. The lone exception in this analysis is Account 4405, Interest and Dividend Income. Beginning in 2021 amounts recorded in this account increased by a material amount, peaking in 2023 at a forecast $229,252, before receding to lower levels in the Bridge and Test Years on a forecast basis. The primary driver behind increases in Account 4405 was the substantial increase in interest rates from historic lows in 2021, first in 2022 and again in 2023. Increasing interest rates, including the OEB's Prescribed Rate for deferral and variance account balances, were paired with accumulating balances in THI deferral and variance accounts as the utility underwent internal and OEB-led investigations into said balances. Disposition of accumulated balances in the 2024 Test Year are anticipated to alleviate entries into Account 4405, as shown in Table 6-7 above.

THI notes that in the table above and in Appendix 2-H, revenue and expenses from affiliate transactions are recorded appropriately in Account 4375 and 4380, respectively. These balances have been reconciled to Appendix 2-N – Shared Services and Corporate Cost Allocation.

THI confirms that microFIT charges are recorded as a revenue off-set in Account 4235– Miscellaneous Service Revenue.

THI confirms that its allocation of cost methods does not result in the cross-subsidization between regulated and non-regulated lines of business, products, or services.

THI does not deviate from Article 340 of the APH in any of the following disclosures.

THI confirms that there are no discrete customer groups that will be materially impacted by changes to other rates and charges.

APPENDIX A: Appendix 2-H Other Operating Revenue

TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

File Number:	EB-2023-0053
Exhibit:	6
Tab:	1
Schedule:	1
Page:	19
Date:	April 30, 2024

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2014 Actual²	2015 Actual²	2016 Actual²	2017 Actual²	2018 Actual²	2019 Actual²	2020 Actual²	2021 Actual²	2022 Actual	Bridge Year	Test Year
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Reporting Basis											MIFRS
4082	Retail Services Revenues	-$ 9,199	-$ 9,089	-$ 11,445	-$ 8,344	-$ 6,771	-$ 10,382	-$ 13,962	-$ 11,987	-$ 12,113	-$ 12,718	-$ 13,354
4084	Service Transaction Requests (STR) Revenues	-$ 102	-$ 83	-$ 135	-$ 197	-$ 45	-$ 56	-$ 64	-$ 46	-$ 50	-$ 53	-$ 56
4086	SSS Administration Revenue	$ -	-$ 19,771	-$ 19,990	-$ 20,644	-$ 20,927	$ -	$ -	$ -	$ -	$ -	$ -
4090	Electric Services Incidental to Energy Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4205	Interdepartmental Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4210	Rent from Electric Property	$ -	-$ 69,431	$ -	$ -	-$ 71,175	-$ 24,876	-$ 24,876	-$ 49,529	-$ 24,876	-$ 26,119	-$ 27,425
4215	Other Utility Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4220	Other Electric Revenues	$ -	$ -	$ -	$ -	-$ 3,856	-$ 2,559	-$ 18,169	-$ 9,968	-$ 26,838	-$ 28,180	-$ 29,589
4225	Late Payment Charges	-$ 19,570	-$ 18,144	-$ 21,805	-$ 19,918	-$ 18,494	-$ 21,511	-$ 18,672	-$ 20,108	-$ 23,956	-$ 25,154	-$ 26,412
4230	Sales of Water and Water Power	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4235	Miscellaneous Service Revenues	-$ 60,502	-$ 72,809	-$ 112,199	-$ 100,383	-$ 74,821	-$ 77,983	-$ 79,798	-$ 106,293	-$ 149,712	-$ 154,113	-$ 113,805
4240	Provision for Rate Refunds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4245	Government and Other Assistance Directly Credited to Income	-$ 61,740	-$ 65,922	-$ 71,107	-$ 77,405	-$ 83,888	-$ 92,096	-$ 104,345	-$ 117,162	-$ 131,351	-$ 143,283	-$ 155,938
4305	Regulatory Debits			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4310	Regulatory Credits			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4315	Revenues from Electric Plant Leased to Others			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4320	Expenses of Electric Plant Leased to Others			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4325	Revenues from Merchandise			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4330	Costs and Expenses of Merchandising			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4335	Profits and Losses from Financial Instrument Hedges			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4340	Profits and Losses from Financial Instrument Investments			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4345	Gains from Disposition of Future Use Utility Plant			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4350	Losses from Disposition of Future Use Utility Plant			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4355	Gain on Disposition of Utility and Other Property			$ 7,761	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4357	Gain from Retirement of Utility and Other Property			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4360	Loss on Disposition of Utility and Other Property			$ -	$ 26,384	$ 2,199	$ 6,187	$ -	$ -	$ -		$ -
4362	Loss from Retirement of Utility and Other Property			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4365	Gains from Disposition of Allowances for Emission			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4370	Losses from Disposition of Allowances for Emission			$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4375	Revenues from Non Rate-Regulated Utility Operations	-$ 254,853	-$ 316,639	-$ 697,686	-$ 20,452	-$ 123,683	-$ 20,400	-$ 16,787	-$ 19,805	-$ 21,102	-$ 20,071	$ -
4380	Expenses of Non Rate-Regulated Utility Operations	$ 242,255	$ 285,509	$ 679,468	$ 30,818	$ 21,776	$ 15,104	$ 26,945	$ 15,151	$ 916	$ 517	$ -
4385	Non Rate-Regulated Utility Rental Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4390	Miscellaneous Non-Operating Income	$ -	$ -	-$ 21,588	-$ 10,679	$ -	-$ 30,546	-$ 2,591	$ 1,937	$ 791		$ -
4395	Rate-Payer Benefit Including Interest	-$ 2,529	-$ 1,632	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4398	Foreign Exchange Gains and Losses, Including Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
4405	Interest and Dividend Income	-$ 27,278	-$ 25,921	-$ 22,398	-$ 16,625	-$ 28,467	-$ 30,663	-$ 16,518	-$ 36,051	-$ 91,472	-$ 229,252	-$ 112,032
4410	Lessor's Net Investment in Finance Lease			$ -	$ -	$ -	$ -	$ -	$ -	$ -		
4415	Equity in Earnings of Subsidiary Companies			$ -	$ -	$ -	$ -	$ -	$ -	$ -		
4420	Share of Profit or Loss of Joint Venture			$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Miscellaneous Service Revenues		-$ 60,502	-$ 72,809	-$ 112,199	-$ 100,383	-$ 74,821	-$ 77,983	-$ 79,798	-$ 106,293	-$ 149,712	-$ 154,113	-$ 113,805
Late Payment Charges		-$ 19,570	-$ 18,144	-$ 21,805	-$ 19,918	-$ 18,494	-$ 21,511	-$ 18,672	-$ 20,108	-$ 23,956	-$ 25,154	-$ 26,412
Other Operating Revenues		- 9,300	- 28,943	- 31,570	- 29,185	-$ 27,743	-$ 10,438	-$ 14,027	-$ 12,032	-$ 12,163	-$ 12,771	-$ 13,410
Other Income or Deductions		- 104,146	- 194,037	- 125,550	- 67,959	-$ 287,093	-$ 179,850	-$ 156,340	-$ 215,426	-$ 293,933	-$ 446,388	-$ 324,984
Total		-$ 193,518	-$ 313,933	-$ 291,124	-$ 217,445	-$ 408,152	-$ 289,782	-$ 268,837	-$ 353,859	-$ 479,765	-$ 638,426	-$ 478,611

Description	Account(s)
Specific Service Charges:	4235
Late Payment Charges:	4225

Other Distribution Revenues: 4082, 4084, 4086, 4090, 4205, 4210, 4215, 4220, 4230, 4240, 4245
Other Income and Expenses: 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4357, 4360, 4362, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4410, 4415, 4420

Note: Add all applicable accounts listed above to the table and include all relevant information.

Account Breakdown Details

For each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required. See the example below for Account 4405, Interest and Dividend Income. Tables for the detailed breakdowns will be generated after cell B101 is filled in.

Example: Account 4405 - Interest and Dividend Income

		2015 Actual[2]	2016 Actual[2]	2017 Actual[2]	2018 Actual[2]	2019 Actual[2]	2020 Actual[2]	2021 Actual[2]	2022 Actual	Bridge Year	Test Year
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Reporting Basis											MIFRS
Short-term Investment Interest											
Bank Deposit Interest											
Miscellaneous Interest Revenue											
etc.[1]											
Total		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Notes:
1 List and specify any other interest revenue.
2 For applicants rebasing under IFRS for the first time, in the transition year (2014) to IFRS, the applicant is to present information in both MIFRS and CGAAP.

APPENDIX B: Revenue Requirement Work Form (THI_2024_Rev_Reqt_Workform_20230430)

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Version 1.10

Utility Name	Tillsonburg Hydro Inc.
Service Territory	
Assigned EB Number	EB-2023-0053
Name and Title	
Phone Number	
Email Address	
Test Year	2024
Bridge Year	2023
Last Rebasing Year	2013

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

For 2023 filers, the RRWF has been enhanced with an additional column, so that two stages of processing of an application (e.g. interrogatory responses and settlement agreement) between the initial application filing and the OEB decision and draft rate order ("Per Board Decision") can be used. Functionality of the RRWF is the same as in previous versions of the RRWF. (May 2022)

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Table of Contents

Notes:

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Data Input Sheet [1]

		Initial Application	(2)	Adjustments	Interrogatory Responses	(6)	Adjustments	Settlement Agreement	(6)	Adjustments	Per Board Decision	
1	**Rate Base**											
	Gross Fixed Assets (average)	$ 32,036,650		$ -	$ 32,036,650			$ 32,036,650			$ 32,036,650	
	Accumulated Depreciation (average)	($14,374,536)	(5)	$ -	$ (14,374,536)			$ (14,374,536)			$ (14,374,536)	
	Allowance for Working Capital:											
	Controllable Expenses	$3,277,729		$ -	$ 3,277,729			$ 3,277,729			$ 3,277,729	
	Cost of Power	$20,469,496		$ -	$ 20,469,496			$ 20,469,496			$ 20,469,496	
	Working Capital Rate (%)	7.50%	(9)			(9)			(9)			(9)
2	**Utility Income**											
	Operating Revenues:											
	Distribution Revenue at Current Rates	$4,413,412										
	Distribution Revenue at Proposed Rates	$5,182,383										
	Other Revenue:											
	Specific Service Charges	$113,805										
	Late Payment Charges	$26,412										
	Other Distribution Revenue	$13,410										
	Other Income and Deductions	$324,984										
	Total Revenue Offsets	$478,611	(7)									
	Operating Expenses:											
	OM+A Expenses	$3,272,229		$ -	$ 3,272,229			$3,272,229			$ 3,272,229	
	Depreciation/Amortization	$906,281		$ -	$ 906,281			$906,281			$ 906,281	
	Property taxes	$5,500		$ -	$ 5,500			$5,500			$ 5,500	
	Other expenses			$ -								
3	**Taxes/PILs**											
	Taxable Income:											
	Adjustments required to arrive at taxable income	($441,403)	(3)									
	Utility Income Taxes and Rates:											
	Income taxes (not grossed up)	$42,816										
	Income taxes (grossed up)	$50,715										
	Federal tax (%)	10.42%										
	Provincial tax (%)	5.16%										
	Income Tax Credits											
4	**Capitalization/Cost of Capital**											
	Capital Structure:											
	Long-term debt Capitalization Ratio (%)	56.0%										
	Short-term debt Capitalization Ratio (%)	4.0%	(8)			(8)			(8)			(8)
	Common Equity Capitalization Ratio (%)	40.0%										
	Prefered Shares Capitalization Ratio (%)											
		100.0%										
	Cost of Capital											
	Long-term debt Cost Rate (%)	6.08%										
	Short-term debt Cost Rate (%)	6.23%										
	Common Equity Cost Rate (%)	9.21%										
	Prefered Shares Cost Rate (%)											

Notes:

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

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2024 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

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

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

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

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

(6) Select option from drop-down list by clicking on cell M12 or U12. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected. Beginning for 2023,two intermediate stages can be shown (e.g., Interrogatory Responses and Settlement Agreement).

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

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

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Rate Base and Working Capital

Rate Base

Line No.	Particulars		Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(2)	$32,036,650	$ -	$32,036,650	$ -	$32,036,650	$ -	$32,036,650
2	Accumulated Depreciation (average)	(2)	($14,374,536)	$ -	($14,374,536)	$ -	($14,374,536)	$ -	($14,374,536)
3	Net Fixed Assets (average)	(2)	$17,662,114	$ -	$17,662,114	$ -	$17,662,114	$ -	$17,662,114
4	Allowance for Working Capital	(1)	$1,781,042	($1,781,042)	$ -	$ -	$ -	$ -	$ -
5	**Total Rate Base**		$19,443,156	($1,781,042)	$17,662,114	$ -	$17,662,114	$ -	$17,662,114

(1) Allowance for Working Capital - Derivation

Line No.	Particulars		Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
6	Controllable Expenses		$3,277,729	$ -	$3,277,729	$ -	$3,277,729	$ -	$3,277,729
7	Cost of Power		$20,469,496	$ -	$20,469,496	$ -	$20,469,496	$ -	$20,469,496
8	Working Capital Base		$23,747,225	$ -	$23,747,225	$ -	$23,747,225	$ -	$23,747,225
9	Working Capital Rate %	(1)	7.50%	-7.50%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Working Capital Allowance		$1,781,042	($1,781,042)	$ -	$ -	$ -	$ -	$ -

Notes

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2023 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
	Operating Revenues:							
1	Distribution Revenue (at Proposed Rates)	$5,182,383	($5,182,383)	$ -	$ -	$ -	$ -	$ -
2	Other Revenue (1)	$478,611	($478,611)	$ -	$ -	$ -	$ -	$ -
3	Total Operating Revenues	$5,660,994	($5,660,994)	$ -	$ -	$ -	$ -	$ -
	Operating Expenses:							
4	OM+A Expenses	$3,272,229	$ -	$3,272,229	$ -	$3,272,229	$ -	$3,272,229
5	Depreciation/Amortization	$906,281	$ -	$906,281	$ -	$906,281	$ -	$906,281
6	Property taxes	$5,500	$ -	$5,500	$ -	$5,500	$ -	$5,500
7	Capital taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Other expense	$ -	$ -		$ -		$ -	
9	Subtotal (lines 4 to 8)	$4,184,009	$ -	$4,184,009	$ -	$4,184,009	$ -	$4,184,009
10	Deemed Interest Expense	$709,984	($709,984)	$ -	$ -	$ -	$ -	$ -
11	Total Expenses (lines 9 to 10)	$4,893,993	($709,984)	$4,184,009	$ -	$4,184,009	$ -	$4,184,009
12	**Utility income before income taxes**	$767,001	($4,951,010)	($4,184,009)	$ -	($4,184,009)	$ -	($4,184,009)
13	Income taxes (grossed-up)	$50,715	$ -	$50,715	$ -	$50,715	$ -	$50,715
14	**Utility net income**	$716,286	($4,951,010)	($4,234,724)	$ -	($4,234,724)	$ -	($4,234,724)

Notes

Other Revenues / Revenue Offsets

Note	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
(1)	Specific Service Charges	$113,805		$ -		$ -		$ -
	Late Payment Charges	$26,412		$ -		$ -		$ -
	Other Distribution Revenue	$13,410		$ -		$ -		$ -
	Other Income and Deductions	$324,984		$ -		$ -		$ -
	Total Revenue Offsets	$478,611	$ -	$ -	$ -	$ -	$ -	$ -

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Settlement Agreement	Per Board Decision
	Determination of Taxable Income				
1	Utility net income before taxes	$716,286	$ -	$ -	$ -
2	Adjustments required to arrive at taxable utility income	($441,403)	$ -	$ -	$ -
3	Taxable income	$274,883	$ -	$ -	$ -
	Calculation of Utility income Taxes				
4	Income taxes	$42,816	$42,816	$42,816	$42,816
6	Total taxes	$42,816	$42,816	$42,816	$42,816
7	Gross-up of Income Taxes	$7,899	$7,899	$7,899	$7,899
8	Grossed-up Income Taxes	$50,715	$50,715	$50,715	$50,715
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$50,715	$50,715	$50,715	$50,715
10	Other tax Credits	$ -	$ -	$ -	$ -
	Tax Rates				
11	Federal tax (%)	10.42%	10.42%	10.42%	10.42%
12	Provincial tax (%)	5.16%	5.16%	5.16%	5.16%
13	Total tax rate (%)	15.58%	15.58%	15.58%	15.58%

Notes

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio (%)	Capitalization Ratio ($)	Cost Rate (%)	Return ($)
	Initial Application				
	Debt				
1	Long-term Debt	56.00%	$10,888,167	6.08%	$661,531
2	Short-term Debt	4.00%	$777,726	6.23%	$48,452
3	**Total Debt**	60.00%	$11,665,894	6.09%	$709,984
	Equity				
4	Common Equity	40.00%	$7,777,262	9.21%	$716,286
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$7,777,262	9.21%	$716,286
7	**Total**	100.00%	$19,443,156	7.34%	$1,426,270
	Interrogatory Responses				
	Debt				
1	Long-term Debt	0.00%	$ -	0.00%	$ -
2	Short-term Debt	0.00%	$ -	0.00%	$ -
3	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
4	Common Equity	0.00%	$ -	0.00%	$ -
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	0.00%	$ -	0.00%	$ -
7	**Total**	0.00%	$17,662,114	0.00%	$ -
	Settlement Agreement				
	Debt				
8	Long-term Debt	0.00%	$ -	6.08%	$ -
9	Short-term Debt	0.00%	$ -	6.23%	$ -
10	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
11	Common Equity	0.00%	$ -	9.21%	$ -
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	0.00%	$ -	0.00%	$ -
14	**Total**	0.00%	$17,662,114	0.00%	$ -
	Per Board Decision				
	Debt				
8	Long-term Debt	0.00%	$ -	6.08%	$ -
9	Short-term Debt	0.00%	$ -	6.23%	$ -
10	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
11	Common Equity	0.00%	$ -	9.21%	$ -
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	0.00%	$ -	0.00%	$ -
14	**Total**	0.00%	$17,662,114	0.00%	$ -

Notes

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	Interrogatory Responses: At Current Approved Rates	Interrogatory Responses: At Proposed Rates	Settlement Agreement: At Current Approved Rates	Settlement Agreement: At Proposed Rates	Per Board Decision: At Current Approved Rates	Per Board Decision: At Proposed Rates
1	Revenue Deficiency from Below		$768,971		($271,727)		$4,955,944		$4,955,944
2	Distribution Revenue	$4,413,412	$4,413,412	$4,413,412	$5,454,110	$ -	($4,955,944)	$ -	($4,955,944)
3	Other Operating Revenue Offsets - net	$478,611	$478,611	$ -	$ -	$ -	$ -	$ -	$ -
4	**Total Revenue**	$4,892,023	$5,660,994	$4,413,412	$5,182,383	$ -	$ -	$ -	$ -
5	Operating Expenses	$4,184,009	$4,184,009	$4,184,009	$4,184,009	$4,184,009	$4,184,009	$4,184,009	$4,184,009
6	Deemed Interest Expense	$709,984	$709,984	$ -	$ -	$ -	$ -	$ -	$ -
8	**Total Cost and Expenses**	$4,893,993	$4,893,993	$4,184,009	$4,184,009	$4,184,009	$4,184,009	$4,184,009	$4,184,009
9	**Utility Income Before Income Taxes**	($1,970)	$767,001	$229,403	$998,374	($4,184,009)	($4,184,009)	($4,184,009)	($4,184,009)
10	Tax Adjustments to Accounting Income per 2013 PILs model	($441,403)	($441,403)	($441,403)	($441,403)	$ -	$ -	$ -	$ -
11	**Taxable Income**	($443,373)	$325,598	($212,000)	$556,971	($4,184,009)	($4,184,009)	($4,184,009)	($4,184,009)
12	Income Tax Rate	15.58%	15.58%	15.58%	15.58%	15.58%	15.58%	15.58%	15.58%
13	**Income Tax on Taxable Income**	($69,059)	$50,715	$ -	$86,753	$ -	$ -	$ -	$ -
14	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -		
15	**Utility Net Income**	$67,089	$716,286	$229,403	($4,234,724)	($4,184,009)	($4,234,724)	($4,184,009)	($4,234,724)
16	**Utility Rate Base**	$19,443,156	$19,443,156	$17,662,114	$17,662,114	$17,662,114	$17,662,114	$17,662,114	$17,662,114
17	Deemed Equity Portion of Rate Base	$7,777,262	$7,777,262	$ -	$ -	$ -	$ -	$ -	$ -
18	Income/(Equity Portion of Rate Base)	0.86%	9.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.21%	9.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-8.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.00%	7.34%	1.30%	0.00%	-23.69%	0.00%	-23.69%	0.00%
22	Requested Rate of Return on Rate Base	7.34%	7.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.34%	0.00%	1.30%	0.00%	-23.69%	0.00%	-23.69%	0.00%
24	Target Return on Equity	$716,286	$716,286	$ -	$ -	$ -	$ -	$ -	$ -
25	Revenue Deficiency/(Sufficiency)	$649,197	$ -	($229,403)	$ -	$4,184,009	$ -	$4,184,009	$ -
26	**Gross Revenue Deficiency/(Sufficiency)**	$768,971 (1)		($271,727) (1)		$4,955,944 (1)		$4,955,944 (1)	

Notes:

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Revenue Requirement

Line No.	Particulars	Application		Interrogatory Responses		Settlement Agreement		Per Board Decision	
1	OM&A Expenses	$3,272,229		$3,272,229		$3,272,229		$3,272,229	
2	Amortization/Depreciation	$906,281		$906,281		$906,281		$906,281	
3	Property Taxes	$5,500		$5,500		$5,500		$5,500	
5	Income Taxes (Grossed up)	$50,715		$50,715		$50,715		$50,715	
6	Other Expenses	$ -							
7	Return								
	Deemed Interest Expense	$709,984		$ -		$ -		$ -	
	Return on Deemed Equity	$716,286		$ -		$ -		$ -	
8	**Service Revenue Requirement (before Revenues)**	$5,660,994		$4,234,724		$4,234,724		$4,234,724	
9	Revenue Offsets	$478,611		$ -		$ -		$ -	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$5,182,383		$4,234,724		$4,234,724		$4,234,724	
11	Distribution revenue	$5,182,383		$ -		$ -		$ -	
12	Other revenue	$478,611		$ -		$ -		$ -	
13	**Total revenue**	$5,660,994		$ -		$ -		$ -	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$ -	(1)	($4,234,724)	(1)	($4,234,724)	(1)	($4,234,724)	(1)

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application	Interrogatory Responses	Δ% [2]	Settlement Agreement	Δ% [2]	Per Board Decision	Δ% [2]
Service Revenue Requirement	$5,660,994	$4,234,724	###	$4,234,724	#######	$4,234,724	(25.19%)
Grossed-Up Revenue Deficiency/(Sufficiency)	$768,971	($271,727)	###	$4,955,944	544.49%	$4,955,944	544.49%
Base Revenue Requirement (to be recovered from Distribution Rates)	$5,182,383	$4,234,724	###	$4,234,724	#######	$4,234,724	(18.29%)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	$768,971	$ -	###	$ -	#######	$ -	(100.00%)

Notes

(1) Line 11 - Line 8

(2) Percentage Change Relative to Initial Application

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Load Forecast Summary

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

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

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

Stage in Process: Initial Application

	Customer Class	**Initial Application**			**Interrogatory Responses**			**Settlement Agreement**			**Per Board Decision**		
	Input the name of each customer class.	**Customer / Connections** Test Year average or mid-year	**kWh** Annual	**kW/kVA** [(1)] Annual	**Customer / Connections** Test Year average or mid-year	**kWh** Annual	**kW/kVA** [(1)] Annual	**Customer / Connections** Test Year average or mid-year	**kWh** Annual	**kW/kVA** [(1)] Annual	**Customer / Connections** Test Year average or mid-year	**kWh** Annual	**kW/kVA** [(1)] Annual
1	Residential	7,835	61,627,888	-									
2	GS<50	698	23,022,735	-									
3	GS 50-499kW	72	51,946,339	162,219									
4	GS 500-1499kW	5	19,312,053	57,274									
5	GS >= 1500kW	2	17,727,224	42,760									
6	USL	55	331,791	-									
7	Sentinel Lighting	115	71,581	195									
8	Street Lighting	1	619,623	1,676									
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
	Total		**174,659,234**	**264,125**		-	-		-	-			

Notes:

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Cost Allocation and Rate Design

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

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

A) Allocated Costs

	Name of Customer Class [3] From Sheet 10. Load Forecast	Costs Allocated from Previous Study [1]	%	Allocated Class Revenue Requirement [1] (7A)	%
1	Residential	$ 2,210,132	61.83%	$ 3,930,355	69.43%
2	GS<50	$ 618,921	17.31%	$ 637,064	11.25%
3	GS 50-499kW	$ 365,063	10.21%	$ 811,040	14.33%
4	GS 500-1499kW	$ 170,642	4.77%	$ 112,709	1.99%
5	GS >= 1500kW	$ 137,258	3.84%	$ 101,309	1.79%
6	USL	$ 9,524	0.27%	$ 15,031	0.27%
7	Sentinel Lighting	$ 16,045	0.45%	$ 28,457	0.50%
8	Street Lighting	$ 47,170	1.32%	$ 25,028	0.44%
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
	Total	$ 3,574,755	100.00%	**$ 5,660,994**	100.00%
		Service Revenue Requirement (from Sheet 9)		**$ 5,660,993.92**	

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

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

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

B) Calculated Class Revenues

	Name of Customer Class	Load Forecast (LF) X current approved rates	LF X current approved rates X (1+d)	LF X Proposed Rates	Miscellaneous Revenues
		(7B)	(7C)	(7D)	(7E)
1	Residential	$ 2,890,071	$ 3,393,623	$ 3,434,300	$ 352,101
2	GS<50	$ 714,056	$ 838,470	$ 714,599	$ 49,902
3	GS 50-499kW	$ 504,171	$ 592,016	$ 727,607	$ 53,738
4	GS 500-1499kW	$ 129,663	$ 152,255	$ 126,186	$ 9,065
5	GS >= 1500kW	$ 117,478	$ 137,946	$ 113,883	$ 7,683
6	USL	$ 10,033	$ 11,781	$ 13,021	$ 1,460
7	Sentinel Lighting	$ 8,566	$ 10,058	$ 24,541	$ 2,875
8	Street Lighting	$ 39,374	$ 46,235	$ 28,247	$ 1,786
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
	Total	$ 4,413,412	$ 5,182,383	$ 5,182,383	$ 478,611

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

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

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

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

C) Rebalancing Revenue-to-Cost Ratios

	Name of Customer Class	Previously Approved Ratios Most Recent Year: 2013	Status Quo Ratios (7C + 7E) / (7A)	Proposed Ratios (7D + 7E) / (7A)	Policy Range
		%	%	%	%
1	Residential	96.26%	95.30%	96.34%	85 - 115
2	GS<50	107.64%	139.45%	120.00%	80 - 120
3	GS 50-499kW	96.26%	79.62%	96.34%	80 - 120
4	GS 500-1499kW	107.44%	143.13%	120.00%	80 - 120
5	GS >= 1500kW	120.00%	143.75%	120.00%	80 - 120
6	USL	120.00%	88.09%	96.34%	80 - 120
7	Sentinel Lighting	60.00%	45.45%	96.34%	80 - 120
8	Street Lighting	120.00%	191.87%	120.00%	80 - 120
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

(8) Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant rebased in 2019 with further adjustments to move within the range over two years, the most recent year would be 2022. However, the ratios in 2022 would be equal to those after the adjustment in 2021.

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

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

(D) ***Proposed Revenue-to-Cost Ratios*** (11)

	Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
		Test Year	Price Cap IR Period		
			1	2	
1	Residential	96.34%	96.34%	96.34%	85 - 115
2	GS<50	120.00%	120.00%	120.00%	80 - 120
3	GS 50-499kW	96.34%	96.34%	96.34%	80 - 120
4	GS 500-1499kW	120.00%	120.00%	120.00%	80 - 120
5	GS >= 1500kW	120.00%	120.00%	120.00%	80 - 120
6	USL	96.34%	96.34%	96.34%	80 - 120
7	Sentinel Lighting	96.34%	96.34%	96.34%	80 - 120
8	Street Lighting	120.00%	120.00%	120.00%	80 - 120
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2024 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2025 and 2026 Price Cap IR models, as necessary. For 2025 and 2026, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2025 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

New Rate Design Policy For Residential Customers

Please complete the following tables.

A Data Inputs (from Sheet 10. Load Forecast)

Test Year Billing Determinants for Residential Class	
Customers	7,835
kWh	61,627,888

Proposed Residential Class Specific Revenue Requirement[1]	$ 3,434,300.49

Residential Base Rates on Current Tariff	
Monthly Fixed Charge ($)	
Distribution Volumetric Rate ($/kWh)	

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed		7,835		
Variable		61,627,888		
TOTAL	-	-		-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years[2]	

	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed			
Variable			
TOTAL		-	

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed				
Variable				
TOTAL	-	$ -	-	

Checks[3]	
Change in Fixed Rate	
Difference Between Revenues @ Proposed Rates and Class Specific Revenue Requirement	

Notes:

1 The final residential class specific revenue requirement, excluding allocated Miscellaneous Revenues, as shown on Sheet 11. Cost Allocation, should be used (i.e. the revenue requirement after any proposed adjustments to R/C ratios).

2 The distributor should enter the number of years remaining before the transition to fully fixed rates is completed. The change in residential rate design is almost complete and distributors should have either 0 or 1 year remaining. If the distributor has fully transitioned to fixed rates put "0" in cell D40. If the distributor has proposed an additional transition year because the change in the residential rate design will result in the fixed charge increasing by more than $4/year, put "1" in cell D40.

3 Change in fixed rate due to rate design policy should be less than $4. The difference between the proposed class revenue requirement and the revenue at calculated base rates should be minimal (i.e. should be reasonably considered as a rounding error)

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Rate Design and Revenue Reconciliation

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

Stage in Process: *Initial Application*

Customer and Load Forecast / **Class Allocated Revenues** (From Sheet 11. Cost Allocation and Sheet 12. Residential Rate Design)

	Customer Class (From sheet 10. Load Forecast)	Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric
1	Residential	kWh	7,835	61,627,888	-	$ 3,434,300	$ 3,434,300	$ 0
2	GS<50	kWh	698	23,022,735	-	$ 714,599	$ 244,393	$ 470,206
3	GS 50-499kW	kW	72	51,946,339	162,219	$ 727,607	$ 131,781	$ 595,826
4	GS 500-1499kW	kW	5	19,312,053	57,274	$ 126,186	$ 95,871	$ 30,315
5	GS >= 1500kW	kW	2	17,727,224	42,760	$ 113,883	$ 53,342	$ 60,541
6	USL	kWh	55	331,791	-	$ 13,021	$ 5,321	$ 7,699
7	Sentinel Lighting	kW	115	71,581	195	$ 24,541	$ 3,829	$ 20,713
8	Street Lighting	kW	1	619,623	1,676	$ 28,247	$ 23,630	$ 4,617
9			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			
#			-	-	-			

Fixed / Variable Splits [2,3] (Percentage to be entered as a fraction between 0 and 1) / **Distribution Rates** / **Revenue Reconciliation**

	Customer Class	Fixed	Variable	Transformer Ownership Allowance [1] ($)	Monthly Service Charge [2] Rate	No. of decimals	Volumetric Rate [3] Rate		No. of decimals	MSC Revenues	Volumetric revenues	Distribution Revenues less Transformer Ownership
1	Residential	100.00%	0.00%		$36.53	2	$0.0000	/kWh	4	$ 3,434,427.22	$ -	$ 3,434,427.22
2	GS<50	34.20%	65.80%		$29.18		$0.0204	/kWh		$ 244,392.56	$ 469,663.7888	$ 714,056.35
3	GS 50-499kW	18.11%	81.89%		$151.80		$3.6730	/kW		$ 131,780.83	$ 595,831.2367	$ 727,612.07
4	GS 500-1499kW	75.98%	24.02%	$ 34.365	$1,578.72		$1.1293	/kW		$ 95,871.17	$ 64,679.9983	$ 126,186.52
5	GS >= 1500kW	46.84%	53.16%	$ 25.656	$2,222.57		$2.0158	/kW		$ 53,341.68	$ 86,195.9370	$ 113,881.52
6	USL	40.87%	59.13%		$8.10		$0.0232	/kWh		$ 5,321.24	$ 7,697.5447	$ 13,018.79
7	Sentinel Lighting	15.60%	84.40%		$2.77		$106.0820	/kW		$ 3,828.53	$ 20,712.6353	$ 24,541.17
8	Street Lighting	83.65%	16.35%		$1,969.13		$2.7551	/kW		$ 23,629.56	$ 4,617.0916	$ 28,246.65
9										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -
#										$ -	$ -	$ -

Total Transformer Ownership Allowance $ 60,021

Rates recover revenue requirement

Total Distribution Revenues	$ 5,181,970.29
Base Revenue Requirement	$ 5,182,383.08
Difference	-$ 412.79
% Difference	-0.008%

Notes:

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

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

3 The Volumetric rate is calculated as [(allocated volumetric revenue requirement for the class + transformer allowance credit for the class)/(annual estimate of the charge determinant for the test year (either kW or kVA for demand-billed customer classes, or kWh for non-demand-billed classes)]

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2024 Filers

Tracking Form

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

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

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

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

Summary of Proposed Changes

			Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
	Reference [1]	Item / Description [2]	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance ($)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
		Original Application	$ 1,426,270	7.34%	$ 19,443,156	$ 23,747,225	$ 1,781,042	$ 906,281	$ 50,715	$ 3,272,229	$ 5,660,994	$ 478,611	$ 5,182,383	$ 768,971
1														

APPENDIX C: PILs Work Form
(THI_2024_PILS_20240430)

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Version 1.00

Utility Name	Tillsonburg Hydro Inc.
Assigned EB Number	
Name and Title	
Phone Number	
Email Address	
Date	
Last COS Re-based Year	2013

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

Instructions

Purpose
The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Data Input Sheet of the Revenue Requirement Workform.

Tab S1 Integrity Checks must be completed after the completion of the PILs calculation in this workbook.

Methodology
To calculate the PILs for the Test Year:

1) input the balances from the income tax return of the Historical Year in tabs H1 to H13.
2) input the balances for the Bridge Year and the Test Year.
Inputs should include:
- non-deductible expenses (Schedule 1 - B1 and T1)
- loss carryforward (Schedule 4 - B4 and T4)
- capital cost allowance (Schedule 8 - B8 and T8)
- non-deductible reserves (Schedule 13 - B13 and T13)

3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes
Tabs H0 to H13 relate to the Historical Year.
Tabs B0 to B13 relate to the Bridge Year.
Tabs T0 to T13 relate to the Test Year.

The amounts on tabs H0 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

No inputs required on this worksheet.

Income Tax/PILs Workform for 2024 Filers

Integrity Checks

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

			Test Year	Bridge Year	
Rate Base		S	**$ 19,443,156**	**$ 19,155,860**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$ 777,726	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$ 10,888,167	*X = S * U*	
Deemed Equity %	40.00%	V	$ 7,777,262	*Y = S * V*	
Short Term Interest Rate	6.23%	Z	$ 48,452	*AC = W * Z*	
Long Term Interest	6.08%	AA	$ 661,531	*AD = X * AA*	
Return on Equity (Regulatory Income)	9.21%	AB	**$ 716,286**	*AE = Y * AB*	T1
Return on Rate Base			**$ 1,426,270**	*AF = AC + AD + AE*	

Questions that must be answered

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

Ontario Energy Board

Income Tax/PILs Workform for 2023 Filers

Tax Rates **Federal & Provincial** **As of MMM XX, 2019**	**Effective January 1, 2017**	**Effective January 1, 2018**	**Effective January 1, 2019**	**Effective January 1, 2020**	**Effective January 1, 2021**	**Effective January 1, 2022**
Federal income tax						
General Corporate Rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal Tax Abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted Federal Rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate Reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario Income Tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined Federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business						
Federal Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000
Federal Small Business Rate	11.00%	10.50%	10.50%	10.00%	9.00%	9.00%
Ontario Small Business Rate	4.50%	4.50%	3.50%	3.50%	3.20%	3.20%

Notes

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

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

PILs Tax Provision - Historical Year

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

					Wires Only	
Regulatory Taxable Income				H1	$ 55,390	**A**
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	11.50%	**B**			
	Federal tax rate (Maximum 15%)	15.00%	**C**			
	Combined tax rate (Maximum 26.5%)				26.50%	**D = B+C**
Total Income Taxes					**$ 14,678**	**E = A * D**
Investment Tax Credits						**F**
Miscellaneous Tax Credits						**G**
Total Tax Credits					**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Historical Year					**$ 14,678**	**I = E - H**

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	**(A + 101 + 102)**	531,833		531,833
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	789,938		789,938
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations and gifts from Schedule 2	112			0
Taxable capital gains from Schedule 6	113			0
Political contributions	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121			0
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	112,931		112,931
Reserves from financial statements – balance at the end of the year	126	150,749		150,749
Soft costs on construction and renovation of buildings	127			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other additions				
Interest Expensed on Capital Leases	295			0
Realized Income from Deferred Credit Accounts	295			0
Pensions	295			0
Non-deductible penalties	295			0
	295			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Amortization of non utility assets		473		473

				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**1,054,091**	**0**	**1,054,091**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Non-taxable dividends under section 83	402			0
Capital cost allowance from Schedule 8	403	1,135,503		1,135,503
Terminal loss from Schedule 8	404			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	150,749		150,749
Reserves from financial statements - balance at beginning of year	414	112,931		112,931
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions				
Interest capitalized for accounting deducted for tax	395			0
Capital Lease Payments	395			0
Non-taxable imputed interest income on deferral and variance accounts	395			0
	395			0
	395			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
Deferred contributions on capital assets included in income		131,351		131,351
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**1,530,534**	**0**	**1,530,534**
Net Income for Tax Purposes		**55,390**	**0**	**55,390**
Charitable donations from Schedule 2	311			0
Taxable dividends received under section 112 or 113	320			0
Non-capital losses of previous tax years from Schedule 4	331			0
Net capital losses of previous tax years from Schedule 4	332			0
Limited partnership losses of previous tax years from Schedule 4	335			0
TAXABLE INCOME		**55,390**	**0**	**55,390**

Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year
1	Buildings, Distribution System (acq'd post 1987)	$ 3,392,813		$ 3,392,813
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]			$ -
2	Distribution System (acq'd pre 1988)			$ -
3	Buildings (acq'd pre 1988)			$ -
6	Certain Buildings; Fences			$ -
8	General Office Equipment, Furniture, Fixtures	$ 76,614		$ 76,614
10	Motor Vehicles, Fleet	$ 8,900		$ 8,900
10.1	Certain Automobiles			$ -
12	Computer Application Software (Non-Systems)			$ -
13 1	Lease # 1			$ -
13 2	Lease # 2			$ -
13 3	Lease # 3			$ -
13 4	Lease # 4			$ -
14	Limited Period Patents, Franchises, Concessions or Licences			$ -
14.1	Eligible Capital Property (acq'd pre 2017)			$ -
14.1	Eligible Capital Property (acq'd post 2016)			$ -
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage			$ -
42	Fibre Optic Cable			$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment			$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	$ 346		$ 346
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)			$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -
47	Distribution System (acq'd post Feb 22/05)	$ 10,072,390		$ 10,072,390
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	$ 5,270		$ 5,270
95	CWIP			$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
	SUB-TOTAL - UCC	13,556,333	0	13,556,333

Ontario Energy Board

Income Tax/PILs Workform for 2

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital gains reserves ss.40(1)			0
Tax reserves not deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	150,749		150,749
Reserve for undelivered goods and services not rendered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & share issue expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	**150,749**	**0**	**150,749**
Financial Statement Reserves (not deductible for Tax Purposes)			
General reserve for inventory obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**0**	**0**	**0**

Income Tax/PILs Workform for 2024 Filers

PILS Tax Provision - Bridge Year

						Reference	Wires Only	
Regulatory Taxable Income						B1	-$ 270,307	**A**
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	5.1%	-$ 13,785	5.1%	**B**			
Federal (Max 15%)	15.0%	10.4%	-$ 28,040	10.4%	**C**			
Combined effective tax rate (Max 26.5%)							15.47%	**D = B + C**
Total Income Taxes							$ -	**E = A * D**
Investment Tax Credits								**F**
Miscellaneous Tax Credits								**G**
Total Tax Credits							$ -	**H = F + G**
Corporate PILs/Income Tax Provision for Bridge Year							$ -	**I = E - H**

Note:

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

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	**(A + 101 + 102)**		253,524

Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		853,797
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107	B8	0
Income inclusion under subparagraph 13(38)(d)(iii)	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations and gifts from Schedule 2	112		
Taxable capital gains	113		
Political contributions	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	150,749
Reserves from financial statements- balance at end of year	126	B13	0
Soft costs on construction and renovation of buildings	127		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		

Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Amortization of non utility assets			
Total Additions			**1,004,546**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	1,234,346
Terminal loss from Schedule 8	404	B8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	150,749
Reserves from financial statements - balance at beginning of year	414	B13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions			

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Deferred contributions on capital assets included in income			143,283
Total Deductions		calculated	**1,528,378**
Net Income for Tax Purposes		calculated	**-270,307**
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	B4	0
Net capital losses of previous tax years from Schedule 4	332	B4	0
Limited partnership losses of previous tax years from Schedule 4	335		
TAXABLE INCOME		calculated	**-270,307**

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Amount to be used in Bridge Year	B1	0	
Loss Carry Forward Generated in Bridge Year (if any)	B1	270,307	
Other Adjustments			
Balance available for use post Bridge Year	calculated	270,307	T4

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

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Schedule 8 CCA - Bridge Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the bridge year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)	(10) Proceeds of disposition available to reduce the UCC of AIIP (column 8 plus column 6 minus column 3 plus column 4 minus column 7) (if	(11) Net capital cost additions of AIIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if	(14) CCA Rate %	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)		(18) UCC at the end of the bridge year (column 9 minus column 17)	Working Paper Reference
1	Buildings, Distribution System (acq'd post 1987)	H8	$ 3,392,813	$ -					$ -	$ 3,392,813	$ -	$ -	0.50	$ -	$ -	4%			$ 135,713		$ 3,257,100	T8
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	6%			$ -		$ -	T8
2	Distribution System (acq'd pre 1988)	H8	$ -						$ -	$ -	$ -	$ -		$ -	$ -	6%			$ -		$ -	T8
3	Buildings (acq'd pre 1988)	H8	$ -						$ -	$ -	$ -	$ -		$ -	$ -	5%			$ -		$ -	T8
6	Certain Buildings; Fences	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	10%			$ -		$ -	T8
8	General Office Equipment, Furniture, Fixtures	H8	$ 76,614	$ 25,575	$ 25,575				$ -	$ 102,189	$ -	$ 25,575	0.50	$ 12,787	$ -	20%			$ 22,995		$ 79,194	T8
10	Motor Vehicles, Fleet	H8	$ 8,900	$ -					$ -	$ 8,900	$ -	$ -	0.50	$ -	$ -	30%			$ 2,670		$ 6,230	T8
10.1	Certain Automobiles	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -		$ -	T8
12	Computer Application Software (Non-Systems)	H8	$ -	$ 6,027	$ 6,027				$ -	$ 6,027	$ -	$ 6,027	0.00	$ -	$ -	100%			$ 6,027		$ -	T8
13_{1}	Lease # 1	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
13_{2}	Lease # 2	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
13_{3}	Lease # 3	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
13_{4}	Lease # 4	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
14	Limited Period Patents, Franchises, Concessions or Licences	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	H8	$ -						$ -	$ -	$ -	$ -		$ -	$ -	7%			$ -		$ -	T8
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	5%			$ -		$ -	T8
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	8%			$ -		$ -	T8
42	Fibre Optic Cable	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	12%			$ -		$ -	T8
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	$ -	$ -					$ -	$ -	$ -	$ -	2.33	$ -	$ -	30%			$ -		$ -	T8
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	$ 346	$ -					$ -	$ 346	$ -	$ -	1.00	$ -	$ -	50%			$ 173		$ 173	T8
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	H8	$ -						$ -	$ -	$ -	$ -		$ -	$ -	45%			$ -		$ -	T8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8	$ -	$ -					$ -	$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -		$ -	T8
47	Distribution System (acq'd post Feb 22/05)	H8	$ 10,072,390	$ 2,150,658	$ 2,150,658				$ -	$ 12,223,048	$ -	$ 2,150,658	0.50	$ 1,075,329	$ -	8%			$ 1,063,870		$ 11,159,178	T8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	H8	$ 5,270	$ -					$ -	$ 5,270	$ -	$ -	0.50	$ -	$ -	55%			$ 2,899		$ 2,372	T8
95	CWIP	H8	$ -						$ -	$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -		$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
	TOTALS		**$ 13,556,333**	**$ 2,182,260**	**$ 2,182,260**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 15,738,593**	**$ -**	**$ 2,182,260**		**$ 1,088,116**	**$ -**		**$ -**	**$ -**	**$ 1,234,346**	B1	**$ 14,504,246**	

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Bridge Year Adjustments: Additions	Bridge Year Adjustments: Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital gains reserves ss.40(1)	H13	0		0				0	T13	0	
Tax Reserves Not Deducted for Accounting Purposes											
Reserve for doubtful accounts ss. 20(1)(l)	H13	150,749		150,749				150,749	T13	0	
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0				0	T13	0	
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0				0	T13	0	
Debt & share issue expenses ss. 20(1)(e)	H13	0		0				0	T13	0	
Other tax reserves	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		**150,749**	**0**	**150,749**	B1	**0**	**0**	**150,749**	B1	**0**	**0**
Financial statement reserves (not deductible for tax purposes)											
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0				0	T13	0	
General Reserve for Bad Debts	H13	0		0				0	T13	0	
Accrued Employee Future Benefits:	H13	0		0				0	T13	0	
- Medical and Life Insurance	H13	0		0				0	T13	0	
- Short & Long-term Disability	H13	0		0				0	T13	0	
- Accumulated Sick Leave	H13	0		0				0	T13	0	
- Termination Cost	H13	0		0				0	T13	0	
- Other Post-Employment Benefits	H13	0		0				0	T13	0	
Provision for Environmental Costs	H13	0		0				0	T13	0	
Restructuring Costs	H13	0		0				0	T13	0	
Accrued Contingent Litigation Costs	H13	0		0				0	T13	0	
Accrued Self-Insurance Costs	H13	0		0				0	T13	0	
Other Contingent Liabilities	H13	0		0				0	T13	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0				0	T13	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0				0	T13	0	
Other	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	B1	**0**	**0**	**0**	B1	**0**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

PILs Tax Provision - Test Year

								Wires Only	
Regulatory Taxable Income							T1	$ 274,883	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate					
Ontario (Max 11.5%)	11.5%	5.2%	$ 14,182	5.2%	B				
Federal (Max 15%)	15.0%	10.4%	$ 28,633	10.4%	C				
Combined effective tax rate (Max 26.5%)								15.58%	D = B + C
Total Income Taxes								**$ 42,816**	E = A * D
Investment Tax Credits									F
Miscellaneous Tax Credits									G
Total Tax Credits								$ -	H = F + G
Corporate PILs/Income Tax Provision for Test Year								**$ 42,816**	I = E - H S. Su
Corporate PILs/Income Tax Provision Gross Up [1]						84.42%	J = 1-D	**$ 7,899**	K = I/J-I
Income Tax (grossed-up)								**$ 50,715**	L = K + I S. Su

Note:

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

Ontario Energy Board

Income Tax/PILs Workforms for 2024 Filers

Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	716,286

	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		906,281
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		
Recapture of capital cost allowance from Schedule 8	107	T8	0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	150,749
Reserves from financial statements- balance at end of year	126	T13	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
Amortization of Non-Utility Assets	295		
	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			**1,057,030**

Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	1,137,685
Terminal loss from Schedule 8	404	T8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	150,749
Reserves from financial statements - balance at beginning of year	414	T13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
	395		
	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Deferred contributions on capital assets included in income			155,938
Total Deductions		calculated	**1,444,371**
NET INCOME FOR TAX PURPOSES		calculated	**328,944**
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	54,061
Net capital losses of previous tax years from Schedule 4	332	T4	0
Limited partnership losses of previous tax years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	**274,883**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Schedule 4 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year Carried Forward	B4	270,307		270,307
Amount to be used in Test Year and Price Cap Years	T1	270,307		270,307
Number of years loss until next cost of service (i.e. years the loss is to be spread over)		5		
Amount to be used in Test Year	calculated	54,061		54,061
Loss Carry Forward Generated in Test Year (if any)	T1	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	0		0

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

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Schedule 8 CCA - Test Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the test year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4)	(10) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)
1	Buildings, Distribution System (acq'd post 1987)	B8	$ 3.257.100	0					0		$ 3.257.100
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	$ -	0					0		$ -
2	Distribution System (acq'd pre 1988)	B8	$ -						0		$ -
3	Buildings (acq'd pre 1988)	B8	$ -						0		$ -
6	Certain Buildings; Fences	B8	$ -	0					0		$ -
8	General Office Equipment. Furniture. Fixtures	B8	$ 79.194	55.000					0		$ 134.194
10	Motor Vehicles. Fleet	B8	$ 6.230	0					0		$ 6.230
10.1	Certain Automobiles	B8	$ -	0					0		$ -
12	Computer Application Software (Non-Systems)	B8	$ -	20.000					0		$ 20.000
13_1	Lease # 1	B8	$ -	0					0		$ -
13_2	Lease # 2	B8	$ -	0					0		$ -
13_3	Lease # 3	B8	$ -	0					0		$ -
13_4	Lease # 4	B8	$ -	0					0		$ -
14	Limited Period Patents, Franchises, Concessions or Licences	B8	$ -	0					0		$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	$ -						0		$ -
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	$ -	0					0		$ -
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00): Roads, Lots, Storage	B8	$ -	0					0		$ -
42	Fibre Optic Cable	B8	$ -	0					0		$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	$ -	0					0		$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	$ 173	0					0		$ 173
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	B8	$ -						0		$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ -	0					0		$ -
47	Distribution System (acq'd post Feb 22/05)	B8	$ 11.159.178	2.001.693					0		$ 13.160.871
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	B8	$ 2.372	0					0		$ 2.372
95	CWIP	B8	$ -						0		$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
	TOTALS		$ 14.504.246	$ 2.076.693	$ -	$ -	$ -	$ -	$ -	$ -	$ 16.580.940

(1) Class	(11) UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4)	(12) Immediate expensing	(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	(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")	(17) Net capital cost additions of AIIP acquired during the year (column 14 minus column 16) (if negative, enter "0")	Relevant factor	(18) UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the year (column 17 multiplied by the relevant factor)	(19) UCC adjustment for non-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")	(20) CCA Rate %	(21) Recapture of CCA	(22) Terminal Loss	(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))	(24) UCC at the end of the test year (column 10 minus column 23)
1			$ -		$ 3.257.100	$ -	$ -	0.50	$ -	$ -	4%			$ 130.284	$3.126.816
1b			$ -		$ -	$ -	$ -	0.50	$ -	$ -	6%			$ -	$ -
2			$ -		$ -	$ -	$ -		$ -	$ -	6%			$ -	$ -
3			$ -		$ -	$ -	$ -		$ -	$ -	5%			$ -	$ -
6			$ -		$ -	$ -	$ -	0.50	$ -	$ -	10%			$ -	$ -
8			$ 55.000		$ 134.194	$ -	$ -	0.50	$ -	$ 27.500	20%			$ 21.339	$ 112.855
10			$ -		$ 6.230	$ -	$ -	0.50	$ -	$ -	30%			$ 1.869	$ 4.361
10.1			$ -		$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -	$ -
12			$ 20.000		$ 20.000	$ -	$ -	0.00	$ -	$ 10.000	100%			$ 10.000	$ 10.000
13_1			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
13_2			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
13_3			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
13_4			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
14			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
14.1			$ -		$ -	$ -	$ -		$ -	$ -	7%			$ -	$ -
14.1			$ -		$ -	$ -	$ -	0.50	$ -	$ -	5%			$ -	$ -
17			$ -		$ -	$ -	$ -	0.50	$ -	$ -	8%			$ -	$ -
42			$ -		$ -	$ -	$ -	0.50	$ -	$ -	12%			$ -	$ -
43.1			$ -		$ -	$ -	$ -	2.33	$ -	$ -	30%			$ -	$ -
43.2			$ -		$ 173	$ -	$ -	1.00	$ -	$ -	50%			$ 87	$ 87
45			$ -		$ -	$ -	$ -		$ -	$ -	45%			$ -	$ -
46			$ -		$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -	$ -
47			$ 2.001.693		$ 13.160.871	$ -	$ -	0.50	$ -	$ 1.000.847	8%			$ 972.802	#########
50			$ -		$ 2.372	$ -	$ -	0.50	$ -	$ -	55%			$ 1.304	$ 1.067
95			$ -		$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
TOTALS	$ -	$ -	$ 2.076.693	$ -	$ 16.580.940	$ -	$ -		$ -	$ 1.038.347		$ -	$ -	$ 1.137.685	T1

Ontario Energy Board

Income Tax/PILs Workform for 2024 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Test Year	Adjusted Utility Balance		Test Year Adjustments: Additions	Test Year Adjustments: Disposals	Balance for Test Year	
Capital Gains Reserves ss.40(1)	B13	0		0				0	
Tax Reserves Not Deducted for accounting purposes									
Reserve for doubtful accounts ss. 20(1)(l)	B13	150,749		150,749				150,749	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0	
Other tax reserves	B13	0		0				0	
		0		0				0	
		0		0				0	
Total		**150,749**	**0**	**150,749**	T1	**0**	**0**	**150,749**	T1
Financial Statement Reserves (not deductible for Tax Purposes)									
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0	
General reserve for bad debts	B13	0		0				0	
Accrued Employee Future Benefits:	B13	0		0				0	
- Medical and Life Insurance	B13	0		0				0	
-Short & Long-term Disability	B13	0		0				0	
-Accmulated Sick Leave	B13	0		0				0	
- Termination Cost	B13	0		0				0	
- Other Post-Employment Benefits	B13	0		0				0	
Provision for Environmental Costs	B13	0		0				0	
Restructuring Costs	B13	0		0				0	
Accrued Contingent Litigation Costs	B13	0		0				0	
Accrued Self-Insurance Costs	B13	0		0				0	
Other Contingent Liabilities	B13	0		0				0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0	
Other	B13	0		0				0	
		0		0				0	
		0		0				0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1

Change During the Year	Disallowed Expenses
0	
0	
0	
0	
0	
0	
0	
0	
0	**0**
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	**0**

APPENDIX D: THI 2022 Tax Return

200

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal Income Tax Act and Income Tax Regulations. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre. 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 86374 2599 RC0001

Corporation's name
002 Tillsonburg Hydro Inc.

Address of head office
Has this address changed since the last time we were notified? .... 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 200 Broadway
012 2nd Floor
City: 015 Tillsonburg
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal or ZIP code: 018 N4G 5A7

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

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

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change .... 043 Year Month Day

To which tax year does this return apply?

Tax year start (Year Month Day)	Tax year-end (Year Month Day)
060 2022-01-01	061 2022-12-31

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

If **yes**, provide the date control was acquired .... 065 Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? .... 066 Yes [ ] No [X]

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

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

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

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

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

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

Is the corporation a resident of Canada? 080 Yes [X] No [ ]
If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081

Is the non-resident corporation claiming an exemption under an income tax treaty? .... 082 Yes [ ] No [X]
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
- [ ] 1 Exempt under paragraph 149(1)(e) or (l)
- [ ] 2 Exempt under paragraph 149(1)(j)
- [ ] 4 Exempt under other paragraphs of section 149

Do not use this area
095 096 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150		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	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet web pages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213	X	13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit?	253		T1131
Is the corporation claiming a film or video production services tax credit?	254		T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272		58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	273		63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	274		59
Is the corporation claiming an air quality improvement tax credit?	275		65

Additional information

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

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

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

284	Electricity distribution	285	100.000 %
286		287	%
288		289	%

		Yes	No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 Year Month Day

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 Yes ☐ No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300		55,390	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")			55,390	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		55,390	
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	55,390	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	55,390	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

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

Business limit reduction

Taxable capital business limit reduction

Amount C 500,000 x **415** *** 11,250 D / 11,250 = 500,000 E

Passive income business limit reduction

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

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

The greater of amount E and amount G **422** 500,000 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 J on page 8.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

*** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations for each tax year that ended in the preceding calendar year. Each corporation with such income has to file a Schedule 7. For a corporation's first tax year that starts after 2018, this amount is reported at line 744 of the corresponding Schedule 7. Otherwise, this amount is the total of all amounts reported at line 745 of the corresponding Schedule 7 of the corporation for each tax year that ended in the preceding calendar year.

Specified corporate income and assignment under subsection 125(3.2)

	L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount 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			55,390	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")			55,390	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			7,201	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		55,390	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)		55,390	K x 30 2 / 3 % =	16,986 L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)				8,308 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)	76,667	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")	76,667	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	21,048 A
Additional tax on personal services business income (section 123.5)				
Taxable income from a personal services business	555	x 5 % =	560	B
Recapture of investment tax credit from Schedule 31			602	C

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6		D	
Taxable income from line 360 on page 3	55,390 E		
Deduct:			
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least	F		
Net amount (amount E **minus** amount F)	55,390 ▶	55,390 G	

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G	604	H
Subtotal (**add** amounts A, B, C, and H)		21,048 I

Deduct:

Small business deduction from line 430 on page 4		J	
Federal tax abatement	608	5,539	
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624			
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount I on page 5	638	7,201	
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		12,740 ▶	12,740 K

Part I tax payable – Amount I **minus** amount K	8,308 L

Enter amount L 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 Info Source at **canada.ca/cra-info-source**.

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	8,308
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		8,308

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta)	760	6,370
Total tax payable	770	14,678 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount JJ on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Return of fuel charge proceeds to farmers tax credit from Schedule 63	795	
Canadian film or video production tax credit (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
Air quality improvement tax credit from Schedule 65	799	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	15,900
Total credits	890	15,900 ▶ 15,900 B

Balance (amount A **minus** amount B) -1,222

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, we do not charge or refund a difference of $2 or less.

Refund code 894 1 Refund 1,222 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 [X] No [ ]

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920 A3079

Certification

I, 950 Kent (Last name) 951 Robert (First name) 954 President (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2023-04-27 (Date (yyyy/mm/dd)) Signature of the authorized signing officer of the corporation 956 (519) 688-3009 (Telephone number)

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

958 Name of other authorized person 959 Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

- Fill out this schedule to identify who prepared or reported on the financial statements, the extent of their involvement and to identify the type of information contained in the notes to the financial statements. If the person preparing the tax return is not the person referred to above, they must still complete Parts 1, 2, 3, 4 and 5, as applicable.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI) and T4012, T2 Corporation – Income Tax Guide.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the person who prepared or reported on the financial statements

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

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

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

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

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

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the person referred to in part 1: 198

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

Part 3 – Reservations

If you selected option **1** or **2** under **Type of involvement with the financial statements** above, answer the following question:

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

Part 4 – Other information

Were notes to the financial statements prepared? . . . . . 101 Yes [X] No [ ]

If **yes**, complete lines 104 to 107 below:

- Are subsequent events mentioned in the notes? . . . . . 104 Yes [ ] No [X]
- Is re-evaluation of asset information mentioned in the notes? . . . . . 105 Yes [ ] No [X]
- Is contingent liability information mentioned in the notes? . . . . . 106 Yes [ ] No [X]
- Is information regarding commitments mentioned in the notes? . . . . . 107 Yes [ ] No [X]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . 108 Yes [ ] No [X]

Part 4 – Other information (continued)

Impairment and fair value changes

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

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . **250** Yes [ ] No [X]

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

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

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . **265** Yes [ ] No [X]

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

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

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

Financial statements provided by client . . . [ ] 1

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

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

1. DESCRIPTION OF THE BUSINESS

Tillsonburg Hydro Inc. (the Entity), was incorporated provincially under the Business Corporations Act of Ontario on October 26, 2000. The Entity's principal business activity is to distribute electrical power to the residents of the Town of Tillsonburg in accordance with Section 144 of the Electricity Act, 1998. The Corporation operates under a licence issued by the Ontario Energy Board (OEB). The Corporation is regulated by the OEB and adjustments to the Corporation's distribution and power rates require OEB approval. The address of the Corporation's registered office is 200 Broadway Street, 2nd Floor, Tillsonburg, Ontario, N4G 5A7.

2. BASIS OF PRESENTATION

The Entity's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board (IASB).

(a) Approval of the financial statements

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

(b) Basis of measurement

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

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

(d) Subsequent events

The Entity has evaluated the events and transactions occurring after December 31, 2022 through April 25, 2023, when the Board approved the financial statements, and identified the events and transactions which required recognition in the Entity's financial statements.

(e) Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) powers and responsibilities to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounts treatment that may differ from IFRS for enterprises operating in a non-rate regulated environment.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

The OEB has regulatory authority over the electricity delivery sector. The Act set out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which includes such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses, and filing requirements for rate setting purposes.

With the commencement of the open market, the Corporation purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission, and other charges such as connection are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The Corporation retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses, or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated Corporation. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the Corporation has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the Corporation been unregulated. Specific regulatory assets and liabilities are disclosed in note 12.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, and a rate of return on capital assets.

Rate setting - Distribution revenue

The Corporation is required to file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating and capital expenditures to support the Corporation's business. The Corporation estimates usage and the costs to service each customer class in order to determine the appropriate rates to be charged by each customer class. The COS rate application is reviewed by the OEB and any registered interveners. Rates are approved based upon the review of evidence and information, 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 rate 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.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

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

In 2021, the Corporation submitted an Incentive Rate-setting Mechanism (IRM) application to the OEB for 2022 Electricity Distribution rates. On March 24, 2022, the Corporation received a decision from the OEB that approved changes to rates that the Corporation charges for electricity distribution, to be effective May 1, 2022.

Rate setting - Electricity rates

The OEB sets electricity prices for certain low volume consumers twice per year (May and November) based upon an estimate of how much it will cost to supply the province with electricity in the coming year (Regulated Price Plan). Remaining customers will pay either the market price for electricity or the contracted price for electricity if they have enrolled with a retailer. The Company is billed for the cost of the electricity that its customers use and passes this cost on to its customers without a markup.
In 2021, the OEB adjusted the Regulated Price Plan in response to the Government issued Emergency Orders under the Emergency Management and Civil Protection Act to assist Ontarians who were forced to stay home due to the COVID-19 pandemic.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and cash equivalents

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank

(b) Revenue recognition

Sale and distribution of electricity

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include estimates of customer usage since the last meter reading to the end of the year (unbilled revenue). The Entity applies judgment to the measurement of the estimated consumption and to the valuation of the consumption.
Distribution revenue is recorded based on the approved OEB distribution rates to recover the costs of delivering electricity to customers. This revenue also includes revenue related to the collection of the rate riders approved by the OEB.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (continued)

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 Entity's obligation to continue to provide the customer access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.
Certain customers are also required to contribute towards the capital cost of 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 Entity has concluded that the performance obligation is the supply of the 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.

(c) Accounts receivable

Accounts receivable are recorded at the invoiced amount and overdue amounts

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

bear interest at rates approved by the OEB. The Corporation evaluated its allowance for doubtful accounts on its expected credit loss (ECL) model based on its historic credit loss experience. Accounts receivable are shown net of an allowance for doubtful accounts of $150,749 (2021 - $112,931)

(d) Unbilled revenue

Unbilled revenue is recorded based on an estimated amount for electricity delivered and not yet billed. The estimate is based on actual meter readings provided and analyzed by a meter demand management company. Actual unbilled revenue could vary based on actual meter reading dates and the fiscal year end.

(e) Inventory

Inventory consists of repair parts, supplies, and material held for future capital expansion and maintenance activities and is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Items considered major spare parts are recorded as capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant, and equipment (PP&E) are measured at cost or deemed cost established on the transition date. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Parts of an item of property, plant, and equipment that have different useful lives are accounted for as separate items (major components) of property, plant and equipment.

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.

The cost of replacing a part of an item in PP&E is recognized in the net book value of the item if it 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 the property, plant and equipment 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 recognized in comprehensive income on a straight-line basis over the estimate useful life of each part or component of property, plant, and equipment. Land is not depreciated. Work 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:

Distribution station equipment 40 years
Poles, towers, and fixtures 50 years
Overhead conductors 60 years
Overhead devices 40 years
Underground conduit 50 years
Underground conductors and devices 30 years
Transformers 40 years
Services - overhead 50 years
Services - underground 40 years
Distribution meters 25 years

General Index of Financial Information

Notes to the financial statements

Smart meters 15 years
Computer hardware 5 years
Computer software 5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

Property, plant, and equipment assets with finite lives are tested for recoverability at each reporting date to determine whether there is any indication of impairment. Any impairment is recognized in comprehensive income when the asset's carrying value exceeds its estimated recoverable amount.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in comprehensive income. After such a reversal, the depreciation charge, where relevant, is adjusted in future periods on a systematic basis over the asset's remaining useful life.

The carrying amounts of the Entity's other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(h) Customer deposits

Deposits from electricity customers are cash collections to guarantee the payment of electricity 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.

(i) Provisions

A provision is recognized if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit 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.

(j) Deferred income taxes

Income taxes are reported using the deferred income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and deferred income taxes reflect:

the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;

the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which deferred income taxes assets are likely to be realized, or deferred income tax liabilities settled.

The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Payment in lieu of corporate income taxes

Under the Electricity Act, the Corporation provides for payments in lieu of corporate income taxes, also referred to as income tax expense, using the tax liability method. Under the tax liability method, current income taxes payable are recorded based on taxable income. The Entity recognizes deferred tax assets and liabilities for future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the carrying value and their respective tax basis, using tax rates enacted or substantially enacted by the statement of financial position date that are in effect for the year in which the differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized. The calculation of current and deferred taxes requires management to make certain judgments with respect to changes in tax interpretations, regulations, and legislation, and to estimate probable outcomes on the timing and reversal of temporary differences and tax authority audits of income tax. Rate-regulated accounting requires the recognition of regulatory balances and related deferred tax assets and liabilities for the amount of deferred taxes expected to be refunded or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits or liabilities associated with the revenue impact resulting from the the realization of deferred taxes is recorded within regulatory balances.

(l) Regulatory deferral accounts

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Entity.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance. The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Regulatory deferral accounts (continued)

Regulatory deferral accounts attract interest at OEB prescribed rates. In 2022 the rates were 0.57% in quarter one, 1.02% in quarter two, 2.20% in

quarter three and 3.87 in quarter four (2021 - 0.57%).
(m) Measurement Uncertainty
The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates are underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

a) Note 3 - Revenue recognition - estimates of unbilled revenue
b) Note 3 - Accounts receivable - allowance for impairment
c) Note 3 - Property, plant, and equipment, useful lives and the identification of significant components of property, plant, and equipment
d) Note 3, 12 - Recognition and measurement of regulatory balances
e) Note 14 - Recognition of deferred tax assets - availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be used.

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Entity's designation of such instruments. Settlement date accounting is used.
Classification
Cash and cash equivalents Fair value through profit and loss (FVTPL)
Accounts receivable Amortized cost
Accounts payable and accrued liabilities Other financial liabilities
Due from/to related parties Other financial assets/liabilities
Current portion of customer deposits Other financial liabilities
Long-term debt Other financial liabilities
Non-current portion of customer deposits Other financial liabilities

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Amortized cost
Subsequent to initial recognition, loans and receivables are accounted for at amortized cost using the effective interest method.
Other financial liabilities
Subsequent to initial recognition, other financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.
Effective interest method
The Entity uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums, or discounts earned or incurred for financial instruments.
Financial assets and liabilities are offset and the net amount is presented

in the balance sheet when, and only when, the Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements are established based on the following hierarchy that categorizes the inputs to valuation techniques:

Level 1 Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities

Level 2 Fair value measurement using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 Fair value measurement using inputs that are not based on observable market date (unobservable inputs)

The fair values of cash and cash equivalents approximate their carrying amounts due to their short-term nature.

The following table presents the financial instruments recorded in fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:

December 31, 2022	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	793,075	-	-	793,075
Total Financial Assets	793,075	-	-	793,075

December 31, 2021	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	700,530	-	-	700,530
Total Financial Assets	700,530	-	-	700,530

Impairment of financial assets

A financial asset is assessed using the lifetime expected credit losses (ECL) model to determine whether there is any objective evidence that it is impaired, using the simplified approach. This includes both quantitative and qualitative information and analysis, based on the Entity's historical experience, adjusted for forward-looking factors specific to the current credit environment.

The Entity measures the loss allowance at an amount equal to the lifetime ECL for accounts receivables or contract assets that result from transactions that are within the scope of IFRS 15, and do not contain a significant financing component. The Entity uses a provision matrix to measure the lifetime ECL of accounts receivable from individual customers which accounts for exposures in different customer classes.

If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

4. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Corporation has a significant number of customers which minimizes concentration of credit risk. The Corporation's distribution revenue is earned on a broad base of customers principally located in Tillsonburg, with no single customer that accounts for revenue or accounts receivable balance in excess of 10% of the respective

balance.
An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The carrying amount of accounts receivable is reduced through the use of the allowance. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2022 is $150,749 (2021 - $112,931). An impairment loss of $60,000 (2021 - 60,000) was recognized during the year.

The Entity invests in short-term investments, depending on cash flow availability, which are not considered a credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable. The Entity monitors its liquidity risk to ensure access to sufficient funds to meet operational requirements.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and commodity price risk. The Entity does not currently have any material commodity or foreign exchange risk. The Entity is exposed to fluctuations in interest rates as the regulated rate of return for the Entity'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.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

5. ACCOUNTS RECEIVABLE

	2022	2021
Trade receivables	1,829,499	1,778,994
Other receivables	101,124	116,415
Allowance for doubtful accounts	(150,749)	(112,931)
	1,779,874	1,782,478

6. INVENTORY

The amount of inventory consumed by the Corporation and recognized as an expense during the year was $21,890 (2021 - $23,490). An amount of $Nil (2021 - $Nil) was written down due to obsolescence.

7. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

As the Corporation of the Town of Tillsonburg (Town) is the sole shareholder of the Entity, the Entity and the Town are considered related parties. Banking and accounting activities are administered by the Town on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement (MSA), which was updated in 2013, governs the financial relationship between the Entity and the Town. These financial statements reflect this MSA. This MSA was updated for the year beginning January 1, 2019

General Index of Financial Information

Notes to the financial statements

and was approved by both parties as of January 28, 2019. The costing provisions set out in the agreement includes a fixed indirect fee of $140,000 (2021 - $140,000).

A summary of transactions between these related parties are as follows:

	2022	2021
Service based expenditures		
Labour	2,057,759	2,054,417
Fleet	177,000	177,000
Rent	150,000	150,000
Master service agreement	140,000	140,000
	2,524,759	2,521,417

	2022	2021
Service based sales		
Hydro billings	492,898	483,749
Capital projects	111,386	-
	604,284	483,749

7. RELATED PARTY TRANSACTIONS (Continued)

As disclosed the entity received $111,386 (2021 - $Nil) in funds related to deposits on capital projects. These balances are included in the Deposits in Aid of Construction balance on the statement of financial position.

At year end outstanding balances due from (to) related parties was $2,496,386 (2021 - 1,257,982).

The Entity also paid dividends to the Town of $200,000 (2021 - $200,000). The amounts due to and from related parties are non-interest bearing and unsecured.

(b) Key management personnel

They key management personnel of the Corporation have been defined as members of the Board of Directors and the executive managerial team members:

The compensation paid or payable is as follows:

	2022	2021
Salaries and benefits and directors' fees	453,911	362,564

8. INTANGIBLE ASSETS 2022

Cost		
Balance at January 1, 2022		-
Additions	18,080	
Disposals	-	
Balance at December 31, 2022		18,080
Accumulated Amortization		
Balance at January 1, 2022		-
Additions	1,898	
Disposals	-	
Balance at December 31, 2022		1,898
Net Book Value		
December 31, 2022	16,182	
December 31, 2021	-	

9. PROPERTY, PLANT AND EQUIPMENT

Cost	2021 Balance	Additions	Disposals	2022 Balance
Substation land	11,520	-	-	11,520

Notes to the financial statements

Substation equipment	366,936	-	-	366,936
Distribution system	31,351,327	1,958,186	80,920	33,228,593
Computer hardware	26,168	2,236	-	28,404
Computer software	763,848	-	-	763,848
	32,519,799	1,960,422	80,920	34,399,301

Accumulated Amortization	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Substation land	-	-	-	-
Substation equipment	154,438	12,792	-	167,230
Distribution system	12,881,311	731,315	80,920	13,531,706
Computer hardware	24,283	1,480	-	25,763
Computer software	671,656	42,453	-	714,109
	13,731,688	788,040	80,920	14,438,808

Cost	2020 Balance	Additions	Disposals	2021 Balance
Substation land	11,520	-	-	11,520
Substation equipment	279,239	87,697	-	366,936
Distribution system	29,486,476	1,937,845	72,994	31,351,327
Computer hardware	26,168	-	-	26,168
Computer software	761,198	2,650	-	763,848
	30,564,601	2,028,192	72,994	32,519,799

Accumulated Amortization	2020 Balance	Amortization	Accumulated Amortization on Disposals	2021 Balance
Substation land	-	-	-	-
Substation equipment	144,569	9,869	-	154,438
Distribution system	12,276,548	677,757	72,994	12,881,311
Computer hardware	23,027	1,256	-	24,283
Computer software	627,193	44,463	-	671,656
	13,071,337	733,345	72,994	13,731,688

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Net Book Value	2022	2021
Substation land	11,520	11,520
Substation equipment	199,706	212,498
Distribution system	19,696,887	18,470,016
Computer hardware	2,641	1,885
Computer software	49,739	92,192
	19,960,493	18,788,111

Included in distribution systems is $303,184 of work in progress (2021 - $137,861).

As at December 31, 2022, the property, plant and equipment are subject to a general security agreement as described in Note 11.

10. NET NON-UTILITY ACTIVITIES

The non-utility capital assets are comprised of solar powered equipment which is not regulated by the OEB. These assets are being depreciated over their useful lives and are shown as non-utility capital assets. The net revenue generated from these assets is recorded in the non-utility activities.

11. LONG-TERM DEBT

During 2021, the Entity was approved to borrow $5,500,000 for capital project at prime rate of interest less 0.65%. As of December 31, 2022, the Corporation had been advanced $5,000,000 (2021 - $5,000,000). The loan has interest only payments, TD Prime less 0.65% per annum, for two years after the final draw, which can be extended for one more year upon approved request. As a result, the $5,000,000 has been reflected in the financial

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

statements as long-term debt. A general security agreement provides collateral for the loan.

12. REGULATORY ASSETS AND LIABILITIES

The following expenses (recoveries) may be considered by the OEB in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

Regulatory assets | 2021 Balance | Additions/ transfers | Recovery/ reversals | 2022 Balance
Retail settlement variances | 938,572 | 462,358 | - | 1,400,930
Recovery of regulatory assets | 15,525 | 1,361 | - | 16,886
Deferred tax asset | 606,830 | 238,398 | - | 845,228
| 1,560,927 | 702,117 | - | 2,263,044
Regulatory assets | 2020 Balance | Additions/ transfers | Recovery/ reversals | 2021 Balance
Retail settlement variances | 569,710 | 368,862 | - | 938,572
Recovery of regulatory assets | 15,120 | 405 | - | 15,525
Deferred tax asset | 393,408 | 213,422 | - | 606,830
| 978,238 | 582,689 | - | 1,560,927
Regulatory liabilities | 2021 Balance | Additions/ transfers | Recovery/ reversals | 2022 BalanceRetail settlement variances | - | - | - | -
Deferred costs | 64,813 | 41,597 | - | 106,410
Deferred tax asset | - | - | - | -
| 64,813 | 41,597 | - | 106,410
Regulatory liabilities | 2020 Balance | Additions/ transfers | Recovery/ reversals | 2021 BalanceRetail settlement variances | - | - | - | -
Deferred costs | 31,903 | 32,910 | - | 64,813
Deferred tax asset | - | - | - | -
| 31,903 | 32,910 | - | 64,813

The retail settlement variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered final in prior applications and set a rate for recovery.

The Entity continually assesses the likelihood of recovery of each of its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Entity judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

13. DEFERRED CONTRIBUTIONS

Deferred customer contributions in aid of construction or acquisition of property, plant, and equipment is as follows:

| 2022 | 2021
Deferred contributions, beginning of year | 3,831,067 | 3,341,927
Add: deferred contributions received | 528,839 | 606,302
Less: amounts recognized as other revenue | (131,351) | (117,162)
Deferred contributions, end of year | 4,228,555 | 3,831,067

14. PAYMENTS IN LIEU OF CORPORATE TAXES

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

	2022	2021
Total current and deferred taxes	328,813	222,831
Prior year underprovision	(75,737)	
Deferred tax liabilities - opening	606,830	393,408
Deferred tax liabilities - ending	845,228	606,830
Deferred tax provision	(238,398)	(213,422)
Total current tax payable (recovery)	14,678	9,409

Reconciliation of effective tax rate

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate are as follows:

	2022	2021
Income (loss) before income taxes	(128,687)	(45,270)
Add: net movement in regulatory balances	660,520	549,779
	531,833	504,509
Expected taxes based on a statutory rate of 26.5% (2021 - 26.5%)	140,936	133,695
Capital cost allowance in excess of depreciation	(91,575)	(97,154)
Other additions and deductions	(34,683)	(27,132)
Under (Over) provision of prior years	75,737	-
Income tax expense (recovery)	90,415	9,409

Components of the Entity's deferred tax balances:

	2022	2021
Regulatory balances	347,563	235,660
Property, plant and equipment	1,618,232	1,386,277
Deferred contributions	(1,120,567)	(1,015,232)
Non-utility capital assets	-	125
	845,228	606,830

15. SHARE CAPITAL 2022 2021

Authorized
Unlimited - Common voting shares
Unlimited - Class A shares non-voting, non-cumulative, redeemable
Issued

		2022	2021
1	Common voting share	6,992,565	6,992,565

16. CAPITAL MANAGEMENT

The Entity defines capital as shareholders' equity and long term debt. As at December 31, 2022, shareholders equity amounts to $12,370,738 (2021 - $12,129,320) and long term debt amounts to $5,000,000 (2021 - $5,000,000) The Corporation's objectives when managing capital are to ensure sufficient liquidity to supports its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its capital requirements.

17. EXPENSES

	2022	2021
Salaries and benefits	1,289,587	1,340,824
Materials	21,890	23,490
Contracted services	476,238	485,300
Amortization	789,938	733,345
Corporate charges	622,400	567,992

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

Other | 675,617 | 556,021
| 3,875,670 | 3,706,972
18. PRUDENTIAL SUPPORT

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $956,406 (2021 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.
19. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.
20. FUTURE ACCOUNTING PRONOUNCEMENTS

Certain new standard, amendments, improvements, and interpretations to the existing standards have been issued by the IASB, but are not yet effective for the year ended December 31, 2022, and have not been applied in preparing these financial statements:
IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
The Entity anticipates that the adoption of these pronouncements will not have a material impact on the financial statements.
1. DESCRIPTION OF THE BUSINESS

Tillsonburg Hydro Inc. (the Entity), was incorporated provincially under the Business Corporations Act of Ontario on October 26, 2000. The Entity's principal business activity is to distribute electrical power to the residents of the Town of Tillsonburg in accordance with Section 144 of the Electricity Act, 1998. The Corporation operates under a licence issued by the Ontario Energy Board (OEB). The Corporation is regulated by the OEB and adjustments to the Corporation's distribution and power rates require OEB approval. The address of the Corporation's registered office is 200 Broadway Street, 2nd Floor, Tillsonburg, Ontario, N4G 5A7.
2. BASIS OF PRESENTATION

The Entity's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board (IASB).

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

(a) Approval of the financial statements

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

(b) Basis of measurement

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

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

(d) Subsequent events

The Entity has evaluated the events and transactions occurring after December 31, 2022 through April 25, 2023, when the Board approved the financial statements, and identified the events and transactions which required recognition in the Entity's financial statements.

(e) Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) powers and responsibilities to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounts treatment that may differ from IFRS for enterprises operating in a non-rate regulated environment.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)

The OEB has regulatory authority over the electricity delivery sector. The Act set out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which includes such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses, and filing requirements for rate setting purposes.

With the commencement of the open market, the Corporation purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission, and other charges such as connection are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The Corporation retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses, or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated Corporation. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for

accounting purposes because it is probable that they will be recovered on future rates. In addition, the Corporation has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the Corporation been unregulated. Specific regulatory assets and liabilities are disclosed in note 12.
The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, and a rate of return on capital assets.
Rate setting - Distribution revenue
The Corporation is required to file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating and capital expenditures to support the Corporation's business. The Corporation estimates usage and the costs to service each customer class in order to determine the appropriate rates to be charged by each customer class. The COS rate application is reviewed by the OEB and any registered interveners. Rates are approved based upon the review of evidence and information, 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 rate 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.
2. BASIS OF PRESENTATION (Continued)

(e) Rate setting and industry regulation (continued)
As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.
In 2021, the Corporation submitted an Incentive Rate-setting Mechanism (IRM) application to the OEB for 2022 Electricity Distribution rates. On March 24, 2022, the Corporation received a decision from the OEB that approved changes to rates that the Corporation charges for electricity distribution, to be effective May 1, 2022.
Rate setting - Electricity rates
The OEB sets electricity prices for certain low volume consumers twice per year (May and November) based upon an estimate of how much it will cost to supply the province with electricity in the coming year (Regulated Price Plan). Remaining customers will pay either the market price for electricity or the contracted price for electricity if they have enrolled with a retailer. The Company is billed for the cost of the electricity that its customers use and passes this cost on to its customers without a markup.
In 2021, the OEB adjusted the Regulated Price Plan in response to the Government issued Emergency Orders under the Emergency Management and Civil Protection Act to assist Ontarians who were forced to stay home due to the COVID-19 pandemic.
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.
(a) Cash and cash equivalents

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank

(b) Revenue recognition

Sale and distribution of electricity

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include estimates of customer usage since the last meter reading to the end of the year (unbilled revenue). The Entity applies judgment to the measurement of the estimated consumption and to the valuation of the consumption.

Distribution revenue is recorded based on the approved OEB distribution rates to recover the costs of delivering electricity to customers. This revenue also includes revenue related to the collection of the rate riders approved by the OEB.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (continued)

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 Entity's obligation to continue to provide the customer access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of 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 Entity has concluded that the performance obligation is the supply of the 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.

(c) Accounts receivable

Accounts receivable are recorded at the invoiced amount and overdue amounts bear interest at rates approved by the OEB. The Corporation evaluated its allowance for doubtful accounts on its expected credit loss (ECL) model based on its historic credit loss experience. Accounts receivable are shown net of an allowance for doubtful accounts of $150,749 (2021 - $112,931)

(d) Unbilled revenue

Unbilled revenue is recorded based on an estimated amount for electricity delivered and not yet billed. The estimate is based on actual meter readings provided and analyzed by a meter demand management company. Actual unbilled revenue could vary based on actual meter reading dates and the fiscal year end.

(e) Inventory

Inventory consists of repair parts, supplies, and material held for future capital expansion and maintenance activities and is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Items considered major spare parts are recorded as capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Index of Financial Information
Notes to the financial statements

(f) Property, plant and equipment

Property, plant, and equipment (PP&E) are measured at cost or deemed cost established on the transition date. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Parts of an item of property, plant, and equipment that have different useful lives are accounted for as separate items (major components) of property, plant and equipment.

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.

The cost of replacing a part of an item in PP&E is recognized in the net book value of the item if it 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 the property, plant and equipment 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 recognized in comprehensive income on a straight-line basis over the estimate useful life of each part or component of property, plant, and equipment. Land is not depreciated. Work 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:

Distribution station equipment	40 years
Poles, towers, and fixtures	50 years
Overhead conductors	60 years
Overhead devices	40 years
Underground conduit	50 years
Underground conductors and devices	30 years
Transformers	40 years
Services - overhead	50 years
Services - underground	40 years
Distribution meters	25 years
Smart meters	15 years
Computer hardware	5 years
Computer software	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

Property, plant, and equipment assets with finite lives are tested for recoverability at each reporting date to determine whether there is any indication of impairment. Any impairment is recognized in comprehensive income when the asset's carrying value exceeds its estimated recoverable amount.

An impairment charge may be reversed only if there is objective evidence that a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized is warranted. A reversal of an impairment charge is recognized immediately in comprehensive income. After such a reversal, the depreciation charge, where relevant, is adjusted in future periods on a systematic basis over the asset's remaining useful life. The carrying amounts of the Entity's other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(h) Customer deposits

Deposits from electricity customers are cash collections to guarantee the payment of electricity 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.

(i) Provisions

A provision is recognized if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit 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.

(j) Deferred income taxes

Income taxes are reported using the deferred income taxes method, as follows: current income tax expense is the estimated income taxes payable for the current year after any refunds or the use of losses incurred in previous years, and deferred income taxes reflect:

the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes;

the benefit of unutilized tax losses that will more likely than not be realized and carried forward to future years to reduce income taxes.

Deferred income taxes are estimated using the rates enacted by tax law and those substantively enacted for the years in which deferred income taxes assets are likely to be realized, or deferred income tax liabilities settled. The effect of a change in tax rates on deferred income tax assets and liabilities is included in earnings in the period when the change is substantively enacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Payment in lieu of corporate income taxes

Under the Electricity Act, the Corporation provides for payments in lieu of corporate income taxes, also referred to as income tax expense, using the tax liability method. Under the tax liability method, current income taxes payable are recorded based on taxable income. The Entity recognizes deferred tax assets and liabilities for future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the carrying value and their respective tax basis, using tax rates enacted or substantially enacted by the statement of financial position date that are in effect for the year in which the differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized. The calculation of current and deferred taxes requires management to make certain judgments with respect to changes in tax interpretations, regulations, and legislation, and to estimate probable outcomes on the timing and reversal of temporary differences and tax authority audits of income tax. Rate-regulated accounting requires the recognition of regulatory balances and related deferred tax assets and liabilities for the amount of deferred taxes expected to be refunded or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits or liabilities associated with the revenue impact resulting from the the realization of deferred taxes is recorded within regulatory balances.

(l) Regulatory deferral accounts

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Entity.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance. The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Regulatory deferral accounts (continued)

Regulatory deferral accounts attract interest at OEB prescribed rates. In 2022 the rates were 0.57% in quarter one, 1.02% in quarter two, 2.20% in quarter three and 3.87 in quarter four (2021 - 0.57%).

(m) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is

General Index of Financial Information

Notes to the financial statements

included in the following notes:

a) Note 3 - Revenue recognition - estimates of unbilled revenue
b) Note 3 - Accounts receivable - allowance for impairment
c) Note 3 - Property, plant, and equipment, useful lives and the identification of significant components of property, plant, and equipment
d) Note 3, 12 - Recognition and measurement of regulatory balances
e) Note 14 - Recognition of deferred tax assets - availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be used.

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Entity's designation of such instruments. Settlement date accounting is used.
Classification
Cash and cash equivalents Fair value through profit and loss (FVTPL)
Accounts receivable Amortized cost
Accounts payable and accrued liabilities Other financial liabilities
Due from/to related parties Other financial assets/liabilities
Current portion of customer deposits Other financial liabilities
Long-term debt Other financial liabilities
Non-current portion of customer deposits Other financial liabilities

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Amortized cost
Subsequent to initial recognition, loans and receivables are accounted for at amortized cost using the effective interest method.
Other financial liabilities
Subsequent to initial recognition, other financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.
Effective interest method
The Entity uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums, or discounts earned or incurred for financial instruments.
Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements are established based on the following hierarchy that categorizes the inputs to valuation techniques:
Level 1 Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities
Level 2 Fair value measurement using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3 Fair value measurement using inputs that are not based on observable market date (unobservable inputs)
The fair values of cash and cash equivalents approximate their carrying

amounts due to their short-term nature.
The following table presents the financial instruments recorded in fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:

December 31, 2022	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	793,075	-	-	793,075
Total Financial Assets	793,075	-	-	793,075

December 31, 2021	Level 1	Level 2	Level 3	Total financial assets and liabilities at fair value
Financial assets				
Cash and cash equivalents	700,530	-	-	700,530
Total Financial Assets	700,530	-	-	700,530

Impairment of financial assets
A financial asset is assessed using the lifetime expected credit losses (ECL) model to determine whether there is any objective evidence that it is impaired, using the simplified approach. This includes both quantitative and qualitative information and analysis, based on the Entity's historical experience, adjusted for forward-looking factors specific to the current credit environment.
The Entity measures the loss allowance at an amount equal to the lifetime ECL for accounts receivables or contract assets that result from transactions that are within the scope of IFRS 15, and do not contain a significant financing component. The Entity uses a provision matrix to measure the lifetime ECL of accounts receivable from individual customers which accounts for exposures in different customer classes.
If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.
4. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Corporation has a significant number of customers which minimizes concentration of credit risk. The Corporation's distribution revenue is earned on a broad base of customers principally located in Tillsonburg, with no single customer that accounts for revenue or accounts receivable balance in excess of 10% of the respective balance.
An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The carrying amount of accounts receivable is reduced through the use of the allowance. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2022 is $150,749 (2021 - $112,931). An impairment loss of $60,000 (2021 - 60,000) was recognized during the year.

The Entity invests in short-term investments, depending on cash flow availability, which are not considered a credit risk.
(b) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

General Index of Financial Information

Notes to the financial statements

The Entity monitors its liquidity risk to ensure access to sufficient funds to meet operational requirements.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and commodity price risk. The Entity does not currently have any material commodity or foreign exchange risk. The Entity is exposed to fluctuations in interest rates as the regulated rate of return for the Entity'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.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

5. ACCOUNTS RECEIVABLE

	2022	2021
Trade receivables	1,829,499	1,778,994
Other receivables	101,124	116,415
Allowance for doubtful accounts	(150,749)	(112,931)
	1,779,874	1,782,478

6. INVENTORY

The amount of inventory consumed by the Corporation and recognized as an expense during the year was $21,890 (2021 - $23,490). An amount of $Nil (2021 - $Nil) was written down due to obsolescence.

7. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

As the Corporation of the Town of Tillsonburg (Town) is the sole shareholder of the Entity, the Entity and the Town are considered related parties. Banking and accounting activities are administered by the Town on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement (MSA), which was updated in 2013, governs the financial relationship between the Entity and the Town. These financial statements reflect this MSA. This MSA was updated for the year beginning January 1, 2019 and was approved by both parties as of January 28, 2019. The costing provisions set out in the agreement includes a fixed indirect fee of $140,000 (2021 - $140,000).

A summary of transactions between these related parties are as follows:

	2022	2021
Service based expenditures		
Labour	2,057,759	2,054,417
Fleet	177,000	177,000
Rent	150,000	150,000
Master service agreement	140,000	140,000
	2,524,759	2,521,417

	2022	2021
Service based sales		
Hydro billings	492,898	483,749
Capital projects	111,386	-
	604,284	483,749

Corporation's name	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

General Index of Financial Information

Notes to the financial statements

7. RELATED PARTY TRANSACTIONS (Continued)

As disclosed the entity received $111,386 (2021 - $Nil) in funds related to deposits on capital projects. These balances are included in the Deposits in Aid of Construction balance on the statement of financial position.
At year end outstanding balances due from (to) related parties was $2,496,386 (2021 - 1,257,982).
The Entity also paid dividends to the Town of $200,000 (2021 - $200,000). The amounts due to and from related parties are non-interest bearing and unsecured.
(b) Key management personnel
They key management personnel of the Corporation have been defined as members of the Board of Directors and the executive managerial team members:
The compensation paid or payable is as follows:

	2022	2021
Salaries and benefits and directors' fees	453,911	362,564

8. INTANGIBLE ASSETS 2022

	2022
Cost	
Balance at January 1, 2022	-
Additions	18,080
Disposals	-
Balance at December 31, 2022	18,080
Accumulated Amortization	
Balance at January 1, 2022	-
Additions	1,898
Disposals	-
Balance at December 31, 2022	1,898
Net Book Value	
December 31, 2022	16,182
December 31, 2021	-

9. PROPERTY, PLANT AND EQUIPMENT

Cost	2021 Balance	Additions	Disposals	2022 Balance
Substation land	11,520	-	-	11,520
Substation equipment	366,936	-	-	366,936
Distribution system	31,351,327	1,958,186	80,920	33,228,593
Computer hardware	26,168	2,236	-	28,404
Computer software	763,848	-	-	763,848
	32,519,799	1,960,422	80,920	34,399,301

Accumulated Amortization	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Substation land	-	-	-	-
Substation equipment	154,438	12,792	-	167,230
Distribution system	12,881,311	731,315	80,920	13,531,706
Computer hardware	24,283	1,480	-	25,763
Computer software	671,656	42,453	-	714,109
	13,731,688	788,040	80,920	14,438,808

Cost	2020 Balance	Additions	Disposals	2021 Balance
Substation land	11,520	-	-	11,520
Substation equipment	279,239	87,697	-	366,936
Distribution system	29,486,476	1,937,845	72,994	31,351,327

General Index of Financial Information

Notes to the financial statements

Computer hardware | 26,168 | - | - | 26,168
Computer software | 761,198 | 2,650 | - | 763,848
| 30,564,601 | 2,028,192 | 72,994 | 32,519,799
Accumulated Amortization | 2020 Balance | Amortization | Accumulated Amortization on Disposals | 2021 BalanceSubstation land | - | - | - | -
Substation equipment | 144,569 | 9,869 | - | 154,438
Distribution system | 12,276,548 | 677,757 | 72,994 | 12,881,311
Computer hardware | 23,027 | 1,256 | - | 24,283
Computer software | 627,193 | 44,463 | - | 671,656
| 13,071,337 | 733,345 | 72,994 | 13,731,688

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Net Book Value | 2022 | 2021
Substation land | 11,520 | 11,520
Substation equipment | 199,706 | 212,498
Distribution system | 19,696,887 | 18,470,016
Computer hardware | 2,641 | 1,885
Computer software | 49,739 | 92,192
| 19,960,493 | 18,788,111

Included in distribution systems is $303,184 of work in progress (2021 - $137,861).
As at December 31, 2022, the property, plant and equipment are subject to a general security agreement as described in Note 11.

10. NET NON-UTILITY ACTIVITIES

The non-utility capital assets are comprised of solar powered equipment which is not regulated by the OEB. These assets are being depreciated over their useful lives and are shown as non-utility capital assets. The net revenue generated from these assets is recorded in the non-utility activities.

11. LONG-TERM DEBT

During 2021, the Entity was approved to borrow $5,500,000 for capital project at prime rate of interest less 0.65%. As of December 31, 2022, the Corporation had been advanced $5,000,000 (2021 - $5,000,000). The loan has interest only payments, TD Prime less 0.65% per annum, for two years after the final draw, which can be extended for one more year upon approved request. As a result, the $5,000,000 has been reflected in the financial statements as long-term debt. A general security agreement provides collateral for the loan.

12. REGULATORY ASSETS AND LIABILITIES

The following expenses (recoveries) may be considered by the OEB in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.
Regulatory assets | 2021 Balance | Additions/ transfers | Recovery/ reversals | 2022 Balance
Retail settlement variances | 938,572 | 462,358 | - | 1,400,930
Recovery of regulatory assets | 15,525 | 1,361 | - | 16,886
Deferred tax asset | 606,830 | 238,398 | - | 845,228
| 1,560,927 | 702,117 | - | 2,263,044
Regulatory assets | 2020 Balance | Additions/ transfers | Recovery/ reversals | 2021 Balance

Retail settlement variances	569,710	368,862	-	938,572
Recovery of regulatory assets	15,120	405	-	15,525
Deferred tax asset	393,408	213,422	-	606,830
	978,238	582,689	-	1,560,927

Regulatory liabilities	2021 Balance	Additions/ transfers	Recovery/ reversals	2022 Balance
Retail settlement variances	-	-	-	-
Deferred costs	64,813	41,597	-	106,410
Deferred tax asset	-	-	-	-
	64,813	41,597	-	106,410

Regulatory liabilities	2020 Balance	Additions/ transfers	Recovery/ reversals	2021 Balance
Retail settlement variances	-	-	-	-
Deferred costs	31,903	32,910	-	64,813
Deferred tax asset	-	-	-	-
	31,903	32,910	-	64,813

The retail settlement variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered final in prior applications and set a rate for recovery.

The Entity continually assesses the likelihood of recovery of each of its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Entity judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

13. DEFERRED CONTRIBUTIONS

Deferred customer contributions in aid of construction or acquisition of property, plant, and equipment is as follows:

	2022	2021
Deferred contributions, beginning of year	3,831,067	3,341,927
Add: deferred contributions received	528,839	606,302
Less: amounts recognized as other revenue	(131,351)	(117,162)
Deferred contributions, end of year	4,228,555	3,831,067

14. PAYMENTS IN LIEU OF CORPORATE TAXES

		2022		2021
Total current and deferred taxes		328,813		222,831
Prior year underprovision	(75,737)			
Deferred tax liabilities - opening	606,830		393,408	
Deferred tax liabilities - ending	845,228		606,830	
Deferred tax provision		(238,398)		(213,422)
Total current tax payable (recovery)		14,678		9,409

Reconciliation of effective tax rate

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate are as follows:

	2022	2021
Income (loss) before income taxes	(128,687)	(45,270)
Add: net movement in regulatory balances	660,520	549,779
	531,833	504,509
Expected taxes based on a statutory rate of 26.5% (2021 - 26.5%)	140,936	

General Index of Financial Information

Notes to the financial statements

133,695Capital cost allowance in excess of depreciation	(91,575)	(97,154)
Other additions and deductions	(34,683)	(27,132)
Under (Over) provision of prior years	75,737	-
Income tax expense (recovery)	90,415	9,409

Components of the Entity's deferred tax balances:

	2022	2021
Regulatory balances	347,563	235,660
Property, plant and equipment	1,618,232	1,386,277
Deferred contributions	(1,120,567)	(1,015,232)
Non-utility capital assets	-	125
	845,228	606,830

15. SHARE CAPITAL 2022 2021

Authorized
Unlimited - Common voting shares
Unlimited - Class A shares non-voting, non-cumulative, redeemable
Issued

		2022	2021
1	Common voting share	6,992,565	6,992,565

16. CAPITAL MANAGEMENT

The Entity defines capital as shareholders' equity and long term debt. As at December 31, 2022, shareholders equity amounts to $12,370,738 (2021 - $12,129,320) and long term debt amounts to $5,000,000 (2021 - $5,000,000) The Corporation's objectives when managing capital are to ensure sufficient liquidity to supports its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its capital requirements.

17. EXPENSES

	2022	2021
Salaries and benefits	1,289,587	1,340,824
Materials	21,890	23,490
Contracted services	476,238	485,300
Amortization	789,938	733,345
Corporate charges	622,400	567,992
Other	675,617	556,021
	3,875,670	3,706,972

18. PRUDENTIAL SUPPORT

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $956,406 (2021 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

19. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.

20. FUTURE ACCOUNTING PRONOUNCEMENTS

General Index of Financial Information

Notes to the financial statements

Certain new standard, amendments, improvements, and interpretations to the existing standards have been issued by the IASB, but are not yet effective for the year ended December 31, 2022, and have not been applied in preparing these financial statements:

IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Entity anticipates that the adoption of these pronouncements will not have a material impact on the financial statements.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

Assets – lines 1000 to 2599

1000	793,075	1060	3,898,440	1120	825,817
1125	303,184	1484	56,229	1599	5,876,745
1600	11,520	1740	366,936	1774	792,252
1900	32,925,409	1901	-14,438,808	2008	34,096,117
2009	-14,438,808	2010	18,080	2011	-1,898
2178	18,080	2179	-1,898	2420	2,263,044
2589	2,263,044	2599	27,813,280		

Liabilities – lines 2600 to 3499

2620	1,944,708	2680	14,678	2860	2,496,386
2961	806,582	3139	5,262,354	3140	9,228,555
3240	845,228	3320	106,410	3450	10,180,193
3499	15,442,547				

Shareholder equity – lines 3500 to 3640

3500	6,992,565	3540	990,388	3600	4,387,780
3620	12,370,733	3640	27,813,280		

Retained earnings – lines 3660 to 3849

3660	4,146,362	3680	441,418	3700	-200,000
3849	4,387,780				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

Description

Sequence number 0003 01

Revenue – lines 8000 to 8299

8000	26,333,325	8089	26,333,325	8299	26,333,325

Cost of sales – lines 8300 to 8519

8320	21,925,821	8518	21,925,821	8519	4,407,504

Operating expenses – lines 8520 to 9369

8670	789,938	9270	3,085,733	9367	3,875,671
9368	25,801,492	9369	531,833		

Extraordinary items and taxes – lines 9970 to 9999

9970	531,833	9990	90,415	9999	441,418

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			441,418 A
Add:			
Provision for income taxes – current	101	90,415	
Amortization of tangible assets	104	789,938	
Other reserves on lines 270 and 275 from Schedule 13	125	112,931	
Reserves from financial statements – balance at the end of the year	126	150,749	
Subtotal of additions		1,144,033 ▶	1,144,033

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Amortization of non-utility assets	473
	Total of column 2	473

Total of column 2 ▶	296	473	
Subtotal of other additions	199	473 ▶	473 D
Total additions	500	1,144,506 ▶	1,144,506
Amount A **plus** line 500			1,585,924 B
Deduct:			
Capital cost allowance from Schedule 8	403	1,135,503	
Other reserves on line 280 from Schedule 13	413	150,749	
Reserves from financial statements – balance at the beginning of the year	414	112,931	
Subtotal of deductions		1,399,183 ▶	1,399,183

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	Deferred contributions on capital assets included in income	131,351
	Total of column 2	131,351

Total of column 2 ▶	396	131,351	
Subtotal of other deductions	499	131,351 ▶	131,351 E
Total deductions	510	1,530,534 ▶	1,530,534
Net income (loss) for income tax purposes (amount B **minus** line 510)			55,390 C

Enter amount C on line 300 of the T2 return.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 3

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

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83
  - deductible dividends under subsection 138(6)
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (a.1), (b) or (d)
  - taxable dividends paid in the tax year that qualify for a dividend refund (see page 3)
- All legislative references are to the federal Income Tax Act.
- The calculations in this schedule apply only to private or subject corporations (as defined in subsection 186(3)).
- A payer corporation is **connected** with a recipient corporation at any time in a tax year, if at that time the recipient corporation meets either of the following conditions:
  - it controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b)
  - it owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation
- If you need more space, continue on a separate schedule.
- File this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends were received from a foreign source.
  Column F1 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H, H.1, I, I.1, I.2 and L **only if** the payer corporation is **connected**.

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing columns J, K and L use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYYMMDD 220	E Non-taxable dividends under section 83 230
1			2			
					Total of column E (enter amount on line 402 of Schedule 1)	

T2 SCH 3 E (22)

Canada

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") (enter amount on line 712 of the T2 return)			360	

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") (enter at amount L on page 7 of the T2 return)		2G
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") (enter at amount M on page 7 of the T2 return)		2J

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 Town of Tillsonburg	12658 7195 RC0001	2022-12-31	200,000	
2					
				200,000 (Total of column O)	(Total of column P)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		450	
Eligible dividends included in line 450	455		
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column O **plus** line 450)		460	200,000
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	200,000

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

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)		3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	76,667	3B

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above)				200,000
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year			500	200,000
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)				200,000 4B

Canada Revenue Agency Agence du revenu du Canada

Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under Regulation 1101(5q)? **101** Yes [ ] No [X]

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 [X]

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	Buildings	3,534,180						0
2. 8	furniture and fixtures	95,768	13,847	13,847				0
3. 10	computer hardware	12,715						0
4. 50	computer hardward after 3/18/07	11,711	20,316	20,316				0
5. 43.2	property acquired after 2/22/05	693						0
6. 47	transmission or distribution equipment	9,752,429	1,250,177					0
	Totals	13,407,496	1,284,340	34,163				

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	Buildings		3,534,180					3,534,180	
2. 8	furniture and fixtures		109,615	13,847	13,847			95,768	
3. 10	computer hardware		12,715					12,715	
4. 50	computer hardward after 3/18/07		32,027	20,316	20,316			11,711	
5. 43.2	property acquired after 2/22/05		693					693	
6. 47	transmission or distribution equipment		11,002,606			1,250,177	1,250,177	11,002,606	
	Totals		14,691,836	34,163	34,163	1,250,177	1,250,177	14,657,673	

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	Buildings				4	0	0	141,367	3,392,813
2.	8	furniture and fixtures				20	0	0	33,001	76,614
3.	10	computer hardware				30	0	0	3,815	8,900
4.	50	computer hardward after 3/18/07				55	0	0	26,757	5,270
5.	43.2	property acquired after 2/22/05				50	0	0	347	346
6.	47	transmission or distribution equipment	1,250,177	625,089		8	0	0	930,216	10,072,390
		Totals	1,250,177	625,089					1,135,503	13,556,333

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.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 13

Continuity of Reserves

Name of corporation	Business number	Tax year end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation Income Tax Guide.

Part 1 – Capital gains reserves

	Description of property 001	Balance at the beginning of the year $ 002	Transfer on an amalgamation or the wind-up of a subsidiary $ 003	Add $	Deduct $	Balance at the end of the year $ 004
1						
	Totals	008	009			010

The amount from line 008 **plus** the amount from line 009 should be entered on line 880 of Schedule 6, Summary of Dispositions of Capital Property.
The amount from line 010 should be entered on line 885 of Schedule 6.

Part 2 – Other reserves

Description		Balance at the beginning of the year $	Transfer on an amalgamation or the wind-up of a subsidiary $	Add $	Deduct $	Balance at the end of the year $
Reserve for doubtful debts	X	110 112,931	115	60,000	22,182	120 150,749
Reserve for undelivered goods and services not rendered		130	135			140
Reserve for prepaid rent		150	155			160
Reserve for refundable containers		190	195			200
Reserve for unpaid amounts		210	215			220
Other tax reserves		230	235			240
Totals		270 112,931	275	60,000	22,182	280 150,749

The amount from line 270 **plus** the amount from line 275 should be entered on line 125 of Schedule 1, Net Income (Loss) for Income Tax Purposes, as an addition.
The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

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

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101		
Capital stock (or members' contributions if incorporated without share capital)	103	6,992,565	
Retained earnings	104	4,387,780	
Contributed surplus	105		
Any other surpluses	106	990,388	
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111		
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112		
Subtotal (**add** lines 101 to 112)		12,370,733 ▶	12,370,733 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)		12,370,733	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	12,370,733	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:		
A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		12,370,733	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	12,370,733	

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) 12,370,733 x (Taxable income earned in Canada **610** 55,390 / Taxable income 55,390) = **Taxable capital employed in Canada** **690** 12,370,733

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.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "**NR**") 200	Social insurance number (9 digits) 300	Trust number (T followed by 8 digits) 350	Percentage common shares 400	Percentage preferred shares 500
1	Corporation of the Town of Tillsonburg	126587195RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

On: 2022-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the federal Income Tax Act and Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 — 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? ☐ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	363,295
Taxable income for the year (DICs enter "0")*	110	55,390		
Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least* 130				
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income* 140				
Subtotal (line 130 **plus** line 140)			A	
Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0")	150	55,390		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	39,881
Eligible dividends received in the tax year	200			
Dividends deductible under section 113 received in the tax year	210			
Subtotal (line 200 **plus** line 210)				B
Becoming a CCPC (amount W5 in Part 4)	220			
Post-amalgamation (total of amount E4 in Part 3 and amount W5 in Part 4)	230			
Post-wind-up (total of amount E4 in Part 3 and amount W5 in Part 4)	240			
Subtotal (**add** lines 220, 230, and 240)	290			
Subtotal (**add** lines 100, 190, 290, and amount B)				403,176 C
Eligible dividends paid in the previous tax year	300			
Excessive eligible dividend designations made in the previous tax year	310			
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)				
Subtotal (line 300 **minus** line 310)				D
GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative)			490	403,176
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 in Part 2)			560	
GRIP at the end of the tax year (line 490 **minus** line 560)			590	403,176

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

* For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (for example, flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

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

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

First previous tax year 2021-12-31

Taxable income before specified future tax consequences from the current tax year 38,041 A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least 38,041 B1

Aggregate investment income (line 440 of the T2 return) . . . . ______ C1

Subtotal (amount B1 **plus** amount C1) 38,041 ▶ 38,041 D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") ______ ▶ ______ E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ______ G1

Aggregate investment income (line 440 of the T2 return) . . . . ______ H1

Subtotal (amount G1 **plus** amount H1) ______ ▶ ______ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ______ ▶ ______ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ______ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied by** 0.72) . . . . 500 ______

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

Second previous tax year 2020-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ________ A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ________ B2

Aggregate investment income (line 440 of the T2 return) . . . . ________ C2

Subtotal (amount B2 **plus** amount C2) ________ ▶ ________ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ________ ▶ ________ E2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ________ G2

Aggregate investment income (line 440 of the T2 return) . . . . ________ H2

Subtotal (amount G2 **plus** amount H2) ________ ▶ ________ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ________ ▶ ________ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") ________ K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied by** 0.72) . . . . **520** ________

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

Third previous tax year 2019-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ________ A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ________ B3

Aggregate investment income (line 440 of the T2 return) . . . . ________ C3

Subtotal (amount B3 **plus** amount C3) ________ ▶ ________ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") ________ ▶ ________ E3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least . . . . ________ G3

Aggregate investment income (line 440 of the T2 return) . . . . ________ H3

Subtotal (amount G3 **plus** amount H3) ________ ▶ ________ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ________ ▶ ________ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") ________ K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **multiplied by** 0.72) . . . . **540** ________

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ________ L3

Enter amount L3 on line 560

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year				A4
Eligible dividends paid by the corporation in its last tax year		B4		
Excessive eligible dividend designations made by the corporation in its last tax year		C4		
Subtotal (amount B4 **minus** amount C4)		►		D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)				E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC ☐ Post amalgamation ☐ Post wind-up ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year A5

The corporation's money on hand immediately before the end of its previous/last tax year B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

- Non-capital losses C5
- Net capital losses D5
- Farm losses E5
- Restricted farm losses F5
- Limited partnership losses G5

Subtotal (**add** amounts C5 to G5) ► H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

- Non-capital losses I5
- Net capital losses J5
- Farm losses K5
- Restricted farm losses L5
- Limited partnership losses M5

Subtotal (**add** amounts I5 to M5) ► N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ► O5

Subtotal (**add** amounts A5, B5, and O5) P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year R5

All the corporation's reserves deducted in its previous/last tax year S5

The corporation's capital dividend account immediately before the end of its previous/last tax year T5

The corporation's low rate income pool immediately before the end of its previous/last tax year U5

Subtotal (**add** amounts Q5 to U5) ► V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Tillsonburg Hydro Inc.	86374 2599 RC0001	2022-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, General Rate Income Pool (GRIP) Calculation, or Schedule 54, Low Rate Income Pool (LRIP) Calculation, whichever is applicable.
- File the schedules with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3		200,000			
Total taxable dividends paid in the tax year	100	200,000			
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	403,176	
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.