EXHIBIT 6

REVENUE REQUIREMENT & REVENUE DEFICIENCY OR SUFFICIENCY

Festival Hydro INC

2.6 Exhibit 6: Revenue Requirement and Revenue Deficiency or Sufficiency

Table of Contents

2.6.0 Overview

Festival Hydro Inc. ("FHI") 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 FHI's request in this Application for an increase in its Revenue Requirement to support the proposed capital and operating budgets for 2025 to service debt, to pay deemed PILs and to return the allowed Return on Equity.

FHI has determined that the Revenue Deficiency for the 2025 Test Year is $2,813,456.

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

FHI'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)

FHI'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 2.6.3, are treated as offsets against FHI's Service Revenue Requirement to calculate the Base Revenue Requirement upon which class-specific distribution rates are calculated.

FHI has included the OEB's Revenue Requirement Work Form ("RRWF") as Attachment 6-2 of this Exhibit as a PDF document and has also included an Excel version.

FHI has ensured that numbers entered in the RRWF reconcile with the appropriate numbers in other Exhibits of this Application.

Determination of Net Utility Income

FHI has determined its allowable 2025 Net Income as $2,658,876. Table 6-1 provides the detailed Net Income calculation for the 2025 Test Year.

Table 6-1 – Determination of Net Income

Details	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	16,210,710
Other Revenue	1,166,332
Total Operating Revenues	17,377,042
Operating Expenses:	
OM&A Expenses	9,275,584
Depreciation/Amortization	2,969,170
Property Taxes	154,677
Total Operating Expenses	12,399,431
Deemed Interest Expense	2,097,975
Total Expenses	14,497,406
Utility income before income taxes	**2,879,635**
PILs (grossed-up)	220,759
Utility Net Income	**$ 2,658,876**

Statement of Rate Base

A summary of FHI's Rate Base for the 2025 Test Year, calculated on FHI's deemed capital structure in accordance with the OEB Filing Requirements, is summarized in Table 6-2. FHI's 2025 Rate Base is $72,173,625.

Table 6-2 – Rate Base

Rate Base	
Details	
Net Fixed Assets	
Fixed Assets Opening Balance 2025	64,251,162
Fixed Assets Closing Balance 2025	68,637,983
Net Fixed Assets (Average)	**66,444,572**
Allowance for Working Capital	**5,729,053**
Total Rate Base	**72,173,625**
Allowance for Working Capital - Derivation	
Controllable Expenses	9,298,129
Cost of Power	67,089,241
Working Capital Base	76,387,370
Working Capital Rate (%)	7.5%
Working Capital Allowance	**5,729,053**

Actual Utility Return on Rate Base

Table 6-3 summarizes the computation of FHI's 2025 Test Year at Existing Rates and the 2025 Test Year at Proposed Rates in order to achieve the Required Revenue.

Table 6-3 – Return on Rate Base

Description	2025 Test Existing Rates	2025 Test Required Revenue
Actual Return on Rate Base		
Rate Base	72,173,625	72,173,625
Interest Base	2,097,975	2,097,975
Net Income	777,279	2,658,876
Total Actual Return on Rate Base	**2,875,255**	**4,756,852**
Actual Return on Rate Base	**3.98%**	**6.59%**

Required Return on Rate Base		
Rate Base	72,173,625	72,173,625
Return Rates:		
Return on Debt (Weighted)	4.84%	4.84%
Return on Equity	9.21%	9.21%
Deemed Interest Expense	2,097,975	2,097,975
Return on Equity	2,658,876	2,658,876
Total Return	**4,756,852**	**4,756,852**
Actual Return on Rate Base	**6.59%**	**6.59%**

Indicated Rate of Return

FHI's 2025 Indicated Rate of Return is 6.59% as presented in Table 6-4 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

FHI has determined its requested Rate of Return on Base to be 6.59% or $4,756,852.

Table 6-3 above summarizes the computation of FHI's 2025 Requested Rate of Return on Rate Base of 6.59%.

As summarized in Table 6-3, in the absence of a change to distribution rates for 2025, as proposed in this Application, and assuming that the 2025 Approved rates remained unchanged, FHI's Return on Rate Base would be $2,875,255 or 3.98%.

Deficiency or Sufficiency in Revenue

FHI has provided a detailed calculation supporting its 2025 Revenue Deficiency in Table 6-4 in this Exhibit.

Gross Deficiency or Sufficiency in Revenue

FHI has provided a detailed calculation supporting its 2025 Revenue Deficiency in Table 6-4. The Gross Revenue Deficiency is calculated at $2,813,456. Table 6-4 provides the Revenue Deficiency calculation for the 2025 Test Year at Proposed Rates, which balances the Revenue Deficiency, Net Income and Total Return on Rate Base.

Table 6-4 – Revenue Deficiency Determination

Particulars	Initial Application	
	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		2,813,456
Distribution Revenue	13,397,254	13,397,254
Other Operating Revenue Offsets - net	1,166,332	1,166,332
Total Revenue	14,563,586	17,377,042
Operating Expenses	12,399,431	12,399,431
Deemed Interest Expense	2,097,975	2,097,975
Total Cost and Expenses	14,497,406	14,497,406
Utility Income Before Income Taxes	66,180	2,879,635
Tax Adjustments to Accounting Income per 2025 PILs model	(2,021,778)	(2,021,778)
Taxable Income	(1,955,599)	857,857
Income Tax Rate	26.5%	26.5%
Income Tax on Taxable Income	(518,234)	227,332
Income Tax Credits	(6,573)	(6,573)
Utility Net Income	590,986	2,658,876
Utility Rate Base	72,173,625	72,173,625
Deemed Equity Portion of Rate Base	28,869,450	28,869,450
Income/(Equity Portion of Rate Base)	2.05%	9.21%
Target Return - Equity on Rate Base	9.21%	9.21%
Deficiency/Sufficiency in Return on Equity	-7.16%	0.00%
Indicated Rate of Return	3.73%	6.59%
Requested Rate of Return on Rate Base	6.59%	6.59%
Deficiency/Sufficiency in Rate of Return	-2.87%	0.00%
Gross Revenue Deficiency (Sufficiency)	**2,813,456**	

Cost Drivers on Revenue Deficiency

Table 6-5 below outlines the contributors to the Revenue Deficiency by Revenue Requirement component. Column A lists the 2015 Approved amounts. Column B lists the 2025 Revenue at Existing Rates shown in Table 6-4 allocated to Revenue Requirement component based on the proportions in Column A. It is FHI’s view that Column B estimates the Revenue Requirement components for revenue at existing rates based on the components assumed in existing rates. Column C lists the 2025 Proposed

Components. Finally, Column D represents the difference between Column C and Column B which provides an estimate of the revenue requirement components for the Revenue Deficiency of $2,813,456. Column B does not represent actual costs and are allocated in proportion to 2015 Board Approved.

Table 6-5 – Revenue Deficiency by Revenue Requirement Component

Description	2015 Approved (A)	2025 Revenue at Existing Rates Allocated in Proportion to 2015 Approved (B)	2025 Proposed (C)	Revenue Deficiency (D = C - B)
OM&A	5,156,282	6,698,342	9,255,534	2,557,192
LEAP	13,000	16,888	20,050	3,162
Property Tax	19,225	24,975	154,677	129,702
Depreciation	2,082,559	2,705,378	2,969,170	263,792
Return on Deemed Equity	2,298,170	2,985,471	2,658,876	-326,594
PILs	142,098	184,594	220,759	36,165
Deemed Interest	1,499,494	1,947,939	2,097,975	150,036
Total	**11,210,828**	**14,563,586**	**17,377,042**	**2,813,456**

Description	2015 Approved (A)		2025 Proposed (C)	Difference (C - A)
Rate Base	61,778,759		72,173,625	10,394,866

There are two main contributors to the revenue deficiency of $2,813,456 for the 2025 Test Year:

• The main contributor is the increase in Depreciation as detailed in Exhibit 2. The 2015 Board Approved average net fixed assets was $52,171,405 compared to $66,444,572 in the 2025 Test Year (Table 2-1). Details with respect to the increases in the net fixed assets are provided as evidence in Exhibit 2.

• The second contributor is the increase in OM&A as detailed in Exhibit 4. Please refer to Exhibit 4, Table 4-3– Summary of OM&A Increases for 2025 Test Year OM&A

Expenditures and the supporting explanation for the increase of $4,241,756 in OM&A inclusive of LEAP and property taxes since 2015 Board Approved balances.

Change in Methodology

FHI has not made any changes to methodologies to deficiency / sufficiency.

2.6.1 Revenue Requirement Work Form

The RRWF (Revenue Requirement Work Form) has been included in this Exhibit as Attachment 6-2 FHI_2025_Rev_Reqt_Workform_1.0_20240426.

The 2024 Bridge Year forecast of distribution revenue at existing rates, including transformer allowance is $13,685,003, as presented in Table 6-6 below.

Table 6-6 – Calculation of 2024 Bridge Year Forecast at Existing Rates

Rate Class	Current Fixed Rate	Current Variable Rate	Annual kWh	Annual kW	Customer/ Connection Count	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer
Residential	$ 32.16	$ -	20,299		20,299	7,833,721	-	7,833,721
General Service < 50 kW	$ 36.86	$ 0.0182	62,309,194		2,136	944,715	1,134,027	2,078,743
General Service 50 to 4,999 kW	$ 273.56	$ 2.9533	359,813,112	904,883	210	689,881	2,672,391	3,362,272
Large Use	$ 13,084.05	$ 1.3613	29,085,391	44,439	1	157,009	60,495	217,504
Senitnel Lighting	$ 2.68	$ 14.2531	97,803	272	35	1,127	3,873	5,000
Street Lighting	$ 1.33	$ 3.9839	2,364,162	6,011	6,400	102,136	23,946	126,082
Unmetered Scattered Load	$ 9.67	$ 0.0100	754,577		467	54,134	7,546	61,680
Distribution Revenue						**9,782,723**	**3,902,279**	**13,685,003**

The 2025 Test Year forecast of distribution revenue at existing rate, including transformer allowance, is $13,764,018, as presented in Table 6-7 below.

Table 6-7 – Calculation of 2025 Test Year Forecast at Existing Rates

Rate Class	Current Fixed Rate	Current Variable Rate	Annual kWh	Annual kW	Customer/ Connection Count	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer
Residential	$ 32.16	$ -	153,701,712		20,541	7,927,314	-	7,927,314
General Service < 50 kW	$ 36.86	$ 0.0182	62,385,122		2,146	949,376	1,135,409	2,084,785
General Service 50 to 4,999 kW	$ 273.56	$ 2.9533	357,005,178	897,897	208	685,495	2,651,759	3,337,254
Large Use	$ 13,084.05	$ 1.3613	29,085,391	44,439	1	157,009	60,495	217,504
Senitnel Lighting	$ 2.68	$ 14.2531	95,176	264	34	1,096	3,769	4,866
Street Lighting	$ 1.33	$ 3.9839	2,364,162	6,011	6,400	102,136	23,946	126,082
Unmetered Scattered Load	$ 9.67	$ 0.0100	810,020		501	58,112	8,100	66,212
Distribution Revenue						**9,880,539**	**3,883,479**	**13,764,018**

The 2025 Test Year Forecast of distribution revenue at proposed rates, including transformer allowance, is $16,210,710 as presented in Table 6-8 below.

Table 6-8 – Calculation of 2025 Test Year Forecast at Proposed Rates

Rate Class	Proposed Fixed Rate	Proposed Variable Rate	Annual kWh	Annual kW	Customer/ Connection Count	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer
Residential	$ 39.59	$ -	153,701,712		20,541	9,759,676	-	9,759,676
General Service < 50 kW	$ 40.97	$ 0.0202	62,385,122		2,146	1,055,235	1,261,652	2,316,887
General Service 50 to 4,999 kW	$ 330.99	$ 3.4940	357,005,178	897,897	208	829,405	2,797,159	3,626,564
Large Use	$ 15,799.68	$ 1.5195	29,085,391	44,439	1	189,596	40,860	230,456
Senitnel Lighting	$ 3.42	$ 18.2073	95,176	264	34	1,399	4,815	6,214
Street Lighting	$ 2.08	$ 6.1601	2,364,162	6,011	6,400	159,732	37,027	196,758
Unmetered Scattered Load	$ 10.83	$ 0.0112	810,020		501	65,083	9,072	74,155
Distribution Revenue						**12,060,126**	**4,150,584**	**16,210,710**

2.6.2 Taxes or Payments in Lieu of Taxes (PILs) and Property Taxes

2.6.2.1 Income Taxes or PILs

Overview

FHI is subject to the payment of PILs under Section 93 of the Electricity Act, 1998, as amended. FHI 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. Table 6-9 below provides a summary of 2015 Board Approved, 2016-2022 Actual income taxes included in audited statements, 2023 and 2024 Bridge

Year estimate using current rates, and 2025 Test Year income taxes based on revised rates. In this Application, FHI is forecasting a taxable income of $637,098 and is requesting $162,258 in PILs for recovery, grossed up to $220,759 for revenue requirement purposes. The Financial Statements that have been included with this Application are the same as those provided with the tax returns.

FHI notes that it pays dividends each year to its shareholders; however, since the shareholders are municipalities and not subject to income taxes, the dividends are treated as non-taxable and do not affect the PILs return.

Table 6-9 below provides a summary of the 2015 through 2022 Actuals, 2023 Forecast and the 2024 Bridge and 2025 Test Year PILs estimates. The historical years' balance represents the actual numbers per the general ledger which are a mix of year-end provision estimates and prior year adjustments made when the tax returns were actually filed. The 2023 through 2025 estimates are based on the rates prescribed by the Board in the Board's Income Tax /PILs Work Form for 2024 filers as provided in Attachment 6-3.

Table 6-9 – Summary of PILs

Description	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual
Income Taxes (Current)	65,000	266,000	225,630	325,400	207,361	234,092	322,507	160,945
Income Taxes (Prior Years)	29,000		5,370		(19,135)		3,923	(56,545)
Total Taxes per GL	**94,000**	**266,000**	**231,000**	**325,400**	**188,226**	**234,092**	**326,430**	**104,400**

The 2025 Test Year PILs have been determined by applying substantively enacted 2023 rates against taxable regulatory income.

A copy of 2022 Federal and Provincial (Ontario) tax return (with Notice of Assessment) has been provided in Attachment 6-4. 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, FHI has not filed its 2023 corporate income tax returns. FHI does not expect significant changes between the final 2023 corporate income tax returns and the 2023 forecast income tax provision. FHI 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.

A summary of the variances between the recorded amounts in the General Ledger (GL) and the actual tax returns is shown below in Table 6-10.

Table 6-10 Variance of PILs to the General Ledger

Description	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual
Income Taxes (Actual)	51,813	279,802	225,820	323,397	207,788	241,608	282,822	247,957
Income Taxes (per GL)	94,000	266,000	231,000	325,400	188,226	234,092	326,430	104,400
Variance Return per GL	**(42,187)**	**13,802**	**(5,180)**	**(2,003)**	**19,562**	**7,516**	**(43,608)**	**143,557**

Variances of PILs to the GL are due to audited financial statements being prepared and approved in April of the following year however PILs returns are filed June 30 of the following year. PILs balances are estimated by FHI, and the estimate is audited by KPMG for reasonability for financial statement purposes. No variance between 2015 and 2021 has exceeded materiality. In 2022, early auditor estimates included a higher amount of CCA than was calculated on the final return.

FHI has used the most recent tax rates available at present, which are provided in Table 6-11.

Table 6-11 Corporate Tax Rates for Tax Year

Corporate Tax Rates for Tax Year	2024 Bridge	2025 Test
Small Business Deduction	7.0%	7.0%
Federal Income Tax	15.0%	15.0%
Ontario Income Tax	11.5%	11.5%
Combined Income Tax	26.5%	26.5%

FHI has calculated PILs using the Board approved model – Income Tax/PILs Work Form and has attached it as a live spreadsheet to this Application. A summary of the calculation of Regulatory Taxable Income is provided in Table 6-12 below.

Table 6-12 Taxable Income Calculation

Description	2024 Bridge	2025 Test
Determination of Taxable Income		
Utility Income Before Taxes	1,978,027	2,658,876
Additions to Accounting Income		
Amortization of Tangible Assets	2,708,261	3,022,529
Non-Deductible Interest and Penalties	39,990	
Charitable Donations	50,300	50,300
Non-Deductible Meals and Entertainment Expense	5,500	5,500
Inducement Under ITA 12(1)(x)	6,000	6,000
Total Additions	**2,810,051**	**3,084,329**
Deductions from Accounting Income		
Capital Cost Allowance From Schedule 8	4,516,068	4,978,956
Contributions to Deferred Income Plans		
Amortization of Deferred Revenue	76,869	76,851
Overhead Capitalized for Accounting		
Non-Capital Losses of Previous Tax Years		
Total Deductions	**4,592,937**	**5,055,807**
Net Income For Tax Purposes	**195,141**	**687,398**
Charitable Donations	55,150	50,300
Regulatory Taxable Income	**139,991**	**637,098**

The table presents the calculation of taxable income for the 2025 Test Year. Regulatory Taxable Income is before donation. Tax adjustments are made for both temporary and permanent differences and reserves. The most significant temporary variance relates to the difference between depreciation for accounting purposes versus capital cost allowance (CCA) for tax purposes.

Loss Carry Forwards

FHI does not have any non-capital loss carryforwards as of 2022.

Other Additions and Deductions

In accordance with the Filing Requirements, FHI has excluded the deferral and variance accounts for Regulatory Assets and Liabilities from the reserve balances for 2024 Bridge Year and 2025 Test Year.

Tax Credits

FHI takes advantage of tax credits where available to minimize taxes payable. Table 6-13 summarizes the tax credits for the historical years 2015-2022 Actuals and 2023 Forecast. FHI has forecasted tax credits of $6,573 for the 2025 Test Year. Every year, FHI claims tax credits for co-op students. In addition, FHI also claims tax credits for SR&ED in years where there are expenditures of that type. FHI does not budget for the SR&ED tax credits as they are sporadic and not consistent year to year. FHI does not anticipate SR&ED applicable projects in 2023, 2024 and 2025.

Table 6-13 Tax Credits

Item	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Bridge	2025 Test
ITC From SR&ED Expenditures					31,689	33,011		14,776			
ITC From Apprenticeship Job Creation Expenditures											
Ontario Research and Development Tax Credit					7,662	7,982		3,573			
Ontario Corporate Minimum Tax Credit											
Ontario Co-Operative Education Tax Credit	8,033		6,000	12,000	8,380	2,283	3,000	3,000			6,573
Ontario Apprenticeship Training Tax Credit	10,000	14,481	5,562	5,315							

Accelerated CCA

On June 21, 2019, Bill C-97, the Budget Implementation Act, 2019, No. 1, was given Royal Assent. Included in Bill C-97 are various changes to the federal income tax regime. One of the changes introduced by Bill C-97 is the Accelerated Investment Incentive Program, which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

As per the OEB's July 25, 2019, letter, the OEB expected distributors to:

1. Record the impacts of CCA rule changes in Account 1592 - PILs and Tax Variances – CCA Changes for the period November 21, 2018, until the effective date of the distributor's next cost-based rate order.
2. Record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates in Account 1592 – PILs and Tax Variances – CCA Changes.
3. Bring forward any amounts tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in accordance with the OEB's filing requirements for the disposition of deferral and variance accounts, which would generally coincide with a distributor's next cost-based rate application.

FHI has included the balance from 2019-2023 in Account 1592 to be cleared in this Application. FHI has also projected the balance from 2024 and is requesting that this estimate be cleared through Account 1592. Any material variances from the projected amount will be carried forward in Account 1592. FHI is applying the revised accelerated CCA changes to revenue requirement in 2025. This tax being phased out beginning in 2024. FHI is requesting that any rate base implications from the phase out beyond the test year be tracked in a 1592 sub-account to be recovered at the next Cost of Service Application.

Detailed Tax Calculations

Table 6-14 below summarizes the detailed tax calculation for the 2015 Board Approved, 2015-2022 Actuals, 2023 Forecast, 2024 Bridge and 2025 Test Years. There are no reconciling items between FHI’s filed tax returns and the Board’s Income Tax/PILs Work Form.

Table 6-14 Detailed Tax Calculations

	2015 Board Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Net Income Before Taxes	**2,298,170**	**3,334,328**	**1,979,035**	**2,337,228**	**2,799,970**	**1,892,465**	**1,452,030**	**3,521,670**	**4,485,888**	**2,127,661**	**1,978,027**	**2,658,876**
Additions:												
Interest and penalties on taxes									658	90,878	39,990	
Amortization of tangible assets	2,239,556	2,257,255	2,322,251	2,428,056	2,548,768	2,652,716	2,548,121	2,412,000	2,505,726	2,609,205	2,708,261	3,022,529
Loss on disposal of assets		137,764	32,441									
Charitable donations and gifts		50,000	50,100	60,190	53,050	50,150	50,300	55,150	50,100	55,150	50,300	50,300
Scientific research expenditures deducted on financial statements						160,956	172,652	33,011	90,866			
Taxable capital gains from Schedule 6		10,306										
Non-deductible meals and entertainment expense	5,000	2,753	3,493	4,477	9,108	8,994	3,788	5,358	7,691	5,358	5,500	5,500
Reserves from financial statements – balance at the end of the year	1,400,000	1,515,271	1,537,160	1,557,796	1,417,623	1,625,440	1,644,895	1,540,352	1,181,874	1,181,874	1,181,874	1,181,874
Capital items expensed			20,780									
Non-deductible legal and accounting fees		365,781	196,950		75,196	8,000						
Investment tax credit from apprenticeship creation expenditure		2,000										
Ontario co-operative education tax credit		2,424	8,033		6,000	12,000	10,692	4,589	3,000	8,370	6,000	6,000
Ontario apprenticeship training tax credit	12,000	10,000	10,000	14,481	5,562	5,315						
Contributed capital in deferred revenue							465,542	479,666	341,267			
PBA Adjustment			459,916	169,706								
Unrealized loss from derivatives		262,014	8,267			281,564	840,798					
Carrying Charges adjustment			20,544	20,195								
IFRS Adjustment to EFB		44,849										
ICM revenue		272,377										
Total Additions:	3,656,556	4,932,794	4,669,935	4,254,901	4,115,307	4,805,135	5,736,788	4,530,126	4,181,182	3,950,835	3,991,925	4,266,203
Deductions:												
Gain on disposal of assets per financial statements	55,210	2,093			8,040							
Capital cost allowance from Schedule 8	4,006,103	4,041,473	3,950,290	3,888,148	3,907,263	4,115,851	3,801,265	4,031,769	3,817,049	4,096,414	4,516,068	4,978,956
Cumulative eligible capital deduction from Schedule 10	61,550	45,051	52,238									
Scientific research expenses claimed in year						155,606	135,287		88,045			
Reserves from financial statements - balance at beginning of year	1,400,000	1,414,362	1,515,271	1,537,160	1,557,796	1,417,623	1,625,440	1,644,895	1,540,352	1,181,874	1,181,874	1,181,874
Contributions to deferred income plans												
Non-taxable reg asset items		2,368,917										
Amortization of deferred revenue		5,892	10,791	21,838	47,985	45,912	57,127	60,633	76,869	47,985	76,869	76,851
Unrealized Gain from derivatives, net of tax					120,777			646,085	1,723,834			
Co-op and Apprenticeship credits included in income		18,033	14,424	8,932		8,380	2,283		3,000			
SR&ED Cost capitalized for accounting						119,973	139,844	66,344	90,866			
Election under subsection 13(7.4)				223,711			465,542	479,666	341,267			
A4DA taxed in prior year		125,781										
Total Deductions	5,522,863	8,021,602	5,543,014	5,679,789	5,641,861	5,863,345	6,226,788	6,929,392	7,681,282	5,326,273	5,774,811	6,237,681
Net Income For Tax Purposes	431,863	245,520	1,105,956	912,340	1,273,416	834,255	962,030	1,122,404	985,788	752,223	195,141	687,398
Charitable donations from Schedule 2		-50,000	-50,100	-60,190	-53,050	-50,150	-50,300	-55,150	-50,100	-55,150	-55,150	-50,300
Non-capital losses of previous tax years												
Taxable Income	431,863	195,520	1,055,856	852,150	1,220,366	784,105	911,730	1,067,254	935,688	697,073	139,991	637,098
Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Income Taxes	114,444	51,813	279,802	225,820	323,397	207,788	241,608	282,822	247,957	184,724	37,098	168,831
Tax Credits	-10,000	-18,033	-14,481	-11,562	-17,315	-47,731	-43,276	-3,000	-21,349			-6,573
Total Income Taxes	104,444	33,780	265,321	214,258	306,082	160,057	198,332	279,822	226,608	184,724	37,098	162,258
Total Income Taxes Grossed Up for Revenue Requirement												

FHI completed the integrity checks for the following information as detailed in the filing requirements:

- The depreciation and amortization added back in the PILs model agree with the numbers disclosed in the rate base section of the Application. Note that these depreciation amounts for tax purposes include recognized deferred revenues in USoA 2440.
- The capital additions and deductions in the UCC/CCA Schedule 8 agree with the rate base section for Historical, Bridge and Test Years.

- Schedule 8 of the most recent federal T2 tax return filed as a closing December 31, 2022, agrees with the opening 2023 Forecast Year UCC. FHI confirms that there were no non-distribution tax amounts on Schedule 8 on the December 31, 2022, tax return. The 2023 T2 tax return has not been filed as of the submission date of this Application. 2022 T2 tax return balances have been used with 2023 taxes estimated using figures from the audited financial statements.
- The CCA deductions in the PILs tax model for Historic, Bridge and Test Years agree with the numbers in the UCC schedules for the same years filed in the Application.
- FHI does not have any loss carry forwards from prior years.
- CCA is maximized each year except 2024 Bridge Year as there was a loss triggered so full CCA was not taken.
- Post-retirement benefit obligations added back on Schedule 1, the reconciliation of accounting income to net income for tax purposes, agree with the amounts provided in the OM&A analysis for compensation.
- The income tax rate used to calculate the tax expense is consistent with FHI's actual tax facts and the evidence filed in the Application.

2.6.2.2 Other Taxes

Property Taxes

FHI pays property taxes to the City of Stratford and the Township of Seaforth for its Service Centre and Administration premises and the Municipal Substations and Transformer Stations. In addition, FHI makes annual payments to the Ontario Electricity Financial Corporation for "Payments in Lieu of Property Taxes". Property taxes for the 2015 Board Approved, Historical years 2015-2023, the 2024 Bridge Year and the 2025 Test Year are provided in Table 6-15 below.

Table 6-15 Property Taxes

Item	2015 Board Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
Property Taxes	$ 19,225	$ 96,756	$ 38,017	$ 55,726	$ 82,847	$ 74,054
Item	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Actual**	**2024 Bridge**	**2025 Test**
Property Taxes	$ 135,993	$ 126,934	$ 126,868	$ 151,191	$ 143,937	$ 154,677

Property taxes for the 2025 Test Year are based on 2024's estimate with cost increase of 5%, which was an estimate when the budget was created. FHI may update this figure through the process of the Application. In 2023 there was a reassessment done that required back payment. In the 2015 Board Approved amount as well as to a lesser degree through to 2019, Property Taxes were partially built into or allocated other OM&A accounts. From 2020 and on, the full Property Taxes have been separated into USoA 6105.

2.6.2.3 Non-Recoverable and Disallowed Expenses

FHI has not included donations, other than LEAP, in the calculation of revenue requirement. FHI does not have any additional expenses that are deductible for general tax purposes, but for which recovery in 2025 distribution rates would be partially or fully disallowed.

2.6.3 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 FHI's proposed Revenue Requirement.

Other Distribution Revenues includes:

- Specific Service Charges

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

FHI 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.

FHI has not proposed any new specific service charges or incorporated new rates or rules that would impact Other Revenue.

Table 6-16 below provides details on the Other Revenue included in FHI'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 $80,000 as calculated in Exhibit 1, Table 1-13, is highlighted in blue and an explanation for this variance is provided below in Tables 6-14 to 6-20.

Table 6-16 Other Revenue with Variance

USoA	Other Revenue	2015 Board Approved	2015 Actual	2015 Actual vs 2015 Board Approved	2016 Actual	2016 Actual vs 2015 Actual	2017 Actual	2017 Actual vs 2016 Actual	2018	2018 Actual vs 2017 Actual	2019	2019 Actual vs 2018 Actual
4082	RS Rev	21,280	22,044	764	17,808	-4,236	20,458	2,649	25,987	5,529	26,185	198
4084	Serv Tx Requests	296	167	-129	-	-167	-11	-11	-1	10	-	1
4086	SSS Revenue	57,005	56,042	-963	57,407	1,365	63,499	6,092	61,328	-2,172	61,138	-190
4210	Rent from Electric Property	189,160	188,454	-706	188,907	453	187,133	-1,773	176,244	-10,890	179,766	3,523
4220	Other Electric Revenues	9,376	4,535	-4,841	33,848	29,313	54,510	20,662	228,425	173,915	208,056	-20,370
4225	Late Payment Charges	118,090	144,654	26,564	145,304	650	139,279	-6,025	121,054	-18,225	112,697	-8,357
4235-1	Miscellaneous Service Revenues	132,833	133,471	638	126,349	-7,122	118,047	-8,301	110,825	-7,223	103,104	-7,720
4245	Government Assistance Directly Credited to Income	-	5,892	5,892	10,791	4,900	12,239	1,447	47,985	35,746	45,912	-2,073
4305	Regulatory Debits	-	-322,166	-322,166	-	322,166	-	-	-	-	-	-
4310	Regulatory Credits	-	-	-	-	-	-	-	-	-	-	-
4315	Revenues from Electric Plant Leased to Others	-	-	-	-	-	-	-	48,174	48,174	60,386	12,212
4355	Gain on Disposition of Utility and Other Property	3,210	20,612	17,402	-	-20,612	29,519	29,519	8,040	-21,479	-	-8,040
4360	Loss on Disposition of Utility and Other Property	-	-	-	-20,780	-20,780	-1,608	19,172	-	1,608	-	-
4362	Loss from Retirement of Utility and Other Property		-137,764									
4365	Gains from Disposition of Allowances for Emission	52,000	-	-52,000	-	-	-	-	-	-	-	-
4375	Revenues from Non-Utility Operations	759,408	1,050,422	255,778	770,088	-280,334	815,446	45,358	1,282,507	467,061	898,613	-383,894
4380	Expenses of Non-Utility Operations	-646,381	-573,280	73,101	-555,314	17,966	-533,084	22,230	-533,223	-136	-569,344	-36,123
4390	Miscellaneous Non-Operating Income	1,000	25,804	24,804	38,683	12,879	44,561	5,878	21,133	-23,428	15,995	-5,138
Other Reveneue		**697,277**	**618,885**	**24,137**	**813,091**	**56,441**	**949,988**	**136,897**	**1,598,476**	**648,490**	**1,142,508**	**-455,970**

USoA	Other Revenue	2020	2020 Actual vs 2019 Actual	2021	2021 Actual vs 2020 Actual	2022	2022 Actual vs 2021 Actual	2023	2023 Actual vs 2022 Actual	2024 Bridge	2024 Bridge vs 2023 Actual	2025 Test	2025 Test vs 2024 Bridge
4082	RS Rev	26,820	636	27,251	430	27,032	-218	35,865	59	26,989	-102	27,259	270
4084	Serv Tx Requests	-	-	-	-	-	-	284	-	6	6	6	0
4086	SSS Revenue	62,604	1,466	63,539	935	64,692	1,153	65,329	637	65,265	-65	65,917	653
4210	Rent from Electric Property	155,582	-24,184	128,767	-26,815	108,837	-19,931	166,816	8,749	127,359	9,773	128,633	1,274
4220	Other Electric Revenues	142,453	-65,603	228,744	86,291	150,364	-78,380	157,851	7,487	179,899	22,048	181,697	1,798
4225	Late Payment Charges	97,900	-14,797	108,022	10,122	50,021	-58,001	34,750	-15,271	64,907	30,157	65,556	649
4235-1	Miscellaneous Service Revenues	83,265	-19,839	91,814	8,549	91,133	-681	80,873	-10,260	75,729	-5,144	70,801	-4,928
4245	Government Assistance Directly Credited to Income	57,127	11,215	60,633	3,506	76,869	16,236	76,869	-	76,864	-5	78,773	1,909
4305	Regulatory Debits	-	-	-	-	-	-	-	-	-	-	-	-
4310	Regulatory Credits	-	-	-	-	-	-	-	-	-	-	-	-
4315	Revenues from Electric Plant Leased to Others	60,870	484	103,028	42,158	115,994	12,966	108,711	-7,282	116,026	7,315	117,186	1,160
4355	Gain on Disposition of Utility and Other Property	2,655	2,655	-	-2,655	-	-	-	-	-	-	-	-
4360	Loss on Disposition of Utility and Other Property	-	-	-	-	-	-	-	-	-	-	-	-
4362	Loss from Retirement of Utility and Other Property												
4365	Gains from Disposition of Allowances for Emission	-	-	-	-	-	-	-	-	-	-	-	-
4375	Revenues from Non-Utility Operations	841,733	-56,880	924,934	83,201	867,761	-57,173	892,192	24,430	941,414	49,223	947,880	6,466
4380	Expenses of Non-Utility Operations	-535,414	33,929	-585,411	-49,997	-521,695	63,716	-548,894	-27,099	-561,239	-12,445	-570,359	-9,120
4390	Miscellaneous Non-Operating Income	14,956	-1,039	36,019	21,063	75,958	39,939	41,650	-34,308	52,478	10,828	52,982	505
Other Reveneue		**1,010,550**	**-131,958**	**1,187,340**	**176,789**	**1,106,966**	**-80,374**	**1,112,296**	**-52,858**	**1,165,697**	**111,589**	**1,166,332**	**635**

FHI notes that in the tables below and in Appendix 2-H, revenue and expenses from affiliate transactions are recorded appropriately in Account 4375 and 4380, respectively with the exception of Affiliate Rental Revenues which are included in 4210.

These balances have been reconciled to Appendix 2-N – Shared Services and Corporate Cost Allocation and are reconciled below in Table 6-22.

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

FHI 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.

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

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

FHI confirms that revenues or costs (including interest) associated with deferral and variance accounts are not included in other revenues.

Variance Analysis of Other Revenue

Table 6-17 2015 Actual vs 2015 Board Approved

USoA	Other Revenue	2015 Actual	2015 Board Approved	2015 Actual vs 2015 Board Approved
4305	Regulatory Debits	(322,166)	-	(322,166)
4375	Revenues from Non-Utility Operations	1,050,422	759,408	255,778

The material changes include the following:

- In 2015, $322K of interest related to the ICM was recorded, this was not included in 2015 Board Approved.
- In 2015, there was $221K of CDM incentives received that was not included in the 2015 Board Approved.

Table 6-18 2016 Actual vs 2015 Actual

USoA	Other Revenue	2016 Actual	2015 Actual	2016 Actual vs 2015 Actual
4305	Regulatory Debits	-	(322,166)	322,166
4375	Revenues from Non-Utility Operations	770,088	1,050,422	(280,334)

The material changes include the following:

- As noted above there was $322K of interest related to the ICM recorded, this was a one-time entry.
- Similarly, as noted above, there was a $221K CDM incentive recorded in 2015 but not received in 2016.

2017 Actual vs 2016 Actual

There are no material variances between 2017 Actual and 2016 Actual.

Table 6-19 2018 Actual vs 2017 Actual

USoA	Other Revenue	2017 Actual	2018 Actual	2018 Actual vs. 2017 Actual
4220	Other Electric Revenues	54,510	228,425	173,915
4375	Revenues for Non-Utility Operations	815,446	1,282,507	467,061

The material changes include the following:

- In 2018 there was a large amount of billable work completed which in turn increased the administrative markup recorded in other electric revenue. There was also an increase of $62K in third party engineering costs that were billed to customers.
- 2018 Actuals included a $433K CDM incentive compared to $2K in 2017.

Table 6-20 2019 Actual vs 2018 Actual

USoA	Other Revenue	2018 Actual	2019 Actual	2019 Actual vs. 2018 Actual
4375	Revenues for Non-Utility Operations	1,282,507	898,613	(383,894)

The material changes include the following:

- This is the reverse as above, 2018 included a $433K CDM incentive compared to $0 in 2019.

2020 Actual vs 2019 Actual

There are no material variances between 2020 Actual and 2019 Actual.

Table 6-21 2021 Actual vs 2020 Actual

USoA	Other Revenue	2020 Actual	2021 Actual	2021 Actual vs. 2020 Actual
4220	Other Electric Revenues	142,453	228,744	86,291
4375	Revenues for Non-Utility Operations	841,733	924,934	83,201

The material changes include the following:

- In 2021 there were several larger development projects where administrative markup revenues were billed.
- In 2021, streetlight revenue was up $73k compared to 2020.

2022 Actual vs 2021 Actual

There are no material variances between 2022 Actual and 2021 Actual.

2023 Actual vs 2022 Actual

There are no material variances between 2023 Actual and 2022 Actual.

2024 Bridge Year vs 2023 Actual

There are no material variances between 2024 Bridge and 2023 Actual.

2025 Test Year vs 2024 Bridge Year

There are no material variances between 2025 Test and 2024 Bridge.

Table 6-22 Reconciliation of Affiliate Revenue (2-N) and Other Revenue

USoA	Service Offered	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
4210	FHSI - Building Land & Rent	53,738	49,355	44,015	43,798	43,438	7,304	7,343	7,360	7,380	7,492	7,531
4210	FHSI - Joint Pole	-	36,140	35,931	35,721	35,224	34,598	34,643	34,643	34,643	34,643	34,643
4210	City of Stratford - Building Rent	33,674	34,213	34,897	35,420	36,058	29,942	27,638	31,477	36,851	37,404	38,339
	Total Affiliate Portion	**87,411**	**119,708**	**114,843**	**114,939**	**114,720**	**71,843**	**69,623**	**73,480**	**78,874**	**79,539**	**80,513**
4210	Other Joint Pole Revenue - Non-Affiliate	97,893	66,049	69,145	58,888	62,137	80,858	56,264	32,487	85,062	44,940	45,240
4210	Sentinal Light Pole Rental	3,150	3,150	3,145	2,416	2,910	2,880	2,880	2,870	2,880	2,880	2,880
	Total Per 2-H	**188,454**	**188,907**	**187,133**	**176,244**	**179,766**	**155,582**	**128,767**	**108,837**	**166,816**	**127,359**	**128,633**

USoA	Service Offered	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
4375	FHSI - Management Services	53,964	63,960	55,322	52,251	63,625	50,454	57,518	64,850	60,982	61,068	60,982
4375	City of Stratford - St Light Maintenance	156,825	94,822	66,059	88,951	141,637	139,364	161,429	125,418	149,367	156,088	163,123
4375	City of Stratford - Water & Sewer Billing and Collecting	474,860	438,289	479,848	487,994	489,540	490,245	494,093	527,062	549,376	536,124	539,532
	Total Affiliate Portion	**685,649**	**597,071**	**601,229**	**629,196**	**694,801**	**680,062**	**713,039**	**717,330**	**759,725**	**753,280**	**763,637**
4375	Solar Generation Revenue	37,610	37,906	35,038	33,272	28,863	27,571	29,830	32,859	27,115	29,934	29,969
4375	Non Affiliate Water Meter & Locate Revenue Reading Revenue	2,373	43,936	83,218	84,549	85,302	86,219	87,648	89,358	90,598	117,605	113,679
4375	CDM/OPA Incentive	221,927	(9,447)	(2,161)	433,044	-	-	-	-	-		
4375	Non - Affiliate St. Light Maint. Revneue	97,511	51,665	72,344	51,545	39,433	27,811	78,818	28,215	14,753	40,595	40,595
4375	Non- Affiliate St Light Capital Revenue	5,352	48,957	25,778	50,901	50,213	20,070	15,599	-	-	-	-
	Total Per 2-H	**1,050,422**	**770,088**	**815,446**	**1,282,507**	**898,613**	**841,733**	**924,934**	**867,761**	**892,192**	**941,414**	**947,880**

Attachment 6 - 1

Required OEB Appendices

TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2015 Actual[2]	2016 Actual[2]	2017 Actual[2]	2018 Actual[2]	2019 Actual[2]	2020 Actual[2]	2021 Actual[2]	2022 Actual[2]	2023 Actual	Bridge Year	Test Year
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
4082	Retail Services Revenues	-$ 22,044	-$ 17,808	-$ 20,458	-$ 25,987	-$ 26,185	-$ 26,820	-$ 27,251	-$ 27,032	-$ 35,865	-$ 26,989	-$ 27,259
4084	Service Transaction Requests (STR) Revenues	-$ 167	$ -	$ 11	$ 1	$ -	$ -	$ -	$ -	-$ 284	-$ 6	-$ 6
4086	SSS Administration Revenue	-$ 56,042	-$ 57,407	-$ 63,499	-$ 61,328	-$ 61,138	-$ 62,604	-$ 63,539	-$ 64,692	-$ 65,329	-$ 65,265	-$ 65,917
4090	Electric Services Incidental to Energy Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4205	Interdepartmental Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4210	Rent from Electric Property	-$ 188,454	-$ 188,907	-$ 187,133	-$ 176,243	-$ 179,766	-$ 155,582	-$ 128,767	-$ 108,837	-$ 166,816	-$ 127,359	-$ 128,633
4215	Other Utility Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4220	Other Electric Revenues	-$ 4,535	-$ 33,848	-$ 54,510	-$ 228,425	-$ 208,056	-$ 142,453	-$ 228,744	-$ 150,364	-$ 157,851	-$ 179,899	-$ 181,697
4225	Late Payment Charges	-$ 144,654	-$ 145,304	-$ 139,279	-$ 121,054	-$ 112,697	-$ 97,900	-$ 108,022	-$ 50,021	-$ 34,750	-$ 64,907	-$ 65,556
4230	Sales of Water and Water Power	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4235	Miscellaneous Service Revenues	-$ 133,471	-$ 126,349	-$ 118,047	-$ 110,825	-$ 103,104	-$ 83,265	-$ 91,814	-$ 91,133	-$ 80,873	-$ 75,729	-$ 70,801
4240	Provision for Rate Refunds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4245	Government and Other Assistance Directly Credited to Income	-$ 5,892	-$ 10,791	-$ 12,239	-$ 47,985	-$ 45,912	-$ 57,127	-$ 60,633	-$ 76,869	-$ 76,869	-$ 76,864	-$ 78,773
4305	Regulatory Debits	$ 322,166	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4310	Regulatory Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4315	Revenues from Electric Plant Leased to Others	$ -	$ -	$ -	-$ 48,174	-$ 60,386	-$ 60,870	-$ 103,028	-$ 115,994	-$ 108,711	-$ 116,026	-$ 117,186
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	-$ 20,612	$ -	-$ 29,519	-$ 8,040	$ -	-$ 2,655	$ -	$ -	$ -	$ -	$ -
4357	Gain from Retirement of Utility and Other Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4360	Loss on Disposition of Utility and Other Property	$ -	$ 20,780	$ 1,608	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4362	Loss from Retirement of Utility and Other Property	$ 137,764	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4365	Gains from Disposition of Allowances for Emission	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4370	Losses from Disposition of Allowances for Emission	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4375	Revenues from Non Rate-Regulated Utility Operations	-$ 1,050,422	-$ 770,088	-$ 815,446	-$ 1,282,506	-$ 898,613	-$ 841,732	-$ 924,934	-$ 867,761	-$ 892,192	-$ 941,414	-$ 947,880
4380	Expenses of Non Rate-Regulated Utility Operations	$ 573,280	$ 555,314	$ 533,084	$ 533,221	$ 569,344	$ 535,414	$ 585,411	$ 521,695	$ 548,894	$ 561,239	$ 570,359
4385	Non Rate-Regulated Utility Rental Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4390	Miscellaneous Non-Operating Income	-$ 25,804	-$ 38,683	-$ 44,561	-$ 21,133	-$ 15,995	-$ 14,956	-$ 36,019	-$ 75,958	-$ 41,650	-$ 52,478	-$ 52,982
4395	Rate-Payer Benefit Including Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4398	Foreign Exchange Gains and Losses, Including Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4405	Interest and Dividend Income											
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		-$ 133,471	-$ 126,349	-$ 118,047	-$ 110,825	-$ 103,104	-$ 83,265	-$ 91,814	-$ 91,133	-$ 80,873	-$ 75,729	-$ 70,801
Late Payment Charges		-$ 144,654	-$ 145,304	-$ 139,279	-$ 121,054	-$ 112,697	-$ 97,900	-$ 108,022	-$ 50,021	-$ 34,750	-$ 64,907	-$ 65,556
Other Operating Revenues		-$ 277,133	-$ 308,762	-$ 337,829	-$ 539,966	-$ 521,057	-$ 444,586	-$ 508,934	-$ 427,794	-$ 503,014	-$ 476,382	-$ 482,285
Other Income or Deductions		-$ 63,627	-$ 232,677	-$ 354,833	-$ 826,632	-$ 405,650	-$ 384,799	-$ 478,570	-$ 538,018	-$ 493,658	-$ 548,679	-$ 547,689
Total		-$ 618,885	-$ 813,091	-$ 949,988	-$ 1,598,476	-$ 1,142,508	-$ 1,010,550	-$ 1,187,340	-$ 1,106,966	-$ 1,112,296	-$ 1,165,697	-$ 1,166,332

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[2]	2023 Actual	Bridge Year	Test Year
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	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.

Attachment 6 - 2

Revenue Requirement Work Form

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2025 Filers

Version 1.10

Utility Name	Festival Hydro Inc.
Service Territory	
Assigned EB Number	EB-2024-0023
Name and Title	Alyson Conrad, Chief Financial Officer
Phone Number	519-271-4700 ext 221
Email Address	aconradfestivalhydro.com
Test Year	2025
Bridge Year	2024
Last Rebasing Year	2015

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.

Commencing with 2023 rate applications, 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 2025 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 2025 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)	$ 88,947,493		$ -	$ 88,947,493			$ 88,947,493			$ 88,947,493	
Accumulated Depreciation (average)	($22,502,921)	(5)	$ -	$ (22,502,921)			$ (22,502,921)			$ (22,502,921)	
Allowance for Working Capital:											
Controllable Expenses	$9,298,129		$ -	$ 9,298,129			$ 9,298,129			$ 9,298,129	
Cost of Power	$67,089,241		$ -	$ 67,089,241			$ 67,089,241			$ 67,089,241	
Working Capital Rate (%)	7.50%	(9)			(9)			(9)			(9)
2 **Utility Income**											
Operating Revenues:											
Distribution Revenue at Current Rates	$13,397,254										
Distribution Revenue at Proposed Rates	$16,210,710										
Other Revenue:											
Specific Service Charges	$70,801										
Late Payment Charges	$65,556										
Other Distribution Revenue	$482,285										
Other Income and Deductions	$547,689										
Total Revenue Offsets	$1,166,332	(7)									
Operating Expenses:											
OM+A Expenses	$9,275,584		$ -	$ 9,275,584			$9,275,584			$ 9,275,584	
Depreciation/Amortization	$2,969,170		$ -	$ 2,969,170			$2,969,170			$ 2,969,170	
Property taxes	$154,677		$ -	$ 154,677			$154,677			$ 154,677	
Other expenses			$ -								
3 **Taxes/PILs**											
Taxable Income:											
Adjustments required to arrive at taxable income	($2,021,778)	(3)									
Utility Income Taxes and Rates:											
Income taxes (not grossed up)	$162,258										
Income taxes (grossed up)	$220,759										
Federal tax (%)	15.00%										
Provincial tax (%)	11.50%										
Income Tax Credits	($6,573)										
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 (%)	4.75%	
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 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 2025 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)	$88,947,493	$ -	$88,947,493	$ -	$88,947,493	$ -	$88,947,493
2	Accumulated Depreciation (average)	(2)	($22,502,921)	$ -	($22,502,921)	$ -	($22,502,921)	$ -	($22,502,921)
3	Net Fixed Assets (average)	(2)	$66,444,572	$ -	$66,444,572	$ -	$66,444,572	$ -	$66,444,572
4	Allowance for Working Capital	(1)	$5,729,053	($5,729,053)	$ -	$ -	$ -	$ -	$ -
5	**Total Rate Base**		$72,173,625	($5,729,053)	$66,444,572	$ -	$66,444,572	$ -	$66,444,572

(1) Allowance for Working Capital - Derivation

Line No.	Particulars		Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
6	Controllable Expenses		$9,298,129	$ -	$9,298,129	$ -	$9,298,129	$ -	$9,298,129
7	Cost of Power		$67,089,241	$ -	$67,089,241	$ -	$67,089,241	$ -	$67,089,241
8	Working Capital Base		$76,387,370	$ -	$76,387,370	$ -	$76,387,370	$ -	$76,387,370
9	Working Capital Rate %	(1)	7.50%	-7.50%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Working Capital Allowance		$5,729,053	($5,729,053)	$ -	$ -	$ -	$ -	$ -

Notes

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 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 2025 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)	$16,210,710	($16,210,710)	$ -	$ -	$ -	$ -	$ -
2	Other Revenue [(1)]	$1,166,332	($1,166,332)	$ -	$ -	$ -	$ -	$ -
3	Total Operating Revenues	$17,377,042	($17,377,042)	$ -	$ -	$ -	$ -	$ -
	Operating Expenses:							
4	OM+A Expenses	$9,275,584	$ -	$9,275,584	$ -	$9,275,584	$ -	$9,275,584
5	Depreciation/Amortization	$2,969,170	$ -	$2,969,170	$ -	$2,969,170	$ -	$2,969,170
6	Property taxes	$154,677	$ -	$154,677	$ -	$154,677	$ -	$154,677
7	Capital taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Other expense	$ -	$ -		$ -		$ -	
9	Subtotal (lines 4 to 8)	$12,399,431	$ -	$12,399,431	$ -	$12,399,431	$ -	$12,399,431
10	Deemed Interest Expense	$2,097,975	($2,097,975)	$ -	$ -	$ -	$ -	$ -
11	Total Expenses (lines 9 to 10)	$14,497,406	($2,097,975)	$12,399,431	$ -	$12,399,431	$ -	$12,399,431
12	**Utility income before income taxes**	$2,879,635	($15,279,067)	($12,399,431)	$ -	($12,399,431)	$ -	($12,399,431)
13	Income taxes (grossed-up)	$220,759	$ -	$220,759	$ -	$220,759	$ -	$220,759
14	**Utility net income**	$2,658,876	($15,279,067)	($12,620,190)	$ -	($12,620,190)	$ -	($12,620,190)

Notes

Other Revenues / Revenue Offsets

Note	Item	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
(1)	Specific Service Charges	$70,801		$ -		$ -		$ -
	Late Payment Charges	$65,556		$ -		$ -		$ -
	Other Distribution Revenue	$482,285		$ -		$ -		$ -

Other Income and Deductions	$547,689		$ -		$ -		$ -
Total Revenue Offsets	$1,166,332	$ -	$ -	$ -	$ -	$ -	$ -

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2025 Filers

Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Settlement Agreement	Per Board Decision
	Determination of Taxable Income				
1	Utility net income before taxes	$2,658,876	$ -	$ -	$ -
2	Adjustments required to arrive at taxable utility income	($2,021,778)	$ -	$ -	$ -
3	Taxable income	$637,098	$ -	$ -	$ -
	Calculation of Utility income Taxes				
4	Income taxes	$162,258	$162,258	$162,258	$162,258
6	Total taxes	$162,258	$162,258	$162,258	$162,258
7	Gross-up of Income Taxes	$58,501	$58,501	$58,501	$58,501
8	Grossed-up Income Taxes	$220,759	$220,759	$220,759	$220,759

9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$220,759	$220,759	$220,759	$220,759
10	Other tax Credits	($6,573)	($6,573)	($6,573)	($6,573)
	Tax Rates				
11	Federal tax (%)	15.00%	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%	11.50%
13	Total tax rate (%)	26.50%	26.50%	26.50%	26.50%

Notes

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2025 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$40,417,230	4.75%	$1,918,119
2	Short-term Debt	4.00%	$2,886,945	6.23%	$179,857
3	**Total Debt**	60.00%	$43,304,175	4.84%	$2,097,975
	Equity				
4	Common Equity	40.00%	$28,869,450	9.21%	$2,658,876
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$28,869,450	9.21%	$2,658,876
7	**Total**	100.00%	$72,173,625	6.59%	$4,756,852
		Interrogatory Responses			
		(%)	($)	(%)	($)

	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%	$66,444,572	0.00%	$ -

Settlement Agreement

		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	0.00%	$ -	4.75%	$ -
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%	$66,444,572	0.00%	$ -

Per Board Decision

		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	0.00%	$ -	4.75%	$ -
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%	$66,444,572	0.00%	$ -

Notes

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2025 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		$2,813,456		($1,366,526)		$16,869,974		$16,869,974
2	Distribution Revenue	$13,397,254	$13,397,254	$13,397,254	$17,577,235	$ -	($16,869,974)	$ -	($16,869,974)
3	Other Operating Revenue Offsets - net	$1,166,332	$1,166,332	$ -	$ -	$ -	$ -	$ -	$ -
4	**Total Revenue**	$14,563,586	$17,377,042	$13,397,254	$16,210,710	$ -	$ -	$ -	$ -
5	Operating Expenses	$12,399,431	$12,399,431	$12,399,431	$12,399,431	$12,399,431	$12,399,431	$12,399,431	$12,399,431
6	Deemed Interest Expense	$2,097,975	$2,097,975	$ -	$ -	$ -	$ -	$ -	$ -
8	**Total Cost and Expenses**	$14,497,406	$14,497,406	$12,399,431	$12,399,431	$12,399,431	$12,399,431	$12,399,431	$12,399,431
9	**Utility Income Before Income Taxes**	$66,180	$2,879,635	$997,823	$3,811,279	($12,399,431)	($12,399,431)	($12,399,431)	($12,399,431)
10	Tax Adjustments to Accounting Income per 2013 PILs model	($2,021,778)	($2,021,778)	($2,021,778)	($2,021,778)	$ -	$ -	$ -	$ -
11	**Taxable Income**	($1,955,599)	$857,857	($1,023,955)	$1,789,500	($12,399,431)	($12,399,431)	($12,399,431)	($12,399,431)
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	**Income Tax on Taxable Income**	($518,234)	$227,332	$ -	$474,218	$ -	$ -	$ -	$ -
14	**Income Tax Credits**	($6,573)	($6,573)	($6,573)	($6,573)	$ -	$ -		
15	**Utility Net Income**	$590,986	$2,658,876	$1,004,396	($12,620,190)	($12,399,431)	($12,620,190)	($12,399,431)	($12,620,190)
16	**Utility Rate Base**	$72,173,625	$72,173,625	$66,444,572	$66,444,572	$66,444,572	$66,444,572	$66,444,572	$66,444,572
17	Deemed Equity Portion of Rate Base	$28,869,450	$28,869,450	$ -	$ -	$ -	$ -	$ -	$ -
18	Income/(Equity Portion of Rate Base)	2.05%	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	-7.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	3.73%	6.59%	1.51%	0.00%	-18.66%	0.00%	-18.66%	0.00%
22	Requested Rate of Return on Rate Base	6.59%	6.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.87%	0.00%	1.51%	0.00%	-18.66%	0.00%	-18.66%	0.00%
24	Target Return on Equity	$2,658,876	$2,658,876	$ -	$ -	$ -	$ -	$ -	$ -
25	Revenue Deficiency/(Sufficiency)	$2,067,890	$ -	($1,004,396)	$ -	$12,399,431	$ -	$12,399,431	$ -
26	**Gross Revenue Deficiency/(Sufficiency)**	$2,813,456 [1]		($1,366,526) [1]		$16,869,974 [1]		$16,869,974 [1]	

Notes:

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

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2025 Filers

Revenue Requirement

Line No.	Particulars	Application		Interrogatory Responses		Settlement Agreement		Per Board Decision	
1	OM&A Expenses	$9,275,584		$9,275,584		$9,275,584		$9,275,584	
2	Amortization/Depreciation	$2,969,170		$2,969,170		$2,969,170		$2,969,170	
3	Property Taxes	$154,677		$154,677		$154,677		$154,677	
5	Income Taxes (Grossed up)	$220,759		$220,759		$220,759		$220,759	
6	Other Expenses	$ -							
7	Return								
	Deemed Interest Expense	$2,097,975		$ -		$ -		$ -	
	Return on Deemed Equity	$2,658,876		$ -		$ -		$ -	
8	**Service Revenue Requirement (before Revenues)**	$17,377,042		$12,620,190		$12,620,190		$12,620,190	
9	Revenue Offsets	$1,166,332		$ -		$ -		$ -	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$16,210,710		$12,620,190		$12,620,190		$12,620,190	
11	Distribution revenue	$16,210,710		$ -		$ -		$ -	
12	Other revenue	$1,166,332		$ -		$ -		$ -	
13	**Total revenue**	$17,377,042		$ -		$ -		$ -	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$ -	(1)	($12,620,190)	(1)	($12,620,190)	(1)	($12,620,190)	(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	$17,377,042	$12,620,190	###	$12,620,190	#######	$12,620,190	**(27.37%)**
Grossed-Up Revenue Deficiency/(Sufficiency)	$2,813,456	($1,366,526)	###	$16,869,974	#######	$16,869,974	**499.62%**
Base Revenue Requirement (to be recovered from Distribution Rates)	$16,210,710	$12,620,190	###	$12,620,190	#######	$12,620,190	**(22.15%)**
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	$2,813,456	$ -	###	$ -	#######	$ -	**(100.00%)**

Notes

(1) Line 11 - Line 8

(2) Percentage Change Relative to Initial Application

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2025 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	20,541	153,701,712	-									
2	General Service < 50 kW	2,146	62,385,122	-									
3	General Service 50 to 4,999 kW	209	357,005,178	897,897									
4	Large Use	1	29,085,391	44,439									
5	Senitnel Lighting	34	95,176	264									
6	Street Lighting	6,400	2,364,162	6,011									
7	Unmetered Scattered Load	501	810,020	-									
8													
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17													
18													
19													
20													
	Total		**605,446,761**	**948,612**		-	-		-	-			

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 2025 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	$ 6,276,333	55.98%	$ 11,070,046	63.71%
2	General Service < 50 kW	$ 1,549,402	13.82%	$ 2,031,850	11.69%
3	General Service 50 to 4,999 kW	$ 3,098,954	27.64%	$ 3,769,277	21.69%
4	Large Use	$ 143,298	1.28%	$ 208,065	1.20%
5	Senitnel Lighting	$ 6,747	0.06%	$ 7,127	0.04%
6	Street Lighting	$ 111,896	1.00%	$ 224,514	1.29%
7	Unmetered Scattered Load	$ 24,199	0.22%	$ 66,163	0.38%
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	Total	$ 11,210,828	100.00%	**$ 17,377,041**	100.00%
		Service Revenue Requirement (from Sheet 9)		**$ 17,377,041.72**	

(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 (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1	Residential	$ 7,927,314	$ 9,592,069	$ 9,759,676	$ 836,713
2	General Service < 50 kW	$ 2,084,785	$ 2,522,595	$ 2,316,887	$ 121,333
3	General Service 50 to 4,999 kW	$ 2,997,154	$ 3,626,564	$ 3,626,564	$ 175,468
4	Large Use	$ 190,840	$ 230,917	$ 230,456	$ 8,818
5	Senitnel Lighting	$ 4,866	$ 5,887	$ 6,214	$ 608
6	Street Lighting	$ 126,082	$ 152,560	$ 196,758	$ 18,150
7	Unmetered Scattered Load	$ 66,212	$ 80,117	$ 74,155	$ 5,241
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20					
	Total	$ 13,397,254	$ 16,210,710	$ 16,210,710	$ 1,166,332

(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.

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.

(6)

(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: 2015 %	Status Quo Ratios (7C + 7E) / (7A) %	Proposed Ratios (7D + 7E) / (7A) %	Policy Range %
1	Residential	101.88%	94.21%	95.72%	85 - 115
2	General Service < 50 kW	118.16%	130.12%	120.00%	80 - 120
3	General Service 50 to 4,999 kW	86.25%	100.87%	100.87%	80 - 120
4	Large Use	106.38%	115.22%	115.00%	85 - 115
5	Senitnel Lighting	86.25%	91.14%	95.72%	80 - 120
6	Street Lighting	120.00%	76.04%	95.72%	80 - 120
7	Unmetered Scattered Load	120.00%	129.01%	120.00%	80 - 120
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(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 2020 with further adjustments to move within the range over two years, the Most Recent Year would be 2023. However, the ratios in 2023 would be equal to those after the adjustment in 2022.

(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		
		2025	2026	2027	
1	Residential	95.72%	95.72%	95.72%	85 - 115
2	General Service < 50 kW	120.00%	120.00%	120.00%	80 - 120
3	General Service 50 to 4,999 kW	100.87%	100.87%	100.87%	80 - 120
4	Large Use	115.00%	115.00%	115.00%	85 - 115
5	Senitnel Lighting	95.72%	95.72%	95.72%	80 - 120
6	Street Lighting	95.72%	95.72%	95.72%	80 - 120
7	Unmetered Scattered Load	120.00%	120.00%	120.00%	80 - 120
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(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2025 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 2026 and 2027 Price Cap IR models, as necessary. For 2026 and 2027, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2026 (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 2025 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	20,541
kWh	153,701,712

Proposed Residential Class Specific Revenue Requirement[1]	$ 9,759,676.34

Residential Base Rates on Current Tariff	
Monthly Fixed Charge ($)	$ 32.16
Distribution Volumetric Rate ($/kWh)	$ -

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	32.16	20,541	$ 7,927,314.22	100.00%
Variable	0	153,701,712	$ -	0.00%
TOTAL	-	-	$ 7,927,314.22	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years[2]	0

	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	$ 9,759,676.34	39.59	$ 9,758,780.17
Variable	$ -	0	$ -
TOTAL	$ 9,759,676.34	-	$ 9,758,780.17

	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 2025 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)			Fixed / Variable Splits [2,3] (Percentage to be entered as a fraction between 0 and 1)		
	Customer Class (From sheet 10. Load Forecast)	Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance [1] ($)
1	Residential	kWh	20,541	153,701,712	-	$ 9,759,676	$ 9,759,676	$ -	100.00%	0.00%	
2	General Service < 50 kW	kWh	2,146	62,385,122	-	$ 2,316,887	$ 1,055,235	$ 1,261,652	45.55%	54.45%	
3	General Service 50 to 4,999 kW	kW	209	357,005,178	897,897	$ 3,626,564	$ 829,405	$ 2,797,159	22.87%	77.13%	$ 340,100
4	Large Use	kW	1	29,085,391	44,439	$ 230,456	$ 189,596	$ 40,860	82.27%	17.73%	$ 26,664
5	Senitnel Lighting	kW	34	95,176	264	$ 6,214	$ 1,399	$ 4,815	22.52%	77.48%	
6	Street Lighting	kW	6,400	2,364,162	6,011	$ 196,758	$ 159,732	$ 37,027	81.18%	18.82%	
7	Unmetered Scattered Load	kWh	501	810,020	-	$ 74,155	$ 65,083	$ 9,072	87.77%	12.23%	
8			-	-	-						
9			-	-	-						
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Total Transformer Ownership Allowance $ 366,764

		Distribution Rates					Revenue Reconciliation		
		Monthly Service Charge [2]		Volumetric Rate [3]					
	Customer Class	Rate	No. of decimals	Rate		No. of decimals	MSC Revenues	Volumetric revenues	Distribution Revenues less Transformer Ownership
1	Residential	$39.59	2	$0.0000	/kWh	4	$ 9,758,780.17	$ -	$ 9,758,780.17
2	General Service < 50 kW	$40.97		$0.0202	/kWh		$ 1,055,234.52	$ 1,260,179.4634	$ 2,315,413.99
3	General Service 50 to 4,999 kW	$330.99		$3.4940	/kW		$ 829,404.94	$ 3,137,251.9112	$ 3,626,556.86
4	Large Use	$15,799.68		$1.5195	/kW		$ 189,596.16	$ 67,525.7566	$ 230,458.24
5	Senitnel Lighting	$3.42		$18.2073	/kW		$ 1,399.11	$ 4,814.8168	$ 6,213.93
6	Street Lighting	$2.08		$6.1601	/kW		$ 159,731.52	$ 37,027.0899	$ 196,758.61
7	Unmetered Scattered Load	$10.83		$0.0112	/kWh		$ 65,083.04	$ 9,072.2286	$ 74,155.27
8							$ -	$ -	$ -
9							$ -	$ -	$ -
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Total Distribution Revenues	$ 16,208,337.07
Base Revenue Requirement	$ 16,210,709.91
Difference	-$ 2,372.84
% Difference	-0.015%

Rates recover revenue requirement

Notes:

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

2 The Fixed/Variable split, for each customer class, drives the "rate generator" portion of this sheet of the RRWF. Only the "fixed" fraction is entered, as the sum of the "fixed" and "variable" portions must sum to 100%. For a distributor that may set the Monthly Service Charge, the "fixed" ratio is calcutated 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 2025 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	$ 4,756,852	6.59%	$ 72,173,625	$ 76,387,370	$ 5,729,053	$ 2,969,170	$ 220,759	$ 9,275,584	$ 17,377,042	$ 1,166,332	$ 16,210,710	$ 2,813,456
1														

Festival Hydro INC.

Attachment 6 - 3

2022 FHI Annual Tax Return

KPMG LLP
1400-140 Fullarton Street
London ON N6A 5P2
Canada
Telephone (519) 672-4880
Fax (519) 672-5684

PRIVATE AND CONFIDENTIAL

Ms Alyson Conrad
CFO
Festival Hydro Inc.
187 Erie Street
Stratford ON N5A 2M6

June 12, 2023

Dear MsConrad:

Subject: Festival Hydro Inc. - Corporate Income Tax Returns

We have enclosed the corporate income tax return(s) (the "Returns") of Festival Hydro Inc. (the "Company") for the period ended December 31, 2022.

- ☑ T2 – *Corporation Income Tax Return* - EXEMPT
- ☑ T183 - *Information Return for Corporations Filing Electronically* (Federal - to be e-filed with CRA) - EXEMPT
- ☑ T2 – *Corporations Income Tax Return* (to be filed with Ministry of Finance) - PILS
- ☑ *T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim* – PILS
- ☑ Instalment Schedule
- ☑ Client copy for your records

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

When you are satisfied that the Returns are in order they must be filed (electronically or in paper format) with the respective taxing authorities by the due date (as set out in the following instructions) if late filing penalties are to be avoided or minimized, or if losses are carried back to a prior taxation year. One copy of each Return should be retained for your records (the ”Client Copy”) and the remaining copies should be completed by an authorized signing officer of the Company and filed as described below.

We would like to remind you that tax-deductible inter-corporate dividends that are received subsequent to April 20, 2015 and that are otherwise tax-free under Part I of the Income Tax Act may be re-characterized, under an expanded anti-avoidance rule in subsection 55(2) of the Income Tax Act, as capital gains that are subject to tax if, in general terms, there is insufficient safe income on hand.

You have advised us that either there is sufficient safe income on hand to support the position that the anti-avoidance rule does not apply to the inter-corporate dividends reported in the Returns, or that the anti-avoidance rule does not apply to the inter-corporate dividends reported in the Returns and that safe income on hand is not required to support the position that the anti-avoidance rule does not apply. If you wish to engage KPMG to prepare a safe income on hand calculation, please contact us and we would be pleased to discuss this with you.

FOREIGN PROPERTY

The information return, which reports the Company's specified foreign property, is Form T1135 - *Foreign Income Verification Statement*. Form T1135 should be completed if at any time during 2022 the total cost of all specified foreign property the Company owned or held a beneficial interest in was more than Cdn$100,000.

According to the information you have provided to us, the Company did not hold specified foreign property at any time in 2022 with a total cost of more than Cdn$100,000. As such, we have **not** marked an X in box 259 on page 3 of your return and **we have not completed the Form T1135**. If the information on specified foreign property is incorrect, please let us know immediately.

The Form T1135 is due by **June 30, 2023**. The implications of late filing and/or failure to properly report specified foreign property on the Form T1135 and failure to report income from a specified foreign property on your income tax return are substantial. They include significant penalties and an increase to the normal reassessment period by an additional 3 years. Further, the reassessment period extension would impact otherwise statute-barred tax years and would impact the entire income tax return, not just the foreign income and reporting sections.

DUE DATE OF RETURNS AND PAYMENTS

All returns must be filed with the respective taxing authorities by June 30, 2023 if late filing penalties are to be avoided. We recommend the returns be sent by registered mail and the mailing receipt be kept on file in order to have evidence of the date of filing.

Any balances owing must be remitted as soon as possible if interest charges are to be minimized.

T2 – T183 – INFORMATION RETURN FOR CORPORATIONS FILING ELECTRONICALLY (FEDERAL-EXEMPT)

In order for us to electronically file the Company's corporate exempt income tax return, a signed copy of Form T183CORP – *Information Return for Corporations Filing Electronically* must be returned to us. Please note that we will not electronically file the Company's corporate income tax return until we receive the signed Form T183 Corp.

The Form T183CORP – *Information Return for Corporations Filing Electronically* includes information from your Company's income tax return and all applicable schedules.

Signature

☞ Form T183CORP – *Information Return for Corporations Filing Electronically* should be completed and signed

No amount is payable for the **2022** taxation year.

Mailing

✉ One copy of the signed Form T183 Corp should be returned to KPMG by fax at (519) 672-5684, as soon as possible, no later than June 30, 2023, in order to have the Company's Return filed on or before the due date for filing. **We will not electronically file the Return until we receive a copy of the signed T183CORP**. The Form T183CORP must **not** be sent to the CRA.

T2 – *CORPORATION INCOME TAX RETURN* - MINISTRY OF FINANCE

Signature

☞ Form T2, the certification section on page 9 should be completed and signed.

Enclosure

A cheque in the amount of **$5,608** made payable to the Minister of Finance should be attached to the return for the **2022** taxation year. You should write the company's tax account number on the back of the cheque and the taxation year for which the payment is made. Alternatively, you may make the payment at any branch of a chartered bank.

Mailing

✉ One copy of the Return and one copy of the Company's financial statements must be **received** by The Ministry of Finance, HYDRO PIL DIVISION, PO Box 620, 33 King Street West, Oshawa, ON, L1H 8E9 no later than **June 30, 2023.** For greater certainty, KPMG will not be mailing this Return.

NOTICES OF ASSESSMENT

If your Company receives a Notice of Assessment that does not agree with the returns prepared by us, please contact us so that we can determine whether any action should be taken. The Company has only 90 days (180 days in the case of Ontario) from the date of mailing of the Assessment in which to object. Failure to respond within the prescribed time limit will cause the Company to lose its right to object to the Assessment.

Any balances owing must be remitted by the due date (as set out in the Filing Instructions), or as soon as possible, if interest charges are to be minimized.

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

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

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

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

GENERAL RATE INCOME POOL ("GRIP")

Shareholders receiving eligible dividends as compared to non-eligible dividends, are subject to a reduced rate of income tax. Eligible dividends are paid out of the Company's GRIP balance, which at December 31, 2022 is estimated to be $14,850,790. The supporting calculation is summarized in Schedule 53 of the federal corporate tax return.

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

The Company did not designate the payment of an eligible dividend for the current taxation year.

INSTALMENTS

We have prepared and enclose an estimate of tax instalments as applicable for the Company for the taxation year ending on December 31, 2023. The amounts were computed with reference to the Company's taxable income and taxes payable for prior years.

If during the year it is evident that the taxable income or taxable capital for the current year will be substantially less than for the previous taxation year, your instalments may be recalculated. Overpaid instalments may, in certain circumstances, be transferred to other accounts or applied to other liabilities such as payroll withholdings. Please call your KPMG advisor in order that we may determine what course of action should be taken.

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

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

Yours truly,

Stephen M. Sauve, CPA, CA
Senior Manager

Enclosure

Canada Revenue Agency / Agence du revenu du Canada

Code 1901

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:
- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:
- Schedule T2SCH31, Investment Tax Credit – Corporations; or
- Form T2038(IND), Investment Tax Credit (Individuals).

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

In Part 6, a new box is added: Box 758 that must be filled if traditional method is used. The information is required for tax year ends after 2020 and optional for tax year ends before 2021.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, Guide to Form T661, which is available on our website: **canada.ca/taxes-sred.**

Part 1 – General information

010 Name of claimant: Festival Hydro Inc.

Enter one of the following:

Business number (BN): 89957 1814 RC0002

Social insurance number (SIN):

Tax year From 2022-01-01 to 2022-12-31 (Year Month Day)

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

100 Contact person for the financial information: Alyson Conrad	**105** Telephone number/extension: (519) 271-4700	**110** Fax number
115 Contact person for the technical information: [redacted]	**120** Telephone number/extension: [redacted]	**125** Fax number

151 If this claim is filed for a partnership, was Form T5013 Partnership Information Return filed? . . . . ☐ Yes ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1901

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 [X] I elect to use the proxy method (Enter "0" on line 360 and complete Part 5.)

162 [ ] I choose to use the traditional method (Enter "0" on line 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	39,566
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	39,566
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	
• Cost of materials transformed in performing SR&ED	325	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts	340	+	51,300
b) Non-arm's length contracts	345	+	
• Overhead and other expenditures (enter "0" if you elected to use the proxy method at line 160)	360	+	
• Third-party payments (complete Form T1263*)	370	+	
Total allowable SR&ED expenditures (add lines 306 to 370; do not add line 315)	380	=	90,866

If the above expenditures have been included in your income statement, enter this amount on line 118 of Schedule T2SCH1 or, if you are an individual, include this amount in your self-employment income (lines 135 to 143) reported on your individual income tax and benefit return.

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

Amount from line 380	420		90,866
Deduct			
• provincial government assistance for expenditures included on line 380	429	–	2,821
• other government assistance for expenditures included on line 380	431	–	
• non-government assistance for expenditures included on line 380	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (do not include ITCs allocated from a partnership)	435	–	
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	88,045
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	88,045
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	88,045
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

* Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes (to the nearest dollar)

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Total allowable SR&ED expenditures (from line 380)	492		90,866
Add			
• payment of prior years' unpaid amounts (other than salary or wages) (see note 1)	500	+	
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502	+	21,475
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508	+	
Subtotal (add lines 492 to 508)	511	=	112,341
Deduct			
• provincial government assistance	513	–	3,573
• other government assistance	515	–	
• non-government assistance and contract payments	517	–	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see **note 1**)	520	–	
• 80% of the amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528	–	
• 20% of the amount on lines 340 and 370	529	–	10,260
• prescribed expenditures not allowed by regulations (see guide)	530	–	
• other deductions (see guide)	533	–	
• non-arm's length transactions			
– assistance allocated to you (complete Form T1145*)	538	–	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541	–	
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542	–	
– qualified expenditures you transferred (complete Form T1146**)	544	–	
Qualified SR&ED expenditures (line 511 minus lines 513 to 544)	559	=	98,508
Add			
• repayments of assistance and contract payments made in the year	560	+	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)	570	=	98,508

* Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length

** Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length

Note 1 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307)	810	+	39,566
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	520
Subtotal (line 810 minus 812)	814	=	39,046

Salary or wages of specified employees

850 Column 1	852 Column 2	854 Column 3	856 Column 4	858 Column 5	860 Column 6
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816)	816	+	
Salary base (total of lines 814 and 816)	818	=	39,046

Section B – Prescribed proxy amount (PPA)

Enter 55 % of the salary base (line 818)	820	=	21,475

Enter the amount from line 820 on to line 502 in Part 4 unless the overall cap on PPA applies to you. (See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

* For Box 758, the information is required for tax year ends after 2020 and optional for tax year ends before 2021.

750 Project title or identification code	752 Salary or wages in the tax year (Total of lines 306 to 309)	754 Cost of materials in the tax year (Total of lines 320 and 325)	756 Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)	758 Overhead and other expenditures in the tax year* (total of line 360, if applicable)
1 FH2022-01 Advancements in Smart Grid Techniques	39,566		51,300	
Total	39,566		51,300	

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 380 minus lines 307, 309, 340, 345, and 370) 605 39,566

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 [ ] Basic or Applied research 622 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	1
Technologists and technicians	634	
Managers and administrators	636	1
Other technical supporting staff	638	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . [X]
3. completed Part 2 for each project . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . [X]

To expedite the processing of your claim, make sure you have:

1. completed Form T2, Corporation Income Tax Return or Form T1, Income Tax and Benefit Return . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . [X]

* Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length

** Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length

*** Form T1174, Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)

**** Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1,000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 **Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?**

- [X] Yes (complete the claim preparer information table and lines 970 and 975 below)
- [ ] No (complete lines 970 and 975)

Claim preparer information table

940	945	950	955	960	965
Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes below*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1. KPMG LLP	12236 3153 RC0001	1	25.00		4,587
				Total	4,587

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, Alyson Conrad, certify that the information provided in this part is complete and accurate.
Name of authorized signing officer of the corporation, or individual (print)

Signature

975 2023-06-12
Year Month Day

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 Alyson Conrad		**170** 2023-06-12
Name of authorized signing officer of the corporation, or individual	Signature	Date
175 KPMG LLP		
Name of person/firm who completed this form		

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the Income Tax Act (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Refer to Personal Information Bank CRA PPU 441 in the Canada Revenue Agency (CRA) Information about Programs and Information Holdings – Personal Information Banks – Canada.ca. Under the Privacy Act, individuals have a right of access to, protection, and correction of their personal information and to file a complaint with the Privacy Commissioner of Canada regarding our handling of their personal information.

Part 2 – Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1901

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

FH2022-01 Advancements in Smart Grid Techniques

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2021-11 (Year Month)	2023-07 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 ☐ Continuation of a previously claimed project **210** ☒ First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . ☐ Yes ☒ No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	
2	
3	

Section B – Project descriptions

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

1. With a goal of improving the Outage management techniques in the smart grid,
2. an initiative that was taken in FY22 by Festival Hydro was to integrate a
3. third-party analytics tool (SmartMAP) with various subsystems. Attempts were
4. made to integrate SmartMAP with CIS, GIS, AMI, and SCADA subsystems. It was
5. thought that by doing so, the analytic model of the distribution system could
6. be effectively combined with the data from smart meters, wholesale meter
7. points, and other sensors as part of developing a simulation model of the
8. distribution system. This in turn will provide a higher degree of visibility
9. to respond to voltage sags and swells, overloaded transformers, network
10. losses and power outages. However, as initial tests were carried out,
11. Festival Hydro encountered significant challenges while attempting to
12. integrate the 3rd party analytical tool with each sub-system. Subsequently,
13. the work in FY22 was mainly focused on how to reliably integrate the proposed
14. SmartMAP tool with the MDM and other existing proprietary electrical and
15. software sub-systems, as these systems were not inherently designed to work
16. together.
17. As another attempt, Festival Hydro also sought to improve the protection
18. control capabilities of the smart grid through the implementation of an
19. additional relay (IEC61850). Festival Hydro noted some instances where the
20. fault isolation was not able to operate in the intended manner. Further
21. investigations revealed some missing configuration with the existing logical
22. operations associated with the relay. Systematic investigations were
23. necessary to address this issue.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

1. Festival Hydro's efforts in FY22 were mainly focused on how to develop
2. methods to successfully integrate SmartMAP with the CIS, AMI, GIS and SACADA
3. sub systems. At the metering level, the main challenge was how to receive the
4. "Power Status Check (PSC) Messages/Alerts" as the meters and associated
5. metering network infrastructure were not inherently designed to provide the
6. "Power Check" messages. To address this issue, web services were integrated
7. using the Multispeak protocol to enable SmartMAP users and application
8. algorithms to check and receive power status from the AMI system in near real-

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)	
9.	time. In addition, to quickly respond to outage events, efforts were
10.	undertaken to customize the SmartMAP tool to receive and process outage
11.	messages from the AMI head-end system (HES). The next iteration was focused
12.	on developing methods to integrate the GIS subsystem with the SmartMAP tool.
13.	To this end, a synchronization software was installed in the customer's GIS
14.	workstation to send the GIS updates to the SmartMAP tool. For the SCADA-
15.	SmartMAP integration, logic was developed to export the SCADA points analog
16.	values from the SCADA system to SmartMAP through Multispeak webservices. With
17.	respect to integrations with the CIS and MDM subsystems, the work entailed
18.	structuring the automatic daily export of meter/account information (USync)
19.	to synchronize data between the CIS and SmartMAP. Furthermore, the automatic
20.	daily export of "ON" and "OFF" register reads were also configured to
21.	effectively analyze the last and first register read from the uninstalled
22.	meter. Several tests were carried out to ensure the reliability of each
23.	integration point. By the end of FY22, Festival Hydro had successfully
24.	integrated the SmartMAP tool with various sub-systems and tests were still
25.	ongoing to automate the processes associated with the SCADA subsystem.
26.	With respect to the challenges that were encountered in the fault isolation
27.	with the relay, Festival Hydro's efforts were focused on developing
28.	appropriate logic functions to successfully isolate the faults in the event
29.	of circuit breaker failures. A messaging protocol was developed and tested to
30.	ensure isolations are successful. By the end of FY22, Festival Hydro had
31.	successfully implemented the logic in the relay, thus significantly improving
32.	the protection and control capabilities of the smart grid.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)	
1.	The work performed by Festival Hydro in FY22 represents a technological
2.	advancement in the field of Electrical and Electronic Engineering with
3.	respect to grid technology. Festival Hydro successfully integrated SmartMAP
4.	with the GIS, AMI, SCADA and CIS subsystems to enrich the situational-
5.	awareness capability of their outage map framework and outage management.
6.	The Company also developed logic functions in the relay to improve the
7.	protection and control mechanisms of the smart grid.

Section C – Additional project information

Who prepared the responses for Section B?

253 [X] Employee directly involved in the project	**254** Name: Bryon Hartung	
255 [ ] Other employee of the company	**256** Name:	
257 [X] External consultant	**258** Name: KPMG LLP	**259** Firm: KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

	260 Names	**261** Qualifications/experience and position title
1	[redacted]	[redacted]
2	[redacted]	[redacted]
3		

	Yes	No
265 Are you claiming any salary or wages for SR&ED performed outside Canada?	[ ]	[X]
266 Are you claiming expenditures for SR&ED carried out on behalf of another party?	[ ]	[X]
267 Are you claiming expenditures for SR&ED performed by people other than your employees?	[X]	[ ]

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

268 Names of individuals or companies	269 BN
1 EPTCON Ltd.	89154 9628 RT0001
2 Utilismart Corp	86443 9450 RT0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270	X Project planning documents	276	X Progress reports, minutes of project meetings
271	X Records of resources allocated to the project, time sheets	277	X Test protocols, test data, analysis of test results, conclusions
272	Design of experiments	278	Photographs and videos
273	Project records, laboratory notebooks	279	Samples, prototypes, scrap or other artefacts
274	X Design, system architecture and source code	280	Contracts
275	X Records of trial runs	281	Others, specify 282

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2023-12-31

Business number 89957 1814 RC0002

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

You can pay using one of the methods listed at **canada.ca/payments**. However, when a remittance must mandatorily be made using electronic means, use one of the following electronic payment methods:

- a Canadian financial institution's services;
- the CRA's *My Payment* service, at **canada.ca/cra-my-payment**;
- a pre-authorized debit agreement set up in the CRA's *My Business Account* service, at **canada.ca/my-cra-business-account**;
- a wire transfer.

Do you want to calculate the tax instalments according to the extended payment date (COVID-19)?* ☐ Yes ☒ No

* The answer to this question is **Yes** when at least one of the dates entered in the **Monthly instalment workchart** or the **Quarterly instalment workchart** sections is after March 17, 2020, and before September 30, 2020.

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2023-01-31	18,884				18,884
2023-02-28	18,884				18,884
2023-03-31	18,884				18,884
2023-04-30	18,884				18,884
2023-05-31	18,884				18,884
2023-06-30	18,884				18,884
2023-07-31	18,884				18,884
2023-08-31	18,884				18,884
2023-09-30	18,884				18,884
2023-10-31	18,884				18,884
2023-11-30	18,884				18,884
2023-12-31	18,884				18,884
Instalment (COVID-19)					
Totals	226,608				226,608

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

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

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

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre. You have to file the return within six months after the end of the corporation's tax year.

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

Identification

Business number (BN) 001 89957 1814 RC0002

Corporation's name
002 Festival Hydro Inc.

Address of head office
Has this address changed since the last time the CRA was notified? . . . . 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 187 Erie Street
012
015 City: Stratford
016 Province, territory, or state: ON
017 Country (other than Canada): CA
018 Postal or ZIP code: N5A 2M6

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

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

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

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . 063 Yes [ ] No [X]
If **yes**, provide the date control was acquired . . . . 065 Year Month Day

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

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

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

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

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

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

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

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

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

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

Do not use this area
095 096 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	170		29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet web pages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit?	253		T1131
Is the corporation claiming a film or video production services tax credit?	254		T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272		58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	273		63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	274		59
Is the corporation claiming an air quality improvement tax credit?	275		65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	276		68

Additional information

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

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

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

	Product or service		%
284	Hydro Services	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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI			300	985,788	A
Deduct:					
Charitable donations from Schedule 2	311	50,100			
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		50,100	▶	50,100	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				935,688	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C **plus** amount D)			360	935,688	
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	985,788	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	935,688	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

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

Business limit reduction

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

Amount C 500,000 x 415 *** 126,697 D / 11,250 = 5,630,978 E1

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

Amount C 500,000 x 415 *** 126,697 D / 90,000 = E2

Amount E1 or amount E2, whichever applies 5,630,978 ▶ 5,630,978 E3

Passive income business limit reduction

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

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

The greater of amount E3 and amount G	422	5,630,978	H
Reduced business limit (amount C **minus** amount H) (if negative, enter "0")	426		I
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			J
Reduced business limit after assignment (amount I **minus** amount J)	428		K
Small business deduction – Amount A, B, C, or K, whichever is the least ______ x 19 % =	430		

Enter amount from line 430 at amount K on page 8.

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

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

*** **Large corporations**

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

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

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

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

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income (other than specified farming or fishing income of the corporation for the year) from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
   (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
   (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
   (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
   (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column M in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3			935,688	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")			935,688	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			121,639	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	935,688	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)	935,688	K x 30 2 / 3 % =	286,944 L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)			125,577 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)	244,796	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")	244,796	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	355,561 A
Additional tax on personal services business income (section 123.5)				
Taxable income from a personal services business	555	x 5 % =	560	B
Additional tax on banks and life insurers from Schedule 68			565	C
Recapture of investment tax credit from Schedule 31			602	D

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

Aggregate investment income from line 440 on page 6		E	
Taxable income from line 360 on page 3	935,688 F		
Deduct:			
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least	G		
Net amount (amount F **minus** amount G)	935,688 ▶	935,688 H	
Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount E or amount H		604	I
Subtotal (**add** amounts A, B, C, D, and I)			355,561 J

Deduct:

Small business deduction from line 430 on page 4		K	
Federal tax abatement	608	93,569	
Manufacturing and processing profits deduction and zero-emission technology manufacturing deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624			
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount I on page 5	638	121,639	
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	14,776	
Subtotal		229,984 ▶	229,984 L

Part I tax payable – Amount J **minus** amount L .... 125,577 M

Enter amount M on line 700 on page 9.

Privacy notice

Personal information (including the SIN) is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Information about Programs and Information Holdings at canada.ca/cra-information-about-programs.

Summary of tax and credits

Federal tax

Part I tax payable from amount M on page 8	700	125,577
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part VI.2 tax payable from Schedule 67	725	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		125,577

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	101,031
Total tax payable	770	226,608 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	221,000	
Total credits	890	221,000 ▶	221,000 B

Balance (amount A **minus** amount B) 5,608

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

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

Refund code 894 ☐ Refund ______ Balance owing 5,608

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

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

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

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

Certification

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

955 2023-06-12 Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (519) 271-4700 Telephone number

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

958 ______ Name of other authorized person 959 ______ Telephone number

Language of correspondence – Langue de correspondance

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

Financial Statements of

Festival Hydro Inc.

Year ended December 31, 2022

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Festival Hydro Inc.

Opinion

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

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 28, 2023

Festival Hydro Inc.

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

	Notes	2022	2021
Assets			
Accounts receivable	6, 22	$ 8,079,655	$ 8,124,901
Unbilled revenue	22	4,783,498	5,230,771
Inventories	7	177,526	163,443
Prepaid expenses		230,441	357,282
Income tax receivable		511,562	356,057
Due from corporations under common control	20	122,147	332,803
Total current assets		**13,904,829**	**14,565,257**
Non-current assets			
Property, plant and equipment	8	58,854,033	57,113,909
Intangible assets and goodwill	9	1,806,282	1,734,841
Unrealized gain on interest rate swap	22	784,886	-
Total non-current assets		**61,445,201**	**58,848,750**
Total assets		**75,350,030**	**73,414,007**
Regulatory balances	13	7,503,962	4,527,854
Total assets and regulatory balances		**$ 82,853,992**	**$ 77,941,861**

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

Statement of Financial Position

December 31, 2022, with comparative information for December 31, 2021

	Notes	2022	2021
Liabilities and Equity			
Bank indebtedness	5	$ 3,740,695	$ 15,768
Accounts payable and accrued liabilities		8,658,017	9,902,642
Deferred revenue		273,286	194,274
Income tax payable		-	-
Dividend payable	15, 21	248,269	500,556
Current portion of long-term debt	14, 22	16,328,464	16,307,717
Customer deposits	11	1,016,175	1,169,542
Due to the Corporation of the City of Stratford	20	624,251	625,460
Total current liabilities		**30,889,157**	**28,715,959**
Non-current liabilities			
Deferred revenue		2,641,341	2,453,813
Customer deposits	11	980,367	594,311
Deferred tax liabilities	10	2,381,370	1,308,987
Employee future benefits	12	1,009,878	1,361,643
Unrealized loss on interest rate swap	22	-	938,948
Long-term debt	14, 22	9,812,012	10,540,477
Total non-current liabilities		16,824,968	17,198,179
Total liabilities		**47,714,125**	**45,914,138**
Share capital	15	15,568,388	15,568,388
Accumulated other comprehensive loss		(54,479)	(357,737)
Retained earnings		18,525,126	15,085,495
Total equity		**34,039,035**	**30,296,146**
Total liabilities and equity		81,753,160	76,210,284
Regulatory balances	13	1,100,832	1,731,577
Total liabilities, equity and regulatory balances		**82,853,992**	**77,941,861**

Commitments and contingencies (note 23)
Guarantee (note 24)
Subsequent event (Note 25)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Director

Director

Festival Hydro Inc.

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

	Notes	2022	2021
Revenues			
Sale of energy	16	$ 55,589,074	$ 59,559,802
Distribution revenue	16	12,174,085	11,582,698
Other income	17	1,118,521	1,195,884
		68,881,680	**72,338,384**
Cost of power purchased		58,141,145	60,698,856
Operating expenses	18	6,759,045	6,014,814
Depreciation and amortization	8,9	2,505,726	2,412,000
		67,405,916	**69,125,670**
Income from operating activities		**1,475,764**	**3,212,714**
Finance income	19	1,747,174	664,530
Finance costs	19	(1,574,778)	(1,604,249)
Income before income taxes		**1,648,160**	**2,272,995**
Income tax expense	10	1,096,421	917,289
Net income		**551,739**	**1,355,706**
Net movement in regulatory balances:			
Net movement in regulatory balances	13	2,534,470	1,168,069
Income tax	10,13	992,021	590,859
Net income and net movement in regulatory balances		**4,078,230**	**3,114,634**
Other comprehensive income (loss)			
Items that will not be reclassified to profit and loss:			
Remeasurements of employee future benefits	12	303,258	80,606
Tax on remeasurements	10	(80,363)	(21,361)
Net movement in regulatory balances	13	80,363	21,361
Other comprehensive loss		**303,258**	**80,606**
Total comprehensive income		**$ 4,381,488**	**$ 3,195,240**

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

Statement of Changes in Equity

Year ended December 31, 2022, with comparative information for December 31, 2021

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2021	**$15,568,388**	**$12,861,747**	**$ (438,343)**	**$ 27,991,792**
Net income after net movement in regulatory balances	–	3,114,634	–	3,114,634
Other comprehensive loss	–	–	80,606	80,606
Dividends, paid or payable	–	(890,886)	–	(890,886)
Balance at December 31, 2021	**$15,568,388**	**$15,085,495**	**$ (357,737)**	**$ 30,296,146**
Balance at January 1, 2022	**$15,568,388**	**$15,085,495**	**$ (357,737)**	**$ 30,296,146**
Net income after net movement in regulatory balances	–	4,078,230	–	4,078,230
Other comprehensive loss	–	–	303,258	303,258
Dividends, paid or payable	–	(638,599)	–	(638,599)
Balance at December 31, 2022	**$15,568,388**	**$18,525,126**	**$ (54,479)**	**$ 34,039,035**

The accompanying notes are an integral part of these financial statements.

Festival Hydro Inc.

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

Cash provided by (used in)	Notes	2022	2021
Operating activities			
Net income after net movement in regulatory balances		$4,078,230	$3,114,634
Adjustments for			
Depreciation - property, plant and equipment	8	2,243,817	2,113,654
Amortization - intangible assets	9	261,909	298,348
Amortization of deferred revenue		(76,869)	(60,633)
Employee future benefits		(48,508)	(50,668)
Net finance costs	19	(172,396)	939,718
Income tax expense	10	1,096,421	917,289
		7,382,604	7,272,342
Changes in non-cash operating working capital			
Accounts receivable		45,246	(1,104,430)
Unbilled revenue		447,273	1,140,450
Inventories		(14,083)	9,169
Prepaid expenses		126,841	32,564
Accounts payable and accrued liabilities		(1,244,625)	1,314,930
Due from related parties		210,656	294,268
Due from the City of Stratford		(1,209)	(6,477)
Dividends declared		(252,287)	385,345
Customer deposits		232,689	269,859
		(449,499)	2,335,678
Regulatory balances	13	(3,526,490)	(1,758,928)
Interest paid	19	(1,574,778)	(1,604,248)
Interest received		23,340	18,445
Income tax paid, net of refund		(5,476)	(888,101)
Net cash from operating activities		**1,849,701**	**5,375,188**
Investing activities			
Purchase of property, plant and equipment	8	(3,983,941)	(3,780,502)
Purchase of intangible assets	9	(333,350)	(77,945)
Net cash used in investing activities		(4,317,291)	(3,858,447)
Financing activities			
Contributions received from customers, net of repayments		341,267	479,666
Dividends	15	(890,886)	(505,541)
Proceeds from long-term debt		-	900,000
Repayment of long-term debt		(707,718)	(1,429,445)
Net cash used in financing activities		(1,257,337)	(555,320)
Decrease in bank indebtedness during the year		(3,724,927)	961,421
Bank indebtedness, beginning of the year		(15,768)	(977,189)
Bank indebtedness, end of the year		**$ (3,740,695)**	**$ (15,768)**

The accompanying notes are an integral part of these financial statements.

1. Reporting entity:

Festival Hydro Inc. (the "Corporation") is a wholly owned subsidiary of the City of Stratford. The Corporation was incorporated on July 11, 2000 under the Business Corporations Act (Ontario) pursuant to Section 142 of the Electricity Act Laws of the Province of Ontario, Canada. The address of the Corporation's registered office is 187 Erie Street, Stratford, Ontario, Canada.

The principal activity of the Corporation is to distribute electricity to the residents and businesses in the City of Stratford and the towns of Brussels, Dashwood, Hensall, Seaforth, St. Marys and Zurich, under a license issued by the Ontario Energy Board ("OEB"). The Corporation is regulated by the Ontario Energy Board and adjustments to the Corporation's distribution and power rates require OEB approval.

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

2. Basis of preparation:

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements were approved by the Board of Directors on April 27, 2023.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

Information about judgements made in applying accounting policies that have an effect on the amounts recognized in the financial statements is included in the following notes:

Note 3(l)	Determination of the performance obligation for contribution and the related amortization period
Note 3(m)	Whether an arrangement contains a lease
Note 6	Estimate for impairment for uncollected amounts, based on the lifetime expected credit losses
Note 8	Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment.
Note 9	Intangible assets: useful lives and goodwill impairment testing.
Note 12	Measurement of the defined benefit obligation – actuarial assumptions
Note 23	Recognition and measurement of commitments and contingencies.

2. Basis of preparation (continued)

(e) Rate regulation

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

The Corporation is required to bill certain classes of customers for the debt retirement charges. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

(f) Rate setting

Distribution revenue

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

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

As a 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.

On May 27, 2014, the Corporation filed its 2015 Cost of Service application. The OEB issued its final Decision and Order dated June 5, 2015. The decision allows for a total service revenue requirement of $11,210,828 based on a total rate base of $61,778,759. The deemed debt portion of the rate base (60%) at $27,067,256 earns a weighted average rate of 4.05%. The deemed equity portion of the rate base (40%) at $24,711,504 earns a deemed return on equity of 9.30%. The rates were effective May 1, 2015 with an implementation date of June 1, 2015.

2. Basis of preparation (continued)

(f) Rate setting (continued)

Distribution revenue (continued)

Festival filed its 2021 IRM application for distribution rates and was approved new rates by the OEB effective January 1, 2021. The Corporation's approved adjustment to distribution rates was 1.90%, as a result of an OEB approved inflation factor of 2.20%, less a stretch factor of 0.30% determined by the relative efficiency of the Corporation. The application included the approval of rate riders for the disposition of certain deferral and variance balances.

Festival filed its 2022 IRM application for distribution rates and was approved new rates by the OEB effective January 1, 2022. The Corporation's approved adjustment to distribution rates was 3.00%, as a result of an OEB approved inflation factor of 3.30%, less a stretch factor of 0.30% determined by the relative efficiency of the Corporation. The application included the approval of rate riders for the disposition of certain deferral and variance balances.

Electricity rates

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

3. Significant accounting policies:

The accounting policies set out below have been applied consistently for both years presented in these financial statements in accordance with IFRS.

(a) Regulatory balances

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

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

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

3. Significant accounting policies (continue):

(a) Regulatory balances (continued)

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

(b) Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts. On the statement of cash flows, cash and cash equivalents includes bank overdrafts (revolving credit facility) that are repayable on demand and form an integral part of the Corporation's cash management.

(c) Financial instruments

All financial assets are classified as loans and receivables, except for marketable securities which are classified as available for sale and derivatives which are measured as fair value through profit and loss. All financial liabilities are classified as other financial liabilities. These financial instruments are recognized initially at fair value adjusted for any directly attributable transaction costs.

Loans and receivables and other financial liabilities are subsequently measured at amortized cost using the effective interest method less any impairment for the financial assets.

Available for sale financial assets are subsequently measured at fair value, within the changes therein recognized in other comprehensive income until the assets are sold. Upon sale of an available for sale asset, the Corporation has elected to record the accumulated unrealized change in value of the asset as a transfer through other comprehensive income into profit and loss.

The Corporation holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein, are recognized in the statement of comprehensive income. Hedge accounting has not been used in the preparation of these financial statements.

(d) Inventories

Inventories are stated at lower of cost and net realizable value and consist of maintenance materials and supplies. Cost is determined on a weighted average basis, net of a provision for obsolescence, as applicable. The Corporation classifies all major construction related component of its electricity distribution infrastructure to property, plant and equipment.

(e) Property, plant and equipment ("PP&E")

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

3. Significant accounting policies (continued):

(e) Property, plant and equipment ("PP&E")

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's cost of borrowing. For construction projects of less than one year in length, borrowing costs are not capitalized unless specific identifiable loans are acquired for the express purpose of financing a specific construction activity.

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

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. Construction in progress assets are not amortized until the project is complete and in service.

Depreciation begins when an asset becomes available for use. Depreciation is provided on a straight-line basis over the estimated useful lives. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives for the current and comparative years are as follows:

Buildings	10 to 60 years
Distribution substation equipment	30 to 60 years
Distribution system equipment	30 to 60 years
Transformers	35 to 40 years
Meters	15 to 40 years
Other capital assets	4 to 20 years

Other capital assets include vehicles, office and computer equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within other income in the statement of comprehensive income.

3. Significant accounting policies (continued):

(f) Intangible assets

Intangible assets include goodwill, computer software and capital contributions paid under capital cost recovery agreements ("CCRAs").

(i) Goodwill

Goodwill represents the excess of cost over fair value of net assets which arose upon amalgamation of the former electrical distribution entities. Goodwill is measured at cost less accumulated impairment losses.

(ii) Computer software

Computer software acquired prior to January 1, 2014, is measured at deemed cost less accumulated depreciation. All other software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Capital contributions paid under capital cost recovery agreements

Capital contributions paid under CCRAs are measured at cost less accumulated amortization and accumulated impairment losses.

(iv) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 years
CCRAs	15 to 25 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted if appropriate.

(g) Impairment

(i) Financial assets measured at amortized cost

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

3. Significant accounting policies (continued):

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than regulatory assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated as at December 31 of each year.

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

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions

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

(i) Employee benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (“Fund”). The Fund is a contributory defined benefit pension plan which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

3. Significant accounting policies (continued):

(i) Pension plan (continued)

OMERS is a defined benefit plan, however, as the plan assets and pension obligations are not segregated in separate accounts for each member entity, sufficient information is not available to enable the Corporation to directly account for the plan. As such, the plan has been accounted for as a defined contribution plan. The contribution payable is recognized as an employee benefit expense in the statement of comprehensive income in the period in which the service was rendered by the employee, since it is not practicable to determine the Corporation's portion of person obligations of the fair value of plan assets.

(ii) Employee future benefits, other than pension

The Corporation has an unfunded benefit plan providing post-employment benefits (other than pension) to its employees. The Corporation provides its retired employees (20 years service; less than age 65) with life insurance and medical benefits beyond those provided by government sponsored plans. Life insurance is provided for current retirees including those over age 65.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses, are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(j) Deferred revenue and assets transferred from customers

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. Cash contributions are initially recorded under current liabilities as customer deposits. Once the distribution system asset is completed or modified, as outlined in the terms of the contract, the contribution amount is transferred to deferred revenue.

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction. The contributions in aid of construction account, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is reported as deferred revenue, and is amortized to other income on a straight-line basis over the terms of the agreement with the customer or the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(k) Customer deposits

Security deposits from electricity customers are cash collections to guarantee the payment of electricity bills. The electricity customer security deposits liability includes related interest amounts, calculated using OEB prescribed interest rates, and owed to the customers with a corresponding amount charged to finance costs. Deposits that are refundable upon demand are classified as a current liability. Annually, accrued interest is applied directly to the customers' accounts.

3. Significant accounting policies (continued):

(k) Customer deposits (continued)

Security deposits on offers to connect are cash collections from specific customers to guarantee the payment of additional costs relating to expansion projects. This liability includes related interest amounts owed to the customers with a corresponding amount charged to finance costs. Deposits are classified as a current liability when the Corporation no longer has an unconditional right to defer payment of the liability for at least 12 months after the reporting period.

(l) Revenue Recognition

(i) Sale and distribution of electricity

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

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

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

(ii) Capital contributions

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

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 receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

3. Significant accounting policies (continued):

(l) Revenue Recognition (continued)

(ii) Other revenue

Revenue earned from the provision of services is recognized as the service is rendered. Government grants and the related performance incentive payments under Conservation and Demand Management (“CDM”) programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(m) Leased assets

At inception of a contract, the Corporation assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

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

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Significant accounting policies (continued):

(n) Finance income and finance costs

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

Finance costs comprise interest expense on customer deposits, the demand notes payable, revolving credit facility and long-term borrowings.

Changes in the fair value of interest rate swap agreements are recorded either in finance income, or costs, depending on whether an unrealized gain or loss is required.

(o) Income taxes

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

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

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

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

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 to or recovered from customers through future electricity distribution rates. A gross up to reflect the income tax benefits associated with reduced revenues resulting from the realization of deferred tax assets is recorded within regulatory credit or debt balances. Deferred taxes that are not included in the rate-setting process are charged or credited to the statements of comprehensive income.

3. Significant accounting policies (continued):

(o) Income taxes (continued)

The benefits of the refundable and non-refundable apprenticeship and other ITCs are credited against the related expense in the statements of comprehensive income.

4. Standards issued but not yet adopted:

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

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
ii. Definition of Accounting Estimates (Amendments to IAS 8)
iii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. On July 15, 2020 the IASB issued an amendment to defer the effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted.

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

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

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

ii. Definition of Accounting Estimates (Amendments to IAS 8):

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

4. Standards issued but not yet adopted (continued):

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

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

iii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2):

On February 12, 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments help companies provide useful accounting policy disclosures. The key amendments include:

– requiring companies to disclose their material accounting policies rather than their significant accounting policies;

– clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

– clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

5. Bank indebtedness:

	2022	2021
Cash	$ 660	$ 1,660
Revolving credit facility	(3,741,355)	(17,428)
Bank indebtedness	**$ (3,740,695)**	**$ (15,768)**

6. Accounts receivable:

	2022	2021
Energy, water and sewer	$ 6,523,810	$ 6,223,521
Other	1,555,845	1,901,380
Total	**$ 8,079,655**	**$ 8,124,901**

Included in accounts receivable is $1,230,333 (2021 - $1,193,417) of customer receivables for water consumption and sewer (“water & sewer”) that the Corporation bills and collects on behalf of the City of Stratford and the Town of St. Marys. As the Corporation does not assume liability for collection of these amounts, any amount related to City of Stratford and Town of St. Marys water & sewer charges that are determined to be uncollectible are charged to the City of Stratford and Town of St. Marys, respectively. At year end, there is nil (2021 - nil) included in the provision for impairment for uncollectable amounts relating to water and sewer.

7. Inventories:

The amount of inventories consumed by the Corporation and recognized as an expense during 2022 was $149,137 (2021 - $166,873). During 2022, an amount of nil (2021 – nil) was recorded as an expense for the write-down of obsolete or damaged inventory to net realizable value.

8. Property, plant and equipment:

a) Cost or deemed cost

	Land and buildings	Distribution & substation equipment	Other distribution system equipment	Transformer station	Total
Balance at January 1, 2021	$2,663,162	$47,579,167	$2,810,734	$14,049,010	$67,102,073
Additions	477,555	2,698,194	326,676	143,417	3,645,842
Transfers	-	-	134,660	-	134,660
Disposals/retirements	(6,795)	(230,606)	(155,736)	-	(393,137)
Balance at December 31, 2021	**$3,133,922**	**$ 50,046,755**	**$ 3,116,334**	**$ 14,192,427**	**$ 70,489,438**
Balance at January 1, 2022	$3,133,922	$50,046,755	$3,116,334	$14,192,427	$70,489,438
Additions	357,228	3,022,647	281,971	86,263	$3,748,109
Transfers	-	-	235,832	-	$235,832
Disposals/retirements	(27,578)	(297,300)	(375,808)	-	($700,686)
Balance at December 31, 2022	**$3,463,572**	**$52,772,102**	**$3,258,329**	**$14,278,690**	**$73,772,693**

b) Accumulated depreciation

	Land and buildings	Distribution & substation equipment	Other distribution system equipment	Transformer station	Total
Balance at January 1, 2021	$ 337,380	$ 7,977,726	$ 1,119,839	$ 2,220,066	$ 11,655,011
Depreciation	96,716	1,413,877	268,888	334,173	2,113,654
Disposals/retirements	(6,795)	(230,605)	(155,736)	-	(393,136)
Balance at December 31, 2021	$ 427,301	$ 9,160,998	$ 1,232,991	$ 2,554,239	$ 13,375,529
Balance at January 1, 2022	$427,301	$9,160,998	$1,232,991	$2,554,239	$13,375,529
Depreciation	120,660	1,491,865	285,635	345,657	$2,243,817
Disposals/retirements	(27,578)	(297,300)	(375,808)	-	($700,686)
Balance at December 31, 2022	$520,383	$10,355,563	$1,142,818	$2,899,896	$14,918,660

c) Carrying amounts

	Land and buildings	Distribution & substation equipment	Other distribution system equipment	Transformer station	Total
December 31, 2021	$2,706,621	$40,885,757	$1,883,343	$11,638,188	$57,113,909
December 31, 2022	$2,943,189	$42,416,539	$2,115,511	$11,378,794	$58,854,033

d) Borrowing costs

During the year, no borrowing costs (2021 – nil) were capitalized as part of the cost of property, plant and equipment.

9. Intangible assets and goodwill:

a) Cost or deemed cost

	Goodwill	Computer software	Land Rights	CCRA's	Total
Balance at January 1, 2021	$ 515,359	$ 1,593,915	$ 3,150	$ 966,935	$ 3,079,359
Additions	-	77,945	-	-	77,945
Disposals	-	(252,888)	-	-	(252,888)
Balance at December 31, 2021	**$ 515,359**	**$ 1,418,972**	**$ 3,150**	**$ 966,935**	**$ 2,904,416**
Balance at January 1, 2022	$515,359	$ 1,418,972	$ 3,150	$ 966,935	$ 2,904,416
Additions	-	111,889	-	-	111,889
Work in Progress	-	221,461	-	-	221,461
Disposals	-	(312,506)	-	-	(312,506)
Balance at December 31, 2022	**$ 515,359**	**$ 1,439,816**	**$ 3,150**	**$ 966,935**	**$ 2,925,260**

b) Accumulated amortization

	Goodwill	Computer software	Land Rights	CCRA's	Total
Balance at January 1, 2021	**$ -**	**$ 750,096**	**$ -**	**$ 374,019**	**$ 1,124,115**
Amortization	**-**	243,875	**-**	54,473	298,348
Disposals	**-**	(252,888)	**-**	-	(252,888)
Balance at December 31, 2021	$ -	**$ 741,083**	$ -	**$ 428,492**	**$ 1,169,575**
Balance at January 1, 2022	$ -	$ 741,083	$ -	$ 428,492	$ 1,169,575
Amortization	-	207,436	-	54,473	261,909
Disposals	-	(312,506)	-	-	(312,506)
Balance at December 31, 2022	$ -	**$ 636,013**	$ -	**$ 428,492**	**$ 1,118,978**

c) Carrying amounts

	Goodwill	Computer software	Land Rights	CCRA's	Total
December 31, 2021	$ 515,359	$ 677,889	$ 3,150	$ 538,443	$ 1,734,841
December 31, 2022	$ 515,359	$ 803,803	$ 3,150	$ 483,970	$ 1,806,282

d) Goodwill impairment

Management has determined that the Corporation's rate regulated operations are one cash generating unit. Therefore, the goodwill was allocated to the Corporation as a whole. The annual impairment test is based on the Corporation's value in use. Value in use was determined by discounting the future cash flows of the Corporation and was based on the following key assumptions:

9. Intangible assets and goodwill:

d) Goodwill impairment (continued)

A detailed valuation of the Corporation was undertaken during 2022 based on financial results of the Corporation as at December 31, 2022. Cash flows were projected based on actual operating results and the cost of capital and rate of return as approved in the 2015 Cost of Service application. A discounted cash flow model was utilized based on free cash flows for 20 years, followed by a terminal value calculated based on a steady-state cash flow, with the terminal value within range of market-based terminal multiples. The recoverable amount of the Corporation was determined to be greater than the carrying value of goodwill and no impairment was recorded as at December 31, 2022 or December 31, 2021.

10. Income taxes:

Income tax expense	**2022**	**2021**
Current tax expense:		
Current year	$ 160,945	$ 322,507
Prior year	(56,545)	3,923
Total current tax expense	104,400	326,430
Deferred tax expense:		
Change in recognized deductible temporary differences	992,021	590,859
Total current and deferred income tax in profit or loss, before movement of regulatory balance	1,096,421	917,289
Other comprehensive income:		
Employee future benefits	80,363	(21,361)
Total current and deferred tax, before movement in regulatory balances	1,176,784	938,650
Net movement in regulatory balances	(1,072,384)	(612,220)
Income tax expense recognized in statement of comprehensive Income	**$104,400**	**$326,430**

Reconciliation of effective tax rate	**2022**	**2021**
Income before taxes	$4,486,834	$3,538,670
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income tax at statutory rates	1,189,011	937,748
Increase (decrease) in income tax resulting from:		
Permanent differences	2,212	1,420
Recognized deductible temporary difference due from customers	(1,072,384)	(612,220)
Other	(14,439)	(518)
Income tax expense	**$ 104,400**	**$ 326,430**

10. Income taxes (continued):

	2022	2021
Deferred tax assets (liabilities):		
Property, plant, equipment and intangible assets	($2,488,634)	($1,968,063)
Employee future benefits	267,618	360,835
Other	(160,354)	298,241
	($2,381,370)	**($1,308,987)**

11. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers as well as construction deposits. These customer deposits bear interest at the OEB's prescribed interest rate, which is the Bank of Canada's prime business rate less 2%.

Deposits from electricity distribution customers are refundable to customers demonstrating 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. Due to the demand nature of these deposits, they are classified as current liabilities.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

Customer deposits comprise:

	2022	2021
Electricity deposits	$ 957,164	$1,061,051
Construction deposits	1,039,378	702,802
Total customer deposits	**$1,996,542**	**$1,763,853**
Consisting of:		
Short-term	$ 1,016,175	$ 1,169,542
Long-term	980,367	594,311

12. Employee future benefits:

(a) Employee future benefits, other than pension

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

12. Employee future benefits (continued):

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:

	2022	2021
Defined benefit obligation, beginning of year	$ 1,361,643	$ 1,492,917
Included in profit or loss:		
Current service cost	36,217	39,189
Interest cost	38,994	37,165
	75,211	76,354
Included in OCI:		
Actuarial (gains) losses arising from changes in financial assumptions	(303,258)	(80,606)
Benefits paid during the year	(123,718)	(127,022)
Defined benefit obligation, end of year	**$1,009,878**	**$1,361,643**

The significant actuarial assumptions used in the valuation are as follows:

	2022	2021
Discount rate	5.05%	3.00%
Rate of compensation increase	3.30%	2.50%
Initial health care cost trend rate	4.70%	4.70%
Initial dental cost trend rate	4.90%	4.90%
Year that rate reaches the rate it is assumed to be	2040	2040
Cost trend rate declines to	4.00%	4.00%

Significant actuarial assumptions for benefit obligation measurement purposes are the discount rate and assumed medical and dental cost trend rates. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions, in isolation of one another, occurring at the end of the reporting period. This analysis may not be representative of the actual change since it is unlikely these changes in assumptions would occur in isolation from each other. The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	2022	2021
Benefit Obligation, end of year	$1,009,878	$1,361,644
1% increase in health care trend rate	26,900	50,156
1% decrease in health care trend rate	(24,300)	(44,744)
1% increase in discount rate	(96,500)	(167,544)
1% decrease in discount rate	119,000	215,456

(b) Pension plan

The Corporation provides a pension plan for its employees through the Ontario Municipal Employees Retirement System. The plan is a multi-employer, contributory defined benefit pension plan. In 2022, the Corporation made employer contributions of $365,116 to OMERS (2021 - $353,752). The Corporation’s net benefit expense has been allocated as follows:

- $138,744 (2021 - $134,426) capitalized as part of PP&E
- $186,209 (2021 - $180,413) charged to operating expenses
- $40,163 (2021 - $38,913) charged to CDM and billable work

12. Employee future benefits (continued):

(b) Pension plan (continued)

As at December 31, 2022, OMERS states that their plan was 95% funded (2021 – 97%). OMERS has a strategy to return the plan to a fully funded position. The Corporation is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions. The Corporation's contributions represent less than 1% of the total annual contributions to the OMERS plan.

13. Regulatory assets and liabilities:

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

In the tables below, the "Additions" column consists of new additions to regulatory balances (for both debits and credits). The "Recovery/reversal" column consists of amounts collected through rate riders or transactions reversing an existing regulatory balance. The "Other movements" column consists of reclassification between the regulatory debit and credit balances. For the years ended December 31, 2022 and 2021, the Corporation did not record any impairments related to regulatory debit balances.

	January 1, 2022	Additions	Recovery/ reversal	Other Movements	December 31, 2022	Notes
Regulatory deferral account debit balances						
Settlement (Group 1) variances	$ 2,939,939	$ 386,141	$ (313,926)	$ 2,075,470	$ 5,087,624	(1)
Stranded meters	2,292	21	-	-	2,313	(2)
LRAM	268,628	(244,237)	256	-	24,646	(1)
Deferred Taxes	1,308,987	1,072,383	-	-	2,381,370	(4)
Rate application costs	8,008	-	-	-	8,008	(3)
	$ 4,527,854	**$1,214,308**	**$ (313,670)**	**$ 2,075,470**	**$ 7,503,962**	

	January 1, 2021	Additions	Recovery/ reversal	Other Movements	December 31, 2021	Notes
Regulatory deferral account debit balances						
Settlement (Group 1) variances	$ 1,605,348	$ 1,538,071	$ (203,135)	$ (345)	$ 2,939,939	(1)
Stranded meters	2,286	6	-	-	2,292	(2)
LRAM	494,049	(219,691)	(5,730)	-	268,628	(1)
Deferred Taxes	696,766	612,221	-	-	1,308,987	(4)
Rate application costs	8,008	-	-	-	8,008	(3)
	$ 2,806,457	**$1,930,607**	**$ (208,865)**	**$(345)**	**$ 4,527,854**	

13. Regulatory assets and liabilities (continued):

	January 1, 2022	Additions	Recovery/ reversal	Other Movements	December 31, 2022	Notes
Regulatory deferral account credit balances						
Settlement (Group 1) variances	$ (1,286,576)	2,500,939	$ 313,670	$ (2,075,470)	(547,437)	(1)
IFRS transition adjustments	(10,783)	-	-	-	(10,783)	(5)
PILS	(434,218)	(108,394)	-	-	(542,612)	
	$ (1,731,577)	**$ 2,392,545**	**$ 313,670**	**$ (2,075,470)**	**$ (1,100,832)**	

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	January 1, 2021	Additions	Recovery/ reversal	Other Movements	December 31, 2021	Notes
Regulatory deferral account credit balances						
Settlement (Group 1) variances	$ (1,507,500)	11,714	$ 208,865	$ 345	(1,286,576)	(1)
IFRS transition adjustments	(10,783)	-	-	-	(10,783)	(5)
PILS	(272,186)	(162,032)	-	-	(434,218)	
	$ (1,790,469)	**$ (150,318)**	**$ 208,865**	**$ 345**	**$ (1,731,577)**	

1) The changes in settlement (Group 1) and LRAM balances outstanding from December 31, 2021 were approved for disposition as part of the 2022 IRM application with rates effective January 1, 2022 to be collected over a 12-month period.

2) As part of the 2015 COS application, the OEB approved the disposition of stranded meters through a rate rider effective May 1, 2015 (implemented June 1, 2015) with recovery over a 7-month period ending December 31, 2015. Since the residual balance is not material, it will remain in place until the next COS application.

3) The 2015 COS rate application costs were approved for recovery by the OEB and have been amortized over a forty-three-month period ending December 31, 2019.

4) Disposition is not requested for the deferred tax balance as it is being reversed through timing differences in the recognition of deferred tax assets. No carrying charges are calculated on this balance.

5) As part of the 2015 COS application, the OEB approved the disposition of the account 1575/76 IFRS transition account balance used to record the difference arising on adoption of new asset useful lives and overhead rates and write off of end-of-life assets. These account balances were included as a rate rider effective May 1, 2015 (implemented June 1, 2015) and were recovered over a 7-month period ended December 31, 2015. Since the residual balance is not material, it will remain in place until the next COS application.

Carrying charges are applied to all regulatory account balances at the OEB prescribed interest rates, with the exception of the deferred tax assets on which no carrying charges are applied.

As part of the Corporation's 2022 IRM application, the change in debit and credit balance settlement (Group 1) variance accounts occurring during fiscal 2021 were approved as part of 2022 distribution rates for recovery over a 12-month period commencing January 1, 2022. As such, the risk associated with the recovery of variance accounts is limited to the incremental value of non-settlement variances arising since 2021.

14. Long-term debt:

Long-term debt consists of the following:

	2022	2021
Royal Bank revolving term loan, bearing interest at 2.93%, plus a stamping fee of 0.42%, payable in monthly principal instalments of approximately $35,000 plus interest, increasing by $1,000 yearly until maturity on May 31, 2038, secured by a general security agreement.	9,875,000	10,366,000
Royal Bank loan, bearing interest at 2.62%, payable in monthly principal instalments of $19,768, maturing November 25, 2025, secured by a general security agreement.	665,476	882,194
Notes payable to shareholder, bearing interest at 7.25% per annum, with interest payments only, due on demand, unsecured.	15,600,000	15,600,000
	26,140,476	**26,848,194**
Less: current portion	16,328,464	16,307,717
Long-term debt	**$9,812,012**	**$10,540,477**

Interest rate swaps

The Corporation entered into an interest rate swap agreement on a notional principal of $14,000,000 effective May 31, 2013, which matures May 31, 2038. The swap is a receive-variable, pay-fixed swap with the Royal Bank. This agreement has effectively converted variable interest rates to an effective fixed interest rate of 2.93% plus stamping fee of 0.42% on the Royal Bank revolving term loan. The stamping fee is subject to change every 10 years, with the first maturity being May 31, 2023.

Additionally, the Corporation entered into an interest rate swap agreement on a notional principal of $5,000,000. The Corporation has not yet made any draws on this available credit and is not required to do so until the effective date of December 31, 2024. This agreement has effectively converted variable interest rates to an effective fixed interest rate of 2.51% plus stamping fee of 0.42% on the Royal Bank revolving term loan.

The Corporation has determined these swaps do not meet the standard to apply hedge accounting. Since the standard is not met, the interest rate swap contracts have been recorded at their fair value at December 31, 2022 with the combined unrealized gain for the year of $1,723,834 (2021 – $646,085) recorded as finance cost in the statement of comprehensive income.

14. Long-term debt continued:

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

	Current and long-term debt	Dividends payable	Retained earnings	Total (financing cash flows)
Balance at January 1, 2022	$ 26,848,194	$ 500,556	$ 15,085,495	
Dividends paid	-	(500,556)	(390,330)	$ (890,886)
Proceeds from long-term debt	-	-	-	-
Repayments of long-term debt	(707,718)	-	-	(707,718)
Total changes from financing cash flows	**$ (707,718)**	**$ (500,556)**	**$ (390,330)**	**$ (1,598,604)**
Dividend declared but not paid	-	248,269	(248,269)	-
Net income after net movements in regulatory balances	-	-	4,078,230	-
Balance at December 31, 2022	$ 26,140,476	$ 248,269	$ 18,525,126	$ -

15. Share capital:

	2022	2021
Authorized:		
Unlimited Class A special shares, non-cumulative, 5.0%		
Unlimited Class B special shares		
Unlimited Common shares		
Issued:		
6,100 Class A special shares	$ 6,100,000	$ 6,100,000
6,995 Common shares	9,468,388	9,468,388
	$ 15,568,388	**$15,568,388**

Dividends paid on the 6,100 class A special shares during the year totalled $152,500 (2021 - $152,500). Dividends paid on the 6,995 common shares during the year totalled $486,099 (2021 - $738,386). A common share dividend was declared on December 15, 2022 and is payable on all common shares on record at December 31, 2022, with the dividend to be paid in 2023. The dividend amount payable at December 31, 2022 is $248,269 (2021 - $500,556).

16. Revenue from Contracts with Customer:

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Sources of revenue are as documented in the table below.

	2022 Sale of Energy	2022 Distribution Revenue	2021 Sale of Energy	2021 Distribution Revenue
Residential	$ 17,226,469	$ 6,928,900	$ 16,035,245	$ 6,695,809
Commercial	35,806,876	4,757,459	39,685,538	4,553,668
Large Users	2,762,863	314,993	2,653,924	321,241
Other	(207,133)	172,733	1,185,095	11,980
	$ 55,589,074	**$ 12,174,085**	**$ 59,559,802**	**$ 11,582,698**

17. Other income:

	2022	2021
Collection, late payment and other service charges	$ 124,331	$ 187,699
Pole attachment and other rental income	108,836	128,767
Miscellaneous	853,362	852,693
Solar generation	31,992	26,725
	$ 1,118,521	**$ 1,195,884**

Collection, late payment and other service charges are based on service charge rates and retailer rates as approved by the OEB. Pole attachment and other rentals consist primarily of pole attachment charges and charges for office and service centre space.

Miscellaneous includes revenues from City of Stratford and Town of St. Marys water and sewage billing services, street lighting services, management fees charged to Festival Hydro Services Inc. and other revenue sources.

18. Operating expenses:

	2022	2021
Salaries and benefits	$ 3,329,138	$ 3,003,417
External services	1,924,106	1,664,018
Materials and supplies	584,647	624,585
Other support costs	921,154	722,794
	$ 6,759,045	**$ 6,014,814**

19. Finance income and costs:

	2022	2021
Interest income on loan to corporation under common control	$ 10,862	$ 13,587
Interest on bank account	12,036	2,991
Interest on written off trade receivables	442	1,867
Unrealized gain on interest rate swap	1,723,834	646,085
Finance income	**$ 1,747,174**	**$ 664,530**
Interest expense on demand notes payable	$1,131,000	$1,131,000
Interest expense on long-term debt	338,185	378,136
Interest on revolving credit facility	84,552	24,449
Interest expense on deposits	21,041	6,207
Other interest expense	-	64,457
Finance costs	**$ 1,574,778**	**$ 1,604,249**
Net finance income (costs)	**$ 172,396**	**$ (939,719)**

Other interest expenses of $64,457 in 2021 are related to accrued interest and discharge fees for the early payment of the Infrastructure Ontario Projects Corporation (OIPC) loans with a combined principal payout of $842,668.

20. Related party transactions:

a) *Parent and ultimate controlling party*

The parent and sole shareholder of the Corporation is the Corporation of the City of Stratford (the “City”). The City of Stratford produces financial statements that are available for public use.

b) *Key management personnel*

The key management personnel of the Corporation has been defined as members of its Board of Directors and executive management team members. Total compensation of key management in 2022 was $833,946 (2021 - $662,748).

20. Related party transactions (continued):

(b) *Transactions with the Corporation of the City of Stratford*

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts, with the parent, the City of Stratford, for the years ended December 31:

	2022	2021
Revenues:		
Energy sales	$ 1,475,873	$ 1,612,278
Water and sewer administration fee	499,716	494,093
Street lighting services	18,760	34,878
Service centre space rental	33,477	27,638
Total revenues	$ 2,027,826	$ 2,168,887
Expenses:		
Interest on demand notes payable	$ 1,131,000	$ 1,131,000
Property taxes	121,157	118,062
Tree trimming	54,494	78,073
Total expenses	$ 1,306,651	$ 1,327,135

	December 31, 2022	December 31, 2021
Receivable balances:		
Accounts receivable	$ 371,073	$ 370,838
Payable balances:		
Accounts payable and accrued charges	$ 995,324	$ 996,298
Demand notes payable	15,600,000	15,600,000
Dividends payable	248,269	500,556
Total payables	$16,843,593	$17,096,854

The net amount owing to the Corporation of the City of Stratford for accounts receivable, accounts payable and accrued charges is $624,251 (2021 - $625,460).

Dividends paid or payable	$ 638,599	$ 890,886

20. Related party transactions (continued):

(c) Transactions with corporations under common control of the parent

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts, with Festival Hydro Services Inc., a wholly-owned subsidiary of the City of Stratford, for the years ended December 31:

	2022	2021
Revenues:		
Operational services	$ 33,397	$ 40,872
Management fee	64,851	57,518
Office and fibre room rentals	1,470	1,225
Joint pole rentals	55,308	71,311
Interest earned	10,862	13,712
Energy sales	28,689	25,687
Water billing and collection services	75,120	73,410
Total revenues	$269,697	$283,735
Expenses:		
Fiber and WIFI services	$154,148	$154,148
Information technology and management services	273,165	128,117
Total expenses	$427,313	$282,265

Receivable balance:	December 31, 2022	December 31, 2021
Due from corporations under common control	$122,147	$332,803

21. Capital management:

The Corporation's main objectives when managing capital is to:

- ensure ongoing access to funding to maintain, refurbish and expand the electricity distribution system;
- ensure sufficient liquidity is available (either through cash and cash equivalents or committed credit facilities) to meet the needs of the business;
- ensure compliance with covenants related to its credit facilities; and
- prudent management of its capital structure with regard to recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation monitors forecasted cash flows, capital expenditures, debt repayment and key credit ratios. The Corporation manages capital by preparing short-term and long-term cash flow forecasts, statements of financial position and comprehensive statements of income. In addition, the Corporation accesses its revolving credit facility to fund net periodic net cash outflows and to maintain available liquidity.

There have been no changes in the Corporation's approach to capital management during the year. As at December 31, 2022, the Corporation's definition of capital included borrowings under its revolving credit facility, long-term debt and obligations including the current portion thereof, and equity, and had remained unchanged from the definition as at December 31, 2021. As at December 31, 2022, equity amounted to $34,039,035 (2021 - $30,296,146), borrowings in the form of demand notes payable and long-term debt, including the current portion thereof, amounted to $26,140,476 (2021 - $26,848,194) and the revolving credit facility amounted to $3,720,132 (2021 - $17,428).

21. Capital management (continued):

The OEB regulates the amount of deemed interest on debt and rate of return that may be recovered by the Corporation, through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits such recoveries on the basis of a deemed capital structure represented by 60% debt and 40% equity. The actual capital structure and finance costs for the Corporation may differ from the OEB deemed structure.

The Corporation is subject to debt agreements that contain various covenants. The Corporation's credit agreement with Royal Bank provides a revolving demand facility, letter of guarantee which is posted with the IESO as prudential support, and a long-term loan facility. These combined facilities are subject to a funded indebtedness debt to equity ratio of no more than 65%.

The Corporation has customary covenants typically associated with long-term debt. As at December 31, 2022 and December 31, 2021, the Corporation was in compliance with all with all credit agreement covenants and limitations associated with its long-term debt.

22. Financial instruments and risk management:

Fair value disclosure

The carrying values of accounts receivable, unbilled revenue, and the revolving term facility, accounts payable and accrued liabilities approximate their fair values due to the short maturity of these instruments. The fair values of customer deposits approximate their carrying amounts taking into account interest accrued on the outstanding balance. Cash is measured at fair value.

The swap agreements are measured at fair value, which is provided by a third-party, banking institution and is based on market rates at the date of the valuation. The valuation of the interest rate swaps resulted in an unrealized gain recorded on the statement of financial position at December 31, 2022 of $784,886 (2021 - $938,948 unrealized loss).

The fair value of the long-term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The carrying amounts and fair values of the Corporation's long-term loans consist of the following:

22. Financial instruments and risk management (continued):

	2022	2021
Carrying amounts:		
Demand notes payable, 7.25%	$15,600,000	$15,600,000
Term Loan 2.93% maturing May 1, 2038 plus stamping fee of 0.42%	9,875,000	10,366,000
Term Loan 2.62% maturing November 25, 2025	665,476	882,194
Total	**$26,140,476**	**$26,848,194**

	2022	2021
Fair values:		
Demand notes payable valued based on current revolving credit facility rate of 3.95%	$12,556,106	$16,422,603
Term Loan 2.93 % plus stamping fee of 0.42% booked at market value	9,581,114	11,304,948
Term Loan 2.62% maturing November 25, 2025, booked at market interest rate of 2.95%	609,697	865,230
Total	**$22,746,917**	**$28,592,781**

Financial risks

The following is a discussion of financial risks and related mitigation strategies that have been identified by the Corporation for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed. The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

a) *Credit risk*

The Corporation is exposed to credit risk as a result of the risk of counterparties defaulting on their obligations. The Corporation's exposure to credit risk primarily relates to accounts receivable and unbilled revenue. The Corporation monitors and limits its exposure to credit risk on a continuous basis.

The Corporation's credit risk associated with accounts receivable and unbilled revenue is primarily related to electricity bill payments from electricity customers. The Corporation obtains security deposits from certain customers in accordance with direction provided by the OEB and as outlined in the Corporation's conditions of service. As of December 31, 2022, the Corporation held security deposits related to electricity receivables in the amount of $957,164 (2021 - $1,061,051).

22. Financial instruments and risk management (continued):

(a) *Credit risk (continued)*

As at December 31, 2022, there were no significant concentrations of credit risk with respect to any one customer. No single customer accounts for revenue in excess of 5% of total distribution revenue. The Corporation earns its revenue from a broad base of approximately 21,000 customers (2021 - 21,000 customers) located throughout its service territory.

The credit risk and mitigation strategies with respect to unbilled revenue are the same as for accounts receivable. The credit risk related to cash is mitigated by the Corporation's treasury policies on assessing and monitoring the credit exposures of counterparties.

Credit risk associated with electricity accounts receivable and unbilled revenue (electricity only) is as follows:

	2022	2021
Not more than 30 days	$ 6,448,968	$ 6,635,586
More than 30 but less than 90 days	405,840	295,071
More than 90 days	167,531	179,511
Less allowance for impairment	(173,017)	(178,684)
Unbilled revenue	4,783,498	5,230,771
	$ 11,632,820	**$12,162,255**

As at December 31, 2022, the Corporation's accounts receivable and unbilled revenue which were not past due or impaired were assessed by management to have no significant collection risk and no additional allowance for impairment was required for these balances.

Reconciliation between the opening and closing allowance for impairment is as follows:

	2022	2021
Balance, beginning of year	$ 178,684	$ 152,435
Provision for impairment	**53,870**	120,944
Write offs	(72,374)	(108,245)
Recoveries	12,837	13,550
Balance, end of year	**$ 173,017**	**$ 178,684**

Unbilled revenue represents amounts for which the Corporation has a contractual right to receive cash through future billings and are unbilled at year end. Unbilled revenue is considered current and no provision for impairment was established as at December 31, 2022 (2021 – nil).

(b) *Interest rate risk*

The Corporation is exposed to fluctuations in interest rates for the valuation of its employee future benefit obligations (note 12). The Corporation is also exposed to short-term interest rate risk on the net of cash position and short-term borrowings under its Revolving Credit Facility and customer deposits. The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments and taking action as necessary to maintain an appropriate balance.

22. Financial instruments and risk management (continued):

(b) Interest rate risk (continued)

As at December 31, 2022, aside from the valuation of its employee future benefit obligations, the Corporation was exposed to interest rate risk predominately from short-term borrowings under its revolving credit facility and customer deposits, while most of its remaining obligations were either non-interest bearing or bear fixed interest rates, and its financial assets were predominately short-term in nature and mostly non-interest bearing. The Corporation estimates that a 100 basis point increase in short-term interest rates, with all other variables held constant, would result in an increase of approximately $61,266 (2021 - $17,921) to annual finance costs. A decrease of 100 basis points would result in a reduction in financing costs of $61,266 (2021 – $17,921).

(c) Liquidity risk

The Corporation is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Corporation monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Corporation has access to credit facilities and monitors cash balances daily. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing finance costs.

The Corporation has a revolving credit facility available of $10,000,000 with a Canadian chartered bank. As at December 31, 2022, $3,720,132 (2021 - $17,428) was drawn on this facility.

As a purchaser of electricity through the Independent Electricity System Operator ("IESO"), the Corporation is required to provide security to minimize the risk of default based on its expected activity in the market. The IESO may draw on this security if the Corporation fails to make payment required by a default notice issue by the IESO. The Corporation has a $3.6 million revolving term facility by way of a letter of guarantee with Royal Bank, of which $3,095,139 (2021 - $3,095,139) has been assigned to secure the prudential support required by the IESO.

The majority of accounts payable, as reported on the statement of financial position, is due within 30 days.
Liquidity risks associated with financial commitments are as follows:

22. Financial instruments and risk management (continued):

Contractual cash flows, including interest, at year end are:

December 31, 2022

	Carrying Amounts	Total	Due within 1 year	Due within 1 to 5 years	Due> 5 years
Revolving credit facility	$ 3,741,355	$ 3,741,355	$ 3,741,355	$ -	$ -
Accounts payable and accrued liabilities	8,658,017	8,658,017	8,658,017	-	-
Due to City of Stratford	624,251	624,251	624,251	-	-
Demand notes payable	15,600,000	15,600,000	15,600,000	-	-
Term Loan 2.93 % plus stamping fee of 0.42%	9,875,000	12,645,318	828,224	3,308,138	8,508,956
Term Loan 2.62% maturing November 25, 2025	665,476	691,894	237,221	454,673	-
	$ 39,164,099	$ 41,960,835	$ 29,689,068	$ 3,762,811	$ 8,508,956

December 31, 2021

	Carrying Amounts	Total	Due within 1 year	Due within 1 to 5 years	Due> 5 years
Revolving credit facility	$ 17,428	$ 17,428	$ 17,428	$ -	$ -
Accounts payable and accrued liabilities	9,902,642	9,902,642	9,902,642	-	-
Due to City of Stratford	625,460	625,460	625,460	-	-
Demand notes payable	15,600,000	15,600,000	15,600,000	-	-
Term Loan 2.93 % plus stamping fee of 0.42%	10,366,000	13,475,135	829,817	3,311,494	9,333,824
Term Loan 2.62% maturing November 25, 2025	882,194	929,115	237,221	691,894	-
	$ 37,393,724	$ 40,549,780	$ 27,212,568	$ 4,003,388	$ 9,333,824

23. Commitments and contingencies:

Operating leases

The Corporation entered into a non-cancellable operating lease for service centre space for a period of five years dated November 15, 2015. The contract is subject to an annual increase based on the Ontario Consumer Price Index. Minimum lease payments required are $997 per month for 2022.

Connection and cost recovery agreement - St. Mary's transformer station

The Corporation and Hydro One Networks Inc. entered into a twenty-five-year capital cost recovery agreement ("CCRA") in September 2002 relating to Hydro One Networks Inc. building new feeder positions at the existing St. Mary's Transformer Station. Under the terms of the agreement, the Corporation has guaranteed new load growth which, if not met, would require the Corporation to provide a financial contribution toward the capital investment of the transformer station.

The CCRA has been trued-up effective July 5, 2013. Since load growth had fallen below a target amount, a cumulative contribution in the amount of $550,200 has been paid to Hydro One Networks. This amount has been recorded as an intangible asset subject to 15-year amortization over the remaining life of the agreement. The agreement was subject to true up effective on the fifteenth year of the agreement in July 2018 however, this has not been completed by Hydro One Inc. It is possible that the Corporation may owe a further payment as a result of the agreement but an estimate of any amount owing is not possible at December 31, 2022 given the nature of the variables included in the calculation. The need for a contribution will be determined by Hydro One Networks Inc. based on actual new load growth.

Connection and cost recovery agreement-Stratford transformer station ("Festival Hydro MTS1")

The Corporation and Hydro One Networks Inc. entered into a twenty-five-year CCRA in November, 2012, relating to Hydro One Networks Inc. building a new 230kV line to connect Festival Hydro`s MTS1 to Hydro One`s 230kV circuit. Under the terms of the agreement, the Corporation has guaranteed new load growth which, if not met, would require the Corporation to provide a financial contribution toward the capital investment. The CCRA is trued-up (a) following the fifth and tenth anniversaries of the in-service date; and (b) following the fifteenth anniversary of the in-service date if the actual load is 20% higher or lower than the load forecast at the end of the tenth anniversary of the in-service date. The fifth anniversary of the in-service date was in November 2017. The need for a contribution will be determined by Hydro One Networks Inc. based on actual new load growth.

General

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

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (“MEARIE”). MEARIE is a pooling of public liability insurance risks of many of the electrical utilities in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to 5 years. As at December 31, 2022, no assessments had been made.

24. Guarantee:

The Corporation has guaranteed the bank loan of QR Fibre, a company related through common ownership, to the extent of $4,500,000. In addition, the Corporation has entered into a Guarantee Indemnification Agreement to ensure compliance with the Affiliation Relationships code for Electricity Distributors and Transmitters and mitigate its risk exposure. No amount has been recorded in these financial statements as the Corporation does not expect to have to honour its guarantee.

25. Subsequent event:

The shares of QR Fibre Inc. held under common control were sold on January 31, 2023 for proceeds of $50,000. As of the date of sale, the Corporation is no longer obligated to honour the guarantee for the bank loan of QR Fibre.

26. Comparative figures:

Certain comparative figures have been restated to conform to the current year presentation.

Schedule of Instalment Remittances

Name of corporation contact: Erin Smith
Telephone number:

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Payments for 2022	221,000

Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	221,000	**A**
Total instalments credited to the taxation year per T9	221,000	**B**

Transfer

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

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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 .... 4,381,488 A

Add:

Provision for income taxes – current	101	104,400	
Interest and penalties on taxes	103	658	
Amortization of tangible assets	104	2,505,726	
Charitable donations and gifts from Schedule 2	112	50,100	
Scientific research expenditures deducted per financial statements	118	90,866	
Non-deductible meals and entertainment expenses	121	7,691	
Reserves from financial statements – balance at the end of the year	126	1,181,874	
Subtotal of additions		3,941,315	3,941,315

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	3,000
2	Contributed capital in deferred revenue	341,267
	Total of column 2	344,267

Total of column 2	296	344,267		
Subtotal of other additions	199	344,267	344,267	D
Total additions	500	4,285,582	4,285,582	

Amount A **plus** line 500 .... 8,667,070 B

Deduct:

Capital cost allowance from Schedule 8	403	3,817,049	
SR&ED expenditures claimed in the year on line 460 from Form T661	411	88,045	
Reserves from financial statements – balance at the beginning of the year	414	1,540,352	
Subtotal of deductions		5,445,446	5,445,446

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	Amortization of deferred revenue	76,869
2	Coop and ATTC and SRED	3,000
3	Election under subsection 13(7.4)	341,267
4	Unrealized gain re Mark to Market	1,723,834
5	Capitalized SR&ED Cost	90,866
	Total of column 2	2,235,836

Total of column 2 ▶ 396 2,235,836

Subtotal of other deductions	499	2,235,836 ▶	2,235,836	E
Total deductions	510	7,681,282 ▶	7,681,282	
Net income (loss) for income tax purposes (amount B **minus** line 510)			985,788	C

Enter amount C on line 300 of the T2 return.

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Ontario

A		
X	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
X	Ontario co-operative education tax credit	3,000
X	Ontario apprenticeship training tax credit	
	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario book publishing tax credit	
X	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
	Ontario business-research institute tax credit	
	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Various	50,100
Subtotal	50,100
Add: Total donations of less than $100 each	
Total donations in current tax year	50,100

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			1A		
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1, Net Income (Loss) for Income Tax Purposes)	210	50,100		50,100	50,100
Subtotal (line 250 **plus** line 210)		50,100	1B	50,100	50,100
Subtotal (line 240 **plus** amount 1B)		50,100	1C	50,100	50,100
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		50,100	1D	50,100	50,100
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter this amount on line 311 of the T2 return)	260	50,100		50,100	50,100
Charitable donations closing balance (amount 1D **minus** line 260)	280				
The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262				
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1		

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

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

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

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

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

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total (to line A)				

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

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes [Note 1] **multiplied** by 75 % 739,341 2A

Taxable capital gains arising in respect of gifts of capital property included in Part 1 [Note 2] 225

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

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

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

Capital cost [Note 2] 2C

Amount 2B or 2C, whichever is less 235

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

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

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

Subtotal (amount 2A **plus** amount 2F) 739,341 2G

Maximum allowable deduction for charitable donations
(enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least) 50,100 2H

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

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

Part 3 – Gifts of certified cultural property

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

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

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

Part 4 – Gifts of certified ecologically sensitive land

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

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

Amounts carried forward – Gifts of certified ecologically sensitive land

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

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year*	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

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

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

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

Part 5 – Additional deduction for gifts of medicine

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

Federal

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

Québec

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

Alberta

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

where:

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

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

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

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

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

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

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2021-12-31	
2nd prior year	2020-12-31	
3rd prior year	2019-12-31	
4th prior year	2018-12-31	
5th prior year	2017-12-31	
6th prior year*	2016-12-31	
7th prior year	2015-12-31	
8th prior year	2014-12-31	
9th prior year	2013-12-31	
10th prior year	2012-12-31	
11th prior year	2011-12-31	
12th prior year	2010-12-31	
13th prior year	2009-12-31	
14th prior year	2008-12-31	
15th prior year	2007-12-31	
16th prior year	2006-12-31	
17th prior year	2005-12-31	
18th prior year	2004-12-31	
19th prior year	2003-12-31	
20th prior year	2002-12-31	
21st prior year*	2001-12-31	
Total		

* These gifts expired in the current year.

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Schedule 3

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

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

Part 1 – Dividends received in the tax year

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

Important instructions to follow if the payer corporation is connected

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

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

Part 1 – Dividends received in the tax year (continued)

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1), (b), or (d) [1] **240**	F1	G Eligible dividends included in column F **242**	H Total taxable dividends paid by the **connected** payer corporation (line 460 in Schedule 3 for the tax year in column D) **250**	H.1 Total eligible dividends paid by the **connected** payer corporation (line 465 in Schedule 3 for the tax year in column D)	I Dividend refund of the **connected** payer corporation (for tax year in column D) [2] **260**
1						

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

Total of column L (enter amount on line 2E in Part 2) ______

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) . . . . ______ 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) . . . . ______ 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 return) ______ 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) . . . . ______ 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) . . . . ______ 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) . . . . ______ 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) . . . . ______ 1G

Subtotal (amount 1F **plus** amount 1G) ______ ▶ ______ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) . . . . ______ 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) . . . . ______ 1J

Subtotal (amount 1I **plus** amount 1J) ______ ▶ ______ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) . . . . ______ 1L

1 If taxable dividends are received, enter the amount in column F, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column K (and column J, if applicable). Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the **connected** payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column F.

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

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

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

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

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1) .... ______ 2A

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) ..... **320** ______

Subtotal (amount 2A **minus** line 320) ______ ► ______ 2B

Current-year non-capital loss claimed to reduce Part IV tax .... **330** ______

Non-capital losses from previous years claimed to reduce Part IV tax .... **335** ______

Current-year farm loss claimed to reduce Part IV tax .... **340** ______

Farm losses from previous years claimed to reduce Part IV tax .... **345** ______

Total losses applied against Part IV tax (total of lines 330 to 345) ______ 2C

Amount 2C **multiplied** by 38 1 / 3 % .... ______ 2D

Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0") .... **360** ______

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations (total of column L in part 1) .... ______ 2E

Amount 4A from Schedule 43 .... ______ 2F

Part IV tax payable on taxable dividends received from connected corporations
(amount 2E **minus** amount 2F, if negative enter "0") .... ______ 2G

(enter at amount L on page 7 of the T2 return)

Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1) .... ______ 2H

Amount 4C from Schedule 43 .... ______ 2I

Part IV tax payable on taxable dividends received from non-connected corporations
(amount 2H **minus** amount 2I, if negative enter "0") .... ______ 2J

(enter at amount M on page 7 of the T2 return)

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

If your corporation's tax year-end is different than that of the recipient corporation with which you are connected, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information according to each tax year of the recipient corporation.

	L Name of recipient corporation with which you are connected **400**	M Business number **410**	N Tax year-end of recipient corporation in which the dividends in column O were received YYYYMMDD **420**	O Taxable dividends paid to recipient corporations with which you are connected **430**	P Eligible dividends included in column O **440**
1	City of Stratford	NR	2022-12-31	638,599	
2					
				638,599 (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	638,599
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	638,599

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)	244,796	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)				638,599
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year			500	638,599
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)				638,599 4B

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- Use this schedule if any of the following apply to your corporation during the tax year:
  - it had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B, and D in Part 1)
  - it is claiming provincial or territorial tax credits or rebates (see Part 2)
  - it has to pay taxes, other than income tax, for Newfoundland and Labrador or Ontario (see Part 2)
- All legislative references are to the federal Income Tax Regulations (the Regulations).
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ____________ Enter the regulation that applies (402 to 413)

A Jurisdiction. Tick yes if your corporation had a permanent establishment in the jurisdiction during the tax year Note 1		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue attributable to jurisdiction	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2 Note 2 (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 Yes ☐	127		167		
Total		129 G		169 H		

Note 1: **Permanent establishment** is defined in subsection 400(2).
Note 2: For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If your corporation has provincial or territorial tax payable, complete Part 2.
3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
935,688		935,688	107,604

Ontario basic income tax (from Schedule 500)	270	107,604		
Ontario small business deduction (from Schedule 500)	402			
Subtotal (line 270 **minus** line 402)		107,604	107,604	5A
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal (line 276 **plus** line 277)				5B
Gross Ontario tax (amount 5A **plus** amount 5B)			107,604	5C
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario political contributions tax credit (from Schedule 525)	415			
Ontario non-refundable tax credits (total of lines 404 to 415)				5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")			107,604	5E
Ontario research and development tax credit (from Schedule 508)	416		3,573	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")			104,031	5F
Ontario corporate minimum tax credit (from Schedule 510)	418			
Ontario community food program donation tax credit for farmers (from Schedule 2)	420			
Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0")			104,031	5G
Ontario corporate minimum tax (from Schedule 510)	278			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal (line 278 **plus** line 280)				5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)			104,031	5I
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	3,000		
Ontario apprenticeship training tax credit (from Schedule 552)	454			
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Ontario regional opportunities investment tax credit (from Schedule 570)	472			
Ontario refundable tax credits (total of lines 450 to 472)		3,000	3,000	5J
Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) (if a credit, enter amount in brackets) Include this amount on line 255.	290		101,031	

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits 255 — 101,031

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

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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 [X] No [ ]

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

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

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

	1 Name of EPOP **110**	2 Identification number See **note 1** **115**	3 Percentage assigned under the agreement **120**
1.	Festival Hydro Inc.	899571814RC0002	60.000
2.	Festival Hydro Services Inc.	862953726RC0001	40.000
3.	Abiliti Municipal Corporation	779784321RC0001	
		Total	100.000

Immediate expensing limit allocated to the corporation (see **note 2**) **125** 900,000

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

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

Part 2 – CCA calculation

	1 Class number See note 3 200	Description	2 Undepreciated capital cost (UCC) at the beginning of the year 201	3 Cost of acquisitions during the year (new property must be available for use) See note 4 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See note 5 232	5 Adjustments and transfers See note 6 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 7 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 8 222	8 Proceeds of dispositions See note 9 207
1.	1		13,629,635						0
2.	1b		4,416,384	357,228					0
3.	2		1,714,858						0
4.	6		40,707						0
5.	8		1,133,673	70,439	70,439				0
6.	10		199,324	68,635	68,635				0
7.	12	Software		14,427	14,427				0
8.	14	CCRA contract - 25 year	338,373						0
9.	14	CCRA contract- 15 year	208,219						0
10.	14.1		548,306						0
11.	17		62,128						0
12.	43.2		419						0
13.	45		7						0
14.	46	Server, Router	472						0
15.	47		22,499,382	2,711,138					0
16.	50		56,952	176,461	176,461				0
17.	95	Smart Meters - Not in Use	366,392						72,634
18.	95	Transformers - Not available for use	1,348,500						39,761
19.	95	Software not in use		211,458					0
		Totals	46,563,731	3,609,786	329,962				112,395

	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			13,629,635					13,629,635	
2.	1b			4,773,612			357,228	357,228	4,773,612	
3.	2			1,714,858					1,714,858	
4.	6			40,707					40,707	
5.	8			1,204,112	70,439	70,439			1,133,673	
6.	10			267,959	68,635	68,635			199,324	
7.	12	Software		14,427	14,427		14,427	14,427	14,427	
8.	14	CCRA contract - 25 year		338,373					338,373	
9.	14	CCRA contract- 15 year		208,219					208,219	
10.	14.1			548,306					548,306	
11.	17			62,128					62,128	
12.	43.2			419					419	
13.	45			7					7	
14.	46	Server, Router		472					472	
15.	47			25,210,520			2,711,138	2,711,138	25,210,520	
16.	50			233,413	176,461	176,461			56,952	
17.	95	Smart Meters - Not in Use		293,758					293,758	
18.	95	Transformers - Not available for use		1,308,739					1,308,739	
19.	95	Software not in use		211,458			211,458	211,458	211,458	
		Totals		50,061,122	329,962	315,535	3,294,251	3,294,251	49,745,587	

Part 2 – CCA calculation (continued)

	1 Class number	Description	17 Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the year (column 14 **minus** column 16) (if negative, enter "0")	18 UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the year (column 17 **multiplied** by the relevant factor) See **note 15**	19 UCC adjustment for property acquired during the year other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8 **plus** column 9) (if negative, enter "0") See **note 16** 224	20 CCA rate % See **note 17** 212	21 Recapture of CCA See **note 18** 213	22 Terminal loss See **note 19** 215	23 CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See **note 20** 217	24 UCC at the end of the year (column 10 **minus** column 23) 220
1.	1					4	0	0	545,185	13,084,450
2.	1b		357,228	178,614		6	0	0	297,134	4,476,478
3.	2					6	0	0	102,891	1,611,967
4.	6					10	0	0	4,071	36,636
5.	8					20	0	0	297,174	906,938
6.	10					30	0	0	128,432	139,527
7.	12	Software	14,427			100	0	0	14,427	
8.	14	CCRA contract - 25 year				NA	0	0	20,267	318,106
9.	14	CCRA contract- 15 year				NA	0	0	32,000	176,219
10.	14.1					5	0	0	37,071	511,235
11.	17					8	0	0	4,970	57,158
12.	43.2					50	0	0	210	209
13.	45					45	0	0	3	4
14.	46	Server, Router				30	0	0	142	330
15.	47		2,711,138	1,355,569		8	0	0	2,125,287	23,085,233
16.	50					55	0	0	207,785	25,628
17.	95	Smart Meters - Not in Use				0	0	0		293,758
18.	95	Transformers - Not available for use				0	0	0		1,308,739
19.	95	Software not in use	211,458	105,729		0	0	0		211,458
		Totals	3,294,251	1,639,912					3,817,049	46,244,073

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

Note 3:	If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.
Note 4:	Include any property acquired in previous years that has now become available for use, net of any government assistance received or entitled to be received in the year from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.
Note 5:	A DIEP reported in column 4 is a property acquired after April 18, 2021, by a corporation that was a Canadian-controlled private corporation (CCPC) throughout the year, which became available for use in the tax year (before 2024) and was designated as such on or before the day that is 12 months after the filing-due date for the tax year to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the year in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.
Note 6:	Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the year for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5. Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.
Note 7:	Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Part 2 – CCA calculation (continued)

Note 8: Include all amounts you have repaid during the year for any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
- an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

Include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 9: For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).
If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle.

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

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

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the tax year (total of column 12) should not exceed the lesser of:

1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:

- $1.5 million, if you are not associated with any other EPOP in the tax year
- amount from line 125, if you are associated in the tax year with one or more EPOPs
- nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the tax year with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
- the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent tax years ending in a calendar year, if you have two or more tax years ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
- any amount allocated by the minister under subsection 1104(3.4) of the Regulations

The immediate expensing limit has to be prorated if your tax year is less than 365 days. You cannot carry forward any unused amount of the immediate expensing limit.

2. UCC of the DIEP: total of column 11

You have to maintain the CCPC status throughout the relevant tax year in order to claim the immediate expensing.

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

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

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:

- 2 1/3 for property in Classes 43.1, 54, and 56
- 1 1/2 for property in Class 55
- 1 for property in Classes 43.2 and 53
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
- 0.5 for all other property that is an AIIP

Part 2 – CCA calculation (continued)

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

Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.

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

Note 19: If no property is left in the class at the end of the tax year and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1
- property in Class 14.1, unless you have ceased carrying on the business to which it relates
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met

Note 20: If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction)
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction)
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction)
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction)
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive

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

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Festival Hydro Services Inc.		86295 3726 RC0001	3					249,235
2.	Abiliti Municipal Corporation		77978 4321 RC0001	3					

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

T2 SCH 9 (11)

Canadä

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Post employment benefits	1,361,643		1,009,878	1,361,643	1,009,878
2	Allowance for Doubtful Accounts	178,709		171,996	178,709	171,996
3						
	Reserves from Part 2 of Schedule 13					
	Totals	1,540,352		1,181,874	1,540,352	1,181,874

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.

Ensure that the total at line A does not exceed $500,000.

Allocating the business limit

Date filed (do not use this area) . . . . **025** Year Month Day

Enter the calendar year the agreement applies to . . . . **050** Year 2022

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . **075** ☐ Yes ☒ No

	1 Name of associated corporations **100**	2 Business number of associated corporations **200**	3 Association code **300**	4 Business limit for the year before the allocation $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	Festival Hydro Inc.	89957 1814 RC0002	1	500,000	100.0000	500,000
2	Festival Hydro Services Inc.	86295 3726 RC0001	1	500,000		
3	Abiliti Municipal Corporation	77978 4321 RC0001	1	500,000		
				Total	100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year
  - to claim a deduction against Part I tax payable
  - to claim a refund of credit earned during the current tax year
  - to claim a carryforward of credit from previous tax years
  - to transfer a credit following an amalgamation or the wind-up of a subsidiary, as described under subsections 87(1) and 88(1)
  - to request a credit carryback to one or more previous years
  - if you are subject to a recapture of ITC
- Unless otherwise stated, all legislative references are to the federal Income Tax Act and Income Tax Regulations.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule)
    - You can no longer claim the ITC for the qualified resource property expenditures. Only unused credits that have not expired can be carried forward for up to 20 tax years following the tax year in which you incurred the expenditures.
  - qualified scientific research and experimental development (SR&ED) expenditures (Parts 8 to 17). File Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim
  - pre-production mining expenditures (Part 18)
    - You can no longer claim the ITC for the pre-production mining expenditures. Only unused credits that have not expired can be carried forward for up to 20 tax years following the tax year in which you incurred the expenditures.
  - apprenticeship job creation expenditures (Parts 19 to 21)
  - child care spaces expenditures (Part 22)
    - You can no longer claim the ITC for the child care spaces expenditures. Only unused credits that have not expired can be carried forward for up to 20 tax years following the tax year in which you incurred the expenditures.
- File this schedule with the T2 Corporation Income Tax Return. If you need more space, attach additional schedules.
- For more information on ITCs, see **Investment Tax Credit** in Guide T4012, T2 Corporation – Income Tax Guide.
- For more information on SR&ED, see Guide T4088, Scientific Research and Experimental Development (SR&ED) Expenditures Claim – Guide to Form T661.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property at the time it files the income tax return for the year in which the property was acquired.
- An ITC deducted in a tax year for a depreciable property reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures. A claimant that does not meet this reporting deadline will not be able to file Schedule 508, Ontario Research and Development Tax Credit, and Schedule 566, Ontario innovation Tax Credit.
- Expenditures for apprenticeship for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified members of a partnership and limited partners. For more information, see Guide T4068, Guide for the Partnership Information Return (T5013 Forms).
- For tax purposes, Canada includes the **exclusive economic zone of Canada** as defined in the Oceans Act (which generally consists of an area of the sea that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil of that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).

Detailed information (continued)

- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Qualified property includes new buildings and new machinery and equipment (prescribe in Regulation 4600), and new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

	Specified percentage
Investments	
Qualified property and qualified resource property (Part 5)	
Qualified property acquired primarily for use in Atlantic Canada	10 %
Expenditures	
SR&ED (Part 11)	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 15 % rate.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada	15 %
Apprenticeship job creation (Part 19)	
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

Part 2A – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . . **101** Yes [ ] No [X]

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied) . . . . . **390** ________

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if both of the following conditions are met:

- one corporation is associated with another corporation only because one or more persons own shares of the capital stock of both corporations
- one of the corporations has at least one shareholder who is not common to both corporations

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified expenditures for SR&ED, up to the allocated expenditure limit.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10 on page 5.

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 2B – Determination of an excluded corporation – SR&ED

Is the qualifying corporation an excluded corporation as defined under subsection 127.1(2)? . . . . . **650** Yes [ ] No [X]

Only 40% refund will be available to a qualifying corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to one of the following:

a) one or more persons exempt from Part I tax under section 149

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority

c) any combination of persons referred to in a) or b) above

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions.

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . . **102** Yes [ ] No [X]

If **yes**, complete Schedule 125, Income Statement Information, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . . ________ x 80 % = **103** ________
Enter on line 350 of Part 8.

* Enter only contributions not already included on Form T661.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**

Total of investments for qualified property ________ 4A

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year			5A
Credit deemed as a remittance of co-op corporations	210		
Credit expired	215		
Subtotal (line 210 **plus** line 215)		▶	5B
ITC at the beginning of the tax year (amount 5A **minus** amount 5B)		220	
Credit transferred on an amalgamation or the wind-up of a subsidiary	230		
ITC from repayment of assistance	235		
Qualified property (amount 4A) x 10 % =	240		
Credit allocated from a partnership	250		
Subtotal (total of lines 230 to 250)		▶	5C
Total credit available (line 220 **plus** amount 5C)			5D
Credit deducted from Part I tax	260		
Credit carried back to previous years (amount 6A)	5E		
Credit transferred to offset Part VII tax liability	280		
Subtotal (total of line 260, amount 5E, and line 280)		▶	5F
Credit balance before refund (amount 5D **minus** amount 5F)			5G
Refund of credit claimed on investments from qualified property (from Part 7)		310	
ITC closing balance of investments from qualified property and qualified resource property (amount 5G **minus** line 310)		320	

Part 6 – Request for carryback of credit from investments in qualified property

	Year	Month	Day			
1st previous tax year				Credit to be applied	901	
2nd previous tax year				Credit to be applied	902	
3rd previous tax year				Credit to be applied	903	

Total of lines 901 to 903 ______ 6A
Enter at amount 5E.

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property

Current-year ITCs (line 240 **plus** line 250 in Part 5)	7A
Credit balance before refund (from amount 5G)	7B
Refund (40 % of amount 7A or 7B, whichever is less)	7C

Enter amount 7C or a lesser amount on line 310 in Part 5 (also enter on line 780 of the T2 return if you do not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 559 on Form T661)		98,508		
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Subtotal				
x	80 %			
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		+		
Qualified SR&ED expenditures (line 559 on Form T661 **plus** line 103 in Part 3)*		98,508 ▶	350	98,508
Repayments made in the year (from line 560 on Form T661)			370	
Total qualified SR&ED expenditures (line 350 **plus** line 370)			380	98,508

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if both of the following apply:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation
- one of the corporations has at least one shareholder who is not common to both corporations

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** Yes [X] No [ ]

If you answered **no** to the question on line 385 or if you are not associated with any other corporations, complete line 398.
If you answered **yes**, complete Schedule 49, Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit, to determine the amounts for associated corporations.

Enter your taxable capital employed in Canada for the previous tax year **minus** $10 million.
If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million **398** ______

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation

$ 40,000,000 **minus** line 398 in Part 9 ______ 10A

Amount 10A divided by $ 40,000,000 ______ 10B

Expenditure limit for the stand-alone corporation ($ 3,000,000 **multiplied** by amount 10B)* ______ 10C

For an associated corporation

If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49* **400** ______

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount 10C or line 400 ______ x Number of days in the tax year / 365 = 365 ______ 10D

Your SR&ED expenditure limit for the year (enter amount 10C, line 400, or amount 10D, whichever applies) **410** ______

* Amount 10C or line 400 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Qualified SR&ED expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less*	420		x 35 % =		11A
Line 350 **minus** line 410 (if negative, enter "0")	430	98,508	x 15 % =	14,776	11B

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . ______

Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayment of assistance that reduced a qualifying expenditure for a CCPC**	460		x 35 % =		11C
Repayment of assistance made after September 16, 2016, that reduced a qualifying expenditure incurred before 2015	480		x 20 % =		11D
Repayment of assistance made after September 16, 2016, that reduced a qualifying expenditure incurred after 2014	490		x 15 % =		11E
Subtotal (total of amounts 11C to 11E)					11F
Current-year SR&ED ITC (total of amounts 11A, 11B, and 11F; enter on line 540 in Part 12)				14,776	11G

* For corporations that are not CCPCs, enter "0" for amount 11A.

** If you were a CCPC, this percentage was applied to the portion that you claimed of the SR&ED qualified expenditure pool that did not exceed your expenditure limit at the time. This percentage includes the rate under subsection 127(10.1), **Additions to investment tax credit**. See subsection 127(10.1) for details about exceptions. For expenditures not eligible for this rate use line 480 or 490 as appropriate.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year				12A
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)				12B
ITC at the beginning of the tax year (amount 12A **minus** amount 12B)	520			
Credit transferred on an amalgamation or the wind-up of a subsidiary	530			
Total current-year credit (from amount 11G)	540	14,776		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		14,776	14,776	12C
Total credit available (line 520 **plus** amount 12C)			14,776	12D
Credit deducted from Part I tax	560	14,776		
Credit carried back to previous years (amount 13A)	12E			
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount 12E, and line 580)		14,776	14,776	12F
Credit balance before refund (amount 12D **minus** amount 12F)				12G
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)	610			
ITC closing balance on SR&ED (amount 12G **minus** line 610)	620			

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year / Month / Day			
1st previous tax year		Credit to be applied	911	
2nd previous tax year		Credit to be applied	912	
3rd previous tax year		Credit to be applied	913	

Total of lines 911 to 913 ______ 13A
Enter at amount 12E.

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part if you are a qualifying corporation as determined on line 101 in Part 2A.*

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount 11F) ______ 14A

Refundable credits (amount 14A or amount 12G, whichever is less) ______ 14B

Amount 14B or amount 11A, whichever is less ______ 14C

Net amount (amount 14B **minus** amount 14C; if negative, enter "0") ______ 14D

Amount 14D **multiplied** by 40 % ______ 14E

Amount 14C ______ 14F

Refund of ITC (amount 14E **plus** amount 14F – enter this, or a lesser amount, on line 610 in Part 12) ______ 14G

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as determined in Part 2B, amount 14B must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount 14G.

Part 15 – Refund of ITC for CCPCs that are neither qualifying nor excluded corporations – SR&ED

Complete this part only if you are a CCPC that is not a qualifying corporation as determined on line 101 in Part 2A or an excluded corporation as determined on line 650 in Part 2B.

Credit balance before refund (amount 12G) ______ 15A

Refund of ITC (amount 15A or amount 11A, whichever is less) ______ 15B

Enter amount 15B, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less

Subtotal Enter at amount 17A. ______ 16A

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil at amount 16B.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred 750	F Amount from column D or E, whichever is less

Subtotal (total of column F) Enter at amount 17B. ______ 16B

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC **760** ______
Enter at amount 17C.

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount 16A		17A
Recaptured ITC from calculation 2, amount 16B		17B
Recaptured ITC from calculation 3, line 760 in Part 16		17C
Total recapture of SR&ED investment tax credit (total of amounts 17A to 17C) Enter at amount 24A.		17D

Pre-Production Mining

Part 18 – Account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year			18A
Credit deemed as a remittance of co-op corporations	841		
Credit expired	845		
Subtotal (line 841 **plus** line 845)		►	18B
ITC at the beginning of the tax year (amount 18A **minus** amount 18B)	850		
Credit transferred on an amalgamation or the wind-up of a subsidiary	860		
Total credit available (line 850 **plus** line 860)			18C
Amount of unused credit carried forward from previous years and applied to reduce Part I tax payable in the current year	885		
ITC closing balance from pre-production mining expenditures (amount 18C **minus** line 885)	890		

Apprenticeship Job Creation

Part 19 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . **611** Yes ☐ No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Colonne C x 10 % **604**	E Lesser of column D or $ 2,000 **605**

Total current-year credit (total of column E) Enter on line 640 in Part 20. ______ 19A

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 20 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year . . . . ______ 20A

Credit deemed as a remittance of co-op corporations . . . . **612** ______

Credit expired after 20 tax years . . . . **615** ______

Subtotal (line 612 **plus** line 615) ______ ▶ ______ 20B

ITC at the beginning of the tax year (amount 20A **minus** amount 20B) . . . . **625** ______

Credit transferred on an amalgamation or the wind-up of a subsidiary . . . . **630** ______

ITC from repayment of assistance . . . . **635** ______

Total current-year credit (amount 19A) . . . . **640** ______

Credit allocated from a partnership . . . . **655** ______

Subtotal (total of lines 630 to 655) ______ ▶ ______ 20C

Total credit available (line 625 **plus** amount 20C) . . . . ______ 20D

Credit deducted from Part I tax . . . . **660** ______

Credit carried back to previous years (amount 21A) . . . . ______ 20E

Subtotal (line 660 **plus** amount 20E) ______ ▶ ______ 20F

ITC closing balance from apprenticeship job creation expenditures (amount 20D **minus** amount 20F) . . . . **690** ______

Part 21 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied	**931** ______
2nd previous tax year				Credit to be applied	**932** ______
3rd previous tax year				Credit to be applied	**933** ______

Total of lines 931 to 933 Enter at amount 20E. ______ 21A

Child Care Spaces

Part 22 – Account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year				22A
Credit deemed as a remittance of co-op corporations	765			
Credit expired after 20 tax years	770			
Subtotal (line 765 **plus** line 770)			▶	22B
ITC at the beginning of the tax year (amount 22A **minus** amount 22B)			775	
Credit transferred on an amalgamation or the wind-up of a subsidiary	777			
Credit allocated from a partnership	782			
Subtotal (line 777 **plus** line 782)			▶	22C
Total credit available (line 775 **plus** amount 22C)				22D
Credit deducted from Part I tax			785	
ITC closing balance from child care spaces expenditures (amount 22D **minus** line 785)			790	

Recapture – Child Care Spaces

Part 23 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be added to the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property, one of the following situations takes place:

- the new child care space is no longer available
- property that was an eligible expenditure for the child care space is
  - disposed of or leased to a lessee
  - converted to another use

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . **792** ______

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . **795** ______

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . ______ 23A

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 22. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ______

Total recapture of child care spaces investment tax credit (total of line 792, amount 23A, and line 799) . . . ______ 23B
Enter at amount 24B.

Summary of Investment Tax Credits

Part 24 – Total recapture of investment tax credit

Recaptured SR&ED ITC (amount 17D)		24A
Recaptured child care spaces ITC (amount 23B)		24B
Total recapture of investment tax credit (amount 24A **plus** amount 24B) Enter on line 602 of the T2 return.		24C

Part 25 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (line 260 in Part 5)		25A
ITC from SR&ED expenditures deducted from Part I tax (line 560 in Part 12)	14,776	25B
ITC from pre-production mining expenditures deducted from Part I tax (line 885 in Part 18)		25C
ITC from apprenticeship job creation expenditures deducted from Part I tax (line 660 in Part 20)		25D
ITC from child care space expenditures deducted from Part I tax (line 785 in Part 22)		25E
Total ITC deducted from Part I tax (total of amounts 25A to 25E) Enter on line 652 of the T2 return.	14,776	25F

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
14,776	14,776			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2021-12-31				
2020-12-31				
2019-12-31				
2018-12-31				
2017-12-31				
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				*
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				*
Total				

B+C+D+G **Total ITC utilized** 14,776

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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
Festival Hydro Inc.	89957 1814 RC0002	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	2,606,362		
Capital stock (or members' contributions if incorporated without share capital)	103	15,568,388		
Retained earnings	104	18,525,126		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	32,501,964		
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)		69,201,840 ▶	69,201,840	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)			69,201,840	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		69,201,840	

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	122,147
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	122,147

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)		69,201,840	C
Deduct: Investment allowance for the year (line 490)		122,147	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	69,079,693	

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) 69,079,693 x (Taxable income earned in Canada **610** 935,688 / Taxable income 935,688) = **Taxable capital employed in Canada** **690** 69,079,693

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

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

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

Deduct the following amounts:

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

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

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

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

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

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

Part 5 – Calculation for purposes of the small business deduction

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

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

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

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

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

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Operator (Note)	Amount	
Current portion of long-term debt		16,328,464	00
Due to City	+	624,251	00
Long-term debt	+	9,812,012	00
Bank indebtedness per F/S	+	3,740,695	00
Customer deposits - current	+	1,016,175	00
Customer deposits - long-term	+	980,367	00
	Total	32,501,964	00

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

Attached Schedule with Total

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

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

Description	Operator (Note)	Amount	
Employee future benefits		1,009,878	00
SWAP	-	784,886	00
Deferred tax liability	+	2,381,370	00
	+		
	Total	2,606,362	00

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

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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 City of Stratford	NR			100.000	100.000
2						
3						
4						
5						
6						
7						
8						
9						
10						

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
Festival Hydro Inc.	89957 1814 RC0002	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		638,599		
Total taxable dividends paid in the tax year	100	638,599		
Total eligible dividends paid in the tax year			150	
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			160	14,850,790
Excessive eligible dividend designation (line 150 **minus** line 160)				A
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			180	
Subtotal (amount A **minus** line 180)				B
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount B **multiplied** by 20 %)			190	

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3				
Total taxable dividends paid in the tax year	200			
Total excessive eligible dividend designations in the tax year (amount A of Schedule 54)				C
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			280	
Subtotal (amount C **minus** line 280)				D
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount D **multiplied** by 20 %)			290	

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- Use this schedule if your corporation had a **permanent establishment** (as defined in section 400 of the federal Income Tax Regulations) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- Legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Part 1 – Ontario basic income tax

Ontario taxable income Note 1	935,688	1A
Ontario basic rate of tax for the year	11.5 %	1B
Ontario basic income tax (amount 1A **multiplied** by amount 1B) Note 2	107,604	1C

Note 1 If your corporation had a permanent establishment only in Ontario, enter the amount from line 360, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Note 2 If your corporation had a permanent establishment in more than one jurisdiction or is claiming an Ontario tax credit in addition to Ontario basic income tax, or Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount 1C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if your corporation claimed the federal small business deduction under subsection 125(1).

Line 400 of the T2 return: 985,788 2A

Line 405 of the T2 return: 935,688 2B

Line 410 of the T2 return: 500,000 2C

Line 415 of the T2 return: 126,697 2D

$$\frac{\text{Amount 2C} \; 500{,}000 \times \text{Amount 2D} \; 126{,}697}{11{,}250} = 5{,}630{,}978 \quad \text{2E}$$

Line 515 of the T2 return: ______ 2F

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

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

Ontario domestic factor (ODF): Taxable income for Ontario Note 3 935,688.00 / Taxable income for all provinces Note 4 935,688 = 1.00000 2I

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

Ontario taxable income (amount 1A) 935,688 2K

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

Ontario small business deduction for the year

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

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

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

Enter amount 2O on line 402 of Schedule 5.

Note 3 Enter amount 1A.

Note 4 Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 3 – Ontario adjusted small business income

Complete this part if your corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (amount 1A or 2H, whichever is the least) . . . . ________ 3A

Enter amount 3A at amount 4B in Part 4 of this schedule or at amount 2E in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – Credit union tax reduction

Complete this part and Schedule 17, Credit Union Deductions, if the corporation was a credit union throughout the tax year.

Amount 2C of Schedule 17 . . . . ________ 4A

Ontario adjusted small business income (amount 3A) . . . . ________ 4B

Subtotal (amount 4A **minus** amount 4B, if negative, enter "0") ________ ▶ ________ 4C

Amount 4C ________ x $\frac{\text{Number of days in the tax year before January 1, 2020}}{\text{Number of days in the tax year}}$ $\frac{}{365}$ x 8 % = ________ 4D

Amount 4C ________ x $\frac{\text{Number of days in the tax year after December 31, 2019}}{\text{Number of days in the tax year}}$ $\frac{365}{365}$ x 8.3 % = ________ 4E

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

Ontario domestic factor (amount 2I) 1.00000 4G

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

Enter amount 4H on line 410 of Schedule 5.

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Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC earned in the tax year to reduce Ontario corporate income tax payable in any of the three previous tax years;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - add an ORDTC transferred after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
  - 4.5% for tax years that end before June 1, 2016;
  - 3.5% for tax years that start after May 31, 2016; and
  - prorated for a tax year that ends on or after June 1, 2016, and includes May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

	Line	Amount		Amount	
Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	102,081	A		
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B		
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		102,081	C		
Eligible expenditures transferred to the corporation by another corporation	110		D		
Subtotal (amount C **plus** amount D)		102,081	▶	102,081	E
Eligible expenditures the corporation transferred to another corporation	115				F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")	120			102,081	G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016 . . . **210** ________ x 4.5 % = **215** ________ H

Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.

Number of days in the tax year before June 1, 2016 / Number of days in the tax year	240 / 241	152 / 366	x 4.5 %	=	1.8689 %	1
Number of days in the tax year after May 31, 2016 / Number of days in the tax year	242 / 243	214 / 366	x 3.5 %	=	2.0464 %	2

Subtotal (percentage 1 **plus** percentage 2) 3.9153 % 3

Repayments for a tax year that ends on or after June 1, 2016 and includes May 31, 2016 . . . . . . **211** ________ x percentage 3 3.9153 % = **216** ________ I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016	212	x 3.5 % =		217	J
Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014	220	x 1 / 4 =	x 4.5 % =	225	K
Eligible repayments (total of amounts H to K)				229	L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1) . . . . x 4.5 % =	200		M
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *	205		N
Eligible repayments (amount L in Part 2)			O
Current part of the ORDTC for tax years that end before June 1, 2016 (total of amounts M to O)	230		P

For a tax year that ends on or after June 1, 2016, and includes May 31, 2016

Number of days in the tax year before June 1, 2016 / Number of days in the tax year ______ x 4.5 % = ______ % 4

Number of days in the tax year after May 31, 2016 / Number of days in the tax year ______ x 3.5 % = ______ % 5

Subtotal (percentage 4 **plus** percentage 5) ______ % 6

Ontario SR&ED expenditure pool (amount G in Part 1) . . ______ x percentage 6 ______ % =	201		Q
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *	206		R
Eligible repayments (amount L in Part 2)			S
Part of the ORDTC for a tax year that ends on or after June 1, 2016, and includes May 31, 2016 (total of amounts Q to S)	231		T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1) . . . . 102,081 x 3.5 % =	202	3,573	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *	207		V
Eligible repayments (amount L in Part 2)			W
The ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)	232	3,573	X

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year				Y
ORDTC expired after 20 tax years	300			Z
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)	305			AA
ORDTC transferred to the corporation on amalgamation or windup	310			BB
Current part of ORDTC (amount P, T or X in Part 3 whichever applies)		3,573 CC		
Are you waiving all or part of the current part of the ORDTC?	315	Yes 1 [ ] No 2 [X]		

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Waiver of the current part of the ORDTC	320	DD		
Subtotal (amount CC **minus** amount DD)		3,573 ▶	3,573	EE
ORDTC available for deduction (total of amounts AA, BB and EE)			3,573 ▶	3,573 FF
ORDTC claimed ** (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)			3,573	GG
ORDTC carried back to previous tax years (from Part 5)				HH
Subtotal (amount GG **plus** amount HH)			3,573 ▶	3,573 II
ORDTC balance at the end of the tax year (amount FF **minus** amount II)	325			JJ

** This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount FF); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 on page 5 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2021-12-31	Credit to be applied	901	
2nd previous tax year	2020-12-31	Credit to be applied	902	
3rd previous tax year	2019-12-31	Credit to be applied	903	

Total (total of amount 901 to 903)(enter at amount HH in Part 4)

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

You can complete this part to show all the credits from previous tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
2002-12-31	
2003-12-31	
2004-12-31	
2005-12-31	
2006-12-31	
2007-12-31	
2008-12-31	
2009-12-31	
2010-12-31	
2011-12-31	

	Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
	2012-12-31	
	2013-12-31	
	2014-12-31	
	2015-12-31	
	2016-12-31	
	2017-12-31	
	2018-12-31	
	2019-12-31	
	2020-12-31	
	2021-12-31	
Current tax year	2022-12-31	
	Total (equals line 325 in Part 4)	

The amount available from the 20th previous tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 7 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate *** of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

Complete the columns for each disposition for which a recapture applies, using the calculation formats below.

*** Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – Complete this part If you meet all of the above conditions

	KK Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above **700**	LL Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	MM Amount from column 700 or 710, whichever is less
1.			

Total of column MM (enter at amount WW in Part 8) ______ NN

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			

Total of column TT (enter at amount XX in Part 8) ______ UU

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter at amount ZZ in Part 8) . . . . 760 ______ VV

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount NN from Part 7) . . . . ______ WW

Recaptured federal ITC for Calculation 2 (amount UU from Part 7) . . . . ______ XX

Amount WW **plus** amount XX . . . . ______ x 23.56 % = ______ YY

Corporate partner's share of the excess of ORDTC for Calculation 3 (amount VV from Part 7) . . . . ______ ZZ

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) . . . . ______ AAA

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Total expenditures for SR&ED		90,866	
Add			
• payment of prior years' unpaid expenses (other than salary or wages)	+		
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	21,475	
• other additions	+		
Subtotal	=	112,341	
Less			
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–		
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–		
• 20% of contract expenditures for SR&ED performed on your behalf	–	10,260	
• prescribed expenditures not allowed by regulations	–		
• other deductions	–		
• non-arm's length transactions			
– expenditures for non-arm's length SR&ED contracts	–		
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–		
Total	=	102,081	I

Enter amount I on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	82,853,992
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	2,965,278
Total assets (total of lines 112 to 116)		85,819,270
Total revenue of the corporation for the tax year **	142	73,163,324
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	1,371,555
Total revenue (total of lines 142 to 146)		74,534,879

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

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

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

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

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	4,381,488
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	104,400		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		104,400		104,400 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal				B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	4,485,888

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

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

Note

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

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

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

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

*** Rules for net income/loss**

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

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

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

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

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

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

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

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

Part 3 – CMT payable

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

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

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

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

Gross CMT: amount on line 3 above x OAF **	540		
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")			D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		104,031	
Net CMT payable (if negative, enter "0")			E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

**** Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** ____ = ____

Ontario allocation factor 1.00000 F

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

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

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *		G		
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)		►	620	
Add:				
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)			650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)				H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				I
Subtotal (amount H **minus** amount I)				J
Add:				
Net CMT payable (amount E from Part 3)				
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal		►		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

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

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

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

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		104,031	1	
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	2			
For a life insurance corporation:				
Gross CMT (line 540 from Part 3)	3			
Gross SAT (line 460 from Part 6 of Schedule 512)	4			
The **greater** of amounts 3 and 4	5			
Deduct: line 2 or line 5, whichever applies:			6	
Subtotal (if negative, enter "0")		104,031	►	104,031 N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		104,031		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		3,000		
Subtotal (if negative, enter "0")		101,031	►	101,031 O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

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

Is the corporation claiming a CMT credit earned before an acquisition of control? **675** 1 Yes [ ] 2 No [X]

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * . . . . 700 ________

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

Add:

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

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

Deduct:

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

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

Add:

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

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

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

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

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

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

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

Complete this part if:

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

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

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

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

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

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SCHEDULE 511

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

Name of corporation	Business Number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Festival Hydro Services Inc.	86295 3726 RC0001	2,965,277	1,371,555
2	Abiliti Municipal Corporation	77978 4321 RC0001	1	0
		Total	450 2,965,278	550 1,371,555

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

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

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

*** Rules for total assets**

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

**** Rules for total revenue**

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

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number including area code
Alyson Conrad	(519) 271-4700

Is the claim filed for a CETC earned through a partnership?* . . . **150** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . **160** ______

Enter the percentage of the partnership's CETC allocated to the corporation . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 3,654,685

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \frac{(\text{amount on line 300} \textbf{ minus } \$\ 400{,}000)}{\$\ 200{,}000} \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\,\% - \left[5\,\% \times \frac{(\text{amount on line 300} \textbf{ minus } \$\ 400{,}000)}{\$\ 200{,}000} \right]$$

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
1.	Conestoga College	Powerline Technician (0736C) program
2.		

	C Name of student **410**	D Start date of WP (see note 1 below) **430**	E End date of WP (see note 2 below) **435**
1.	[redacted]	2022-05-01	2022-08-31
2.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	13,000	25.000 %		17
2.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	3,250	3,000	3,000		3,000
2.					

Ontario co-operative education tax credit (total of amounts in column K) **500** 3,000 **L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ________ x percentage on line 170 in Part 1 ________ % = ... ________ **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

Festival Hydro Inc.

89957 1814 RC0001

December 31, 2022

Letter to Minister for elections made by the corporation for which there is no prescribed form

Election 1101(5b.1):

Pursuant to Regulation 1101(5b.1) the taxpayer elects to include in a separate class the cost of building additions in accordance with Regulation 1100(a.2) for a building that is used more than 90% for non-residential use.

Canada Revenue Agency / Agence du revenu du Canada

Information Return for Corporations Filing Electronically

- **Do not send this form to the Canada Revenue Agency (CRA) unless we ask for it. We will not keep or return this form.**
- Complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed with the CRA on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the federal Income Tax Act, you have to keep all records used to prepare your T2 Corporation Income Tax Return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your T2 Corporation Income Tax Return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted your return.

Part 1 – Identification

Corporation's name: Festival Hydro Inc.

Business number: 89957 1814 RC0002

Tax year start (Year Month Day): 2022-01-01

Tax year-end (Year Month Day): 2022-12-31

Is this an amended return? ☐ Yes ☒ No

Get your CRA mail electronically delivered in My Business Account at canada.ca/my-cra-business-account (optional)

Email address: ______________________

I understand that by providing an email address, I am **registering** the corporation to receive email notifications from the CRA. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent. For more information, see **canada.ca/cra-business-email-notifications**.

Part 2 – Declaration

Enter the following amounts, if applicable, from the T2 return for the tax year noted above:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	1,006,695
Part I tax payable (line 700)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

I, Conrad (Last name) Alyson (First name) CFO (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined the T2 Corporation Income Tax Return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the T2 Corporation Income Tax Return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

2023-06-12		(519) 271-4700
Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number

The CRA will accept an electronic signature if it is applied in accordance with the guidance specified by the CRA.

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

KPMG LLP	A4970
Name of person or firm	Electronic filer number

Privacy notice

Personal information is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties, or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 and CRA PPU 211 on Info Source at **canada.ca/cra-info-source**.

200

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

EXEMPT FROM TAX

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 89957 1814 RC0002

Corporation's name
002 Festival Hydro Inc.

Address of head office
Has this address changed since the last time the CRA was notified? . . . . 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 187 Erie Street
012

City	Province, territory, or state
015 Stratford	016 ON
Country (other than Canada)	Postal or ZIP code
017 CA	018 N5A 2M6

Mailing address (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . 020 Yes [ ] No [X]
If **yes**, complete lines 021 to 028.
021 c/o
022
023

City	Province, territory, or state
025	026
Country (other than Canada)	Postal or ZIP code
027	028

Location of books and records (if different from head office address)
Has this address changed since the last time the CRA was notified? . . . . 030 Yes [ ] No [X]
If **yes**, complete lines 031 to 038.
031
032

City	Province, territory, or state
035	036
Country (other than Canada)	Postal or ZIP code
037	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)
- [X] 4 Exempt under other paragraphs of section 149

Do not use this area
095 096 898

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		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	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		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		53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	273		63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	274		59
Is the corporation claiming an air quality improvement tax credit?	275		65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	276		68

Additional information

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

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

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

284	Hydro Services	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		1,006,695	A
Deduct:				
Charitable donations from Schedule 2	311	50,100		
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		50,100	50,100	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			956,595	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		956,595	
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** 1,006,695 A

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

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

Notes:

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

Business limit reduction

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

Amount C 500,000 x **415** *** 126,697 D / 11,250 = ... 5,630,978 E1

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

Amount C 500,000 x **415** *** 126,697 D / 90,000 = ... ______ E2

Amount E1 or amount E2, whichever applies 5,630,978 ► 5,630,978 E3

Passive income business limit reduction

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

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

The greater of amount E3 and amount G **422** 5,630,978 H

Reduced business limit (amount C **minus** amount H) (if negative, enter "0") . . . . . **426** ______ I

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) . . . . . ______ J

Reduced business limit after assignment (amount I **minus** amount J) . . . . . **428** ______ K

Small business deduction – Amount A, B, C, or K, whichever is the least . . . . ______ x 19 % = **430** ______

Enter amount from line 430 at amount K on page 8.

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

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

*** **Large corporations**

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

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

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

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

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income (other than specified farming or fishing income of the corporation for the year) from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
   (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
   (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
   (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
   (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column M in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3			A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B	
Amount 13K from Part 13 of Schedule 27		C	
Personal services business income	432	D	
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least		E	
Aggregate investment income from line 440 on page 6*		F	
Subtotal (**add** amounts B to F)		►	G
Amount A **minus** amount G (if negative, enter "0")			H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			I

Enter amount I on line 638 on page 8.

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

General tax reduction

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

Taxable income from line 360 on page 3			J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K	
Amount 13K from Part 13 of Schedule 27		L	
Personal services business income	434	M	
Subtotal (**add** amounts K to M)		►	N
Amount J **minus** amount N (if negative, enter "0")			O
General tax reduction – Amount O **multiplied** by 13 %			P

Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 ... **440** ______ x 30 2 / 3 % =			A
Foreign non-business income tax credit from line 632 on page 8 ...		B	
Foreign investment income from Schedule 7 ... **445** ______ x 8 % =		C	
Subtotal (amount B **minus** amount C) (if negative, enter "0")		▶	D
Amount A **minus** amount D (if negative, enter "0") ...			E
Taxable income from line 360 on page 3 ...	956,595	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)	956,595	K x 30 2 / 3 % =	293,356 L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9) ...			M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least ... **450**			N

Refundable dividend tax on hand

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

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)		AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)	244,796	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")	244,796	GG
Amount BB **minus** amount CC (if negative, enter "0")		HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)		II
Dividend refund – Amount CC **plus** amount FF **plus** amount II		JJ

Enter amount JJ on line 784 on page 9.

Part I tax

Base amount Part I tax – Taxable income (from line 360 on page 3) **multiplied** by 38 % . . . . **550** ________ A

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business . . . . **555** ________ x 5 % = **560** ________ B

Additional tax on banks and life insurers from Schedule 68 . . . . **565** ________ C

Recapture of investment tax credit from Schedule 31 . . . . **602** ________ D

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

Aggregate investment income from line 440 on page 6 . . . . ________ E

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

Deduct:

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

Net amount (amount F **minus** amount G) ________ ▶ ________ H

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount E or amount H . . . . **604** ________ I

Subtotal (**add** amounts A, B, C, D, and I) ________ J

Deduct:

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

Federal tax abatement . . . . **608** ________

Manufacturing and processing profits deduction and zero-emission technology manufacturing deduction from Schedule 27 . . . . **616** ________

Investment corporation deduction . . . . **620** ________

Taxed capital gains **624** ________

Federal foreign non-business income tax credit from Schedule 21 . . . . **632** ________

Federal foreign business income tax credit from Schedule 21 . . . . **636** ________

General tax reduction for CCPCs from amount I on page 5 . . . . **638** ________

General tax reduction from amount P on page 5 . . . . **639** ________

Federal logging tax credit from Schedule 21 . . . . **640** ________

Eligible Canadian bank deduction under section 125.21 . . . . **641** ________

Federal qualifying environmental trust tax credit . . . . **648** ________

Investment tax credit from Schedule 31 . . . . **652** ________

Subtotal ________ ▶ ________ L

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

Enter amount M on line 700 on page 9.

Privacy notice

Summary of tax and credits

Federal tax

Part I tax payable from amount M on page 8	700	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part VI.2 tax payable from Schedule 67	725	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta)	760	
Total tax payable	770	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	
Total credits	890	B

Balance (amount A **minus** amount B)

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

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

Refund code 894 1 Refund

Balance owing

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

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

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

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

Certification

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

955 2023-06-12 — Date (yyyy/mm/dd)
Signature of the authorized signing officer of the corporation
956 (519) 271-4700 — Telephone number

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

958 Name of other authorized person
959 Telephone number

Language of correspondence – Langue de correspondance

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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	13,904,829	14,565,257
	Total tangible capital assets	2008	+	73,772,693	70,489,438
	Total accumulated amortization of tangible capital assets	2009	–	14,918,660	13,375,529
	Total intangible capital assets	2178	+	2,925,260	2,904,416
	Total accumulated amortization of intangible capital assets	2179	–	1,118,978	1,169,575
	Total long-term assets	2589	+	8,288,848	4,527,854
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	82,853,992	77,941,861
	Liabilities				
	Total current liabilities	3139	+	30,889,157	28,715,959
	Total long-term liabilities	3450	+	17,925,800	18,929,756
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	48,814,957	47,645,715
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	34,039,035	30,296,146
	Total liabilities and shareholder equity	3640	=	82,853,992	77,941,861
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	18,525,126	15,085,495

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	68,881,680	72,338,384
	Cost of sales	8518	–	58,141,145	60,698,856
	Gross profit/loss	8519	=	10,740,535	11,639,528
	Cost of sales	8518	+	58,141,145	60,698,856
	Total operating expenses	9367	+	10,839,549	9,384,978
	Total expenses (mandatory field)	9368	=	68,980,694	70,083,834
	Total revenue (mandatory field)	8299	+	73,163,324	73,524,898
	Total expenses (mandatory field)	9368	–	68,980,694	70,083,834
	Net non-farming income	9369	=	4,182,630	3,441,064
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	4,182,630	3,441,064
	Total – other comprehensive income	9998	=	303,258	80,606
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	104,400	326,430
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	303,258	80,606
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	4,381,488	3,195,240

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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 [X] No [ ]
- Is re-evaluation of asset information mentioned in the notes? . . . . . **105** Yes [ ] No [X]
- Is contingent liability information mentioned in the notes? . . . . . **106** Yes [X] No [ ]
- Is information regarding commitments mentioned in the notes? . . . . . **107** Yes [X] No [ ]

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

Part 4 – Other information (continued)

Impairment and fair value changes

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

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

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

Financial instruments

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

Did the corporation apply hedge accounting during the tax year? . . . . . 255 Yes [ ] 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
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

1. Reporting entity:
Festival Hydro Inc. (the "Corporation") is a wholly owned subsidiary of the City of Stratford. The Corporation was
incorporated on July 11, 2000 under the Business Corporations Act (Ontario) pursuant to Section 142 of the Electricity
Act Laws of the Province of Ontario, Canada. The address of the Corporation's registered office is 187 Erie Street,Stratford, Ontario, Canada.
The principal activity of the Corporation is to distribute electricity to the residents and businesses in the City of Stratford
and the towns of Brussels, Dashwood, Hensall, Seaforth, St. Marys and Zurich, under a license issued by the Ontario
Energy Board ("OEB"). The Corporation is regulated by the Ontario Energy Board and adjustments to the Corporation's
distribution and power rates require OEB approval.
The financial statements are for the Corporation as at and for the year ended December 31, 2022.2. Basis of preparation:
(a) Statement of compliance
The Corporation's financial statements have been prepared in accordance with International Financial
Reporting Standards ("IFRS"). These financial statements were approved by the Board of Directors on April27, 2023.
(b) Basis of measurement
The financial statements have been prepared on the historical cost basis, unless otherwise stated.(c) Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.(d) Use of estimates and judgements
Information about judgements made in applying accounting policies that have an effect on the amounts
recognized in the financial statements is included in the following notes:
Note 3(l) Determination of the performance obligation for contribution and the related amortization period
Note 3(m) Whether an arrangement contains a lease
Note 6 Estimate for impairment for uncollected amounts, based on the lifetime expected credit losses
Note 8 Property, plant and equipment: useful lives and the identification of significant components ofproperty, plant and equipment.
Note 9 Intangible assets: useful lives and goodwill impairment testing.
Note 12 Measurement of the defined benefit obligation - actuarial assumptions
Note 23 Recognition and measurement of commitments and contingencies.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
8
2. Basis of preparation (continued)
(e) Rate regulation
The Corporation is regulated by the Ontario Energy Board, under the authority granted by the Ontario Energy
Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the
transmission and distribution of electricity, providing continued rate protection for electricity consumers in
Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service
customers. The OEB may also prescribe license requirements and conditions of service to local distribution
companies ("LDCs"), such as the Corporation, which may include, amongst other

General Index of Financial Information

Notes to the financial statements

things, record keeping,
regulatory accounting principles, separation of accounts for distinct businesses, and filing and processrequirements for rate setting purposes.
The Corporation is required to bill certain classes of customers for the debt retirement charges. The Corporation
may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC")once each year.
(f) Rate setting
Distribution revenue
For the distribution revenue included in sale of energy, the Corporation files a "Cost of Service" ("COS") rate
application with the OEB where rates are determined through a review of the forecasted annual amount of
operating and capital expenditures, debt and shareholder's equity required to support the Corporation's
business. The Corporation estimates electricity usage and the costs to service each customer class to
determine the appropriate rates to be charged to each class. The COS application is reviewed by the OEB and
interveners on record. Rates are approved based upon this review, including any revisions resulting from thatreview.
In the intervening years, the Corporation has chosen to file a Price Cap Incentive Rate Mechanism ("IRM")
application. An IRM application results in a formulaic adjustment to distribution rates that were set under the
last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic
Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a
"stretch factor" determined by the relative efficiency of an electricity distributor.
As a 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.
On May 27, 2014, the Corporation filed its 2015 Cost of Service application. The OEB issued its final Decision
and Order dated June 5, 2015. The decision allows for a total service revenue requirement of $11,210,828
based on a total rate base of $61,778,759. The deemed debt portion of the rate base (60%) at $27,067,256
earns a weighted average rate of 4.05%. The deemed equity portion of the rate base (40%) at $24,711,504
earns a deemed return on equity of 9.30%. The rates were effective May 1, 2015 with an implementation dateof June 1, 2015.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
9
2. Basis of preparation (continued)
(f) Rate setting (continued)
Distribution revenue (continued)

General Index of Financial Information

Notes to the financial statements

Festival filed its 2021 IRM application for distribution rates and was approved new rates by the OEB effective
January 1, 2021. The Corporation's approved adjustment to distribution rates was 1.90%, as a result of an
OEB approved inflation factor of 2.20%, less a stretch factor of 0.30% determined by the relative efficiency of
the Corporation. The application included the approval of rate riders for the disposition of certain deferral andvariance balances.
Festival filed its 2022 IRM application for distribution rates and was approved new rates by the OEB effective
January 1, 2022. The Corporation's approved adjustment to distribution rates was 3.00%, as a result of an
OEB approved inflation factor of 3.30%, less a stretch factor of 0.30% determined by the relative efficiency of
the Corporation. The application included the approval of rate riders for the disposition of certain deferral andvariance balances.
Electricity rates
The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much
it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price
for electricity and the global adjustment. The Corporation is billed for the cost of the electricity that its customers
use and passes this cost on to the customer at cost without a mark-up.
3. Significant accounting policies:
The accounting policies set out below have been applied consistently for both years presented in these financialstatements in accordance with IFRS.
(a) Regulatory balances
Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer
at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer
at OEB approved rates in excess of costs incurred by the Corporation.
Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at
least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes.
The offsetting amount is recognized in net movement in regulatory balances in profit or loss or other
comprehensive income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of
the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by
the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss orOCI.
The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon
the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of
likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or
guidelines issued by the OEB. Any resulting impairment loss is recognized in profit or loss in the year incurred.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
10

General Index of Financial Information

Notes to the financial statements

3. Significant accounting policies (continue):
(a) Regulatory balances (continued)
When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.
(b) Cash and cash equivalents
Cash and cash equivalents include cash in bank accounts. On the statement of cash flows, cash and cash equivalents includes bank overdrafts (revolving credit facility) that are repayable on demand and form an integral part of the Corporation's cash management.
(c) Financial instruments
All financial assets are classified as loans and receivables, except for marketable securities which are classified as available for sale and derivatives which are measured as fair value through profit and loss. All financial liabilities are classified as other financial liabilities. These financial instruments are recognized initially at fair value adjusted for any directly attributable transaction costs.
Loans and receivables and other financial liabilities are subsequently measured at amortized cost using the effective interest method less any impairment for the financial assets.
Available for sale financial assets are subsequently measured at fair value, within the changes therein recognized in other comprehensive income until the assets are sold. Upon sale of an available for sale asset, the Corporation has elected to record the accumulated unrealized change in value of the asset as a transfer through other comprehensive income into profit and loss.
The Corporation holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein, are recognized in the statement of comprehensive income. Hedge accounting has not been used in the preparationof these financial statements.
(d) Inventories
Inventories are stated at lower of cost and net realizable value and consist of maintenance materials and supplies. Cost is determined on a weighted average basis, net of a provision for obsolescence, as applicable.
The Corporation classifies all major construction related component of its electricity distribution infrastructureto property, plant and equipment.
(e) Property, plant and equipment ("PP&E")
Items of property, plant and equipment used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost, or, where the item is transferred from customers, its fair value, less accumulated depreciation and accumulated impairment losses. All other items of PP&E are

General Index of Financial Information

Notes to the financial statements

measured at cost, or, where the
item is contributed by customers, its fair value, less accumulated
depreciation.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
11
3. Significant accounting policies (continued):
(e) Property, plant and equipment ("PP&E")
Cost includes expenditures that are directly attributable to the acquisition
of the asset. The cost of selfconstructed
assets includes the cost of materials and direct labour and any other costs
directly attributable to
bringing the asset to a working condition for its intended use. Borrowing
costs on qualifying assets are
capitalized as part of the cost of the asset and are based on the
Corporation's cost of borrowing. For
construction projects of less than one year in length, borrowing costs are
not capitalized unless specific
identifiable loans are acquired for the express purpose of financing a
specific construction activity.
When parts of an item of property, plant and equipment have different useful
lives, they are accounted for as
separate items (major components) of property, plant and equipment.
The cost of replacing part of an item of property, plant and equipment is
recognized in the carrying amount of
the item if it is probable that the future economic benefits embodied within
the part will flow to the Corporation
and its cost can be measured reliably. The carrying amount of the replaced
part is derecognized.
The costs of the day-to-day servicing of property, plant and equipment are
recognized in profit or loss as
incurred. Depreciation is recognized in profit or loss on a straight-line
basis over the estimated useful life of
each part or component of an item of property, plant and equipment. Land is
not depreciated. Construction in
progress assets are not amortized until the project is complete and in
service.
Depreciation begins when an asset becomes available for use. Depreciation is
provided on a straight-line basis
over the estimated useful lives. Depreciation methods, useful lives and
residual values are reviewed at each
reporting date and adjusted if appropriate. The estimated useful lives for
the current and comparative yearsare as follows:
Buildings 10 to 60 years
Distribution substation equipment 30 to 60 years
Distribution system equipment 30 to 60 years
Transformers 35 to 40 years
Meters 15 to 40 years
Other capital assets 4 to 20 years
Other capital assets include vehicles, office and computer equipment.
Gains and losses on disposal of an item of property, plant and equipment are
determined by comparing the
proceeds from disposal with the carrying amount of property, plant and
equipment and are recognized within
other income in the statement of comprehensive income.
Festival Hydro Inc.

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
12
3. Significant accounting policies (continued):
(f) Intangible assets
Intangible assets include goodwill, computer software and capital contributions paid under capital cost recoveryagreements ("CCRAs").
(i) Goodwill
Goodwill represents the excess of cost over fair value of net assets which arose upon amalgamation of the former electrical distribution entities. Goodwill is measured at cost less accumulated impairment losses.(ii) Computer software
Computer software acquired prior to January 1, 2014, is measured at deemed cost less accumulated depreciation. All other software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.
(iii) Capital contributions paid under capital cost recovery agreements
Capital contributions paid under CCRAs are measured at cost less accumulated amortization andaccumulated impairment losses.
(iv) Amortization
Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated usefullives for the current and comparative years are:
Computer software 5 years
CCRAs 15 to 25 years
Amortization methods and useful lives of all intangible assets are reviewed at each reporting date andadjusted if appropriate.
(g) Impairment
(i) Financial assets measured at amortized cost
A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected creditlosses for the asset.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
13
3. Significant accounting policies (continued):
(ii) Non-financial assets
The carrying amounts of the Corporation's non-financial assets, other than regulatory assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated as at December 31 of each year.
For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Corporation has determined that it has one cash

generating unit. The recoverable amount of an asset or cash-generating unit
is the greater of its value in
use and its fair value less costs to sell. In assessing value in use, the
estimated future cash flows are
discounted to their present value using a pre-tax discount rate that reflects
current market assessments of
the time value of money and the risks specific to the asset.
The goodwill acquired in a business combination, for the purpose of
impairment testing, is allocated to
cash-generating units that are expected to benefit from the synergies of the
combination.
An impairment loss is recognized if the carrying amount of an asset or its
cash-generating unit exceeds its
estimated recoverable amount. Impairment losses are recognized in profit or
loss.An impairment loss in respect of goodwill is not reversed. In respect of
other assets, impairment losses
recognized in prior periods are assessed at each reporting date for any
indications that the loss has
decreased or no longer exists. An impairment loss is reversed if there has
been a change in the estimates
used to determine the recoverable amount. An impairment loss is reversed only
to the extent that the
asset's carrying amount does not exceed the carrying amount that would have
been determined, net of
depreciation or amortization, if no impairment loss had been recognized.
(h) Provisions
A provision is recognized if, as a result of a past event, the Corporation
has a present legal or constructive
obligation that can be estimated reliably, and it is probable that an outflow
of economic benefits will be required
to settle the obligation. Provisions are determined by discounting the
expected future cash flows at a pre-tax
rate that reflects current market assessments of the time value of money and
the risks specific to the liability.(i) Employee benefits
(i) Pension plan
The Corporation provides a pension plan for all its full-time employees
through Ontario Municipal
Employees Retirement System (OMERS). OMERS is a multi-employer pension plan
which operates as
the Ontario Municipal Employees Retirement Fund ("Fund"). The Fund is a
contributory defined benefit
pension plan which is financed by equal contributions from participating
employers and employees, and bythe investment earnings of the Fund.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
14
3. Significant accounting policies (continued):
(i) Pension plan (continued)
OMERS is a defined benefit plan, however, as the plan assets and pension
obligations are not segregated
in separate accounts for each member entity, sufficient information is not
available to enable the
Corporation to directly account for the plan. As such, the plan has been
accounted for as a defined
contribution plan. The contribution payable is recognized as an employee

General Index of Financial Information

Notes to the financial statements

benefit expense in the statement
of comprehensive income in the period in which the service was rendered by the employee, since it is not
practicable to determine the Corporation's portion of person obligations of the fair value of plan assets.(ii) Employee future benefits, other than pension
The Corporation has an unfunded benefit plan providing post-employment benefits (other than pension) to
its employees. The Corporation provides its retired employees (20 years service; less than age 65)
with life insurance and medical benefits beyond those provided by government sponsored plans. Life
insurance is provided for current retirees including those over age 65.
The obligations for these post-employment benefit plans are actuarially determined by applying the
projected unit credit method and reflect management's best estimate of certain underlying assumptions.
Remeasurements of the net defined benefit obligations, including actuarial gains and losses, are recognized
immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the
increased benefit relating to past service by employees is recognized immediately in profit or loss.
(j) Deferred revenue and assets transferred from customers
Certain customers and developers are required to contribute towards the capital cost of construction in order to
provide ongoing service. Cash contributions are initially recorded under current liabilities as customer deposits.
Once the distribution system asset is completed or modified, as outlined in the terms of the contract, the
contribution amount is transferred to deferred revenue.
When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the
corresponding amount recognized as contributions in aid of construction. The contributions in aid of construction
account, which represents the Corporation's obligation to continue to provide the customers access to the
supply of electricity, is reported as deferred revenue, and is amortized to other income on a straight-line basis
over the terms of the agreement with the customer or the economic useful life of the acquired or contributed
asset, which represents the period of ongoing service to the customer.
(k) Customer deposits
Security deposits from electricity customers are cash collections to guarantee the payment of electricity bills.
The electricity customer security deposits liability includes related interest amounts, calculated using OEB
prescribed interest rates, and owed to the customers with a corresponding amount charged to finance costs.
Deposits that are refundable upon demand are classified as a current liability. Annually, accrued interest is
applied directly to the customers' accounts.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
15

General Index of Financial Information

Notes to the financial statements

3. Significant accounting policies (continued):
(k) Customer deposits (continued)
Security deposits on offers to connect are cash collections from specific customers to guarantee the payment of additional costs relating to expansion projects. This liability includes related interest amounts owed to the customers with a corresponding amount charged to finance costs. Deposits are classified as a current liability when the Corporation no longer has an unconditional right to defer payment of the liability for at least 12 monthsafter the reporting period.
(l) Revenue Recognition
(i) Sale and distribution of electricity
The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges.
The related cost of power is recorded on the basis of power used.
For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricityrevenue on a gross basis.
Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as anagent for this billing stream.
(ii) Capital contributions
Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.
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 receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the

General Index of Financial Information

Notes to the financial statements

customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the usefullife of the related asset.

3. Significant accounting policies (continued):

(l) Revenue Recognition (continued)

(ii) Other revenue

Revenue earned from the provision of services is recognized as the service is rendered. Government grants and the related performance incentive payments under Conservation and Demand Management ("CDM") programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(m) Leased assets

At inception of a contract, the Corporation assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of thecorresponding lease liability.

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

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will

General Index of Financial Information

Notes to the financial statements

exercise a purchase, extension or
termination option. When the lease liability is remeasured in this way, a
corresponding adjustment is made to
the carrying amount of the right-of-use asset, or is recorded in profit or
loss if the carrying amount of the rightof-use asset has been reduced to zero.
The Corporation has elected not to recognize right-of-use assets and lease
liabilities for leases that have a
lease term of 12 months or less or for leases of low value assets. The
Corporation recognizes the lease
payments associated with these leases as an expense on a straight-line basis
over the lease term.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
17
3. Significant accounting policies (continued):
(n) Finance income and finance costs
Finance income is recognized as it accrues in profit or loss, using the
effective interest method. Finance income
comprises interest earned on cash and cash equivalents.
Finance costs comprise interest expense on customer deposits, the demand
notes payable, revolving creditfacility and long-term borrowings.
Changes in the fair value of interest rate swap agreements are recorded
either in finance income, or costs,
depending on whether an unrealized gain or loss is required.
(o) Income taxes
The Corporation is currently exempt from taxes under the Income Tax Act
(Canada) and the Ontario
Corporations Tax Act. Pursuant to the Electricity Act, 1998 (Ontario), the
Corporation makes payments in lieu
of corporate taxes to the Ontario Electricity Financial Corporation (OEFC).
These payments are calculated in
accordance with the rules for computing taxable income and taxable capital
and other relevant amounts
contained in the Income Tax Act (Canada) and the Corporations Tax Act
(Ontario) as modified by the Electricity
Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation
was not subject to income orcapital taxes.
The income tax expense comprises current and deferred tax. Income tax expense
is recognized in profit or loss
except to the extent that it relates to other comprehensive income or items
recognized directly in equity, in which
case, it is recognized in accumulated comprehensive income or retained
earnings, respectively.
Current tax is the tax payable on the taxable income for the year, using tax
rates enacted or substantively
enacted at the reporting date, and any adjustment to tax payable in respect
of previous years.
Deferred tax is recognized using the balance sheet method. Under this method,
deferred income taxes reflect
the net tax effects of temporary differences between the tax basis of assets
and liabilities and their carrying
amounts for accounting purposes, as well as for tax losses available to be
carried forward to future years that
are likely to be realized. Deferred tax assets and liabilities are measured
using enacted or substantively enacted
tax rates, at the reporting date, expected to apply to taxable income in the

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

years in which those temporary
differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change
in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.
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 to or recovered from customers through
future electricity distribution rates. A gross up to reflect the income tax benefits associated with reduced
revenues resulting from the realization of deferred tax assets is recorded within regulatory credit or debt
balances. Deferred taxes that are not included in the rate-setting process are charged or credited to thestatements of comprehensive income.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
18
3. Significant accounting policies (continued):
(o) Income taxes (continued)
The benefits of the refundable and non-refundable apprenticeship and other ITCs are credited against the
related expense in the statements of comprehensive income.
4. Standards issued but not yet adopted:
There are new standards, amendments to standards and interpretations which have not been applied in preparing
these financial statements. These standards or amendments relate to the measurement and disclosure of financial
assets and liabilities. The extent of the impact on adoption of these standards and amendments has not yet beendetermined.
i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)ii. Definition of Accounting Estimates (Amendments to IAS 8)
iii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1):On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the
classification of liabilities as current or non-current. On July 15, 2020 the IASB issued an amendment to defer the
effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2024.Early adoption is permitted.
For the purposes of non-current classification, the amendments removed the requirement for a right to defer
settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have
substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a
liability that includes a counterparty conversion option.
The amendments state that settlement of a liability includes transferring a company's own equity instruments to the
counterparty, and when classifying liabilities as current or non-current, a company can ignore only those conversionoptions that are recognized as equity.
The Corporation intends to adopt this standard in its financial statements for the annual period beginning January
1, 2023. The extent of the impact of adoption of the standard has not yet

General Index of Financial Information

Notes to the financial statements

been determinedii. Definition of Accounting Estimates (Amendments to IAS 8):
On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The
amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
19
4. Standards issued but not yet adopted (continued):
The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts
in the financial statements that are subject to measurement uncertainty. The amendments also clarify the
relationship between accounting policies and accounting estimates by specifying that a company develops an
accounting estimate to achieve the objective set out by an accounting policy.
The Company intends to adopt this standard in its financial statements for the annual period beginning January 1,
2023. The extent of the impact of adoption of the standard has not yet been determined.
iii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2):
On February 12, 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS
Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods
beginning on or after January 1, 2023. Early adoption is permitted.
The amendments help companies provide useful accounting policy disclosures.
The key amendments include:
- requiring companies to disclose their material accounting policies rather than their significant accountingpolicies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are
themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are
themselves material to a company's financial statements.
The Company intends to adopt this standard in its financial statements for the annual period beginning January 1,
2023. The Company does not expect this standard to have a material impact on the financial statements.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
20
5. Bank indebtedness:
2022 2021
Cash $ 660 $ 1,660
Revolving credit facility (3,741,355) (17,428)
Bank indebtedness $ (3,740,695) $ (15,768)
6. Accounts receivable:
2022 2021
Energy, water and sewer $ 6,523,810 $ 6,223,521
Other 1,555,845 1,901,380
Total $ 8,079,655 $ 8,124,901
Included in accounts receivable is $1,230,333 (2021 - $1,193,417) of customer receivables for water consumption and

General Index of Financial Information

Notes to the financial statements

sewer ("water & sewer") that the Corporation bills and collects on behalf of
the City of Stratford and the Town of St.
Marys. As the Corporation does not assume liability for collection of these
amounts, any amount related to City of
Stratford and Town of St. Marys water & sewer charges that are determined to
be uncollectible are charged to the City
of Stratford and Town of St. Marys, respectively. At year end, there is nil
(2021 - nil) included in the provision for
impairment for uncollectable amounts relating to water and sewer.
7. Inventories:
The amount of inventories consumed by the Corporation and recognized as an
expense during 2022 was $149,137
(2021 - $166,873). During 2022, an amount of nil (2021 - nil) was recorded as
an expense for the write-down of obsolete
or damaged inventory to net realizable value.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
21
8. Property, plant and equipment:
a) Cost or deemed cost
Land and
buildings
Distribution &
substation
equipment
Other
distribution
system
equipment
Transformer
station Total
Balance at January 1, 2021 $2,663,162 $47,579,167 $2,810,734 $14,049,010
$67,102,073Additions 477,555 2,698,194 326,676 143,417 3,645,842
Transfers - - 134,660 - 134,660
Disposals/retirements (6,795) (230,606) (155,736) - (393,137)
Balance at December 31, 2021 $3,133,922 $ 50,046,755 $ 3,116,334 $ 14,192,427
$ 70,489,438
Balance at January 1, 2022 $3,133,922 $50,046,755 $3,116,334 $14,192,427
$70,489,438Additions 357,228 3,022,647 281,971 86,263 $3,748,109
Transfers - - 235,832 - $235,832
Disposals/retirements (27,578) (297,300) (375,808) - ($700,686)
Balance at December 31, 2022 $3,463,572 $52,772,102 $3,258,329 $14,278,690
$73,772,693b) Accumulated depreciation
Land and
buildings
Distribution &
substation
equipment
Other
distribution
system
equipment
Transformer
station Total
Balance at January 1, 2021 $ 337,380 $ 7,977,726 $ 1,119,839 $ 2,220,066 $

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

11,655,011Depreciation 96,716 1,413,877 268,888 334,173 2,113,654
Disposals/retirements (6,795) (230,605) (155,736) - (393,136)
Balance at December 31, 2021 $ 427,301 $ 9,160,998 $ 1,232,991 $ 2,554,239 $
13,375,529Balance at January 1, 2022 $427,301 $9,160,998 $1,232,991
$2,554,239
$13,375,529Depreciation 120,660 1,491,865 285,635 345,657 $2,243,817
Disposals/retirements (27,578) (297,300) (375,808) - ($700,686)
Balance at December 31, 2022 $520,383 $10,355,563 $1,142,818 $2,899,896
$14,918,660c) Carrying amounts
Land and
buildings
Distribution &
substation
equipment
Other
distribution
system
equipment
Transformer
station
Total
December 31, 2021 $2,706,621 $40,885,757 $1,883,343 $11,638,188 $57,113,909
December 31, 2022 $2,943,189 $42,416,539 $2,115,511 $11,378,794 $58,854,033
d) Borrowing costs
During the year, no borrowing costs (2021 - nil) were capitalized as part of
the cost of property, plant and equipment.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
22
9. Intangible assets and goodwill:
a) Cost or deemed cost
Goodwill Computer software Land Rights CCRA's Total
Balance at January 1,
2021
$ 515,359 $ 1,593,915 $ 3,150 $ 966,935 $ 3,079,359
Additions - 77,945 - - 77,945
Disposals - (252,888) - - (252,888)
Balance at December
31, 2021 $ 515,359 $ 1,418,972 $ 3,150 $ 966,935 $ 2,904,416
Balance at January 1,
2022
$515,359 $ 1,418,972 $ 3,150 $ 966,935 $ 2,904,416
Additions - 111,889 - - 111,889
Work in Progress - 221,461 - - 221,461
Disposals - (312,506) - - (312,506)
Balance at December
31, 2022 $ 515,359 $ 1,439,816 $ 3,150 $ 966,935 $ 2,925,260
b) Accumulated amortization
Goodwill Computer software Land Rights CCRA's Total
Balance at January 1,
2021
$ - $ 750,096 $ - $ 374,019 $ 1,124,115
Amortization - 243,875 - 54,473 298,348
Disposals - (252,888) - - (252,888)
Balance at December
31, 2021

General Index of Financial Information

Notes to the financial statements

$ - $ 741,083 $ - $ 428,492 $ 1,169,575
Balance at January 1,
2022
$ - $ 741,083 $ - $ 428,492 $ 1,169,575
Amortization - 207,436 - 54,473 261,909
Disposals - (312,506) - - (312,506)
Balance at December
31, 2022 $ - $ 636,013 $ - $ 428,492 $ 1,118,978
c) Carrying amounts
Goodwill Computer software Land Rights CCRA's Total
December 31, 2021 $ 515,359 $ 677,889 $ 3,150 $ 538,443 $ 1,734,841
December 31, 2022 $ 515,359 $ 803,803 $ 3,150 $ 483,970 $ 1,806,282
d) Goodwill impairment
Management has determined that the Corporation's rate regulated operations
are one cash generating unit. Therefore,
the goodwill was allocated to the Corporation as a whole. The annual
impairment test is based on the Corporation's
value in use. Value in use was determined by discounting the future cash
flows of the Corporation and was based onthe following key assumptions:
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
23
9. Intangible assets and goodwill:
d) Goodwill impairment (continued)
A detailed valuation of the Corporation was undertaken during 2022 based on
financial results of the Corporation as at
December 31, 2022. Cash flows were projected based on actual operating
results and the cost of capital and rate of
return as approved in the 2015 Cost of Service application. A discounted cash
flow model was utilized based on free
cash flows for 20 years, followed by a terminal value calculated based on a
steady-state cash flow, with the terminal
value within range of market-based terminal multiples. The recoverable amount
of the Corporation was determined to
be greater than the carrying value of goodwill and no impairment was recorded
as at December 31, 2022 or December31, 2021.
10. Income taxes:
2022 2021
Income tax expense
Current tax expense:
Current year $ 160,945 $ 322,507
Prior year (56,545) 3,923
Total current tax expense 104,400 326,430
Deferred tax expense:
Change in recognized deductible temporary differences 992,021 590,859
Total current and deferred income tax in profit or loss,
before movement of regulatory balance
1,096,421 917,289
Other comprehensive income:
Employee future benefits 80,363 (21,361)
Total current and deferred tax, before movement in regulatory balances
1,176,784
938,650
Net movement in regulatory balances (1,072,384) (612,220)
Income tax expense recognized in statement of comprehensive

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

Income
$104,400 $326,430
Reconciliation of effective tax rate
2022 2021
Income before taxes
$4,486,834
$3,538,670
Canada and Ontario statutory income tax rates 26.5% 26.5%
Expected tax provision on income tax at statutory rates
Increase (decrease) in income tax resulting from:
Permanent differences
Recognized deductible temporary difference due from customers
Other
1,189,011
2,212
(1,072,384)
(14,439)
937,748
1,420
(612,220)
(518)
Income tax expense $ 104,400 $ 326,430
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
24
10. Income taxes (continued):
2022 2021
Deferred tax assets (liabilities):
Property, plant, equipment and intangible assets ($2,488,634) ($1,968,063)
Employee future benefits 267,618 360,835
Other (160,354) 298,241
($2,381,370) ($1,308,987)
11. Customer deposits:
Customer deposits represent cash deposits from electricity distribution customers as well as construction deposits.
These customer deposits bear interest at the OEB's prescribed interest rate, which is the Bank of Canada's primebusiness rate less 2%.
Deposits from electricity distribution customers are refundable to customers demonstrating 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. Due to the demand nature of these deposits, they are classified as current liabilities.
Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from
customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.Customer deposits comprise:
2022 2021
Electricity deposits
$ 957,164
$1,061,051
Construction deposits 1,039,378 702,802
Total customer deposits $1,996,542 $1,763,853
Consisting of:
Short-term $ 1,016,175 $ 1,169,542

General Index of Financial Information

Notes to the financial statements

Long-term 980,367 594,311
12. Employee future benefits:
(a) Employee future benefits, other than pension
The Corporation provides certain unfunded health, dental and life insurance benefits on behalf of its retired
employees. These benefits are provided through a group defined benefit plan. The Corporation has reflected its
share of the defined benefit costs and related liabilities, as calculated by the actuary, in these financial statements.
The accrued benefit liability and the corresponding expense were based on results and assumptions determined
by actuarial valuation as at December 31, 2022.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
25
12. Employee future benefits (continued):
Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:2022 2021
Defined benefit obligation, beginning of year $ 1,361,643 $ 1,492,917
Included in profit or loss:
Current service cost 36,217 39,189
Interest cost 38,994 37,165
75,211 76,354
Included in OCI:
Actuarial (gains) losses arising from
changes in financial assumptions (303,258) (80,606)
Benefits paid during the year (123,718) (127,022)
Defined benefit obligation, end of year $1,009,878 $1,361,643
The significant actuarial assumptions used in the valuation are as follows:
2022 2021
Discount rate 5.05% 3.00%
Rate of compensation increase 3.30% 2.50%
Initial health care cost trend rate 4.70% 4.70%
Initial dental cost trend rate 4.90% 4.90%
Year that rate reaches the rate it is assumed to be 2040 2040
Cost trend rate declines to 4.00% 4.00%
Significant actuarial assumptions for benefit obligation measurement purposes are the discount rate and assumed
medical and dental cost trend rates. The sensitivity analysis below has been determined based on reasonably
possible changes in the assumptions, in isolation of one another, occurring at the end of the reporting period. This
analysis may not be representative of the actual change since it is unlikely these changes in assumptions would
occur in isolation from each other. The approximate effect on the accrued benefit obligation of the entire plan and
the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or
decreased by 1%, and all other assumptions were held constant, is as follows:
2022 2021
Benefit Obligation, end of year $1,009,878 $1,361,644
1% increase in health care trend rate 26,900 50,156
1% decrease in health care trend rate (24,300) (44,744)
1% increase in discount rate (96,500) (167,544)
1% decrease in discount rate 119,000 215,456

General Index of Financial Information

Notes to the financial statements

(b) Pension plan
The Corporation provides a pension plan for its employees through the Ontario Municipal Employees Retirement
System. The plan is a multi-employer, contributory defined benefit pension plan. In 2022, the Corporation made
employer contributions of $365,116 to OMERS (2021 - $353,752). The Corporation's net benefit expense has beenallocated as follows:
? $138,744 (2021 - $134,426) capitalized as part of PP&E
? $186,209 (2021 - $180,413) charged to operating expenses
? $40,163 (2021 - $38,913) charged to CDM and billable work
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
26
12. Employee future benefits (continued):
(b) Pension plan (continued)
As at December 31, 2022, OMERS states that their plan was 95% funded (2021 - 97%). OMERS has a strategy to
return the plan to a fully funded position. The Corporation is not able to assess the implications, if any, of this
strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions. The
Corporation's contributions represent less than 1% of the total annual contributions to the OMERS plan.13. Regulatory assets and liabilities:
The regulatory balances are recovered or settled through rates approved by the OEB which are determined using
estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors
including the economy and weather. The Corporation has received approval from the OEB to establish its regulatorybalances.
In the tables below, the "Additions" column consists of new additions to regulatory balances (for both debits and credits).
The "Recovery/reversal" column consists of amounts collected through rate riders or transactions reversing an existing
regulatory balance. The "Other movements" column consists of reclassification between the regulatory debit and credit
balances. For the years ended December 31, 2022 and 2021, the Corporation did not record any impairments relatedto regulatory debit balances.
January 1, 2022 Additions Recovery/
reversal
Other
Movements
December 31,
2022 Notes
Regulatory deferral account debit balances
Settlement (Group 1)
variances $ 2,939,939 $ 386,141 $ (313,926) $ 2,075,470 $ 5,087,624 (1)
Stranded meters 2,292 21 - - 2,313 (2)
LRAM 268,628 (244,237) 256 - 24,646 (1)
Deferred Taxes 1,308,987 1,072,383 - - 2,381,370 (4)
Rate application costs 8,008 - - - 8,008 (3)
$ 4,527,854 $1,214,308 $ (313,670) $ 2,075,470 $ 7,503,962
January 1, 2021 Additions Recovery/
reversal
Other
Movements December 31, 2021 Notes

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

Regulatory deferral account debit balances
Settlement (Group 1) variances $ 1,605,348 $ 1,538,071 $ (203,135) $ (345) $
2,939,939 (1)Stranded meters 2,286 6 - - 2,292 (2)
LRAM 494,049 (219,691) (5,730) - 268,628 (1)
Deferred Taxes 696,766 612,221 - - 1,308,987 (4)
Rate application costs 8,008 - - - 8,008 (3)
$ 2,806,457 $1,930,607 $ (208,865) $(345) $ 4,527,854
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
27
13. Regulatory assets and liabilities (continued):
January 1, 2022 Additions Recovery/
reversal
Other
Movements December 31, 2022 Notes
Regulatory deferral account credit balances
Settlement (Group 1) variances $ (1,286,576) 2,500,939 $ 313,670 $
(2,075,470) (547,437) (1)
IFRS transition adjustments (10,783) - - - (10,783) (5)
PILS (434,218) (108,394) - - (542,612)
$ (1,731,577) $ 2,392,545 $ 313,670 $ (2,075,470) $ (1,100,832)
(
January 1, 2021 Additions Recovery/
reversal
Other
Movements December 31, 2021 Notes
Regulatory deferral account credit balances
Settlement (Group 1) variances $ (1,507,500) 11,714 $ 208,865 $ 345
(1,286,576) (1)IFRS transition adjustments (10,783) - - - (10,783) (5)
PILS (272,186) (162,032) - - (434,218)
$ (1,790,469) $ (150,318) $ 208,865 $ 345 $ (1,731,577)
1) The changes in settlement (Group 1) and LRAM balances outstanding from
December 31, 2021 were
approved for disposition as part of the 2022 IRM application with rates
effective January 1, 2022 to becollected over a 12-month period.
2) As part of the 2015 COS application, the OEB approved the disposition of
stranded meters through a rate
rider effective May 1, 2015 (implemented June 1, 2015) with recovery over a
7-month period ending
December 31, 2015. Since the residual balance is not material, it will remain
in place until the next COSapplication.
3) The 2015 COS rate application costs were approved for recovery by the OEB
and have been amortized
over a forty-three-month period ending December 31, 2019.
4) Disposition is not requested for the deferred tax balance as it is being
reversed through timing differences
in the recognition of deferred tax assets. No carrying charges are calculated
on this balance.
5) As part of the 2015 COS application, the OEB approved the disposition of
the account 1575/76 IFRS
transition account balance used to record the difference arising on adoption
of new asset useful lives and
overhead rates and write off of end-of-life assets. These account balances
were included as a rate rider
effective May 1, 2015 (implemented June 1, 2015) and were recovered over a

General Index of Financial Information

Notes to the financial statements

7-month period ended
December 31, 2015. Since the residual balance is not material, it will remain in place until the next COSapplication.
Carrying charges are applied to all regulatory account balances at the OEB prescribed interest rates, with the exception of the deferred tax assets on which no carrying charges are applied.
As part of the Corporation's 2022 IRM application, the change in debit and credit balance settlement (Group 1) variance accounts occurring during fiscal 2021 were approved as part of 2022 distribution rates for recovery over a 12-month period commencing January 1, 2022. As such, the risk associated with the recovery of variance accounts is limited to the incremental value of non-settlement variances arising since 2021.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
28
14. Long-term debt:
Long-term debt consists of the following:
2022 2021
Royal Bank revolving term loan, bearing interest at 2.93%, plus a stamping fee of 0.42%, payable in monthly principal instalments of approximately $35,000 plus interest, increasing by $1,000 yearly until maturity on May 31, 2038, secured by a general security agreement.
9,875,000 10,366,000
Royal Bank loan, bearing interest at 2.62%, payable in monthly principal instalments of $19,768, maturing November 25, 2025, secured by a general security agreement.
665,476
882,194
Notes payable to shareholder, bearing interest at 7.25% per annum, with interest payments only, due on demand, unsecured.
15,600,000 15,600,000
26,140,476 26,848,194
Less: current portion 16,328,464 16,307,717
Long-term debt $9,812,012 $10,540,477
Interest rate swaps
The Corporation entered into an interest rate swap agreement on a notional principal of $14,000,000 effective May 31, 2013, which matures May 31, 2038. The swap is a receive-variable, pay-fixed swap with the Royal Bank. This agreement has effectively converted variable interest rates to an effective fixed interest rate of 2.93% plus stamping fee of 0.42% on the Royal Bank revolving term loan. The stamping fee is subject to change every 10 years, with the firstmaturity being May 31, 2023.
Additionally, the Corporation entered into an interest rate swap agreement on a notional principal of $5,000,000. The Corporation has not yet made any draws on this available credit and is not required to do so until the effective date of December 31, 2024. This agreement has effectively converted variable interest rates to an effective fixed interest rate of 2.51% plus stamping fee of 0.42% on the Royal Bank revolving term loan.
The Corporation has determined these swaps do not meet the standard to apply hedge accounting. Since the standard is not met, the interest rate swap contracts have been recorded at their fair value at December 31, 2022 with the

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

combined unrealized gain for the year of $1,723,834 (2021 - $646,085)
recorded as finance cost in the statement ofcomprehensive income.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
29
14. Long-term debt continued:
Reconciliation of movements of liabilities to cash flows arising from
financing activities:Current
and longterm
debt
Dividends
payable
Retained
earnings
Total
(financing
cash flows)
Balance at January 1, 2022 $ 26,848,194 $ 500,556 $ 15,085,495
Dividends paid - (500,556) (390,330) $ (890,886)
Proceeds from long-term debt - - - -
Repayments of long-term debt (707,718) - - (707,718)
Total changes from financing cash flows $ (707,718) $ (500,556) $ (390,330) $
(1,598,604)Dividend declared but not paid - 248,269 (248,269) -
Net income after net movements in
regulatory balances
- - 4,078,230 -
Balance at December 31, 2022 $ 26,140,476 $ 248,269 $ 18,525,126 $ -
15. Share capital:
2022 2021
Authorized:
Unlimited Class A special shares, non-cumulative, 5.0%
Unlimited Class B special shares
Unlimited Common shares
Issued:
6,100 Class A special shares $ 6,100,000 $ 6,100,000
6,995 Common shares 9,468,388 9,468,388
$ 15,568,388 $15,568,388
Dividends paid on the 6,100 class A special shares during the year totalled
$152,500 (2021 - $152,500). Dividends
paid on the 6,995 common shares during the year totalled $486,099 (2021 -
$738,386). A common share dividend was
declared on December 15, 2022 and is payable on all common shares on record
at December 31, 2022, with the
dividend to be paid in 2023. The dividend amount payable at December 31, 2022
is $248,269 (2021 - $500,556).Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
30
16. Revenue from Contracts with Customer:
The Corporation generates revenue primarily from the sale and distribution of
electricity to its customers. Sources of
revenue are as documented in the table below.
2022 Sale of
Energy
2022 Distribution

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

Revenue
2021 Sale of
Energy
2021 Distribution
Revenue
Residential $ 17,226,469 $ 6,928,900 $ 16,035,245 $ 6,695,809
Commercial 35,806,876 4,757,459 39,685,538 4,553,668
Large Users 2,762,863 314,993 2,653,924 321,241
Other (207,133) 172,733 1,185,095 11,980
$ 55,589,074 $ 12,174,085 $ 59,559,802 $ 11,582,698
17. Other income:
2022 2021
Collection, late payment and other service charges $ 124,331 $ 187,699
Pole attachment and other rental income 108,836 128,767
Miscellaneous 853,362 852,693
Solar generation 31,992 26,725
$ 1,118,521 $ 1,195,884
Collection, late payment and other service charges are based on service
charge rates and retailer rates as approved
by the OEB. Pole attachment and other rentals consist primarily of pole
attachment charges and charges for office andservice centre space.
Miscellaneous includes revenues from City of Stratford and Town of St. Marys
water and sewage billing services, street
lighting services, management fees charged to Festival Hydro Services Inc.
and other revenue sources.18. Operating expenses:
2022 2021
Salaries and benefits $ 3,329,138 $ 3,003,417
External services 1,924,106 1,664,018
Materials and supplies 584,647 624,585
Other support costs 921,154 722,794
$ 6,759,045 $ 6,014,814
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
31
19. Finance income and costs:
2022 2021
Interest income on loan to corporation under common control $ 10,862 $ 13,587
Interest on bank account 12,036 2,991
Interest on written off trade receivables 442 1,867
Unrealized gain on interest rate swap 1,723,834 646,085
Finance income $ 1,747,174 $ 664,530
Interest expense on demand notes payable $1,131,000 $1,131,000
Interest expense on long-term debt 338,185 378,136
Interest on revolving credit facility 84,552 24,449
Interest expense on deposits 21,041 6,207
Other interest expense - 64,457
Finance costs $ 1,574,778 $ 1,604,249
Net finance income (costs) $ 172,396 $ (939,719)
Other interest expenses of $64,457 in 2021 are related to accrued interest
and discharge fees for the early payment of the
Infrastructure Ontario Projects Corporation (OIPC) loans with a combined
principal payout of $842,668.20. Related party transactions:
a) Parent and ultimate controlling party
The parent and sole shareholder of the Corporation is the Corporation of the
City of Stratford (the "City"). The City

General Index of Financial Information

Notes to the financial statements

of Stratford produces financial statements that are available for public use.
b) Key management personnel
The key management personnel of the Corporation has been defined as members of its Board of Directors and
executive management team members. Total compensation of key management in 2022 was $833,946 (2021 -$662,748).

20. Related party transactions (continued):
(b) Transactions with the Corporation of the City of Stratford
The following summarizes the Corporation's related party transactions, recorded at the exchange amounts, with
the parent, the City of Stratford, for the years ended December 31:
2022 2021
Revenues:
Energy sales $ 1,475,873 $ 1,612,278
Water and sewer administration fee 499,716 494,093
Street lighting services 18,760 34,878
Service centre space rental 33,477 27,638
Total revenues $ 2,027,826 $ 2,168,887
Expenses:
Interest on demand notes payable $ 1,131,000 $ 1,131,000
Property taxes 121,157 118,062
Tree trimming 54,494 78,073
Total expenses $ 1,306,651 $ 1,327,135
December 31, 2022 December 31, 2021
Receivable balances:
Accounts receivable $ 371,073 $ 370,838
Payable balances:
Accounts payable and accrued charges $ 995,324 $ 996,298
Demand notes payable 15,600,000 15,600,000
Dividends payable 248,269 500,556
Total payables $16,843,593 $17,096,854
The net amount owing to the Corporation of the City of Stratford for accounts
receivable, accounts payableand accrued charges is $624,251 (2021 - $625,460).
Dividends paid or payable $ 638,599 $ 890,886

20. Related party transactions (continued):
(c) Transactions with corporations under common control of the parent
The following summarizes the Corporation's related party transactions, recorded at the exchange amounts, with
Festival Hydro Services Inc., a wholly-owned subsidiary of the City of Stratford, for the years ended December 31:2022 2021
Revenues:
Operational services $ 33,397 $ 40,872
Management fee 64,851 57,518
Office and fibre room rentals 1,470 1,225
Joint pole rentals 55,308 71,311
Interest earned 10,862 13,712
Energy sales 28,689 25,687
Water billing and collection services 75,120 73,410

General Index of Financial Information

Notes to the financial statements

Total revenues $269,697 $283,735
Expenses:
Fiber and WIFI services $154,148 $154,148
Information technology and management services 273,165 128,117
Total expenses $427,313 $282,265
Receivable balance:
December 31, 2022 December 31, 2021
Due from corporations under common control $122,147 $332,803
21. Capital management:
The Corporation's main objectives when managing capital is to:
? ensure ongoing access to funding to maintain, refurbish and expand the electricity distribution system;
? ensure sufficient liquidity is available (either through cash and cash equivalents or committed credit facilities)to meet the needs of the business;
? ensure compliance with covenants related to its credit facilities; and
? prudent management of its capital structure with regard to recoveries of financing charges permitted by the
OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.
The Corporation monitors forecasted cash flows, capital expenditures, debt repayment and key credit ratios. The
Corporation manages capital by preparing short-term and long-term cash flow forecasts, statements of financial position
and comprehensive statements of income. In addition, the Corporation accesses its revolving credit facility to fund net
periodic net cash outflows and to maintain available liquidity.
There have been no changes in the Corporation's approach to capital management during the year. As at December
31, 2022, the Corporation's definition of capital included borrowings under its revolving credit facility, long-term debt
and obligations including the current portion thereof, and equity, and had remained unchanged from the definition as at
December 31, 2021. As at December 31, 2022, equity amounted to $34,039,035 (2021 - $30,296,146), borrowings in
the form of demand notes payable and long-term debt, including the current portion thereof, amounted to $26,140,476
(2021 - $26,848,194) and the revolving credit facility amounted to $3,720,132
(2021 - $17,428).Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
34
21. Capital management (continued):
The OEB regulates the amount of deemed interest on debt and rate of return that may be recovered by the Corporation,
through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits
such recoveries on the basis of a deemed capital structure represented by 60% debt and 40% equity. The actual capital
structure and finance costs for the Corporation may differ from the OEB deemed structure.
The Corporation is subject to debt agreements that contain various covenants. The Corporation's credit agreement with
Royal Bank provides a revolving demand facility, letter of guarantee which is posted with the IESO as prudential support,
and a long-term loan facility. These combined facilities are subject to a funded indebtedness debt to equity ratio of nomore than 65%.

General Index of Financial Information
Notes to the financial statements

The Corporation has customary covenants typically associated with long-term
debt. As at December 31, 2022 and
December 31, 2021, the Corporation was in compliance with all with all credit
agreement covenants and limitationsassociated with its long-term debt.
22. Financial instruments and risk management:
Fair value disclosure
The carrying values of accounts receivable, unbilled revenue, and the
revolving term facility, accounts payable and
accrued liabilities approximate their fair values due to the short maturity
of these instruments. The fair values of customer
deposits approximate their carrying amounts taking into account interest
accrued on the outstanding balance. Cash ismeasured at fair value.
The swap agreements are measured at fair value, which is provided by a
third-party, banking institution and is based
on market rates at the date of the valuation. The valuation of the interest
rate swaps resulted in an unrealized gain
recorded on the statement of financial position at December 31, 2022 of
$784,886 (2021 - $938,948 unrealized loss).
The fair value of the long-term borrowings is calculated based on the present
value of future principal and interest cash
flows, discounted at the current rate of interest at the reporting date. The
carrying amounts and fair values of the
Corporation's long-term loans consist of the following:
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
35
22. Financial instruments and risk management (continued):
2022 2021
Carrying amounts:
Demand notes payable, 7.25% $15,600,000 $15,600,000
Term Loan 2.93% maturing May 1, 2038 plus stamping fee of
0.42% 9,875,000 10,366,000
Term Loan 2.62% maturing November 25, 2025 665,476 882,194
Total $26,140,476 $26,848,194
2022 2021
Fair values:
Demand notes payable valued based on current revolving
credit facility rate of 3.95% $12,556,106 $16,422,603
Term Loan 2.93 % plus stamping fee of 0.42%
booked at market value 9,581,114 11,304,948
Term Loan 2.62% maturing November 25, 2025, booked at
market interest rate of 2.95% 609,697 865,230
Total $22,746,917 $28,592,781
Financial risks
The following is a discussion of financial risks and related mitigation
strategies that have been identified by the
Corporation for financial instruments. This is not an exhaustive list of all
risks, nor will the mitigation strategies eliminate
all risks listed. The Corporation's activities provide for a variety of
financial risks, particularly credit risk, market risk andliquidity risk.
a) Credit risk
The Corporation is exposed to credit risk as a result of the risk of
counterparties defaulting on their obligations. The
Corporation's exposure to credit risk primarily relates to accounts
receivable and unbilled revenue. The Corporation

General Index of Financial Information

Notes to the financial statements

monitors and limits its exposure to credit risk on a continuous basis.
The Corporation's credit risk associated with accounts receivable and
unbilled revenue is primarily related to
electricity bill payments from electricity customers. The Corporation obtains
security deposits from certain
customers in accordance with direction provided by the OEB and as outlined in
the Corporation's conditions of
service. As of December 31, 2022, the Corporation held security deposits
related to electricity receivables in the
amount of $957,164 (2021 - $1,061,051).
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
36
22. Financial instruments and risk management (continued):
(a) Credit risk (continued)
As at December 31, 2022, there were no significant concentrations of credit
risk with respect to any one customer.
No single customer accounts for revenue in excess of 5% of total distribution
revenue. The Corporation earns its
revenue from a broad base of approximately 21,000 customers (2021 - 21,000
customers) located throughout itsservice territory.
The credit risk and mitigation strategies with respect to unbilled revenue
are the same as for accounts receivable.
The credit risk related to cash is mitigated by the Corporation's treasury
policies on assessing and monitoring thecredit exposures of counterparties.
Credit risk associated with electricity accounts receivable and unbilled
revenue (electricity only) is as follows:2022 2021
Not more than 30 days $ 6,448,968 $ 6,635,586
More than 30 but less than 90 days 405,840 295,071
More than 90 days 167,531 179,511
Less allowance for impairment (173,017) (178,684)
Unbilled revenue 4,783,498 5,230,771
$ 11,632,820 $12,162,255
As at December 31, 2022, the Corporation's accounts receivable and unbilled
revenue which were not past due or
impaired were assessed by management to have no significant collection risk
and no additional allowance forimpairment was required for these balances.
Reconciliation between the opening and closing allowance for impairment is as
follows:2022 2021
Balance, beginning of year $ 178,684 $ 152,435
Provision for impairment 53,870 120,944
Write offs (72,374) (108,245)
Recoveries 12,837 13,550
Balance, end of year $ 173,017 $ 178,684
Unbilled revenue represents amounts for which the Corporation has a
contractual right to receive cash through
future billings and are unbilled at year end. Unbilled revenue is considered
current and no provision for impairment
was established as at December 31, 2022 (2021 - nil).
(b) Interest rate risk
The Corporation is exposed to fluctuations in interest rates for the
valuation of its employee future benefit obligations
(note 12). The Corporation is also exposed to short-term interest rate risk
on the net of cash position and shortterm
borrowings under its Revolving Credit Facility and customer deposits. The

General Index of Financial Information

Notes to the financial statements

Corporation manages interest rate
risk by monitoring its mix of fixed and floating rate instruments and taking
action as necessary to maintain anappropriate balance.
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
37
22. Financial instruments and risk management (continued):
(b) Interest rate risk (continued)
As at December 31, 2022, aside from the valuation of its employee future
benefit obligations, the Corporation was
exposed to interest rate risk predominately from short-term borrowings under
its revolving credit facility and
customer deposits, while most of its remaining obligations were either
non-interest bearing or bear fixed interest
rates, and its financial assets were predominately short-term in nature and
mostly non-interest bearing. The
Corporation estimates that a 100 basis point increase in short-term interest
rates, with all other variables held
constant, would result in an increase of approximately $61,266 (2021 -
$17,921) to annual finance costs. A decrease
of 100 basis points would result in a reduction in financing costs of $61,266
(2021 - $17,921).(c) Liquidity risk
The Corporation is exposed to liquidity risk related to its ability to fund
its obligations as they become due. The
Corporation monitors and manages its liquidity risk to ensure access to
sufficient funds to meet operational and
financial requirements. The Corporation has access to credit facilities and
monitors cash balances daily. The
Corporation's objective is to ensure that sufficient liquidity is on hand to
meet obligations as they fall due whileminimizing finance costs.
The Corporation has a revolving credit facility available of $10,000,000 with
a Canadian chartered bank. As at
December 31, 2022, $3,720,132 (2021 - $17,428) was drawn on this facility.
As a purchaser of electricity through the Independent Electricity System
Operator ("IESO"), the Corporation is
required to provide security to minimize the risk of default based on its
expected activity in the market. The IESO
may draw on this security if the Corporation fails to make payment required
by a default notice issue by the IESO.
The Corporation has a $3.6 million revolving term facility by way of a letter
of guarantee with Royal Bank, of which
$3,095,139 (2021 - $3,095,139) has been assigned to secure the prudential
support required by the IESO.
The majority of accounts payable, as reported on the statement of financial
position, is due within 30 days.
Liquidity risks associated with financial commitments are as follows:
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
38
22. Financial instruments and risk management (continued):
Contractual cash flows, including interest, at year end are:
December 31, 2022
Carrying
Amounts Total Due within

General Index of Financial Information

Notes to the financial statements

1 year
Due within
1 to 5 years
Due>
5 years
Revolving credit facility $ 3,741,355 $ 3,741,355 $ 3,741,355 $ - $ -
Accounts payable and accrued
liabilities 8,658,017 8,658,017 8,658,017 - -
Due to City of Stratford 624,251 624,251 624,251 - -
Demand notes payable 15,600,000 15,600,000 15,600,000 - -
Term Loan 2.93 % plus stamping fee of
0.42% 9,875,000 12,645,318 828,224 3,308,138 8,508,956
Term Loan 2.62% maturing November
25, 2025 665,476 691,894 237,221 454,673 -
$ 39,164,099 $ 41,960,835 $ 29,689,068 $ 3,762,811 $ 8,508,956
December 31, 2021
Carrying
Amounts Total Due within
1 year
Due within
1 to 5 years
Due>
5 years
Revolving credit facility $ 17,428 $ 17,428 $ 17,428 $ - $ -
Accounts payable and accrued
liabilities 9,902,642 9,902,642 9,902,642 - -
Due to City of Stratford 625,460 625,460 625,460 - -
Demand notes payable 15,600,000 15,600,000 15,600,000 - -
Term Loan 2.93 % plus stamping fee of
0.42% 10,366,000 13,475,135 829,817 3,311,494 9,333,824
Term Loan 2.62% maturing November
25, 2025 882,194 929,115 237,221 691,894 -
$ 37,393,724 $ 40,549,780 $ 27,212,568 $ 4,003,388 $ 9,333,824
Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
39
23. Commitments and contingencies:
Operating leases
The Corporation entered into a non-cancellable operating lease for service centre space for a period of five years dated
November 15, 2015. The contract is subject to an annual increase based on the Ontario Consumer Price Index.
Minimum lease payments required are $997 per month for 2022.
Connection and cost recovery agreement - St. Mary's transformer station
The Corporation and Hydro One Networks Inc. entered into a twenty-five-year capital cost recovery agreement
("CCRA") in September 2002 relating to Hydro One Networks Inc. building new feeder positions at the existing St.
Mary's Transformer Station. Under the terms of the agreement, the Corporation has guaranteed new load growth which,
if not met, would require the Corporation to provide a financial contribution toward the capital investment of thetransformer station.
The CCRA has been trued-up effective July 5, 2013. Since load growth had fallen below a target amount, a cumulative
contribution in the amount of $550,200 has been paid to Hydro One Networks.

Corporation's name	Business number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

General Index of Financial Information

Notes to the financial statements

This amount has been recorded as an
intangible asset subject to 15-year amortization over the remaining life of
the agreement. The agreement was subject
to true up effective on the fifteenth year of the agreement in July 2018
however, this has not been completed by Hydro
One Inc. It is possible that the Corporation may owe a further payment as a
result of the agreement but an estimate of
any amount owing is not possible at December 31, 2022 given the nature of the
variables included in the calculation.
The need for a contribution will be determined by Hydro One Networks Inc.
based on actual new load growth.
Connection and cost recovery agreement-Stratford transformer station
("Festival Hydro MTS1")
The Corporation and Hydro One Networks Inc. entered into a twenty-five-year
CCRA in November, 2012, relating to
Hydro One Networks Inc. building a new 230kV line to connect Festival Hydro`s
MTS1 to Hydro One`s 230kV circuit.
Under the terms of the agreement, the Corporation has guaranteed new load
growth which, if not met, would require
the Corporation to provide a financial contribution toward the capital
investment. The CCRA is trued-up (a) following the
fifth and tenth anniversaries of the in-service date; and (b) following the
fifteenth anniversary of the in-service date if the
actual load is 20% higher or lower than the load forecast at the end of the
tenth anniversary of the in-service date. The
fifth anniversary of the in-service date was in November 2017. The need for a
contribution will be determined by Hydro
One Networks Inc. based on actual new load growth.
General
From time to time, the Corporation is involved in various litigation matters
arising in the ordinary course of its business.
The Corporation has no reason to believe that the disposition of any such
current matter could reasonably be expected
to have a materially adverse impact on the Corporation's financial position,
results of operations or its ability to carry onany of its business
activities.
General Liability Insurance
The Corporation is a member of the Municipal Electric Association Reciprocal
Insurance Exchange ("MEARIE").
MEARIE is a pooling of public liability insurance risks of many of the
electrical utilities in Ontario. All members of the
pool are subjected to assessment for losses experienced by the pool for the
years in which they were members on a
pro-rata basis based on the total of their respective service revenues. It is
anticipated that should such an assessment
occur it would be funded over a period of up to 5 years. As at December 31,
2022, no assessments had been made.Festival Hydro Inc.
Notes to the Financial Statements
Year ended December 31, 2022, with comparative information for 2021
40
24. Guarantee:
The Corporation has guaranteed the bank loan of QR Fibre, a company related
through common ownership, to the
extent of $4,500,000. In addition, the Corporation has entered into a
Guarantee Indemnification Agreement to
ensure compliance with the Affiliation Relationships code for Electricity

General Index of Financial Information

Notes to the financial statements

Distributors and Transmitters and mitigate
its risk exposure. No amount has been recorded in these financial statements
as the Corporation does not expectto have to honour its guarantee.
25. Subsequent event:
The shares of QR Fibre Inc. held under common control were sold on January
31, 2023 for proceeds of $50,000.
As of the date of sale, the Corporation is no longer obligated to honour the
guarantee for the bank loan of QR Fibre.26. Comparative figures:
Certain comparative figures have been restated to conform to the current year
presentation.

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
Festival Hydro Inc.	89957 1814 RC0002	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 . . . . 4,381,488 A

Add:

Provision for income taxes – current	101	104,400	
Interest and penalties on taxes	103	658	
Amortization of tangible assets	104	2,505,726	
Charitable donations and gifts from Schedule 2	112	50,100	
Non-deductible meals and entertainment expenses	121	7,691	
Reserves from financial statements – balance at the end of the year	126	1,181,874	
Subtotal of additions		3,850,449	3,850,449

Add:

Other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	3,000
2	Contributed capital in deferred revenue	341,267
	Total of column 2	344,267

Total of column 2	296	344,267	
Subtotal of other additions	199	344,267	344,267 D
Total additions	500	4,194,716	4,194,716

Amount A **plus** line 500 . . . . 8,576,204 B

Deduct:

Capital cost allowance from Schedule 8	403	3,884,187	
Reserves from financial statements – balance at the beginning of the year	414	1,540,352	
Subtotal of deductions		5,424,539	5,424,539

Deduct:

Other deductions:

	1 Description 705	2 Amount 395
1	Amortization of deferred revenue	76,869
2	Coop and ATTC and SRED	3,000
3	Election under subsection 13(7.4)	341,267
4	Unrealized gain re Mark to Market	1,723,834
	Total of column 2	2,144,970

Total of column 2	396	2,144,970	
Subtotal of other deductions	499	2,144,970	2,144,970 E
Total deductions	510	7,569,509	7,569,509

Net income (loss) for income tax purposes (amount B **minus** line 510) . . . . 1,006,695 C

Enter amount C on line 300 of the T2 return.

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Ontario

A		
X	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
X	Ontario co-operative education tax credit	3,000
X	Ontario apprenticeship training tax credit	
	Ontario computer animation and special effects tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario film and television tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario production services tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario interactive digital media tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
	Ontario book publishing tax credit	
X	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
	Ontario business-research institute tax credit	
	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Various	50,100
Subtotal	50,100
Add: Total donations of less than $100 each	
Total donations in current tax year	50,100

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			1A		
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1, Net Income (Loss) for Income Tax Purposes)	210	50,100		50,100	50,100
Subtotal (line 250 **plus** line 210)		50,100	1B	50,100	50,100
Subtotal (line 240 **plus** amount 1B)		50,100	1C	50,100	50,100
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		50,100	1D	50,100	50,100
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter this amount on line 311 of the T2 return)	260	50,100		50,100	50,100
Charitable donations closing balance (amount 1D **minus** line 260)	280				

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

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

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

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

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

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

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total (to line A)				

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

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes Note 1 **multiplied** by 75 % 755,021 2A

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

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

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

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

Capital cost Note 2 .... ______ 2C

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

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

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

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

Subtotal (amount 2A **plus** amount 2F) 755,021 2G

Maximum allowable deduction for charitable donations
(enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least) 50,100 2H

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

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

Part 3 – Gifts of certified cultural property

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

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

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

Part 4 – Gifts of certified ecologically sensitive land

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

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

Amounts carried forward – Gifts of certified ecologically sensitive land

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

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year*	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

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

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

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

Part 5 – Additional deduction for gifts of medicine

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

Federal

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

Québec

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

Alberta

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

where:

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

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

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

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

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2021-12-31			
2nd prior year	2020-12-31			
3rd prior year	2019-12-31			
4th prior year	2018-12-31			
5th prior year	2017-12-31			
6th prior year*	2016-12-31			
7th prior year	2015-12-31			
8th prior year	2014-12-31			
9th prior year	2013-12-31			
10th prior year	2012-12-31			
11th prior year	2011-12-31			
12th prior year	2010-12-31			
13th prior year	2009-12-31			
14th prior year	2008-12-31			
15th prior year	2007-12-31			
16th prior year	2006-12-31			
17th prior year	2005-12-31			
18th prior year	2004-12-31			
19th prior year	2003-12-31			
20th prior year	2002-12-31			
21st prior year*	2001-12-31			
Total				

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

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2021-12-31	
2nd prior year	2020-12-31	
3rd prior year	2019-12-31	
4th prior year	2018-12-31	
5th prior year	2017-12-31	
6th prior year*	2016-12-31	
7th prior year	2015-12-31	
8th prior year	2014-12-31	
9th prior year	2013-12-31	
10th prior year	2012-12-31	
11th prior year	2011-12-31	
12th prior year	2010-12-31	
13th prior year	2009-12-31	
14th prior year	2008-12-31	
15th prior year	2007-12-31	
16th prior year	2006-12-31	
17th prior year	2005-12-31	
18th prior year	2004-12-31	
19th prior year	2003-12-31	
20th prior year	2002-12-31	
21st prior year*	2001-12-31	
Total		

* These gifts expired in the current year.

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Schedule 3

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

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

Part 1 – Dividends received in the tax year

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

Important instructions to follow if the payer corporation is connected

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

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

Part 1 – Dividends received in the tax year (continued)

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1), (b), or (d) [1] 240	F1	G Eligible dividends included in column F 242	H Total taxable dividends paid by the **connected** payer corporation (line 460 in Schedule 3 for the tax year in column D) 250	H.1 Total eligible dividends paid by the **connected** payer corporation (line 465 in Schedule 3 for the tax year in column D)	I Dividend refund of the **connected** payer corporation (for tax year in column D) [2] 260
1						

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

Total of column L (enter amount on line 2E in Part 2) ______

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) . . . . ______ 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) . . . . ______ 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 return) ______ 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) . . . . ______ 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) . . . . ______ 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) . . . . ______ 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) . . . . ______ 1G

Subtotal (amount 1F **plus** amount 1G) ______ ▶ ______ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) . . . . ______ 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) . . . . ______ 1J

Subtotal (amount 1I **plus** amount 1J) ______ ▶ ______ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) . . . . ______ 1L

1 If taxable dividends are received, enter the amount in column F, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column K (and column J, if applicable). Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the **connected** payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to column I **divided** by column H **multiplied** by column F.

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

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

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

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

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1)		2A	
Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43)	320		
Subtotal (amount 2A **minus** line 320)			2B
Current-year non-capital loss claimed to reduce Part IV tax	330		
Non-capital losses from previous years claimed to reduce Part IV tax	335		
Current-year farm loss claimed to reduce Part IV tax	340		
Farm losses from previous years claimed to reduce Part IV tax	345		
Total losses applied against Part IV tax (total of lines 330 to 345)		2C	
Amount 2C **multiplied** by 38 1 / 3 %			2D
Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0") (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	City of Stratford	NR	2022-12-31	638,599	
2					
				638,599 (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	638,599
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	638,599

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)	244,796	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)			638,599
Other dividends paid in the tax year (total of 510 to 540)			
Total dividends paid in the tax year		500	638,599
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)			638,599 4B

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- Use this schedule if any of the following apply to your corporation during the tax year:
  - it had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B, and D in Part 1)
  - it is claiming provincial or territorial tax credits or rebates (see Part 2)
  - it has to pay taxes, other than income tax, for Newfoundland and Labrador or Ontario (see Part 2)
- All legislative references are to the federal Income Tax Regulations (the Regulations).
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ____________ Enter the regulation that applies (402 to 413)

A Jurisdiction Tick yes if your corporation had a permanent establishment in the jurisdiction during the tax year Note 1		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue attributable to jurisdiction	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2 Note 2 (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 Yes ☐	127		167		
Total		129 G		169 H		

Note 1: **Permanent establishment** is defined in subsection 400(2).
Note 2: For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If your corporation has provincial or territorial tax payable, complete Part 2.
3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500) 270

Ontario small business deduction (from Schedule 500) 402

Subtotal (line 270 **minus** line 402) ▶ 5A

Ontario transitional tax debits (from Schedule 506) 276

Recapture of Ontario research and development tax credit (from Schedule 508) 277

Subtotal (line 276 **plus** line 277) ▶ 5B

Gross Ontario tax (amount 5A **plus** amount 5B) 5C

Ontario resource tax credit (from Schedule 504) 404

Ontario tax credit for manufacturing and processing (from Schedule 502) 406

Ontario foreign tax credit (from Schedule 21) 408

Ontario credit union tax reduction (from Schedule 500) 410

Ontario political contributions tax credit (from Schedule 525) 415

Ontario non-refundable tax credits (total of lines 404 to 415) ▶ 5D

Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0") 5E

Ontario research and development tax credit (from Schedule 508) 416

Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0") 5F

Ontario corporate minimum tax credit (from Schedule 510) 418

Ontario community food program donation tax credit for farmers (from Schedule 2) 420

Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0") 5G

Ontario corporate minimum tax (from Schedule 510) 278

Ontario special additional tax on life insurance corporations (from Schedule 512) 280

Subtotal (line 278 **plus** line 280) ▶ 5H

Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H) 5I

Ontario qualifying environmental trust tax credit 450

Ontario co-operative education tax credit (from Schedule 550) 452

Ontario apprenticeship training tax credit (from Schedule 552) 454

Ontario computer animation and special effects tax credit (from Schedule 554) 456

Ontario film and television tax credit (from Schedule 556) 458

Ontario production services tax credit (from Schedule 558) 460

Ontario interactive digital media tax credit (from Schedule 560) 462

Ontario book publishing tax credit (from Schedule 564) 466

Ontario innovation tax credit (from Schedule 566) 468

Ontario business-research institute tax credit (from Schedule 568) 470

Ontario regional opportunities investment tax credit (from Schedule 570) 472

Ontario refundable tax credits (total of lines 450 to 472) ▶ 5J

Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) 290
(if a credit, enter amount in brackets) Include this amount on line 255.

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits 255

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

Schedule 8

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Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

Is the corporation electing under Regulation 1101(5q)? **101** Yes ☐ No ☒

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

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

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

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

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

	1 Name of EPOP **110**	2 Identification number See **note 1** **115**	3 Percentage assigned under the agreement **120**
1.	Festival Hydro Inc.	899571814RC0002	60.000
2.	Festival Hydro Services Inc.	862953726RC0001	40.000
3.	Abiliti Municipal Corporation	779784321RC0001	
		Total	100.000

Immediate expensing limit allocated to the corporation (see **note 2**) **125** 900,000

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

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

Part 2 – CCA calculation

1 Class number See note 3 200	Description	2 Undepreciated capital cost (UCC) at the beginning of the year 201	3 Cost of acquisitions during the year (new property must be available for use) See note 4 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See note 5 232	5 Adjustments and transfers See note 6 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 7 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 8 222	8 Proceeds of dispositions See note 9 207
1. 1		13,629,635						0
2. 1b		4,416,384	357,228					0
3. 2		1,714,858						0
4. 6		40,707						0
5. 8		1,133,673	70,439	70,439				0
6. 10		199,324	68,635	68,635				0
7. 12	Software		78,329	78,329				0
8. 14	CCRA contract - 25 year	338,373						0
9. 14	CCRA contract- 15 year	208,219						0
10. 14.1		548,306						0
11. 17		62,128						0
12. 43.2		419						0
13. 45		7						0
14. 46	Server, Router	472						0
15. 47		22,499,382	2,738,103					0
16. 50		56,952	176,461	176,461				0
17. 95	Smart Meters - Not in Use	366,392						72,634
18. 95	Transformers - Not available for use	1,348,500						39,761
19. 95	Software not in use		211,458					0
	Totals	46,563,731	3,700,653	393,864				112,395

	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			13,629,635					13,629,635	
2.	1b			4,773,612			357,228	357,228	4,773,612	
3.	2			1,714,858					1,714,858	
4.	6			40,707					40,707	
5.	8			1,204,112	70,439	70,439			1,133,673	
6.	10			267,959	68,635	68,635			199,324	
7.	12	Software		78,329	78,329		78,329	78,329	78,329	
8.	14	CCRA contract - 25 year		338,373					338,373	
9.	14	CCRA contract- 15 year		208,219					208,219	
10.	14.1			548,306					548,306	
11.	17			62,128					62,128	
12.	43.2			419					419	
13.	45			7					7	
14.	46	Server, Router		472					472	
15.	47			25,237,485			2,738,103	2,738,103	25,237,485	
16.	50			233,413	176,461	176,461			56,952	
17.	95	Smart Meters - Not in Use		293,758					293,758	
18.	95	Transformers - Not available for use		1,308,739					1,308,739	
19.	95	Software not in use		211,458			211,458	211,458	211,458	
		Totals		50,151,989	393,864	315,535	3,385,118	3,385,118	49,836,454	

Part 2 – CCA calculation (continued)

	1 Class number	Description	17 Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the year (column 14 **minus** column 16) (if negative, enter "0")	18 UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the year (column 17 **multiplied** by the relevant factor) See **note 15**	19 UCC adjustment for property acquired during the year other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8 **plus** column 9) (if negative, enter "0") See **note 16** **224**	20 CCA rate % See **note 17** **212**	21 Recapture of CCA See **note 18** **213**	22 Terminal loss See **note 19** **215**	23 CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See **note 20** **217**	24 UCC at the end of the year (column 10 **minus** column 23) **220**
1.	1					4	0	0	545,185	13,084,450
2.	1b		357,228	178,614		6	0	0	297,134	4,476,478
3.	2					6	0	0	102,891	1,611,967
4.	6					10	0	0	4,071	36,636
5.	8					20	0	0	297,174	906,938
6.	10					30	0	0	128,432	139,527
7.	12	Software	78,329			100	0	0	78,329	
8.	14	CCRA contract - 25 year				NA	0	0	20,267	318,106
9.	14	CCRA contract- 15 year				NA	0	0	32,000	176,219
10.	14.1					5	0	0	37,071	511,235
11.	17					8	0	0	4,970	57,158
12.	43.2					50	0	0	210	209
13.	45					45	0	0	3	4
14.	46	Server, Router				30	0	0	142	330
15.	47		2,738,103	1,369,052		8	0	0	2,128,523	23,108,962
16.	50					55	0	0	207,785	25,628
17.	95	Smart Meters - Not in Use				0	0	0		293,758
18.	95	Transformers - Not available for use				0	0	0		1,308,739
19.	95	Software not in use	211,458	105,729		0	0	0		211,458
		Totals	3,385,118	1,653,395					3,884,187	46,267,802

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

Note 3: If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Note 4: Include any property acquired in previous years that has now become available for use, net of any government assistance received or entitled to be received in the year from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

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

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the year for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.
Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 7: Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Part 2 – CCA calculation (continued)

Note 8: Include all amounts you have repaid during the year for any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
- an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

Include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 9: For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).
If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle.

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

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

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the tax year (total of column 12) should not exceed the lesser of:

1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:

- $1.5 million, if you are not associated with any other EPOP in the tax year
- amount from line 125, if you are associated in the tax year with one or more EPOPs
- nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the tax year with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
- the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent tax years ending in a calendar year, if you have two or more tax years ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
- any amount allocated by the minister under subsection 1104(3.4) of the Regulations

The immediate expensing limit has to be prorated if your tax year is less than 365 days. You cannot carry forward any unused amount of the immediate expensing limit.

2. UCC of the DIEP: total of column 11

You have to maintain the CCPC status throughout the relevant tax year in order to claim the immediate expensing.

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

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

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:

- 2 1/3 for property in Classes 43.1, 54, and 56
- 1 1/2 for property in Class 55
- 1 for property in Classes 43.2 and 53
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
- 0.5 for all other property that is an AIIP

Part 2 – CCA calculation (continued)

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

Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.

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

Note 19: If no property is left in the class at the end of the tax year and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1
- property in Class 14.1, unless you have ceased carrying on the business to which it relates
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met

Note 20: If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction)
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction)
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction)
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction)
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive

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

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

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

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Festival Hydro Services Inc.		86295 3726 RC0001	3					249,235
2.	Abiliti Municipal Corporation		77978 4321 RC0001	3					

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

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Post employment benefits	1,361,643		1,009,878	1,361,643	1,009,878
2	Allowance for Doubtful Accounts	178,709		171,996	178,709	171,996
3						
	Reserves from Part 2 of Schedule 13					
	Totals	1,540,352		1,181,874	1,540,352	1,181,874

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.

Ensure that the total at line A does not exceed $500,000.

Allocating the business limit

Date filed (do not use this area) . . . . **025** Year Month Day

Enter the calendar year the agreement applies to . . . . **050** Year 2022

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . **075** [ ] Yes [X] No

	1 Name of associated corporations **100**	2 Business number of associated corporations **200**	3 Association code **300**	4 Business limit for the year before the allocation $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	Festival Hydro Inc.	89957 1814 RC0002	1	500,000	100.0000	500,000
2	Festival Hydro Services Inc.	86295 3726 RC0001	1	500,000		
3	Abiliti Municipal Corporation	77978 4321 RC0001	1	500,000		
				Total	100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101	2,606,362		
Capital stock (or members' contributions if incorporated without share capital)	103	15,568,388		
Retained earnings	104	18,525,126		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	32,501,964		
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)		69,201,840	69,201,840	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)			69,201,840	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		69,201,840	

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	122,147
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	122,147

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)		69,201,840	C
Deduct: Investment allowance for the year (line 490)		122,147	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	69,079,693	

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) 69,079,693 x Taxable income earned in Canada **610** 1,000 / Taxable income 1,000 = **Taxable capital employed in Canada** **690** 69,079,693

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

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

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

Deduct the following amounts:

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

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

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

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

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

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

Part 5 – Calculation for purposes of the small business deduction

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

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

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

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

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

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Operator (Note)	Amount	
Current portion of long-term debt		16,328,464	00
Due to City	+	624,251	00
Long-term debt	+	9,812,012	00
Bank indebtedness per F/S	+	3,740,695	00
Customer deposits - current	+	1,016,175	00
Customer deposits - long-term	+	980,367	00
	Total	32,501,964	00

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

Attached Schedule with Total

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

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

Description	Operator (Note)	Amount
Employee future benefits		1,009,878 00
SWAP	-	784,886 00
Deferred tax liability	+	2,381,370 00
	+	
	Total	2,606,362 00

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

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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 City of Stratford	NR			100.000	100.000
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	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

	Line	Amount	Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3		638,599			
Total taxable dividends paid in the tax year	100	638,599			
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		
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

	Line	Amount	Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3					
Total taxable dividends paid in the tax year	200				
Total excessive eligible dividend designations in the tax year (amount A of Schedule 54)					C
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			280		
Subtotal (amount C **minus** line 280)					D
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount D **multiplied** by 20 %)			290		

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	82,853,992
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	2,965,278
Total assets (total of lines 112 to 116)		85,819,270
Total revenue of the corporation for the tax year **	142	73,163,324
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	1,371,555
Total revenue (total of lines 142 to 146)		74,534,879

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

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

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

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

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	4,381,488
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	104,400		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		104,400 ▶		104,400 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal		▶		B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	4,485,888

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

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

Note

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

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

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

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

*** Rules for net income/loss**

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

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

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

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

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

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

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

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

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) . . . . **515** ______

Deduct:

CMT loss available (amount R from Part 7) . . . . ______

Minus: Adjustment for an acquisition of control * . . . . . . **518** ______

Adjusted CMT loss available . . . . ______ ▶ ______ C

Net income subject to CMT calculation (if negative, enter "0") . . . . **520** ______

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

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

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

Gross CMT: amount on line 3 above x OAF ** . . . . **540** ______

Deduct:

Foreign tax credit for CMT purposes *** . . . . **550** ______

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . ______ D

Deduct:

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

Net CMT payable (if negative, enter "0") . . . . ______ E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

**** Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** ______ = ______

Ontario allocation factor . . . . 1.00000 F

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

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

Part 4 – Calculation of CMT credit carryforward

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

Deduct:

CMT credit expired * **600**

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

Add:

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

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

Deduct:

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

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

Add:

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

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

Subtotal ► K

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

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

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

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

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

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

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

For a corporation that is not a life insurance corporation:

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

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

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

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

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

Subtotal (if negative, enter "0") ► N

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

Deduct:

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

Subtotal (if negative, enter "0") ► O

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

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

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

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

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

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

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

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

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

Part 7 – Calculation of CMT loss carryforward

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

Deduct:

CMT loss expired * 700

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

Add:

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

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

Deduct:

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

Subtotal (if negative, enter "0") S

Add:

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

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

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

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

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

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

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

Complete this part if:

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

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

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

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

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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

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

Name of corporation	Business Number	Tax year-end Year Month Day
Festival Hydro Inc.	89957 1814 RC0002	2022-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Festival Hydro Services Inc.	86295 3726 RC0001	2,965,277	1,371,555
2	Abiliti Municipal Corporation	77978 4321 RC0001	1	0
		Total	450 2,965,278	550 1,371,555

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

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

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

*** Rules for total assets**

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

**** Rules for total revenue**

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

Attachment 6 - 4

PILs Model

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

Version 1.00

Utility Name	Festival Hydro Inc.
Assigned EB Number	EB-2024-0023
Name and Title	Alyson Conrad, Chief Financial Officer
Phone Number	519-271-4700 ext 221
Email Address	aconrad@festivalhydro.com
Date	2024-04-26
Last COS Re-based Year	**2015**

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 2025 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

No inputs required on this worksheet.

Income Tax/PILs Workform for 2025 Filers

Integrity Checks

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

	Item	Utility Confirmation (Y/N)	Notes
1	The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application	Y	
2	The capital additions and deductions in the CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y	
3	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non-distribution tax amounts on Schedule 8.	Y	Audit completion is completed at roughly the same deadline as the CoS filing deadline. Because of this, we do not have the final T2 return for 2023 to be prepared and submitted by KPMG.
4	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the CCA Schedule 8 for the same years filed in the application	Y	Audit completion is completed at roughly the same deadline as the CoS filing deadline. Because of this, we do not have the final T2 return for 2023 to be prepared and submitted by KPMG.
5	Loss carry-forwards, if any, from prior year tax returns' Schedule 4 agree with those disclosed in the application	Y	
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	N/A	
7	CCA is maximized even if there are tax loss carry-forwards	Y	
8	Other post-employment benefits and pension expenses that are added back on Schedule 1 to reconcile accounting income to net income for tax purposes agree with the OM&A analysis for compensation. The amounts deducted are reasonable when compared with the notes to the audited financial statements, Financial Services Commission of Ontario reports, and actuarial valuations.	Y	
9	The income tax rate used to calculate the tax expense is consistent with the utility's actual tax facts and evidence filed in the application	Y	

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

			Test Year	Bridge Year	
Rate Base		S	**$ 72,173,625**	**$ 70,678,889**	

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	$ 2,886,945	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$ 40,417,230	*X = S * U*	
Deemed Equity %	40.00%	V	$ 28,869,450	*Y = S * V*	
Short Term Interest Rate	6.23%	Z	$ 179,857	*AC = W * Z*	
Long Term Interest	4.75%	AA	$ 1,918,119	*AD = X * AA*	
Return on Equity (Regulatory Income)	9.21%	AB	**$ 2,658,876**	*AE = Y * AB*	T1
Return on Rate Base			**$ 4,756,852**	*AF = AC + AD + AE*	

Questions that must be answered

	Historical Year	Bridge Year	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	Yes	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?	Yes	Yes	Yes
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?			

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

Tax Rates **Federal & Provincial** **As of MMM XX, 2019**	**Effective January 1, 2018**	**Effective January 1, 2019**	**Effective January 1, 2020**	**Effective January 1, 2021**	**Effective January 1, 2022**	**Effective January 1, 2023**
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 eliminated

Ontario Energy Board

Income Tax/PILs Workform for 2025 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	$ 955,264	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					**$ 253,145**	E = A * D
Investment Tax Credits					$ 14,776	F
Miscellaneous Tax Credits					$ 6,573	G
Total Tax Credits					**$ 21,349**	H = F + G
Corporate PILs/Income Tax Provision for Historical Year					**$ 231,796**	I = E - H

Ontario Energy Board

Income Tax/PILs Workform for 2025 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)**	2,385,852		2,385,852
Additions:				
Interest and penalties on taxes	103	90,878		90,878
Amortization of tangible assets	104	2,609,205		2,609,205
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	55,150		55,150
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	5,358		5,358
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			0
Reserves from financial statements – balance at the end of the year	126	1,181,874		1,181,874
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
Inducement received (ITA 12(1)(x))	295	8,370		8,370
	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
				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**3,950,835**	**0**	**3,950,835**
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	4,096,414		4,096,414
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			0
Reserves from financial statements - balance at beginning of year	414	1,181,874		1,181,874
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		47,985		47,985
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
				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**5,326,273**	**0**	**5,326,273**
Net Income for Tax Purposes		**1,010,414**	**0**	**1,010,414**
Charitable donations from Schedule 2	311	55,150		55,150
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		**955,264**	**0**	**955,264**

Income Tax/PILs Workform for 2025 Filers

Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical			0	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 2025 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)	$ 12,561,072		$ 12,561,072
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	$ 5,172,950		$ 5,172,950
2	Distribution System (acq'd pre 1988)	$ 1,515,249		$ 1,515,249
3	Buildings (acq'd pre 1988)	$ -		$ -
6	Certain Buildings; Fences	$ 32,972		$ 32,972
8	General Office Equipment, Furniture, Fixtures	$ 873,980		$ 873,980
10	Motor Vehicles, Fleet	$ 148,783		$ 148,783
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)	$ 485,673		$ 485,673
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	$ 52,585		$ 52,585
42	Fibre Optic Cable	$ -		$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	$ -		$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	$ 105		$ 105
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	$ 2		$ 2
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ 231		$ 231
47	Distribution System (acq'd post Feb 22/05)	$ 23,992,505		$ 23,992,505
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	$ 62,393		$ 62,393
95	CWIP	$ -		$ -
14	CCRA contract - 25 year	$ 297,839		$ 297,839
14	CCRA contract - 15 year	$ 144,219		$ 144,219
95	Smart Meters - Not in Use	$ 293,758		$ 293,758
95	Transformers - Not available for use	$ 1,308,739		$ 1,308,739
95	Software not in use	$ 330,356		$ 330,356
		$ -		$ -
				$ -
				$ -
	SUB-TOTAL - UCC	47,273,412	0	47,273,412

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)			0
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	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)			
General reserve for inventory obsolescence (non-specific)			0
General reserve for bad debts	171,996		171,996
Accrued Employee Future Benefits:	0		0
- Medical and Life Insurance	0		0
-Short & Long-term Disability	0		0
-Accmulated Sick Leave	0		0
- Termination Cost	0		0
- Other Post-Employment Benefits	1,009,878		1,009,878
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	**1,181,874**	**0**	**1,181,874**

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

PILS Tax Provision - Bridge Year

	Reference	Wires Only	
Regulatory Taxable Income	B1	$ 139,991	**A**

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	11.5%	$ 16,099	11.5%	**B**
Federal (Max 15%)	15.0%	15.0%	$ 20,999	15.0%	**C**

Combined effective tax rate (Max 26.5%)	26.50%	**D = B + C**
Total Income Taxes	**$ 37,098**	**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	**$ 37,098**	**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.

Income Tax/PILs Workform for 2025 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	**(A + 101 + 102)**		1,978,027
Additions:			
Interest and penalties on taxes	103		39,990
Amortization of tangible assets	104		2,708,261
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		50,300
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		5,500
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	0
Reserves from financial statements- balance at end of year	126	B13	1,181,874
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		

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

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			
Inducement received (ITA 12(1)(x))			6,000
Total Additions			**3,991,925**
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	4,516,068
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	0
Reserves from financial statements - balance at beginning of year	414	B13	1,181,874
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 2025 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			76,869
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**5,774,811**
Net Income for Tax Purposes		calculated	**195,141**
Charitable donations	311		55,150
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	**139,991**

Ontario Energy Board

Income Tax/PILs Workform for 2025 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	0	
Other Adjustments			
Balance available for use post Bridge Year	calculated	0	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 2025 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 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)	(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 and property included in Classes 54 to 56 acquired during the year (column 14 minus column 16) (if negative, enter "0")	Relevant factor[1]	(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)	Working Paper Reference
1	Buildings, Distribution System (acq'd post 1987)	H8	$ 12,561,072								$ 12,561,072			$ -		$ 12,561,072	$ -	$ -	0.00	$ -	$ -	4%			$ 502,443	$ 12,058,629	T8
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	H8	$ 5,172,950	2,165,000	2,165,000						$ 7,337,950			$ -	2,165,000	$ 7,337,950	$ 2,165,000	$ -	0.00	$ -	$ -	6%			$ 440,277	$ 6,897,673	T8
2	Distribution System (acq'd pre 1988)	H8	$ 1,515,249								$ 1,515,249			$ -		$ 1,515,249	$ -	$ -		$ -	$ -	6%			$ 90,915	$ 1,424,334	T8
3	Buildings (acq'd pre 1988)	H8	$ -								$ -			$ -		$ -	$ -	$ -		$ -	$ -	5%			$ -	$ -	T8
6	Certain Buildings; Fences	H8	$ 32,972								$ 32,972			$ -		$ 32,972	$ -	$ -	0.00	$ -	$ -	10%			$ 3,297	$ 29,675	T8
8	General Office Equipment, Furniture, Fixtures	H8	$ 873,980	150,000	150,000						$ 1,023,980			$ -	150,000	$ 1,023,980	$ 150,000	$ -	0.00	$ -	$ -	20%			$ 204,796	$ 819,184	T8
10	Motor Vehicles, Fleet	H8	$ 148,783	450,000	450,000						$ 598,783			$ -	450,000	$ 598,783	$ 450,000	$ -	0.00	$ -	$ -	30%			$ 179,635	$ 419,148	T8
10.1	Certain Automobiles	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	30%			$ -	$ -	T8
12	Computer Application Software (Non-Systems)	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	100%			$ -	$ -	T8
13 .	Lease # 1	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -	T8
13 .	Lease # 2	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -	T8
13 .	Lease # 3	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -	T8
13 .	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	$ 485,673								$ 485,673			$ -		$ 485,673	$ -	$ -	0.00	$ -	$ -	5%			$ 24,284	$ 461,390	T8
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	H8	$ 52,585								$ 52,585			$ -		$ 52,585	$ -	$ -	0.00	$ -	$ -	8%			$ 4,207	$ 48,379	T8
42	Fibre Optic Cable	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	12%			$ -	$ -	T8
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	$ -								$ -			$ -		$ -	$ -	$ -	1.50	$ -	$ -	30%			$ -	$ -	T8
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	$ 105								$ 105			$ -		$ 105	$ -	$ -	0.50	$ -	$ -	50%			$ 52	$ 52	T8
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	H8	$ 2								$ 2			$ -		$ 2	$ -	$ -		$ -	$ -	45%			$ 1	$ 1	T8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8	$ 231								$ 231			$ -		$ 231	$ -	$ -	0.00	$ -	$ -	30%			$ 69	$ 162	T8
47	Distribution System (acq'd post Feb 22/05)	H8	$ 23,992,505	3,539,273	3,539,273						$ 27,531,778			$ -	3,539,273	$ 27,531,778	$ 3,539,273	$ -	0.00	$ -	$ -	8%			$ 2,202,542	$ 25,329,236	T8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	H8	$ 62,393	1,412,667	1,412,667						$ 1,475,060			$ -	1,412,667	$ 1,475,060	$ 1,412,667	$ -	0.00	$ -	$ -	55%			$ 811,283	$ 663,777	T8
95	CWIP	H8	$ -								$ -			$ -		$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -	$ -	T8
14	CCRA contract - 25 year	H8	$ 297,839								$ 297,839			$ -		$ 297,839	$ -	$ -		$ -	$ -				$ 20,267	$ 277,572	T8
14	CCRA contract - 15 year	H8	$ 144,219								$ 144,219			$ -		$ 144,219	$ -	$ -		$ -	$ -				$ 32,000	$ 112,219	T8
95	Smart Meters - Not in Use	H8	$ 293,758								$ 293,758			$ -		$ 293,758	$ -	$ -		$ -	$ -				$ -	$ 293,758	T8
95	Transformers - Not available for use	H8	$ 1,308,739								$ 1,308,739			$ -		$ 1,308,739	$ -	$ -		$ -	$ -				$ -	$ 1,308,739	T8
95	Software not in use	H8	$ 330,356			-330,356					$ -			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -	T8
		H8	$ -								$ -			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -	T8
		H8	$ -								$ -			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -	T8
		H8	$ -								$ -			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -	T8
	TOTALS		$ 47,273,412	$ 7,716,940	$ 7,716,940	-$ 330,356	$ -	$ -	$ -	$ -	$ 54,659,996	$ -		$ -	$ 7,716,940		$ 7,716,940	$ -		$ -	$ -		$ -	$ -	$ 4,516,068	$ 50,143,927	B1

Ontario Energy Board

Income Tax/PILs Workform for 2025 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	0		0				0	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		**0**	**0**	**0**	B1	**0**	**0**	**0**	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	171,996		171,996				171,996	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	1,009,878		1,009,878				1,009,878	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		**1,181,874**	**0**	**1,181,874**	B1	**0**	**0**	**1,181,874**	B1	**0**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

PILs Tax Provision - Test Year

									Wires Only	
Regulatory Taxable Income								T1	$ 637,098	**A**
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate						
Ontario (Max 11.5%)	11.5%	11.5%	$ 73,266	11.5%	**B**					
Federal (Max 15%)	15.0%	15.0%	$ 95,565	15.0%	**C**					
Combined effective tax rate (Max 26.5%)									26.50%	**D = B + C**
Total Income Taxes									**$ 168,831**	**E = A * D**
Investment Tax Credits										**F**
Miscellaneous Tax Credits									$ 6,573	**G**
Total Tax Credits									**$ 6,573**	**H = F + G**
Corporate PILs/Income Tax Provision for Test Year									**$ 162,258**	**I = E - H** S. Su
Corporate PILs/Income Tax Provision Gross Up [1]						73.50%	**J = 1-D**		**$ 58,501**	**K = I/J-I**
Income Tax (grossed-up)									**$ 220,759**	**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 Workform for 2025 Filers

Taxable Income - Test Year

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	2,658,876
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		3,022,529
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		50,300
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		5,500
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	0
Reserves from financial statements- balance at end of year	126	T13	1,181,874
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		
	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			
Inducement received (ITA 12(1)(x))			6,000

Total Additions			**4,266,203**
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	4,978,956
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	0
Reserves from financial statements - balance at beginning of year	414	T13	1,181,874
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			76,851
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**6,237,681**
NET INCOME FOR TAX PURPOSES		calculated	**687,398**
Charitable donations	311		50,300
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	0
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	**637,098**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2025 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	0		0
Amount to be used in Test Year and Price Cap Years	T1	0		0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	calculated	0		0
Loss Carry Forward Generated in Test Year (if any)	T1	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 2025 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	$ 12,058,629								$ 12,058,629
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	$ 6,897,673	505,000							$ 7,402,673
2	Distribution System (acq'd pre 1988)	B8	$ 1,424,334								$ 1,424,334
3	Buildings (acq'd pre 1988)	B8	$ -								$ -
6	Certain Buildings; Fences	B8	$ 29,675								$ 29,675
8	General Office Equipment, Furniture, Fixtures	B8	$ 819,184	274,600							$ 1,093,784
10	Motor Vehicles, Fleet	B8	$ 419,148	125,000							$ 544,148
10.1	Certain Automobiles	B8	$ -								$ -
12	Computer Application Software (Non-Systems)	B8	$ -								$ -
13	Lease # 1	B8	$ -								$ -
13	Lease # 2	B8	$ -								$ -
13	Lease # 3	B8	$ -								$ -
13	Lease # 4	B8	$ -								$ -
14	Limited Period Patents, Franchises, Concessions or Licences	B8	$ -								$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	$ -								$ -
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	$ 461,390								$ 461,390
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	B8	$ 48,379								$ 48,379
42	Fibre Optic Cable	B8	$ -								$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	$ -								$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	$ 52								$ 52
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	B8	$ 1								$ 1
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ 162								$ 162
47	Distribution System (acq'd post Feb 22/05)	B8	$ 25,329,236	5,630,302							$ 30,959,538
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	B8	$ 663,777	1,201,636							$ 1,865,413
95	CWIP	B8	$ -								$ -
14	CCRA contract - 25 year	B8	$ 277,572								$ 277,572
14	CCRA contract - 15 year	B8	$ 112,219								$ 112,219
95	Smart Meters - Not in Use	B8	$ 293,758								$ 293,758
95	Transformers - Not available for use	B8	$ 1,308,739								$ 1,308,739
95	Software not in use	B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
		B8	$ -								$ -
	TOTALS		$ 50,143,927	$ 7,736,538	$ -	$ -	$ -	$ -	$ -	$ -	$ 57,880,465

(1) Class	Class Description	(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 and property included in Classes 54 to 56 acquired during the year (column 14 minus column 16) (if negative, enter "0")	Relevant factor[1]	(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	Buildings, Distribution System (acq'd post 1987)			$ -		$ 12,058,629	$ -	$ -	0.00	$ -	$ -	4%			$ 482,345	#########
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]			$ 505,000	505,000	$ 7,402,673	$ -	$ 505,000	0.00	$ -	$ -	6%			$ 444,160	$6,958,513
2	Distribution System (acq'd pre 1988)			$ -		$ 1,424,334	$ -	$ -		$ -	$ -	6%			$ 85,460	$1,338,874
3	Buildings (acq'd pre 1988)			$ -		$ -	$ -	$ -		$ -	$ -	5%			$ -	$ -
6	Certain Buildings; Fences			$ -		$ 29,675	$ -	$ -	0.00	$ -	$ -	10%			$ 2,968	$ 26,708
8	General Office Equipment, Furniture, Fixtures			$ 274,600	274,600	$ 1,093,784	$ -	$ 274,600	0.00	$ -	$ -	20%			$ 218,757	$ 875,027
10	Motor Vehicles, Fleet			$ 125,000	125,000	$ 544,148	$ -	$ 125,000	0.00	$ -	$ -	30%			$ 163,244	$ 380,904
10.1	Certain Automobiles			$ -		$ -	$ -	$ -	0.00	$ -	$ -	30%			$ -	$ -
12	Computer Application Software (Non-Systems)			$ -		$ -	$ -	$ -	0.00	$ -	$ -	100%			$ -	$ -
13	Lease # 1			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
13	Lease # 2			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
13	Lease # 3			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
13	Lease # 4			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
14	Limited Period Patents, Franchises, Concessions or Licences			$ -		$ -	$ -	$ -	0.00	$ -	$ -	NA			$ -	$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)			$ -		$ -	$ -	$ -		$ -	$ -	7%			$ -	$ -
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)			$ -		$ 461,390	$ -	$ -	0.00	$ -	$ -	5%			$ 23,069	$ 438,320
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage			$ -		$ 48,379	$ -	$ -	0.00	$ -	$ -	8%			$ 3,870	$ 44,508
42	Fibre Optic Cable			$ -		$ -	$ -	$ -	0.00	$ -	$ -	12%			$ -	$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment			$ -		$ -	$ -	$ -	1.50	$ -	$ -	30%			$ -	$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment			$ -		$ 52	$ -	$ -	0.50	$ -	$ -	50%			$ 26	$ 26
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)			$ -		$ 1	$ -	$ -		$ -	$ -	45%			$ 1	$ 1
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -		$ 162	$ -	$ -	0.00	$ -	$ -	30%			$ 49	$ 113
47	Distribution System (acq'd post Feb 22/05)			$ 5,630,302	5,808,314	$ 30,959,538	$ 178,012	$ 5,630,302	0.00	$ -	$ -	8%			$ 2,476,763	#########
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)			$ 1,201,636	1,201,636	$ 1,865,413	$ -	$ 1,201,636	0.00	$ -	$ -	55%			$ 1,025,977	$ 839,436
95	CWIP			$ -		$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -	$ -
14	CCRA contract - 25 year			$ -		$ 277,572	$ -	$ -		$ -	$ -				$ 20,267	$ 257,305
14	CCRA contract - 15 year			$ -		$ 112,219	$ -	$ -		$ -	$ -				$ 32,000	$ 80,219
95	Smart Meters - Not in Use			$ -		$ 293,758	$ -	$ -		$ -	$ -				$ -	$ 293,758
95	Transformers - Not available for use			$ -		$ 1,308,739	$ -	$ -		$ -	$ -				$ -	$1,308,739
95	Software not in use			$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
				$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
				$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
				$ -		$ -	$ -	$ -		$ -	$ -				$ -	$ -
	TOTALS	$ -	$ -	$ 7,736,538	$ 7,914,550	$ 57,880,465	$ 178,012	$ 7,736,538		$ -	$ -		$ -	$ -	$ 4,978,956	T1

Ontario Energy Board

Income Tax/PILs Workform for 2025 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Test Year	Adjusted Utility Balance		Test Year Adjustments: Additions	Test Year Adjustments: Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0		0				0		0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0				0		0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0		0	
General reserve for bad debts	B13	171,996		171,996				171,996		0	
Accrued Employee Future Benefits:	B13	0		0				0		0	
- Medical and Life Insurance	B13	0		0				0		0	
-Short & Long-term Disability	B13	0		0				0		0	
-Accmulated Sick Leave	B13	0		0				0		0	
- Termination Cost	B13	0		0				0		0	
- Other Post-Employment Benefits	B13	1,009,878		1,009,878				1,009,878		0	
Provision for Environmental Costs	B13	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0		0	
Accrued Self-Insurance Costs	B13	0		0				0		0	
Other Contingent Liabilities	B13	0		0				0		0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0		0	
Other	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**1,181,874**	**0**	**1,181,874**	T1	**0**	**0**	**1,181,874**	T1	**0**	**0**