



**London
Hydro**

**EXHIBIT 6 – REVENUE REQUIREMENT AND
REVENUE DEFICIENCY OR SUFFICIENCY**

EXHIBIT 6 – REVENUE REQUIREMENT AND REVENUE DEFICIENCY OR SUFFICIENCY

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6.1 REVENUE DEFICIENCY

6.1.1 Overview

London Hydro is requesting to recover \$119,728,134 in overall revenue requirement for the 2027 Test Year. This includes \$109,732,279 to be recovered from ratepayers against an Other Revenue offset of \$9,995,855. At the current 2026 rates (effective May 1, 2026), London Hydro is forecasting to recover \$92,554,449 from consumers. As a result, London Hydro is forecasting a 2027 revenue deficiency of \$17,177,830 or an overall distribution rate increase of 18.56%.

The following information in this exhibit supports and summarizes how London Hydro has determined these amounts. The requested rate increase will allow London Hydro to:

- Support its capital and operating budgets for 2027 as described in Exhibits 2 and 4;
- Continue to provide a safe, reliable and affordable supply of electricity to customers;
- Allow London Hydro to earn a fair return on its invested capital in a manner consistent with the Ontario Energy Board's Cost of Capital Decision and Order (EB-2024-0063);
- Meet its Payments in Lieu of Taxes ("PILS") liabilities as described in Section 6.2 of this exhibit.

London Hydro has provided detailed calculations supporting its 2027 revenue requirement in the Revenue Requirement Work Form (RRWF), which accompanies this Exhibit as Appendix 6-1. It has been populated with data that corresponds to other Exhibits within this Application.

As required by the Chapter 2 Filing Requirements, London Hydro has included the following information in this Exhibit, excluding energy and unregulated costs and revenues:

- Determination of Net Income: See Section 6.1.3
- Statement of Rate Base: See Section 6.1.4
- Actual Return on Rate Base: See Section 6.1.5, which includes
 - Indicated Rate of Return
 - Requested Rate of Return
- Deficiency in Revenue: See Section 6.1.6 and 6.1.7
- Gross Deficiency in Revenue: See 6.1.6 and 6.1.7

6.1.2 Calculation of Revenue Requirement

London Hydro's Revenue Requirement is comprised of the following components:

- Operations, Maintenance and Administrative Expenses;
- Amortization/Depreciation Expense;
- Property Taxes;
- PILs; and
- Return on Rate Base (Debt Interest & Return on Equity)

Addition details on PILs has been provided in Section 6.2.

London Hydro derives its service revenue requirement through: i) distribution rates charged to its customers and ii) other revenues. Other revenues are comprised of: OEB approved specific service charges; late payment charges; and other miscellaneous sources. These other revenues, described in detail in Section 6.3 are treated as offsets against London Hydro's service revenue requirement, the net

amount of which represents the base revenue requirement upon which class-specific distribution rates are calculated.

6.1.3 Determination of Net Income

London Hydro has determined its allowable 2027 Net Income as \$18,038,463 as shown in Table 6-1 below. For more information, see Tab 5 of the RRWF.

Table 6-1: Net Income

Net Income	
Description	2027 Test Year
Distribution Revenue	\$ 109,732,279
Other Revenue	\$ 9,995,855
Total Revenue	\$ 119,728,134
OM&A	\$ 67,069,900
Depreciation	\$ 24,279,000
Property Taxes	\$ 1,306,200
Deemed Interest	\$ 8,439,070
Total Expenses	\$ 101,094,170
Net Income Before Taxes	\$ 18,633,964
Income Taxes	\$ 595,501
Net Income	\$ 18,038,463

6.1.4 Statement of Rate Base

Table 6-2 below shows the calculation of London Hydro's Rate Base for the 2027 Test Year. The support for these values can be found in Exhibit 2.

Table 6-2: Statement of Rate Base

Rate Base	
Description	2027 Test Year
Net Fixed Assets (Average)	\$ 457,989,659
Working Capital Allowance	\$ 37,028,535
Rate Base	\$ 495,018,195

6.1.5 Actual Return on Rate Base

The derivation of London Hydro's 2027 Test Year rate of return using existing rates and required rates is shown in Table 6-3 below. See Exhibit 5 for more information.

Table 6-3: Return on Rate Base for Existing and Required Rates

Return on Rate Base for Existing and Required Rates		
Description	2027 Test Year Existing Rates	2027 Test Year Required Rates
Rate Base	\$ 495,018,195	\$ 495,018,195
Return on Debt (Weighted)	2.84%	2.84%
Interest Expense	\$ 8,439,070	\$ 8,439,070
Return on Equity	1.09%	9.11%
Net Income	\$ 2,165,434	\$ 18,038,463
Return on Rate Base	\$ 10,604,504	\$ 26,477,533
Return on Rate Base	2.14%	5.35%

London Hydro's 2027 Return on Rate Base without a rate increase is \$10,604,504 or 2.14% as presented in Table 6-3 above. Table 6-3 further shows that with the distribution rate increase for 2027, as proposed in this Application, London Hydro's Return on Rate Base would be \$26,477,533 or 5.35%.

6.1.6 Revenue Deficiency

There have been no changes in methodologies in calculating revenue deficiency since London Hydro's last Cost of Service application (EB-2021-0041). No modifications have been made to the OEB's RRWF. The details of London Hydro's 2027 revenue deficiency are provided in Table 6-4. Further details on the capital structure and capital parameters can be found in Exhibit 5.

Table 6-4: 2027 Revenue Deficiency

2027 Revenue Deficiency		
Description	2027 Test Year Existing Rates	2027 Test Year Required Rates
Revenue		
Revenue Deficiency		\$ 17,177,830
Distribution Revenue	\$ 92,554,449	\$ 92,554,449
Other Operating Revenue Offsets	\$ 9,995,855	\$ 9,995,855
Total Revenue	\$ 102,550,304	\$ 119,728,134
Costs & Expenses		
Operating Expenses	\$ 92,655,100	\$ 92,655,100
Deemed Interest Expense	\$ 8,439,070	\$ 8,439,070
Total Costs & Expenses	\$ 101,094,170	\$ 101,094,170
Income Before Income Taxes	\$ 1,456,134	\$ 18,633,964
Income Taxes		
Tax Adjustments to Accounting Income	-\$ 13,710,188	-\$ 13,710,188
Taxable Income	-\$ 12,254,054	\$ 4,923,776
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income		\$ 1,304,801
Income Tax Credits	-\$ 709,300	-\$ 709,300
Net Income	\$ 2,165,434	\$ 18,038,463
Return on Rate Base		
Rate Base	\$ 495,018,195	\$ 495,018,195
Deemed Equity Portion of Rate Base	\$ 198,007,278	\$ 198,007,278
Income/Equity Portion of Rate Base	1.09%	9.11%
Target Return - Equity on Rate Base	9.11%	9.11%
Deficiency/(Sufficiency) in Rate of Return	-8.02%	0.00%
Indicated Rate of Return	2.14%	5.35%
Requested Rate of Return on Rate Base	5.35%	5.35%
Deficiency/(Sufficiency) in Rate of Return	-3.21%	0.00%
Target Return on Equity	\$ 18,038,463	\$ 18,038,463
Revenue Deficiency/(Sufficiency)	\$ 15,873,029	\$ -
Gross Revenue Deficiency/(Sufficiency)	\$ 21,595,958	\$ -

6.1.7 Cost Drivers of Revenue Deficiency By Revenue Requirement Component

Table 6-5 below summaries the changes in London Hydro's Revenue Requirement from 2022 OEB approved to the 2027 Test Year.

Table 6-5: Revenue Requirement Comparison

Revenue Requirement Comparison					
Description	2022 OEB Approved	2027 Proposed Test Year	Total Change		
			2022 Budget to 2027 Test	Change	CAGR
Rate Base					
Average Net Fixed Assets	\$ 351,778,123	\$ 457,989,659	\$ 106,211,536	30.2%	5.4%
Cost of Power	\$ 327,514,989	\$ 425,948,506	\$ 98,433,517	30.1%	5.4%
Working Capital Allowance	\$ 27,784,109	\$ 37,028,535	\$ 9,244,426	33.3%	5.9%
Rate Base	\$ 379,562,232	\$ 495,018,195	\$ 115,455,963	30.4%	5.5%
Cost of Capital					
Return on Equity	\$ 13,148,036	\$ 18,038,463	\$ 4,890,427	37.2%	6.5%
Interest (Deemed)	\$ 5,066,397	\$ 8,439,070	\$ 3,372,673	66.6%	10.7%
Cost of Capital	\$ 18,214,433	\$ 26,477,533	\$ 8,263,100	45.4%	7.8%
Operating Expenses					
Amortization/Depreciation	\$ 21,525,800	\$ 24,279,000	\$ 2,753,200	12.8%	2.4%
OM&A Expenses	\$ 42,793,800	\$ 67,069,900	\$ 24,276,100	56.7%	9.4%
PILs (Grossed-up)	\$ 395,260	\$ 595,501	\$ 200,241	50.7%	8.5%
Property Taxes	\$ 609,200	\$ 1,306,200	\$ 697,000	114.4%	16.5%
Operating Expenses	\$ 65,324,060	\$ 93,250,601	\$ 27,926,541	42.8%	7.4%
Base Revenue Requirement					
Service Revenue Requirement	\$ 83,538,493	\$ 119,728,134	\$ 36,189,641	43.3%	7.5%
Other Revenues	-\$ 6,649,048	-\$ 9,995,855	-\$ 3,346,807	50.3%	8.5%
Base Revenue Requirement	\$ 76,889,445	\$ 109,732,279	\$ 32,842,834	42.7%	7.4%
Revenue Requirement from Distribution Rates	\$ 76,889,445	\$ 109,732,279	\$ 32,842,834	42.7%	7.4%
Revenue at Current Rates	\$ 76,889,445	\$ 92,554,449	\$ 15,665,004	20.4%	3.8%
Revenue Deficiency	\$ -	\$ 17,177,830	\$ 17,177,830		
Requested Rate Increase %		18.56%			

1 London Hydro is requesting an approval of \$106.2M more in Average Net Fixed Assets compared to
2 the 2022 approved amount. London Hydro notes that it consistently invests more in annual capital
3 expenditures over what is accounted for and requested in annual depreciation. Details on Fixed Assets
4 can be found in Exhibit 2.

5 London Hydro will continue to use the working capital factor of 7.50 % as accepted in the 2017 and
6 2022 COS applications, resulting in a \$9.2M increase in Working Capital.

7 Accordingly, London Hydro's requested Rate Base increase is a net \$115.5M higher than 2022.

8 Return on Equity has increased by \$4.9M, which is driven primarily by the increase in Assets. Due to
9 an increase in debt and higher negotiated interest rates we are requesting a recovery of \$3.4M more in
10 interest expenses. Details on capitalization can be found in Exhibit 5.

11 Depreciation has increased by \$2.8M reflecting the growth in the value of gross fixed assets between
12 2022 OEB Approved and the proposed 2027 Test Year. Details on depreciation can be found in Exhibit
13 2.

14 OM&A is up \$24.3M. The increase is primarily related to inflation, increased labour costs, customer
15 growth, managing risk, preparing for rising electricity demand, and more frequent and severe weather
16 events. Details on OM&A can be found in Exhibit 4.

17 Grossed up PILs (Income Taxes) are up \$0.2M, the increase is primarily the result of increased income.
18 Details on PILs can found in Section 6.2.

19 Property tax has increased by \$0.7M primarily due to increased property tax rates within the City of
20 London as well as the addition of land for a new transformer station.

21 Miscellaneous Revenue Offsets have increased \$3.3M. The resulting increase in this area is a benefit
22 to our customers as it allows London Hydro to lower its revenue requirement from rate payers. Details
23 on Miscellaneous Revenue Offsets can be found in Section 6.3.

1 London Hydro is requesting a base revenue requirement increase of \$32.8M. This is offset by a \$15.7M
2 increase in projected distribution revenues at existing distribution rates. Consequently, London Hydro
3 is requesting a distribution rate increase to eliminate the \$17.2M revenue deficiency.

4 This equates to a 18.56% requested distribution rate increase or a \$6.01 per month increase to the
5 average residential customer's bill, 4.44% on the total bill.

6

6.1.8 Revenue Requirement Workform ("RRWF")

London Hydro has completed the Revenue Requirement Workform ("RRWF"). It has been provided as Appendix 6-1 to this Exhibit. The RRWF has been reconciled to the rest of this Exhibit and other Exhibits in this Application.

The following analysis of forecast revenues has been provided:

- Table 6-6 is a forecast of the 2026 Bridge Year revenue at existing rates
- Table 6-7 is a forecast of the 2027 Test Year revenue at existing rates
- Table 6-8 is a forecast of the 2027 Test Year revenue at proposed rates

Table 6-6: 2026 Bridge Year Revenue at Existing Rates

2026 Revenue Forecast @ Existing Rates								
Rate Class	Fixed Revenue			Volumetric Revenue			Total Revenue	
	Customers/ Connections	Fixed Rate	Fixed Revenue	kWh/kW	Volumetric Rate	Revenue	Total Revenue	Total Revenue Excluding Transformer Allowance
Residential	154,970	\$ 31.69	\$ 58,931,992		\$ -	\$ -	\$ 58,931,992	\$ 58,931,992
General Service Less Than 50 kW	13,632	\$ 36.29	\$ 5,936,463	414,457,158	\$ 0.0156	\$ 6,465,532	\$ 12,401,995	\$ 12,401,995
General Service 50 to 4,999 kW	1,519	\$ 177.28	\$ 3,231,460	3,651,494	\$ 3.7344	\$ 13,636,139	\$ 16,867,599	\$ 16,254,148
General Service 1,000 to 4,999 kW (co-generation)	7	\$ 1,041.60	\$ 87,494	68,138	\$ 2.5001	\$ 170,352	\$ 257,846	\$ 221,119
Standby Power	-	\$ -	\$ -	196,800	\$ 4.0523	\$ 797,493	\$ 797,493	\$ 683,013
Large Use	2	\$ 22,851.07	\$ 548,426	302,941	\$ 3.1541	\$ 955,506	\$ 1,503,932	\$ 1,503,932
Street Lightning	41,020	\$ 2.01	\$ 989,402	49,535	\$ 12.0458	\$ 596,689	\$ 1,586,091	\$ 1,586,091
Sentinel Lighting	473	\$ 5.66	\$ 32,126	1,353	\$ 22.1222	\$ 29,931	\$ 62,057	\$ 62,057
Unmetered Scattered Load	1,578	\$ 2.83	\$ 53,589	5,438,761	\$ 0.0298	\$ 162,075	\$ 215,664	\$ 215,664
Total	213,201		\$ 69,810,952			\$ 22,813,717	\$ 92,624,669	\$ 91,860,010

Table 6-7: 2027 Test Year Revenue at Existing Rates

2027 Revenue Forecast @ Existing Rates								
Rate Class	Fixed Revenue			Volumetric Revenue			Total Revenue	
	Customers/ Connections	Fixed Rate	Fixed Revenue	kWh/kW	Volumetric Rate	Revenue	Total Revenue	Total Revenue Excluding Transformer Allowance
Residential	156,277	\$ 31.69	\$ 59,429,019		\$ -	\$ -	\$ 59,429,019	\$ 59,429,019
General Service Less Than 50 kW	13,764	\$ 36.29	\$ 5,993,947	419,590,049	\$ 0.0156	\$ 6,545,605	\$ 12,539,551	\$ 12,539,551
General Service 50 to 4,999 kW	1,519	\$ 177.28	\$ 3,231,460	3,658,332	\$ 3.7344	\$ 13,661,675	\$ 16,893,135	\$ 16,278,535
General Service 1,000 to 4,999 kW (co-generation)	7	\$ 1,041.60	\$ 87,494	67,532	\$ 2.5001	\$ 168,837	\$ 256,331	\$ 219,930
Standby Power	-	\$ -	\$ -	196,800	\$ 4.0523	\$ 797,493	\$ 797,493	\$ 683,013
Large Use	2	\$ 22,851.07	\$ 548,426	308,313	\$ 3.1541	\$ 972,450	\$ 1,520,876	\$ 1,520,876
Street Lightning	41,543	\$ 2.01	\$ 1,002,017	50,167	\$ 12.0458	\$ 604,302	\$ 1,606,319	\$ 1,606,319
Sentinel Lighting	466	\$ 5.66	\$ 31,651	1,334	\$ 22.1222	\$ 29,511	\$ 61,162	\$ 61,162
Unmetered Scattered Load	1,585	\$ 2.83	\$ 53,827	5,443,581	\$ 0.0298	\$ 162,219	\$ 216,045	\$ 216,045
Total	215,163		\$ 70,377,840			\$ 22,942,091	\$ 93,319,930	\$ 92,554,449

Table 6-8: 2027 Test Year Revenue at Proposed Rates

2027 Revenue Forecast @ Proposed Rates								
Rate Class	Fixed Revenue			Volumetric Revenue			Total Revenue	
	Customers/ Connections	Fixed Rate	Fixed Revenue	kWh/kW	Volumetric Rate	Revenue	Total Revenue	Total Revenue Excluding Transformer Allowance
Residential	156,277	\$ 37.57	\$ 70,455,923		\$ -	\$ -	\$ 70,455,923	\$ 70,455,923
General Service Less Than 50 kW	13,764	\$ 39.17	\$ 6,469,631	419,590,049	\$ 0.0168	\$ 7,049,113	\$ 13,518,743	\$ 13,518,743
General Service 50 to 4,999 kW	1,519	\$ 230.37	\$ 4,199,184	3,658,332	\$ 4.7883	\$ 17,517,191	\$ 21,716,375	\$ 21,101,775
General Service 1,000 to 4,999 kW (co-generation)	7	\$ 1,235.45	\$ 103,778	67,532	\$ 2.8634	\$ 193,371	\$ 297,149	\$ 260,748
Standby Power	-	\$ -	\$ -	196,800	\$ 4.6964	\$ 924,252	\$ 924,252	\$ 809,772
Large Use	2	\$ 27,122.32	\$ 650,936	308,313	\$ 3.7371	\$ 1,152,197	\$ 1,803,132	\$ 1,803,132
Street Lightning	41,543	\$ 1.77	\$ 882,373	50,167	\$ 10.6050	\$ 532,021	\$ 1,414,394	\$ 1,414,394
Sentinel Lighting	466	\$ 6.70	\$ 37,466	1,334	\$ 26.2547	\$ 35,024	\$ 72,490	\$ 72,490
Unmetered Scattered Load	1,585	\$ 3.62	\$ 68,852	5,443,581	\$ 0.0381	\$ 207,400	\$ 276,253	\$ 276,253
Total	215,163		\$ 82,868,143			\$ 27,610,568	\$ 110,478,712	\$ 109,713,231

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

6.2.1 Income Taxes

As a wholly-owned subsidiary of the Corporation of the City of London, London Hydro is exempt from income taxes under the Income Tax Act (Canada). Pursuant to Section 93 of the Electricity Act, 1998, as amended, London Hydro is required to make payments in lieu of taxes (“PILs”) to the Ontario Electricity Financial Corporation. The amount of PILs payable is equivalent to the income taxes that would be paid if London Hydro was a taxable corporation under the Income Tax Act (Canada).

Table 6-9 below provides a summary of income taxes, together with the gross-up amount necessary for revenue requirement calculations, from 2022 Actual results through to amounts forecasted to the proposed 2027 Test Year.

Table 6-9: Summary of Income Taxes 2022 to 2027

Summary of Income Taxes 2022 to 2027							
	2022 Board Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge Year	2027 Test Year
Income tax rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Income taxes - current	290,516	107,545	672,945	1,761,830	247,775	(1,734,378)	437,693
Gross-up	104,744	38,775	242,627	635,218	89,334	(625,320)	157,808
Total PILs	395,260	146,320	915,572	2,397,047	337,108	(2,359,698)	595,501

1 The projected taxable loss for the 2026 Bridge Year will be carried back to the 2023 taxation year to
2 recover taxes previously paid.

3 A Detailed Tax Calculation schedule is provided in Table 6-10 below supporting income tax amounts
4 displayed in Table 6-9 above. This schedule calculates and compares income tax expense for each
5 year and excludes non-utility income and expenses, removing non-utility activity from PILs that are
6 required through rates. Utility net income listed for the 2022 OEB Approved and proposed 2027 Test
7 Year represents deemed return on equity, which equates to deemed net income for rate making
8 purposes.

1 ***Accelerated Investment Incentive***

2 The Government of Canada introduced the Accelerated Investment Incentive (“AII”) program through
3 Bill C-97 effective November 21, 2018. This new incentive allowed businesses in Canada to deduct the
4 cost of their capital investments more quickly by suspending the half-year rule and then applying the
5 prescribed CCA rate for a class to one-and-a-half times the additions for the year. This meant that
6 additions were eligible for three times the tax deduction in the year of acquisition than they otherwise
7 would be.

8 The Accelerated Investment Incentive is available for eligible property that is acquired and becomes
9 available for use before 2028. However, this is subject to a phase-out for property that becomes
10 available for use after 2023. Specifically, CCA rates reverted back to the prescribed percentages in
11 2024, however, the half-year rule remains suspended for the years 2024 through to 2027. Additions
12 during this period are eligible for two times the tax deduction in the year of acquisition than they
13 otherwise would be.

14 Subsequently, on November 18, 2025, the Canadian federal government tabled Bill C-15 which
15 included measures to further stimulate capital investments by re-accelerating CCA rates effective
16 January 1, 2025 to December 2029 and extending the half-year rule suspension to December 2033.

17 Further, the Government of Canada introduced the temporary immediate expensing of certain property
18 acquired on or after April 29, 2021 and that became available for use before January 2024 up to a
19 maximum amount of \$1.5 million per taxation year. This new incentive was passed into legislation in
20 June of 2022, subsequent to the filing of London Hydro’s last Cost of Service in August 2021.

21 Income tax expenses in Table 6-10 above include the impact of CCA changes as a result of the
22 Accelerated Investment Incentive programs. London Hydro confirms that it has not used a smoothing
23 mechanism in the 2022 or 2027 Cost of Service Rate Application.

The OEB issued accounting direction regarding the differences between the payments-in-lieu of income tax (PILs) recovered through rates and these legislative changes in its letter of July 25, 2019, which instructs LDC's to share 100% of tax savings amounts with customers by recording the savings in a new sub-account of Uniform System of Accounts No. 1592 – PILs and Tax Variances titled "CCA changes". Changes and amounts trued up with customers are as follows:

Table 6-11: Summary of CCA Changes Trued Up with Customers

SUMMARY OF ENACTED CCA CHANGES TRUED-UP WITH CUSTOMERS									
Incentive	Effective	Enacted	2021 Bridge	2022 Test	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
Change in CCA Rates	Nov 2018-Dec 2023	2018							
1/2 year rule suspension	Nov 2018-Dec 2033	2018/2026							
\$1.5M immediate expense	Apr 2021-Dec 2023	2022	***	***					
Increased CCA Rates	Jan 2025-Dec 2029	2026							

Years where CCA rates differ from approved rate design

***The 2022 Cost of Services Rate Application filed in August 2021 did not include the \$1.5M immediate expense since this new incentive was not enacted until June 2022

Table 6-12: Summary of Tax Net Savings Due to Customers

CCA Changes Tax Impact Due (to)from Customers					
Taxation period	CCA excluding AIIP and Immediate Expense	CCA including AIIP and Immediate Expense	CCA Variance	Income Tax @ 26.5%	Grossed Up / 73.5%
	\$	\$	\$	\$	\$
Jan 1 to Dec 31, 2018 (effective Nov 1, 2018)	22,267,776	23,438,737	(1,170,961)	(310,305)	(422,183)
Jan 1 to Dec 31, 2019	23,983,163	28,548,208	(4,565,045)	(1,209,737)	(1,645,901)
Jan 1 to Dec 31, 2020	24,658,604	27,297,536	(2,638,932)	(699,317)	(951,452)
Approved in 2022 Rate Application	70,909,543	79,284,481	(8,374,938)	(2,219,359)	(3,019,536)
Transfer approved balance May 1, 2022					3,019,536
Jan 1 to Dec 31, 2021	24,727,785	26,840,814	(2,113,029)	(559,953)	(761,840)
Jan 1 to Dec 31, 2022	27,452,500	28,387,461	(934,961)	(247,765)	(337,095)
Jan 1 to Dec 31, 2023	27,374,129	28,074,304	(700,175)	(185,546)	(252,444)
Jan 1 to Dec 31, 2024	27,239,395	25,096,966	2,142,429	567,744	772,440
Jan 1 to Dec 31, 2025	29,142,741	29,272,643	(129,902)	(34,424)	(46,836)
Changes in CCA 2021 to 2025					(625,775)

Reconciliation of Regulatory Taxable Income

A reconciliation between actual taxable income as reported in annual corporate income tax returns as filed with the Ministry of Finance in comparison to regulatory taxable income for the taxation years from 2022 to 2025 is provided below:

Table 6-13: Reconciliation of Regulatory Taxable Income 2022 to 2025

Reconciliation of Regulatory Taxable Income for 2022 to 2025				
	2022 <u>Actual</u>	2023 <u>Actual</u>	2024 <u>Actual</u>	2025 <u>Actual</u>
Taxable income as filed with Ministry of Finance	2,529,093	6,040,776	10,499,885	3,717,521
Remove non-distribution activities:				
Renewable generation and electric vehicle activities:				
Revenues	(336,292)	(330,013)	(336,613)	(333,561)
Operating expenditures	76,979	68,663	46,318	63,688
CCA	9,212	6,272	53,306	42,187
	(250,101)	(255,078)	(236,989)	(227,686)
Non-utility donations	5,000	5,560	5,100	5,100
	(245,101)	(249,518)	(231,889)	(222,586)
Regulatory taxable income	2,283,992	5,791,258	10,267,996	3,494,935

Income Tax Credits

A summary of income tax credits for 2022 to 2025 taxation years, as well as projected amounts for the 2026 Bridge Year and proposed 2027 Test Year are provided below. These income tax credits are deducted in the calculation of current taxes payable and are associated with Scientific Research and Experimental Development ("SR&ED"), Ontario Business Research, Federal Apprenticeship Job Creation and Co-operative Education tax credits.

Table 6-14: Summary of Tax Credits 2022 to 2027

Summary of Tax Credits						
	2022 <u>Actual</u>	2023 <u>Actual</u>	2024 <u>Actual</u>	2025 <u>Actual</u>	2026 <u>Bridge Year</u>	2027 <u>Test Year</u>
Investment tax credits						
SR&ED	509,832	792,819	939,189	652,383	683,300	683,300
Ontario business research	-	2,800				
	509,832	795,619	939,189	652,383	683,300	683,300
Job creation tax credits						
Eligible apprentice	-	2,000	2,000	2,000	2,000	2,000
Eligible apprentice	-	2,000	-	2,000	2,000	2,000
Eligible apprentice	-	2,000	-	2,000	2,000	2,000
Eligible apprentice	-	-	-	2,000	2,000	2,000
Eligible apprentice	-	-	-	-	-	-
	-	6,000	2,000	8,000	8,000	8,000
Co-operative education						
Eligible student	3,000	3,000	3,000	3,000	3,000	3,000
Eligible student	3,000	3,000	3,000	3,000	3,000	3,000
Eligible student	3,000	3,000	3,000	3,000	3,000	3,000
Eligible student	3,000	3,000	3,000	3,000	3,000	3,000
Eligible student	3,000	3,000	3,000	3,000	3,000	3,000
Eligible student	3,000	3,000	3,000	3,000	3,000	3,000
Eligible student	-	3,000	-	-	-	-
Eligible student	-	3,000	-	-	-	-
Eligible student	-	3,000	-	-	-	-
Eligible student	-	3,000	-	-	-	-
	18,000	30,000	18,000	18,000	18,000	18,000
	527,832	831,619	959,189	678,383	709,300	709,300

1 *SR&ED investment tax credits*

2 Scientific Research and Experimental Development (“SR&ED”) Investment Tax Credits have been
3 forecasted in the amount of \$683,300 for each of the 2026 Bridge Year and 2027 proposed Test Year.
4 The 2026 and 2027 SR&ED budgets are based on the seven-year average of actual amounts for 2019
5 to 2025.

6 **Table 6-15: SR&ED Income Tax Credits**

SR&ED Income Tax Credits	
<u>Year</u>	<u>Credit</u>
2019	569,477
2020	683,801
2021	635,392
2022	509,832
2023	792,819
2024	939,189
2025	652,383
Average	683,300

7 *Average SR&ED Investment Tax Credits*

8 *SR&ED Expenditures Reclass from CCA Pool*

9 Expenditures such as labour and contractor services used in the calculation of the SR&ED claim are
10 removed from Capital Cost Allowance additions and deducted as an expense for the current year, for
11 income tax purposes only. This adjustment has been forecasted at \$1,430,000 for both the 2026 Bridge
12 Year and 2027 proposed Test Year based on actual amounts deducted for the four years from 2022 to
13 2025.

1 *Capital Cost Allowance – CCA*

2 Details with respect to capital cost allowance, as displayed in the Detailed Tax Calculation schedule,
3 have been provided in Excel format under Appendix 6-2. London Hydro has claimed the maximum CCA
4 deduction available for the proposed 2027 Test Year.

5 *Financial Statements included with Tax Return*

6 The financial statements included with London Hydro's 2025 income tax return are the same as those
7 filed with this Cost of Service Rate Application as an Appendix to Exhibit 1.

8 *Non-Recoverable and Disallowed Expenses*

9 London Hydro confirms that non-recoverable and disallowed expenses have been excluded from the
10 regulatory tax calculation.

11 *Tax Treatment of Dividends*

12 London Hydro pays dividends to its sole shareholder, the Corporation of the City of London. These
13 dividends are paid from after-tax retained earnings and are, therefore, not treated as a deduction for
14 income tax purposes. In addition, there is no refundable dividend tax balance on hand.

Integrity Checks

Table 6-16: Depreciation and Amortization

Depreciation Integrity	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge Year	2027 Test Year
Total depreciation per Table 4-1	21,497,024	22,692,008	22,712,395	22,068,898	22,779,000	24,279,000
Depreciation through ACM deferral accounts	1,791,490	-	-	-	-	-
Vehicle depreciation through OM&A	1,107,071	1,240,512	1,281,602	1,328,702	1,389,000	1,527,000
Contributed capital amortization	(937,672)	(1,070,808)	(1,245,125)	(1,401,091)	(1,546,000)	(1,672,000)
	23,457,913	22,861,712	22,748,873	21,996,508	22,622,000	24,134,000
Per detailed tax calculation	23,457,913	22,861,712	22,748,873	21,996,508	22,622,000	24,134,000
	-	-	-	-	-	-

The detailed tax calculation depreciation amount includes vehicle depreciation which has been allocated to OM&A, capital and billable activities as well as the amortization of capital contributions treated as a revenue offset in this Application.

Table 6-17: Capital additions / CCA

Capital additions / CCA	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge Year	2027 Test Year
Total fixed asset additions	38,175,039	33,796,165	41,079,359	46,214,490	51,362,100	61,632,900
Legal fees to class 14.1	44,391	14,631	45,100	31,909		
Nelson Tx reversal to proceeds		43,587				
Property under finance lease				(4,620,865)		
	38,219,430	33,854,383	41,124,459	41,625,534	51,362,100	61,632,900
Additions per CCA Schedule	38,219,430	33,854,383	41,124,459	41,625,534	51,362,100	61,632,900
	-	-	-	-	-	-

Please note that amounts included in the "Adjustment" column of the CCA schedules (Appendix 6-2) represent,

- SR&ED expenditures reclassification
- Facilities restorations
- Increase or decrease adjustment for transformers and meters on hand and not in use

Opening UCC balance

London Hydro confirms that the ending UCC balance in Schedule 8 of the 2025 income tax filing is \$296,496,716 and agrees to the opening UCC balance for the 2026 Bridge Year.

CCA deduction

London Hydro confirms that the CCA deduction in the PILs tax model for historical, Bridge and Test years agree with amounts listed in the CCA schedules included in Appendix 6-2 as follows:

Table 6-18: CCA Deduction

Capital Cost Allowance	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge Year	2027 Test Year
Per detailed tax calculations	28,387,461	28,074,304	25,096,966	29,272,643	32,099,238	36,250,588
CCA per due to from customers schedules	28,387,461	28,074,304	25,096,966	29,272,643	32,099,238	36,250,588
	-	-	-	-	-	-

OPEB and pension amounts

Table 6-19: OPEB and Pension Amounts

OPEB (non deductible company pension plans)	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge Year	2027 Test Year
OPEB liability, beginning of year	(15,008,000)	(9,855,200)	(9,188,300)	(7,052,600)	(6,604,700)	(6,354,700)
OPEB liability, end of year	9,855,200	9,188,300	7,052,600	6,604,700	6,354,700	6,174,700
	(5,152,800)	(666,900)	(2,135,700)	(447,900)	(250,000)	(180,000)
Actuarial gain / loss through OCI	5,187,800	457,800	1,860,400	4,100	-	-
	35,000	(209,100)	(275,300)	(443,800)	(250,000)	(180,000)
Non deductible pensions per Schedule 1	35,000	(209,100)	(275,300)	(443,800)	(250,000)	(180,000)
	-	-	-	-	-	-

Appendix Items

In support of its PILs expense, London Hydro has provided the following information:

- Exhibit 6, Appendix 6-2: OEB Income Tax PILs Work Form (Excel format)
- Exhibit 9, Appendix 9-1: Capital Cost Allowance schedules for 2022 OEB Approved to the 2027 Test Year (Excel format)
- Exhibit 6, Appendix 6-3: Corporate tax return filing for the 2025 taxation year

6.2.2 Property Taxes

Property taxes outlined below are paid to the Corporation of the City of London for two locations: London Hydro's main office at 111 Horton Street and a new parcel of land designated for the construction of a future second operations centre. The new parcel of land is projected to be purchased in 2026. Further details on this project can be found in London Hydro's Distribution System Plan under Section 5.3.3e.2.

Forecasted property tax amounts for the 2026 Bridge Year and 2027 Test Year are based on historical trends, the City of London's 2024–2027 Multi-Year Budget and the projected cost of the new land. As shown in Table 6-20 below, these amounts are \$968,100 and \$1,306,200, respectively.

Table 6-20: Property Tax Summary

Property Taxes								
Location	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 Actuals to 2027 Test	CAGR
	\$	\$	\$	\$	\$	\$	\$	%
111 Horton Street offices	593,598	605,589	640,135	669,795	682,900	693,100	99,502	3%
Operations Centre					285,200	613,100	613,100	
	593,598	605,589	640,135	669,795	968,100	1,306,200	712,602	17%

In line with the OEB Accounting Procedures Handbook, property taxes for London Hydro's substations and the land for a future transformer station are captured in the OM&A expenditures. These costs are specifically outlined under the Facilities and Environmental Services Program in this Exhibit.

6.3 OTHER REVENUE

6.3.1 Overview

Other revenue relates to all utility revenues other than the distribution and costs of power revenues. In other words, it is revenue that is typically distribution in nature but that is not sourced from distribution rates. London Hydro classifies other revenues into the following categories:

- Miscellaneous Service Revenues;
- Late Payment Charges;
- Other Operating Revenues; and
- Other Income or Deductions.

This Exhibit explains the revenue associated with each category or sub-category and USoA account from years 2022 (last rebasing year) to 2027 (Test Year). Table 6-21 below summarizes other revenues in the four categories. The rest of the Exhibit explains other revenues by USoA Account. Variances by each sub-category of other revenue are provided.

1

Table 6-21: Other Revenue Summary by Category

USofA	Account Name	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
	<u>Miscellaneous Service Revenues</u>						
4235	Miscellaneous Service Revenues	1,290,476	1,088,188	1,395,816	1,459,134	1,300,000	1,348,355
4235	Microfit Fees	16,453	16,162	16,030	16,828	18,000	18,000
4235	Miscellaneous Service Revenues (recorded as credits in 5330 expenses)	47,925	56,575	53,692	74,840	37,900	67,900
4235	Less: amounts recorded in account 5330 as credits to expense	(47,925)	(56,575)	(53,692)	(74,840)	(37,900)	(67,900)
	SUBTOTAL	1,306,929	1,104,350	1,411,845	1,475,962	1,318,000	1,366,355
	<u>Late Payment Charges</u>						
4225	Late Payment Charges	2,502,774	2,933,560	3,325,615	3,763,091	3,990,200	4,189,800
	<u>Other Operating Revenues</u>						
4082	Retail Services Revenues	74,080	75,312	77,168	75,086	75,500	73,500
4084	Service Transaction Requests (STR) Revenues	1,130	1,768	1,101	1,503	1,500	1,500
4086	SSS Administration Revenue	492,062	497,971	502,989	505,576	506,700	513,200
4210	Rent from Electric Property	792,971	904,488	1,029,615	1,038,139	1,074,680	1,113,200
4245	Government and Other Assistance Directly Credited to Income	937,672	1,070,808	1,245,125	1,401,091	1,546,000	1,672,000
	SUBTOTAL	2,297,915	2,550,347	2,855,997	3,021,395	3,204,380	3,373,400
	<u>Other Income or Deductions</u>						
4305	Regulatory Debits	-	(845,378)	(1,186,101)	(1,244,983)	(1,257,087)	-
4355	Gain on Disposition of Utility and Other Property	111,002	319,049	103,129	(117,700)	132,600	207,000
4390	Miscellaneous Non-Operating Income	494,921	424,971	705,349	377,840	495,100	516,500
4390	Green Button Services	196,772	116,040	293,158	67,742	327,300	39,600
4398	Foreign Exchange Gains and Losses, Including Amortization	6,497	(26,742)	8,036	(31,634)	-	-
4405	Interest and Dividend Income	222,825	291,111	436,961	327,493	303,200	303,200
	SUBTOTAL	1,032,017	279,052	360,532	(621,243)	1,113	1,066,300
	TOTAL REVENUE OFFSETS	7,139,635	6,867,309	7,953,990	7,639,205	8,513,693	9,995,855

2

6.3.2 Other Revenue by USoA Accounts

The following table summarizes London Hydro's other revenues, included in total revenue requirement. Detailed discussions of the accounts in this summary table follow.

Table 6-22: Other Revenue Summary by USoA Account

USoA	Account Name	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
4082	Retail Services Revenues	74,080	75,312	77,168	75,086	75,500	73,500
4084	Service Transaction Requests (STR) Revenues	1,130	1,768	1,101	1,503	1,500	1,500
4086	SSS Administration Revenue	492,062	497,971	502,989	505,576	506,700	513,200
4210	Rent from Electric Property	792,971	904,488	1,029,615	1,038,139	1,074,680	1,113,200
4225	Late Payment Charges	2,502,774	2,933,560	3,325,615	3,763,091	3,990,200	4,189,800
4235	Miscellaneous Service Revenues	1,290,476	1,088,188	1,395,816	1,459,134	1,300,000	1,348,355
4235	Microfit Fees	16,453	16,162	16,030	16,828	18,000	18,000
4235	Miscellaneous Service Revenues (recorded as credits in 5330 expenses)	47,925	56,575	53,692	74,840	37,900	67,900
4245	Government and Other Assistance Directly Credited to Income	937,672	1,070,808	1,245,125	1,401,091	1,546,000	1,672,000
4305	Regulatory Debits	-	(845,378)	(1,186,101)	(1,244,983)	(1,257,087)	-
4355	Gain on Disposition of Utility and Other Property	111,002	319,049	103,129	(117,700)	132,600	207,000
4390	Miscellaneous Non-Operating Income	494,921	424,971	705,349	377,840	495,100	516,500
4390	Green Button Services	196,772	116,040	293,158	67,742	327,300	39,600
4398	Foreign Exchange Gains and Losses, Including Amortization	6,497	(26,742)	8,036	(31,634)	-	-
4405	Interest and Dividend Income	222,825	291,111	436,961	327,493	303,200	303,200
	TOTAL	7,187,560	6,923,884	8,007,682	7,714,045	8,551,593	10,063,755
4235	Less: amounts recorded in account 5330 as credits to expense	(47,925)	(56,575)	(53,692)	(74,840)	(37,900)	(67,900)
	TOTAL REVENUE OFFSETS	7,139,635	6,867,309	7,953,990	7,639,205	8,513,693	9,995,855
	OTHER DISTRIBUTION REVENUE						
	Miscellaneous Service Revenues	1,306,929	1,104,350	1,411,845	1,475,962	1,318,000	1,366,355
	Late Payment Charges	2,502,774	2,933,560	3,325,615	3,763,091	3,990,200	4,189,800
	Other Operating Revenues	2,297,915	2,550,347	2,855,997	3,021,395	3,204,380	3,373,400
	Other Income or Deductions	1,032,017	279,052	360,532	(621,243)	1,113	1,066,300
		7,139,635	6,867,309	7,953,990	7,639,205	8,513,693	9,995,855

1 ***4082 – Retail Services Revenue***

2 The revenues in this account are comprised of the monthly regulated service fees that are charged to
3 retailers and their customers for the provision of retailer contract maintenance and consolidated billing
4 services. This revenue is driven by the monthly number of retailer customers and number of retailers.
5 The following indicate the annual trends for the following periods:

- 6 • December 31, 2022: 14 retailers, 2,993 retailer customers
- 7 • December 31, 2023: 15 retailers, 3,101 retailer customers
- 8 • December 31, 2024: 14 retailers, 2,966 retailer customers
- 9 • December 31, 2025: 14 retailers, 2,763 retailer customers

10 The 2027 forecasted revenue of \$73,500 is approximately 98% of the 2025 actual amount of \$75,086
11 and reflects the fact that while the number of retailer customers has experienced a general decline over
12 the last number of years, the decline has slowed in recent years. Additionally, retail services rates have
13 increased by inflation annually.

14 ***4084 – Service Transaction Requests – STR Revenues***

15 The revenue in the account is comprised of the regulated service transaction (“STR”) “request” and
16 “processing” fees that are chargeable to retailers for additions, removals or modifications to their
17 customer records. Annual revenue volumes are driven by the level of activity associated with customer
18 movements to and from retailers. The fluctuation in revenue is primarily customer driven, influenced by
19 factors such as consumer awareness and retailer marketing in the area. Since retailer contracts are
20 generally 3 or 5 year terms, expiry and renewal transactions do not follow a particular annual trend.
21 The 2027 forecasted revenue is the same as the 2025 actuals.

4086 – SSS Administration Revenue

The revenue in this account is comprised of the monthly regulated Standard Supply Service administration charge that is billed to customers who have elected to receive default energy supply from London Hydro. The monthly charge is \$0.25 per customer. Monthly and yearly revenues are driven by the number of customers receiving default energy supply. The projected increase for 2027 is due to the quantity of SSS customers which has been influenced by both customer growth and by customers switching supply provider.

4210 – Rent from Electric Property

Rent from Electric Property is composed of pole rentals, administrative space rental, and duct rentals.

Table 6-23: Rent from Electric Property

Item	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge	2027 Test
Revenues	\$ 792,971	\$ 904,488	\$ 1,029,615	\$ 1,038,139	\$ 1,074,680	\$ 1,113,200
Pole rentals	745,553	855,446	979,554	987,476	1,023,900	1,061,600
Administrative Building Space Rental City of London	29,520	29,595	29,811	30,011	29,600	30,000
Duct rentals	17,899	19,447	20,250	20,651	21,180	21,600
Year-over-year Variance		\$ 111,517	\$ 125,127	\$ 8,524	\$ 36,541	\$ 38,520

Pole rental revenue is comprised of the OEB approved rate, per year, per pole for access to power poles primarily by telephone and cable service providers. The rate budgeted for 2027 is equal to the 2026 charge approved by the OEB in its Decision and Order on Pole Attachments (EB-2025-0200) of \$40.59 per year, per pole attachment escalated by 3.7%, resulting in a pole attachment charge of \$42.09 per year, per pole attachment. The 3.7% is the 2026 electricity distribution inflation factor issued by the OEB in its 2026 Inflation Parameters letter on June 11, 2025. London Hydro notes that subsequent to the budget being finalized, in its EB-2026-0176 Decision and Order, the OEB set the pole attachment rate effective January 1, 2027 at \$41.81 per year, per pole attachment.

Administrative Building Space Rental includes costs recovered for rental of unused or excess administrative building space. The City of London rents space for its Waterworks Department, as part of the water billing services provided to the City, and it consists of 1,012 square feet and has an Industrial Shop area, an Office, and a Chlorine Storage Room. This rent is an affiliate transaction and is included in the discussion on Corporate Cost Allocation in Exhibit 4.

4225 – Late Payment Charges

London Hydro charges 1.5% per month (19.56% annually) for late payments, applied to all accounts not paid by the due date. The charge rate has remained constant, but there has been an upward trend in LPC revenue over the past number of years, reflecting an increased balance of overdue accounts. This increased balance is affected by a number of factors, including rising energy prices and the rising cost of living.

4235 – Miscellaneous Service Revenues

This account includes various types of revenue, as outlined below:

Table 6-24: Miscellaneous Service Revenues

Item	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge	2027 Test
Revenues	\$ 1,306,929	\$ 1,104,350	\$ 1,411,845	\$ 1,475,962	\$ 1,318,000	\$ 1,366,355
Interval Metering Charges	111,899	112,312	116,227	118,974	118,600	119,800
Microfit Fees	16,453	16,162	16,030	16,828	18,000	18,000
Cellular Meter Read Fee	163,462	137,885	149,822	156,035	154,400	154,400
Occupancy Charges	588,030	510,120	503,220	510,660	507,900	507,900
Arrears Certificates	10,492	9,400	11,894	15,965	12,500	13,700
Administrative Overhead Charges	496,643	418,856	566,763	654,442	566,000	583,000
Miscellaneous Customer Service Charges	16,109	11,218	8,880	8,490	9,600	9,600
Billable Services	(96,159)	(111,604)	39,010	(5,432)	(69,000)	(40,045)
Year-over-year Variance		\$ (202,579)	\$ 307,495	\$ 64,117	\$ (157,962)	\$ 48,355

1 Revenue from Billable Services relates to cost recoveries associated with work performed by London
2 Hydro for third parties. This revenue is driven purely by demand and does not follow any particular
3 trend.

4 MicroFIT Fees consist of the current OEB-approved province-wide charge of \$5.00 per month per
5 customer. This is a recently approved amount effective as of the 2025 rate year – prior to that, the
6 monthly fee was the former OEB-approved charge of \$4.55 per month per customer. The active number
7 of microFIT generation facilities has remained relatively consistent over the last few years and is
8 expected to remain consistent throughout the upcoming few years. The following values indicate the
9 annual trends for the following periods:

- 10 • December 31, 2022: 295 microFIT customers
- 11 • December 31, 2023: 295 microFIT customers, no change over previous year
- 12 • December 31, 2024: 292 microFIT customers, 1% decrease over previous year
- 13 • December 31, 2025: 291 microFIT customers, less than 1% decrease over previous year

The cellular meter read fee was changed to \$15 per month from \$30 per month during London Hydro's last Cost of Service proceeding (EB-2021-0041). This resulted in 2022 actuals being higher than subsequent years due to the first four months of 2022 having increased revenue compared to the months following the May 1, 2022 rate change. The number of customers has remained relatively steady since then, with only slight increases per year.

5330 – Collection Charges (4235)

These charges include returned cheque charges and reconnection charges following a disconnection for arrears reasons. They have been credited to account 5330 (Collection Charges) and offset "Billing and Collecting" costs based on the direction provided in the OEB Accounting Procedures Handbook, which states that account 5330 "shall include all amounts recovered due to the imposition of charges related to the collection of customer accounts". In London Hydro's view the referenced charges fit this definition. The impact on the revenue requirement is the same irrespective of whether these amounts are treated as other income or a credit to billing and collection costs. The amounts forecasted for the 2026 Bridge Year and 2027 Test Year reflect the historical trend and take into consideration the winter disconnection ban. The 2027 Test Year amount also includes the impact of the proposed change to the reconnection fee.

4245 – Government and Other Assistance Directly Credited to Income

This account contains the annual amortization of Contributions in Aid of Construction – these contributions are recorded in OEB Account 2440 and are included in Appendix 2-BA.

4305 – Regulatory Debits

For years 2023 through 2026, this account includes the specifically tracked incremental costs of locates as per OEB order EB-2023-0143, which established a sector-wide Getting Ontario Connected Act (GOCA) variance account to track incremental costs arising from the implementation of Bill 93. The large variance for the 2027 Test Year is due to the fact that London Hydro will include the costs in the proposed 2027 rates and cease recording amounts in the GOCA variance account.

4355 – Gain on Disposition of Utility and Other Property

For the 2027 Test Year, this account reflects an estimated \$99,000 for the gain on sale of scrap transformers and \$108,000 for the gain on sale of vehicles (10 vehicles budgeted).

4390 – Miscellaneous Non-Operating Income

Table 6-25: Miscellaneous Non-Operating Income

Item	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge	2027 Test
Revenues	\$ 691,692	\$ 541,011	\$ 998,507	\$ 445,582	\$ 822,400	\$ 556,100
Supplier Discounts - on material purchases	45,336	38,776	35,668	22,291	39,900	39,900
Supplier Penalties - re: material purchase agreements	5,285	3,268	7,565	118	-	-
Sale of Scrap	427,553	367,432	501,619	309,216	432,200	442,600
Miscellaneous Revenue	4,055	4,610	150,497	36,214	1,000	1,000
Green Button Services	196,772	116,040	293,158	67,742	327,300	39,600
CDM Recoveries	2,692	886			-	-
Management Fees for Non-Distribution Activities						
Renewable Energy Affiliate	10,000	10,000	10,000	10,000	10,000 12,000	10,000 23,000
Year-over-year Variance		\$ (150,681)	\$ 457,496	\$ (552,925)	\$ 376,818	\$ (266,300)

Budgeting for the 2027 Test Year was based on recent historical patterns unless specifically discussed below.

The Miscellaneous Revenue component of Miscellaneous Non-Operating Income is generally minimal. However, in 2024 and 2025 there were spikes due to the Canada Carbon Rebate (CCR) for Businesses. This was a refundable tax credit to return a portion of the federal fuel charge proceeds collected between 2019-2020 and 2024-2025. London Hydro received a payment of \$145,633 in 2024 and a payment of \$34,986 in 2025. This causes the Miscellaneous Revenue component of account 4390 to have spikes in both 2024 and 2025. In early 2025, the Government of Canada ceased the application of the federal

1 fuel charge which eliminated this tax credit. Therefore, forecasted revenue for both the 2026 Bridge
2 and 2027 Test Years is expected to be minimal.

3 The management fees associated with the ongoing administration and management of both the
4 renewable non-distribution assets and the affiliate corporation are included in miscellaneous non-
5 operating income. Further details can be found in Section 1.4.13 of Exhibit 1.

6 Green Button Services revenue is also included in miscellaneous non-operating income and is
7 discussed in more detail in Section 1.4.10 of Exhibit 1.

8
9 ***4398 – Foreign Exchange Gains and Losses, Including Amortization***

10
11 The amounts in this account represent the gains/losses that arise from foreign currency
12 transactions. These amounts are generally small and have not followed any specific pattern. As such,
13 London Hydro does not budget for this item.

4405 – Interest Income

Table 6-26: Interest Income

Item	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge	2027 Test
Revenues	\$ 222,825	\$ 291,111	\$ 436,961	\$ 327,493	\$ 303,200	\$ 303,200
Bank Deposit Interest	202,956	287,864	420,820	314,101	298,200	298,200
Miscellaneous Interest Revenue	1,959	(1,508)	16,141	13,392	5,000	5,000
Interest on Investment of Non-Distribution Renewable Generation Asset	17,910	4,755	-			
Year-over-year Variance		\$ 68,286	\$ 145,850	\$ (109,468)	\$ (24,293)	\$ -

Interest income is derived from investing surplus funds. Bank deposit interest is budgeted for the Bridge and Test Year based on historical patterns and takes into account interest rate fluctuations as well as any anticipated future loans, capital expenditures and other items that would impact average cash balances.

Interest associated with Retail Settlement Variance Accounts (“RSVAs”) and other deferral and variance accounts are not included in Account 4405 Interest Income in this Application. This interest is included in the appropriate Deferral and Variance Accounts in Exhibit 9: Deferral and Variance Accounts, and the offset is reported in the RRR Trial Balance in Account 4405 Interest Income.

1 **6.3.3 Variance Analysis**

2 Table 6-21 summarizes London Hydro's other revenues (included in the total revenue requirement).
3 Table 6-27 summarizes the respective year-over-year comparisons.

4 The variances that exceed London Hydro's materiality thresholds are the variances for account 4305 –
5 Regulatory Debits, both in 2023 (vs 2022) and in the 2027 Test Year (vs the 2026 Bridge Year); 4225 -
6 Late Payment Charges (2027 vs 2022); and 4245 – Government and Other Assistance Directly Credited
7 to Income (2027 vs 2022) which are all discussed in the sections above.

8 No other individual account exceeds London Hydro's materiality threshold in either a year-over-year
9 comparison or by comparison of Approved to Test Year. Some larger variances that do not meet this
10 threshold are discussed in the relevant sections above.

1

Table 6-27: Other Revenue Variances by USoA Account

USoFA	Account Name	Variance 2023 vs 2022	Variance 2024 vs 2023	Variance 2025 vs 2024	Variance 2026 vs 2025	Variance 2027 vs 2026
4082	Retail Services Revenues	1,232	1,855	(2,082)	414	(2,000)
4084	Service Transaction Requests (STR) Revenues	638	(667)	402	(3)	-
4086	SSS Administration Revenue	5,909	5,018	2,587	1,124	6,500
4210	Rent from Electric Property	111,517	125,127	8,524	36,541	38,520
4225	Late Payment Charges	430,786	392,055	437,475	227,109	199,600
4235	Miscellaneous Service Revenues	(202,288)	307,627	63,319	(159,134)	48,355
4235	Microfit Fees	(291)	(132)	798	1,173	-
4235	Miscellaneous Service Revenues (recorded as credits in 5330 expenses)	8,650	(2,883)	21,148	(36,940)	30,000
4245	Government and Other Assistance Directly Credited to Income	133,136	174,317	155,967	144,909	126,000
4305	Regulatory Debits	(845,378)	(340,723)	(58,882)	(12,104)	1,257,087
4355	Gain on Disposition of Utility and Other Property	208,047	(215,920)	(220,829)	250,300	74,400
4390	Miscellaneous Non-Operating Income	(69,949)	280,378	(327,509)	117,260	21,400
4390	Green Button Services	(80,732)	177,118	(225,415)	259,558	(287,700)
4398	Foreign Exchange Gains and Losses, Including Amortization	(33,239)	34,777	(39,670)	31,634	-
4405	Interest and Dividend Income	68,286	145,850	(109,468)	(24,293)	-
	TOTAL	(263,676)	1,083,798	(293,638)	837,548	1,512,162
4235	Less: amounts recorded in account 5330 as credits to expense	(8,650)	2,883	(21,148)	36,940	(30,000)
	TOTAL REVENUE OFFSETS	(272,326)	1,086,681	(314,786)	874,488	1,482,162
OTHER DISTRIBUTION REVENUE						
	Miscellaneous Service Revenues	(202,579)	307,495	64,117	(157,962)	48,355
	Late Payment Charges	430,786	392,055	437,475	227,109	199,600
	Other Operating Revenues	252,432	305,650	165,398	182,985	169,020
	Other Income or Deductions	(752,965)	81,480	(981,775)	622,356	1,065,187
		(272,326)	1,086,681	(314,786)	874,488	1,482,162

2

6.3.4 Other Items

London Hydro confirms that its transfer pricing and cost allocation methodologies do not result in cross-subsidization between regulated and non-regulated lines of business, products or services, and are fully compliant with Article 340 of the Accounting Procedures Handbook.

There are no discrete customer groups that are materially impacted by changes to other rates and charges.

APPENDIX 6-1: REVENUE REQUIREMENT WORK FORM (EXCEL FORMAT)

APPENDIX 6-2: OEB INCOME TAX PILS WORK FORM (EXCEL FORMAT)

APPENDIX 6-3: CORPORATE TAX RETURN FILING FOR THE 2025 YEAR

Canada Revenue
AgencyAgence du revenu
du Canada

Code 2401

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.

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	Enter one of the following:	
London Hydro Inc.	86483 7430 RC0001 Business number (BN)	
Tax year	Social insurance number (SIN)	
From 2025-01-01 to 2025-12-31 Year Month Day		
050 Total number of projects you are claiming this tax year:		
4		
100 Contact person for the financial information	105 Telephone number	106 Extension
	(519) 661-5800	
115 Contact person for the technical information	120 Telephone number	121 Extension
	(519) 661-5800	

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 informationCRA internal form identifier 060
Code 2401**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 ☒ I elect to use the proxy method
(If you choose the proxy method, enter "0" on line 360 and complete Part 5.)

162 ☐ I choose to use the traditional method
(If you choose the traditional method, enter "0" on lines 355 and 502, and 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	+	1,360,290
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	1,360,290
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	+	1,934,550
b) Non-arm's length contracts	345	+	
• Lease costs of equipment used after December 15, 2024			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method).	355	+	
• 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 current SR&ED expenditures (add lines 306 to 370; do not add line 315)	380	=	3,294,840
• Capital expenditures for depreciable property acquired after December 15, 2024 (see guide for what qualifies for SR&ED) (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	3,294,840

If any of the above expenditures have been included in your income statement, enter the sum of these amounts 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 400	420		3,294,840
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	101,778
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (do not include ITCs allocated from a partnership)	435	–	758,306
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	2,434,756
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	=	2,434,756
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	2,434,756
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.

Enter the breakdown between current and capital expenditures (to the nearest dollar)		Current Expenditures	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	3,294,840	496
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 +	721,456	
• expenditures on shared-use-equipment for property acquired after December 15, 2024			504 +
• qualified expenditures transferred to you (see note 2) (complete Form T1146**)	508 +		510 +
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	4,016,296	512 =
Deduct (see note 3)			
• provincial government assistance	513 –	127,029	514 –
• other government assistance	515 –		516 –
• non-government assistance and contract payments	517 –		518 –
• 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 –	386,910	
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –
• other deductions (see guide)	533 –		535 –
• non-arm's length transactions			
– assistance allocated to you (complete Form T1145*)	538 –		540 –
– 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 –		543 –
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	3,502,357	558 =
Qualified SR&ED expenditures (add lines 557 and 558)			559 = 3,502,357
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 = 3,502,357

* 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.

Note 2 – On line 510 (capital expenditures) – Only include capital expenditures made after December 15, 2024 by the transferor (performer).

Note 3 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made after December 15, 2024.

Part 6B – Capital expenditures

Information requested in this part must be provided for the 20 largest (\$) capital expenditures claimed in the year. Identify the project numbers for which each SR&ED capital property was used.

780			782	786
Name* of SR&ED capital property acquired after December 15, 2024			Capital expenditure amount	List project numbers in which it was used
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

* Use the same name provided on line 262 of Part 2 for each capital property item acquired after December 15, 2024

Part 6C – Shared-use-equipment

Information requested in this part must be provided for the 20 largest (\$) shared-use-equipment (SUE)* expenditures claimed in the year. Include the purchase date, 25% of the cost of the property and whether it is a first term or second term SUE. Identify the project numbers for which each property was used.

788	790	792	794	796
Name of SR&ED property acquired after December 15, 2024, that is shared-use-equipment (SUE).*	Purchase date (YYYY-MM-DD)	Enter 25% of the capital cost of the property that was used primarily in SR&ED	Enter "1" for the first term SUE and "2" for the second term SUE	List project numbers in which it was used
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

* An SR&ED ITC can be earned on a portion of the cost of the property used primarily for the prosecution of SR&ED. Property that qualifies as first term shared-use-equipment or second term shared-use-equipment can earn an SR&ED ITC.

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 1,360,290

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** ☒ Experimental development

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

Scientists and engineers	632	1
Technologists and technicians	634	1
Managers and administrators	636	6
Other technical supporting staff	638	4

Part 8 – Claim checklist

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

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

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 ☒
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable ☒
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed ☒
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 ☒

* 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?

- ☒ 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		1			
Total					

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

Signature

975 _____
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 _____
Name of authorized signing officer of the corporation, or individual

Signature

170 _____
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 2401

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

Section A – Project identification			
200 Project title (and identification code if applicable) 2022-03 Dev. of Reliable Data Aggregation Platforms			
202 Project start date 2021-12 Year Month	204 Completion or expected completion date 2026-06 Year Month	206 Field of science or technology code (See guide T4088 for list of codes) 1.02.02 Information technology and bioinformatics (Software e	
207 Canada Research and Development Classification (CRDC) Field of research code * RDF			
Project claim history			
208 ☒ Continuation of a previously claimed project 210 ☐ First claim for the project 212 ☐ Project was pre-approved			
214 If you checked the box on line 212, provide your pre-approval reference number			
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 uncertainty did you attempt to overcome? (Maximum 50 lines)	
1. London Hydro (LH) sought to design secure and scalable multi-cloud	
2. architecture enabling connectivity between on-premises and multi cloud	
3. systems(AWS-hosted SAP S/4HANA and a GCP (Google Cloud Platform)). At project	
4. start, customer-facing applications on GCP relied on legacy architectures,	
5. including heavy App Engine usage and outdated networking and security models.	
6. The proposed hypothesis was to develop a hub-and-spoke architecture to	
7. securely support multiple environments while maintaining reliable cross-	
8. platform connectivity. Systematic investigations were necessary to evaluate	
9. the interaction between differing cloud-native networking models, identity	
10. and access controls, service perimeters, and managed service connectivity to	
11. determine whether the architecture would function reliably and securely at	
12. scale.	
13. LH aimed to develop a distributed, rules driven document rendering and	
14. notification system across SAP, SAP PO middleware, and AWS services.	
15. Uncertainty existed around whether a schema-agnostic templating approach	
16. could dynamically generate over 500 document types without fixed schemas	
17. while maintaining formatting consistency and runtime performance. Challenges	
18. included enabling real-time, API-driven document generation within SAP's LUW-	
19. based architecture without data inconsistencies and achieving idempotent	
20. processing and end-to-end traceability across systems with differing	
21. transaction models. Additional uncertainty involved whether a unified	
22. notification framework could support diverse communication types (e.g.,	
23. email, SMS, document-based) and handle asynchronous dependencies, delivery	
24. tracking, status reconciliation, and duplicate processing without message	
25. loss or timing issues.	
26. Another uncertainty was regarding whether Genesis API's short-lived token-	
27. based authentication could be reliably implemented in automated data	
28. retrieval. While token-based authentication is standard, the API's behaviour	
29. under scheduled execution was unclear. Questions included how tokens were	

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

30. generated, refreshed, and applied across endpoints, and whether a single
 31. token could support chained requests for survey data. It was also uncertain
 32. whether tokens would remain valid throughout multi-step operations or how to
 33. handle failures (e.g., HTTP 400 errors). These uncertainties required
 34. systematic investigation to establish a reliable authentication and error-
 35. handling approach.

36. Engineering service orders were paper-based, with SAP and OMS lacking support
 37. for dynamic document lifecycle management. Uncertainty existed around whether
 38. signed drawings could be transmitted from SAP, modified via mobile redline
 39. markups, and synchronized back while preserving version integrity and
 40. signatures. It was also unclear if the message queue framework could handle
 41. frequent updates without conflicts or latency, and whether mobile
 42. environments could support secure bidirectional document handling with only
 43. current approved versions accessible.

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

1. London Hydro (LH) carried out investigations to address uncertainties related
 2. to its multi-cloud architecture design. The core focus was to determine
 3. whether a hub and spoke architecture could support private connectivity
 4. across on premises systems, AWS hosted SAP S/4HANA, and a modernized Google
 5. Cloud environment. LH designed and iteratively refined a hub and spoke
 6. network model, including shared services and connectivity patterns, to test
 7. whether centralized network control could be achieved without introducing
 8. operational constraints or security gaps. Experimental configurations were
 9. implemented to validate VPN connectivity, routing behaviour, and environment
 10. isolation. In parallel, LH experimented with different approaches to
 11. consolidating Google Cloud projects to determine how resource structuring and
 12. shared services could best support scalability within the new architecture.

13. Significant effort was also directed toward testing enhanced cloud security
 14. controls. LH defined and tested combinations of policies and VPC Service
 15. Controls to evaluate their effectiveness in preventing unauthorized data
 16. exfiltration while still enabling required application interactions and
 17. deployment processes. LH evaluated policy combinations and VPC Service
 18. Controls to prevent unauthorized data exfiltration while enabling required
 19. application interactions. Findings from these tests informed subsequent
 20. adjustments and configuration changes. By the end of the tax year, the core
 21. architectural design, security framework, and network model had been
 22. implemented and validated at a functional level.

23. It was hypothesized that a configuration-driven, schema-agnostic rendering
 24. engine could dynamically generate heterogeneous document types at runtime,
 25. while maintaining formatting consistency, transactional integrity, and
 26. reliable processing across distributed systems. An initial rendering engine
 27. was developed using external templates and data mappings, interpreting
 28. XML/JSON payloads at runtime, with RESTful APIs enabling real-time generation
 29. and integration across SAP, SAP PO, and AWS. Testing evaluated template
 30. resolution accuracy, runtime performance, and consistency of generated
 31. outputs across varying data structures. Testing evaluated template accuracy,
 32. performance, and output consistency across varying data structures, including
 33. synchronous API behavior within SAP LUW constraints. Early results showed
 34. inconsistent output and failures with variable data. The design was refined
 35. with stricter template validation and controlled data mapping. Duplicate
 36. document generation due to retries was addressed by introducing idempotency
 37. controls and message filtering, improving processing reliability,
 38. consistency, and traceability across systems.

39. It was hypothesized that a configuration-driven notification framework could
 40. support multiple channels and data structures while ensuring reliable
 41. delivery, synchronization with rendering processes, and consistent status

T661 E (26)

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

42. tracking. A notification engine was developed to process event-driven inputs
 43. and generate messages using configurable templates, integrated with DRS for
 44. dynamic document inclusion and supporting multi-channel delivery (e.g.,
 45. email, SMS). Testing assessed input-to-template mapping, delivery across
 46. channels, and synchronization with document workflows under high-volume and
 47. failure scenarios. Initial issues with asynchronous synchronization were
 48. resolved by enhancing coordination logic. Duplicate notifications from
 49. repeated or malformed requests were mitigated through validation and
 50. filtering, improving reliability and processing accuracy.
 51. In FY25, work focused on determining how to reliably authenticate and
 52. retrieve data from the Genesis API using its token-based access mechanism.
 53. Initial efforts involved designing POST requests to obtain an access token,
 54. with iterative adjustments to payloads, headers, and parameters in response
 55. to persistent HTTP 400 errors. Each failure was analyzed to identify issues
 56. related to token generation, parameterization, or sequencing between
 57. authentication and data retrieval. Once a valid token approach was
 58. established, further testing evaluated its use across multiple dependent GET
 59. requests. This included validating whether a single token could retrieve
 60. survey identifiers and corresponding detailed data without expiration or
 61. rejection. Control flow logic was refined, and failure modes were monitored
 62. to prevent partial or missing records. Insights from each iteration informed
 63. improvements to request sequencing, error handling, and data completeness.
 64. It was hypothesized that SAP-originated engineering drawings could be
 65. reliably transmitted, displayed, modified, and synchronized across SAP, OMS,
 66. and mobile field applications, while maintaining version control, data
 67. integrity, and regulatory traceability, including the reintegration of field-
 68. generated redline markups. To test this, "iDispatcher" and Mobile TC were
 69. enhanced to support inbound and outbound SAP attachments. Interface logic was
 70. developed to extract drawings from SAP service orders and deliver them to
 71. field applications, while mobile functionality enabled crews to create and
 72. upload redline markups. Integration logic synchronized updated attachments
 73. back to SAP and triggered downstream workflows. Testing evaluated
 74. transmission reliability, refresh frequency, version control, and markup
 75. reintegration. Multiple synchronization approaches were trialed to prevent
 76. conflicts and ensure data integrity. By year end, a functional attachment
 77. lifecycle was established, with further workflow enhancements deferred.

246 What scientific or technological advancement did you achieve or attempt to achieve as a result of the work described in line 244? (Maximum 50 lines)

1. The work performed in FY2025 represents a technological advancement in the
 2. field of electrical IT systems. The project contributed to the following
 3. advancements:
 4. London Hydro achieved technological advancements in its understanding and
 5. capability to design, govern, and secure a complex, multi cloud customer
 6. engagement architecture that integrates on premises infrastructure, AWS
 7. hosted SAP S/4HANA, and Google Cloud Platform environments. Through the
 8. design and implementation of a hub and spoke network architecture, LH gained
 9. new knowledge on how centralized network services and shared connectivity
 10. could be structured to support private, secure communication across
 11. heterogeneous environments. This included an improved understanding of how
 12. environment segmentation, routing, and VPN connectivity could be coordinated
 13. at scale.
 14. The knowledge generated through this project established a reusable
 15. architectural and governance framework for future multi cloud initiatives.
 16. The work generated technological know-how in designing and operating a
 17. distributed rendering and notification platform that could maintain
 18. consistency across multiple interfaced systems while supporting bidirectional
 19. status communication and customer-facing visibility. Specifically, the work

2026-05-27

20. established an approach for centralized management of a large catalogue of
21. templates through controlled editing, versioning, and historical
22. traceability, while enabling dynamic data injection into otherwise static
23. artifacts.
24. This work resulted in new technological knowledge related to integrating a
25. non transparent, token based authentication model into an automated data
26. ingestion pipeline. This work established a validated authentication workflow
27. that reliably generated, applied, and managed tokens across multi step survey
28. retrievals without data loss. The resulting knowledge advanced LH's
29. capability to integrate third party APIs with constrained and poorly
30. documented authentication requirements in automated environments.
31. The project generated new technological knowledge in digital attachment
32. lifecycle management across SAP, OMS, and mobile systems. It established how
33. engineering-signed drawings could be transmitted, rendered, and dynamically
34. refreshed in mobile environments while maintaining version integrity and
35. auditability. The work advanced methods for attachment versioning and
36. controlled document replacement across distributed systems, ensuring
37. consistent access to current approved drawings. It also developed approaches
38. for capturing and reintegrating field-generated redline and as-built markups
39. as structured digital attachments. Additional knowledge was gained in
40. synchronizing document updates with service order events and managing
41. attachment handling within API-driven integration architectures.

* See guide T4088 for more information

Section C – Additional project information

Who prepared the responses for Section B?

253	☐ Employee directly involved in the project	254	Name
255	☐ Other employee of the company	256	Name
257	☒ External consultant	258	Name KPMG LLP
		259	Firm KPMG LLP

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

260	Names	261	Qualifications/experience and position title
1	██████████		Project Manager, Masters in Software Engineering, over 10+ years of development experience.
2	██████████		Sr. Business System Analyst, Bachelor of Engineering in Computer Science, 26+ years
3	██████████		SAP Specialist, B.A.Sc. in Computer Engineering, 19+ years of software development experience

If you are claiming capital expenditures for depreciable property acquired after December 15, 2024, identify the SR&ED capital property and the percentage of total operating time it was used in this project. Information requested in this part must be provided for the 10 largest (\$) capital expenditures claimed that were used in this project.

262	Name of SR&ED capital property	263	% of total operating time for this project
1			
2			
3			
4			
5			
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7			
8			
9			
10			

265

Are you claiming any salary or wages for SR&ED performed outside Canada?

☐ Yes

☒ No

266

Are you claiming expenditures for SR&ED carried out on behalf of another party?

☐ Yes

☒ No

267

Are you claiming expenditures for SR&ED performed by people other than your employees?

☒ Yes

☐ No

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

268	Names of individuals or companies	269	BN
1			
2			
3			
4			
5			
6			
7			

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

☐ Project planning documents

276

☒ Progress reports, minutes of project meetings

271

☒ Records of resources allocated to the project, time sheets

277

☐ 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

☒ Design, system architecture and source code

280

☒ Contracts

275

☐ Records of trial runs

281

☐ Others, specify

282

Part 2 – Project information (continued)Project number **2**

CRA internal form identifier 060

Code 2401

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

Section A – Project identification**200** Project title (and identification code if applicable)

2025-02 Adv. in Distributed Data Processing Methods

202 Project start date

2024-10

Year Month

204 Completion or expected completion date

2026-06

Year Month

206 Field of science or technology code
(See guide T4088 for list of codes)

1.02.02

Information technology and bioinformatics (Software e

207 Canada Research and Development
Classification (CRDC) Field of research code *

RDF

Project claim history

208 ☐ Continuation of a previously claimed project**210** ☒ First claim for the project**212** ☐ Project was pre-approved**214** If you checked the box on line 212, provide your pre-approval reference number _____**218** Was any of the work done jointly or in collaboration with other businesses? ☐ Yes ☒ NoIf 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 uncertainty did you attempt to overcome? (Maximum 50 lines)

1. London Hydro Inc. ("LH") is a pioneer electricity distribution Company in
2. London, Ontario that delivers power to over 250,000 homes and businesses.
3. London Hydro encountered the following technological challenges in FY25:
4. London Hydro sought to integrate its various customer-facing platforms,
5. including the MyLH Portal and Mobile Application, with a newly implemented
6. Customer Information System (CIS) backend architecture to achieve seamless
7. data mobility. The objective was to establish a contemporary utility platform
8. capable of managing diverse nodal transactions efficiently. Due to the
9. existence of legacy workflows and redundant data channels, the challenge
10. involved enabling near real-time customer operations while overcoming risks
11. associated with data integrity and system maintainability. Moreover, given
12. the unknown with the CIS API pattern, the primary technological uncertainty
13. centered on whether end-to-end transaction processes could be executed
14. reliably without disrupting downstream portals and nodal applications.
15. Furthermore, the anticipated increase in transaction volume raised concerns
16. about attaining performance gains in transaction processing while avoiding
17. potential issues with data quality or system reliability. Given the
18. substantial data volumes and multiple interdependencies among interfacing sub-
19. systems, traditional data migration approaches were unsuitable, necessitating
20. a systematic investigation to address these constraints.
21. Green Button is a secure platform enabling utility customers to access their
22. energy consumption data. LH has invested significant effort in developing ETL
23. (Extract Transform Load) processes and data aggregation methods over previous
24. years to ensure reliable data access. In FY25, the initiative was focused on
25. efficiently processing large-scale meter data requests, spanning up to two
26. years of interval data across multiple meters, without incurring system
27. timeouts or negatively impacting portal performance. Furthermore, the system
28. was required to handle requests for entire historical datasets on a daily
29. basis, increasing the risk of incomplete data transmission and inconsistent

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

30. results. LH was uncertain about how to ensure reliable delivery of extensive
 31. datasets without overloading the core systems and databases particularly
 32. during peak usage periods. Additionally, LH sought to establish reliable
 33. integration channels to ensure seamless connectivity for new external utility
 34. systems joining the GB platform. The challenge arose from notable variations
 35. in external utility database schemas and the differing ages of these systems.
 36. As a result, there was an elevated risk of mishandling interval meter and
 37. billing data, as well as potential performance problems stemming from
 38. untested integration patterns.

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

1. London Hydro undertook the development of data integration methodologies to
 2. facilitate the real-time transfer of information from its new CIS sub-system
 3. to customer-facing portals. To resolve these discrepancies during the data
 4. transfer process, London Hydro implemented parallel testing protocols
 5. immediately following each data upload cycle. These iterative tests enabled
 6. comprehensive analysis of the data channel's end-to-end performance,
 7. highlighting inconsistencies and facilitating the correction of mapping
 8. errors within the integration logic. Under this approach to completely
 9. redesign the data communication architecture, LH next prepared the
 10. application portals to support dynamic consumption of API response formats
 11. generated by the CIS platform. This integration, structured to transition
 12. from legacy batch-based data retrieval to a near real-time transmission of
 13. information, would allow for sustainably reducing the data refresh interval
 14. from over 24 hours to only a few hours thereby enhancing the speed and
 15. frequency of information updates throughout the system. Concurrently, the
 16. notification engine within customer portals underwent significant
 17. improvements, including the expansion of delivery channels and the revision
 18. of outage-related messaging processes. These improvements were designed to
 19. guarantee the prompt delivery of critical alerts and to offer additional
 20. notification pathways. By year-end, London Hydro had successfully completed a
 21. preliminary design for eventually enabling the new CIS data to be hosted
 22. across multiple nodal interfaces with reduced latency. Ongoing work is
 23. focused on carrying out multiple data quality tests to ensure data integrity
 24. and security.

25. London Hydro undertook enhancements to the Green Button platform to enable
 26. efficient processing of extensive meter data requests originating from
 27. multiple connected external backend systems. The influx of large datasets
 28. imposed significant load on system reliability and performance, necessitating
 29. the adoption of a remodeled data sharing approach. To this end, LH
 30. implemented an asynchronous response mechanism that, instead of providing
 31. immediate data, triggered a backend data preparation process. Subsequently, a
 32. data chunking strategy was introduced, segmenting large datasets into
 33. manageable units based on time windows, meter groupings, and payload size
 34. constraints. This methodology facilitated stable handling of incoming
 35. requests and eliminated failure scenarios. The partitioned data was then
 36. delivered to external utility databases via unique URLs, with notifications
 37. dispatched to ensure timely access. This allowed third-party channels greater
 38. flexibility to retrieve API responses and supported the option to parallelize
 39. the recombination of segmented data. System validation was conducted through
 40. a series of performance and reliability tests, measuring response times and
 41. failure rates following the chunking operations. Results confirmed that the
 42. API endpoint remained consistently responsive, successfully completing large
 43. historical data requests without compromising completeness.

44. To allow seamless integration of new utility channels with the Green Button
 45. platform, LH developed and deployed a dedicated test lab environment. This
 46. was done by replicating essential Green Button attribute, including data

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244	What work did you perform in the tax year to overcome the scientific or technological uncertainty described in line 242? (Summarize the systematic investigation or search) (Maximum 100 lines)
47.	retrieval APIs and authentication mechanisms. Representative datasets
48.	covering residential, commercial, multi-meter accounts, and various billing
49.	formats were embedded to ensure comprehensive testing coverage. New third-
50.	party systems seeking GB connectivity were required to first integrate with
51.	the test lab, conduct access validation, and execute data request-response
52.	cycles as preparatory steps before live connection. Post iterative refinement
53.	of test data and chunking parameters, LH successfully established a robust
54.	test environment capable of reliably hosting external systems on the GB
55.	platform.

246	What scientific or technological advancement did you achieve or attempt to achieve as a result of the work described in line 244? (Maximum 50 lines)
1.	The work performed in FY2025 represents a technological advancement in the
2.	field of electrical IT systems. The project contributed to the following
3.	advancements:
4.	London Hydro is progressing toward a robust, scalable framework for real-time
5.	information exchange between its CIS and various customer-facing portals by
6.	developing and integrating new data methodologies. LH implemented iterative
7.	parallel testing protocols following each data upload cycle, which enabled
8.	them to identify and resolve data mapping errors. This approach led to
9.	significant enhancements in data integrity and end-to-end system performance.
10.	The experience gained from these efforts offers valuable insight into
11.	designing IT utility systems that are both more resilient and easier to
12.	maintain.
13.	London Hydro was successful in decoupling the initial API response from
14.	backend data preparation by implementing asynchronous processing for large-
15.	scale data requests. Furthermore, through introduction of data chunking
16.	techniques, it reduced the likelihood of system failures or timeouts and
17.	further facilitating parallel processing and seamless integration. In effect,
18.	the team gained new insight in building robust API design for utility systems
19.	facing large, variable data loads. Additionally, by establishing a dedicated
20.	test lab environment mirroring production functionalities, London Hydro
21.	gained valuable learnings into how pre-integration testing can significantly
22.	reduce integration risks and ensure seamless onboarding of external systems.

* See guide T4088 for more information

Section C – Additional project information

Who prepared the responses for Section B?

253	☐ Employee directly involved in the project	254	Name		
255	☐ Other employee of the company	256	Name		
257	☒ External consultant	258	Name KPMG LLP	259	Firm KPMG LLP

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

260	Names	261	Qualifications/experience and position title
1			Product Manager, master's in system management, 27+ years of software development experience
2			Business System Analyst, Bachelor of Engineering in Computer Science, 15+ years
3			

If you are claiming capital expenditures for depreciable property acquired after December 15, 2024, identify the SR&ED capital property and the percentage of total operating time it was used in this project. Information requested in this part must be provided for the 10 largest (\$) capital expenditures claimed that were used in this project.

262	Name of SR&ED capital property	263	% of total operating time for this project
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

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

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

268	Names of individuals or companies	269	BN
1			
2			

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	☐ Project planning documents	276	☐ Progress reports, minutes of project meetings
271	☒ Records of resources allocated to the project, time sheets	277	☒ 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	☒ Design, system architecture and source code	280	☒ Contracts
275	☐ Records of trial runs	281	☐ Others, specify 282

Part 2 – Project information (continued)

Project number 3

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

CRA internal form identifier 060
Code 2401

Section A – Project identification

200

Project title (and identification code if applicable)

2025-01 Adv. in Grid Modeling and Asset Management Methods

202

Project start date

2024-06

Year Month

204

Completion or expected completion date

2026-03

Year Month

206

Field of science or technology code
(See guide T4088 for list of codes)

2.02.01

Electrical and electronic engineering

207

Canada Research and Development
Classification (CRDC) Field of research code *

RDF

Project claim history

208

☐ Continuation of a previously claimed project

210

☒ First claim for the project

212

☐ Project was pre-approved

214

If you checked the box on line 212, provide your pre-approval reference number

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

2026-05-27

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

1. London Hydro ("LH") sought to undertake large-scale planning and modeling for
 2. its 27.6kV distribution network, supplied from a mixed 230kV/115kV
 3. Transmission network. To achieve comprehensive load coverage, LH needed to
 4. integrate load forecasting, assess system capacity, and develop robust,
 5. reliable models. Effective planning was challenged by significant uncertainty
 6. in magnitude and geographic distribution of future load growth. Shifting peak
 7. demand conditions from summer to winter introduced additional
 8. unpredictability in system stress, further compounded by variations in the
 9. remaining service life of grid assets. As a result, reliance on standard
 10. historical extrapolation alone was insufficient to capture these dynamics.
 11. Additionally, the interconnected sub-regions within LH's planning region
 12. required coordinated solutions across both transmission and distribution
 13. layers. Consequently, systematic and integrated analysis was essential for
 14. effective long-term power system management.

15. London Hydro sought to develop a real-time detection and alerting system to
 16. monitor unauthorized access to underground transformer vaults and electrical
 17. manholes, as existing physical security measures were insufficient in below-
 18. grade environments. A major technological challenge was the unreliable
 19. transmission of data from underground locations, where reinforced concrete,
 20. metal enclosures, and depth caused unpredictable signal attenuation and
 21. electromagnetic interference, creating uncertainty around the effectiveness
 22. of conventional wireless communication methods. Additionally, commercially
 23. available sensors, primarily designed for liquid level monitoring, were
 24. unsuitable for intrusion detection due to uncertainties related to their
 25. accuracy under variable environmental conditions, durability in harsh
 26. underground settings, and vulnerability to tampering or false signals.
 27. Consequently, it was uncertain whether a sensor system could be developed to
 28. both withstand these conditions and reliably differentiate unauthorized
 29. access from normal operational disturbances.

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

1. London Hydro initiated a regional electricity system planning study to
 2. address rising energy demands, focusing on high electrification and
 3. decarbonization scenarios. The project was carried out in close collaboration
 4. with local and regulatory authorities to build a comprehensive understanding
 5. of how transmission, sub-transmission, and bulk system constraints interact
 6. across various future demand scenarios. The initial phase involved developing
 7. multiple demand profiles, factoring in electrification trends, industrial
 8. expansion, Distributed Energy Resources (DER) adoption, and regional weather
 9. normalization and extreme temperature corrections. These profiles were used
 10. to ensure that all relevant scenarios impacting power supply reliability were
 11. considered. Subsequent system studies simulated these scenarios and involved
 12. rigorous assessments of transformer station capacity, transmission line
 13. ratings, load transfer capabilities, and reliability and security performance
 14. against regulatory standards. The study also identified, screened, and
 15. evaluated both wires and non-wires solutions in isolation and in integrated
 16. configurations, using criteria such as feasibility, reliability, timing, and
 17. overall system impact. Sensitivity analyses were performed to iteratively
 18. refine potential solutions for forecasted demand. To enhance the accuracy of
 19. planning, London Hydro integrated sub-regional population data and current
 20. asset condition metrics, enabling refinement of assumptions related to
 21. remaining useful life. Through this sequence of investigations, London Hydro
 22. completed a preliminary analysis for future load demand projections, forming
 23. the basis for ongoing studies aimed at supporting regional economic
 24. development and reducing greenhouse gas emissions.

25. Transformer vaults serve as secure enclosures for housing transformers,
 26. switches, and electrical cables, providing protection for critical grid

T661 E (26)

244	What work did you perform in the tax year to overcome the scientific or technological uncertainty described in line 242? (Summarize the systematic investigation or search) (Maximum 100 lines)
27.	infrastructure. To enhance asset security, London Hydro developed a real-time
28.	unauthorized access detection solution for underground vaults. The approach
29.	combined latch mechanisms and motion sensors, interfaced with power line
30.	carrier communication systems to enable immediate messaging. Network
31.	protection relays established connectivity across the power line, ensuring
32.	reliable data transmission. Sensor output was then integrated into the SCADA
33.	telemetry channel for continuous equipment monitoring. The design underwent
34.	iterative validation, with test events simulating authorized access at
35.	various vault locations to assess messaging response times and system
36.	reliability. As the results were reviewed, LH noted success in enabling real-
37.	time alerting system for unauthorized entry. London Hydro continued its
38.	efforts to develop tamper-resistant solutions for continuous monitoring of
39.	manhole covers in the event of unauthorized access. To address this
40.	challenge, the team designed and constructed a prototype featuring a custom
41.	metal mounting enclosure tailored to fit the physical dimensions of network
42.	manhole covers. Within these enclosures, sensors and communication modules
43.	were installed to enable real-time notifications when unauthorized activity
44.	was detected. To optimize satellite communication and signal reliability,
45.	London Hydro systematically adjusted sensor placement and refined the
46.	thickness of the metal housing. Comprehensive field tests followed,
47.	validating both the alert triggering mechanism and the mobile messaging
48.	system, with results demonstrating satisfactory performance.

246	What scientific or technological advancement did you achieve or attempt to achieve as a result of the work described in line 244? (Maximum 50 lines)
1.	The work performed in FY2025 represents a technological advancement in the
2.	field of electrical engineering. The project contributed to following
3.	advancements:
4.	London Hydro successfully conducted a comprehensive power load analysis to
5.	address spatially distributed electricity demand within its distribution
6.	region. As part of this effort, integrated power system studies were
7.	undertaken to develop and evaluate a range of demand scenarios, enabling a
8.	thorough assessment of loading conditions under diverse electrification
9.	patterns, customer growth trajectories, and varying weather conditions. In
10.	addition, the team evaluated transmission and station performance against
11.	established reliability criteria and systematically compared both wires and
12.	non-wires solutions, accounting for their interactions with the upstream bulk
13.	power system. As a result of these analyses, London Hydro gained valuable
14.	insights to support the development of robust peak demand forecasts,
15.	ultimately helping ensure a reliable electric supply for the region.
16.	London Hydro achieved real-time detection and response capabilities for vault
17.	intrusions in previously inaccessible underground locations. This advancement
18.	was realized by developing a hybrid security solution that redesigned
19.	established protection relay communication infrastructure to support security
20.	telemetry across the power network. Additionally, the team built a prototype
21.	physical access detection system with concealed sensor mounting and
22.	specialized antenna placement tailored for electrical infrastructure. Through
23.	this work, London Hydro advanced its expertise in utility-scale
24.	infrastructure security, surpassing traditional deterrence strategies with
25.	integrated, real-time monitoring solutions.

* See guide T4088 for more information

Section C – Additional project information

Who prepared the responses for Section B?

253	☐ Employee directly involved in the project	254	Name		
255	☐ Other employee of the company	256	Name		
257	☒ External consultant	258	Name KPMG LLP	259	Firm KPMG LLP

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

260	Names	261	Qualifications/experience and position title
1			Manager, Engineering
2			Senior Engineer, Operations
3			Director of Operations, Engineering

If you are claiming capital expenditures for depreciable property acquired after December 15, 2024, identify the SR&ED capital property and the percentage of total operating time it was used in this project. Information requested in this part must be provided for the 10 largest (\$) capital expenditures claimed that were used in this project.

262	Name of SR&ED capital property	263	% of total operating time for this project
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

265 Are you claiming any salary or wages for SR&ED performed outside Canada? ☐ Yes ☒ No**266** Are you claiming expenditures for SR&ED carried out on behalf of another party? ☐ Yes ☒ No**267** Are you claiming expenditures for SR&ED performed by people other than your employees? ☒ Yes ☐ NoIf you answered **yes** to line 267, complete lines 268 and 269.

268	Names of individuals or companies	269	BN
1			
2			

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	☐ Project planning documents	276	☒ Progress reports, minutes of project meetings
271	☒ Records of resources allocated to the project, time sheets	277	☒ 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	☐ Design, system architecture and source code	280	☒ Contracts
275	☐ Records of trial runs	281	☐ Others, specify 282

Part 2 – Project information (continued)Project number **4**

CRA internal form identifier 060

Code 2401

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

Section A – Project identification			
200 Project title (and identification code if applicable) 2024-01 Advancements in Smart Grid Techniques			
202 Project start date 2023-09 Year Month	204 Completion or expected completion date 2026-08 Year Month	206 Field of science or technology code (See guide T4088 for list of codes) 1.02.02 Information technology and bioinformatics (Software e	
207 Canada Research and Development Classification (CRDC) Field of research code * RDF			
Project claim history			
208 ☒ Continuation of a previously claimed project 210 ☐ First claim for the project 212 ☐ Project was pre-approved			
214 If you checked the box on line 212, provide your pre-approval reference number			
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 uncertainty did you attempt to overcome? (Maximum 50 lines)	
1. London Hydro (LH) sought to transform its paper-based process with a secure	
2. digital to enable real-time data capture (including timestamps, digital	
3. signatures etc.) and multimedia uploads from the field crew. A major	
4. challenge was supporting highly variable workflows driven by diverse data	
5. inputs. Traditional form-based applications could not handle complex	
6. conditional logic at scale or inconsistencies in cross-platform behavior,	
7. file handling, and offline field conditions. In parallel, LH aimed to develop	
8. a damage assessment module within its mobile application (Ultra) that	
9. required real-time, bidirectional integration with the outage management	
10. system (OMS). Technological uncertainty existed regarding whether data	
11. captured in the field could be reliably synchronized under conditions of	
12. intermittent connectivity, asynchronous submissions, and heterogeneous device	
13. formats, while maintaining data integrity. Additional uncertainty arose in	
14. determining how geospatial data from disparate sources (e.g., device GPS,	
15. manually entered locations) could be normalized into a unified and reliable	
16. format suitable for real-time mapping and decision-making. Existing	
17. approaches were insufficient, as they did not support dynamic updates to	
18. incident attributes (such as type, severity, and status) in high-density,	
19. rapidly evolving operational environments. Systematic investigation was	
20. necessary to develop robust and adaptive solutions capable of maintaining	
21. consistent system behavior under variable field conditions.	
22. London Hydro sought to overcome limitations in its existing data	
23. architecture, which relied on billing-based datasets and proration methods	
24. that were insufficient for generating accurate, month-aligned consumption	
25. values across billing classes. A key challenge was how to reconstruct precise	
26. monthly consumption using heterogeneous raw meter data (hourly and 5-minute	
27. intervals), given that billing periods were non-uniform and often spanned	
28. multiple calendar months. There was no established method within existing	
29. systems to deterministically align interval-based consumption data with	

T661 E (26)

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

30. calendar boundaries while maintaining consistency with financial records.
 31. Additional uncertainty arose from integrating disparate data sources,
 32. including SAP billing data, and raw meter reads, which exhibited structural
 33. inconsistencies and incomplete historical traceability. In particular,
 34. destructive updates in source systems resulted in the loss of historical
 35. relationships (e.g., changes in device locations or service points), making
 36. it unclear whether accurate historical reconstruction of consumption was
 37. technically achievable without discrepancies.

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

1. LH hypothesized that a centralized, metadata-driven rules engine could ensure
 2. consistent data capture and validation across diverse devices, operating
 3. systems, and connectivity conditions. To test this, LH developed a rules
 4. engine that abstracted form logic into configurable data structures. Early
 5. versions relied on static conditional logic, leading to inconsistencies in
 6. form rendering and validation, especially in complex cases like multi-select
 7. departments and overlapping task dependencies. Initial file handling also
 8. failed to normalize multimedia inputs due to variations in formats,
 9. compression, and encoding. To resolve these issues, LH implemented a
 10. centralized validation layer and standardized data schemas for consistent
 11. input generation and submission. LH further explored synchronization
 12. strategies to support offline use and intermittent connectivity, including
 13. local state persistence, queuing, and deferred server-side validation.
 14. Testing revealed issues such as delayed submissions, duplicates, and out-of-
 15. sequence data caused by asynchronous activity and unstable networks. LH
 16. addressed these by refining data structures and synchronization logic,
 17. introducing server-side reconciliation to ensure data integrity, proper
 18. sequencing, and tamper resistance. These improvements resulted in a robust
 19. synchronization framework that maintained consistent records and system
 20. responsiveness across varying conditions.
 21. To improve response times during power outages, LH sought to develop real-
 22. time synchronization between the Ultra field application and the OMS
 23. database.
 24. LH initially focused on mapping OMS API endpoints and integrating them with
 25. the Ultra field app, enabling automatic syncing of incident data to the OMS
 26. database. Initial testing highlighted issues with coordinating multiple
 27. endpoints, unstable connections, and unclear status changes. To address
 28. these, LH postulated a real-time mapping interface featuring GPS integration,
 29. multi-crew dispatch, custom damage-type icons, colour-coded statuses, and
 30. dynamic filters by status, crew, and location. Pilot studies on small-scale
 31. outages confirmed compatibility with iOS and Android but revealed
 32. inconsistent GPS accuracy and occasional performance problems with multimedia
 33. uploads. Further improvements are planned for FY26 to enhance location
 34. capture and mapping features.
 35. LH hypothesized that accurate, calendar month aligned consumption values
 36. could be reconstructed by aggregating granular interval meter data (hourly
 37. and 5-minute reads) and deterministically aligning these readings to calendar
 38. boundaries. To test this hypothesis, a new data processing architecture was
 39. implemented using a cloud-based data warehouse (AWS), where historical SAP
 40. billing data and raw meter data were ingested and integrated using ETL
 41. pipelines (AWS Glue). A transformation logic was developed to reconstruct
 42. consumption at the meter level by aggregating interval data into precise
 43. monthly values, while also creating mapping frameworks to link installations,
 44. device locations, and meters across disparate systems. During implementation,
 45. multiple challenges were encountered, including totalized services requiring
 46. aggregation across multiple meters, inclusion of non London Hydro owned
 47. meters, and inconsistencies in system identifiers. The hypothesis was tested

T661 E (26)

244	What work did you perform in the tax year to overcome the scientific or technological uncertainty described in line 242? (Summarize the systematic investigation or search) (Maximum 100 lines)
48.	through iterative validation against historical billing outputs and prior
49.	regulatory filings, where calculated monthly consumption values were compared
50.	across billing classes and time periods. Initial results revealed
51.	discrepancies arising from data gaps, destructive updates in source systems,
52.	billing reversals, and rounding differences. In response, LH conducted
53.	multiple iterations of refinement, including reconstructing missing
54.	historical relationships through consultation with subject matter experts,
55.	implementing logic to correctly account for billing adjustments and
56.	reversals, and refining aggregation and rounding methodologies to ensure
57.	consistency with financial records. Each iteration involved reprocessing
58.	large volumes of historical data and re-evaluating alignment with expected
59.	results. Through this, LH progressively reduced discrepancies and ultimately
60.	achieved approximately 98 99% agreement with prior reported values, thereby
61.	demonstrating that accurate monthly consumption reconstruction from
62.	heterogeneous interval data was achievable.

246	What scientific or technological advancement did you achieve or attempt to achieve as a result of the work described in line 244? (Maximum 50 lines)
1.	Through the work that was done in FY25 in the field of enterprise mobile/web
2.	technology for utility field operations, London Hydro advanced the
3.	understanding on the following:
4.	LH was successful in developing a device-agnostic digital system integrating
5.	multi-department logic, flexible data capture and intelligent search. This
6.	system replaces ambiguous paper forms with structured digital fields,
7.	supporting responsive layouts across web, tablets, and phones. The learnings
8.	from this work will enable LH to develop similar digital solutions for
9.	efficient logging and tracking of its disparate field crew operations.
10.	Additionally, LH is progressing towards enabling seamless integration between
11.	its field application Ultra and the OMS sub-system. Once complete, this will
12.	allow for two-way, real-time synchronization of data, images, and workflow
13.	statuses.
14.	London Hydro advanced its technological capabilities by automating
15.	reconciliation and validation of historical billing records using cloud-based
16.	ETL pipelines and scalable serverless compute. LH established robust methods
17.	for ingesting, transforming, and recalculating complex legacy datasets,
18.	improving data integrity and audit reliability. The knowledge gained from
19.	these investigations would eventually allow for large-scale data processing,
20.	API orchestration, and scalable analytics, laying the groundwork for ongoing
21.	improvements in audit and reconciliation practices.

* See guide T4088 for more information

Section C – Additional project information

Who prepared the responses for Section B?

253	☐ Employee directly involved in the project	254	Name		
255	☐ Other employee of the company	256	Name		
257	☒ External consultant	258	Name KPMG LLP	259	Firm KPMG LLP

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

260	Names	261	Qualifications/experience and position title
1	██████████		Engineer, Over 5 years of development experience.
2	██████████		Business systems Analyst, M.Sc Computer Science, 10+ years of software development experience.
3	██████████		Program Manager, 16+ years of engineering experience.

If you are claiming capital expenditures for depreciable property acquired after December 15, 2024, identify the SR&ED capital property and the percentage of total operating time it was used in this project. Information requested in this part must be provided for the 10 largest (\$) capital expenditures claimed that were used in this project.

262	Name of SR&ED capital property	263	% of total operating time for this project
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

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

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

268	Names of individuals or companies	269	BN
1	██████████		██████████

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	☐ Project planning documents	276	☒ Progress reports, minutes of project meetings
271	☒ Records of resources allocated to the project, time sheets	277	☒ 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	☒ Design, system architecture and source code	280	☒ Contracts
275	☐ Records of trial runs	281	☐ Others, specify 282 _____

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

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

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

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

055

Do not use this area

Identification

Business number (BN) 001 86483 7430 RC0001	
Corporation's name 002 London 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. 011 111 Horton Street 012 City Province, territory, or state 015 London 016 ON Country (other than Canada) Postal or ZIP code 017 018 N6A 4H6	
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 022 111 Horton Street 023 City Province, territory, or state 025 London 026 ON Country (other than Canada) Postal or ZIP code 027 028 N6A 4H6	
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. 031 111 Horton Street 032 City Province, territory, or state 035 London 036 ON Country (other than Canada) Postal or ZIP code 037 038 N6A 4H6	
040 Type of corporation at the end of the tax year (tick one) X 1 Canadian-controlled private corporation (CCPC) 2 Other private corporation 3 Public corporation 4 Corporation controlled by a public corporation 5 Other corporation (specify) If the type of corporation changed during the tax year, provide the effective date of the change 043 Year Month Day	
To which tax year does this return apply? Tax year start Year Month Day 060 2025-01-01 Tax year-end Year Month Day 061 2025-12-31 Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? 063 Yes No X If yes, provide the date control was acquired 065 Year Month Day Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? 066 Yes No X Is the corporation a professional corporation that is a member of a partnership? 067 Yes No X Is this the first year of filing after: Incorporation? 070 Yes No X Amalgamation? 071 Yes No X If yes, complete lines 030 to 038 and attach Schedule 24. Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 Yes No X If yes, complete and attach Schedule 24. Is this the final tax year before amalgamation? 076 Yes No X Is this the final return up to dissolution? 078 Yes No X If an election was made under section 261, state the functional currency used 079 Is the corporation a resident of Canada? 080 Yes X No If no, give the country of residence on line 081 and complete and attach Schedule 97. 081 Is the non-resident corporation claiming an exemption under an income tax treaty? 082 Yes No X If yes, complete and attach Schedule 91. If the corporation is exempt from tax under section 149, tick one of the following boxes: 085 1 Exempt under paragraph 149(1)(e) or (l) 2 Exempt under paragraph 149(1)(j) 4 Exempt under other paragraphs of section 149	
Do not use this area	
095	096 898

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

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

Attachments (continued)

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	☒	T1134
If the corporation is a resident of Canada, 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?	☒	T1135
Did the corporation transfer or loan property to a non-resident trust?	☐	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	☐	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	☐	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	☐	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	☐	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	☒	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	☐	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?	☒	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?	☐	54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	☐	63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	☐	59
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	☐	68
Is the corporation a covered entity that redeemed, acquired or cancelled equity of the corporation in the tax year?	☐	56
Is the corporation subject to the excessive interest and financing expenses limitation (EIFEL) rules contained primarily in sections 18.2 and 18.21, or is it a party to any election under the EIFEL rules?	☐	130

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes	☒	No	☐
Is the corporation inactive?	280	Yes	☐	No	☒
Did the corporation meet the definition of substantive CCPC under subsection 248(1) at any time during the tax year?	290	Yes	☐	No	☒
What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution					
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	Electricity Distribution	285	100.000 %	
	286		287	%	
	288		289	%	
Did the corporation immigrate to Canada during the tax year?	291	Yes	☐	No	☒
Did the corporation emigrate from Canada during the tax year?	292	Yes	☐	No	☒
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes	☐	No	☐
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	Year Month Day			
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	Yes	☐	No	☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	3,717,521	A
Deduct:			
Charitable donations from Schedule 2	311		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine made before March 22, 2017, from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Restricted interest and financing expenses from Schedule 4	336		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Employer deduction for non-qualified securities	352		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		3,717,521	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	3,717,521	

* 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	3,717,521	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	3,717,521	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

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

Business limit reduction**Taxable capital business limit reduction**

Amount C	500,000	x	415	***	1,186,040	D	=	6,589,111	E
					90,000				

Passive income business limit reduction

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

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

The greater of amount E and amount G	422	6,589,111	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 L 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. This amount is reported at line 745 of the corresponding Schedule 7. Each corporation with such income has to file a Schedule 7.

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	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L ³	N Business limit assigned to corporation identified in column L ⁴
	490	500	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 or substantive CCPCs at any time in the tax year**

Taxable income from line 360 on page 3	3,717,521	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")	3,717,521	H
General tax reduction for Canadian-controlled private corporations – Amount H multiplied by 13 %	483,278	I

Enter amount I on line 638 on page 8.

* This is not applicable to substantive CCPCs.

** 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, a substantive CCPC, 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 or substantive CCPCs at any time in the tax year**

Aggregate investment income from Schedule 7 **440** $\times \quad 30 \quad 2 / 3 \quad \% =$ A

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

Foreign investment income from Schedule 7 **445** $\times \quad 8 \quad \% =$ 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 3,717,521 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 $\times \quad 75 / 29 =$ H

Foreign business income tax credit from line 636 on page 8 $\times \quad 4 =$ I

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

Subtotal (amount F **minus** amount J) 3,717,521 K $\times \quad 30 \quad 2 / 3 \quad \% =$ 1,140,040 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9) 24,274 M

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

* This is not applicable to substantive CCPCs.

Refundable dividend tax on hand

Eligible refundable dividend tax on hand (ERDTH) at the end of the previous tax year (line 530 of the preceding tax year)	520	A
Non-eligible refundable dividend tax on hand (NERDTH) at the end of the previous tax year (line 545 of the preceding tax year) (if negative, enter "0")	535	B
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)	C	
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)	D	
Subtotal (amount C plus amount D)	▶	E
Net ERDTH transferred on an amalgamation or the wind-up of a subsidiary	525	F
ERDTH dividend refund for the previous tax year	570	G
Refundable portion of Part I tax (from line 450 on page 6)		H
Part IV tax before deductions (amount 2A from Schedule 3)	I	
Part IV tax allocated to ERDTH (amount E)	J	
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)	K	
Subtotal (amount I minus total of amounts J and K)	▶	L
Net NERDTH transferred on an amalgamation or the wind-up of a subsidiary	540	M
NERDTH dividend refund for the previous tax year	575	N
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)		O
Part IV tax payable allocated to NERDTH, net of losses claimed (amount L minus amount O) (if negative enter "0")		P
NERDTH at the end of the tax year (total of amounts B, H, M, and P minus amount N) (if negative, enter "0")	545	
Part IV tax payable allocated to ERDTH, net of losses claimed (amount E minus the amount, if any, by which amount O exceeds amount L) (if negative, enter "0")		Q
ERDTH at the end of the tax year (total of amounts A, F, and Q minus amount G) (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
ERDTH 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)	2,108,333	DD
NERDTH 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")	2,108,333	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	1,412,658	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
Total labour requirements addition to tax	580		D
Recapture of investment tax credit from Schedule 31	602		E
Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) or substantive CCPC's investment income (if it was a CCPC throughout the tax year or a substantive CCPC at any time in the tax year)			
Aggregate investment income from line 440 on page 6			F
Taxable income from line 360 on page 3	3,717,521		G
Deduct:			
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least*			H
Net amount (amount G minus amount H)	3,717,521	3,717,521	I
Refundable tax on CCPC's or substantive CCPC's investment income – 10 2 / 3 % of whichever is less: amount F or amount I		604	J
Subtotal (add amounts A to E and J)		1,412,658	K
Deduct:			
Small business deduction from line 430 on page 4			L
Federal tax abatement	608	371,752	
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	483,278	
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	533,354	
Subtotal		1,388,384	M
Part I tax payable – Amount K minus amount M		24,274	N
Enter amount N on line 700 on page 9.			

* This is not applicable to substantive CCPCs.

Privacy notice

Personal information (including the SIN) is collected and used 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 disclosed to other federal, provincial, territorial, aboriginal 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, and to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Info Source at canada.ca/cra-info-source.

Summary of tax and credits**Federal tax**

Part I tax payable from amount N on page 8	700	24,274
Part II.2 tax payable from Schedule 56	705	
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 XII.7 tax payable from Schedule 78	726	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	

Add provincial or territorial tax:

Total federal tax 24,274

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) 760 328,083

Deduct other credits:

Total tax payable 770 352,357 A

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount JJ on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Return of fuel charge proceeds to farmers tax credit from Schedule 63	795	
Canadian film or video production tax credit (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
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	1,260,000
Total credits	890	1,260,000

1,260,000 B

Balance (amount A minus amount B) -907,643

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 907,643

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

RepID 925

Certification

I, 950 [redacted]	951 [redacted]	954 CFO
Last name	First name	Position, office, or rank
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.		
955 [redacted]	Signature of the authorized signing officer of the corporation	956 (519) 661-5800
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If no , complete the information below		
957 Yes ☒ No ☐	958 [redacted]	959 [redacted]
	Name of other authorized person	Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering 1 for English or 2 for French.

Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français.

990 1

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets				
	Total current assets	1599 +	140,978,000	105,395,000
	Total tangible capital assets	2008 +	609,361,000	574,581,000
	Total accumulated amortization of tangible capital assets	2009 –	141,542,000	139,453,000
	Total intangible capital assets	2178 +	56,209,000	50,219,000
	Total accumulated amortization of intangible capital assets	2179 –	12,742,000	12,989,000
	Total long-term assets	2589 +	52,317,000	61,962,000
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	704,581,000	639,715,000
Liabilities				
	Total current liabilities	3139 +	73,062,000	64,010,000
	Total long-term liabilities	3450 +	398,600,000	346,270,000
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	471,662,000	410,280,000
Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	232,919,000	229,435,000
	Total liabilities and shareholder equity	3640 =	704,581,000	639,715,000
Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	129,587,000	126,107,000

* Generic item

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

Income statement information

Description	GIFI
Operating name	0001 _____
Description of the operation	0002 _____
Sequence number	0003 <u>01</u>

Account	Description	GIFI	Current year	Prior year
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Income statement information

Total sales of goods and services	8089 +	538,801,000	505,111,000
Cost of sales	8518 -	504,459,000	480,591,000
Gross profit/loss	8519 =	34,342,000	24,520,000
Cost of sales	8518 +	504,459,000	480,591,000
Total operating expenses	9367 +	31,560,000	19,410,000
Total expenses (mandatory field)	9368 =	536,019,000	500,001,000
Total revenue (mandatory field)	8299 +	545,897,000	509,457,000
Total expenses (mandatory field)	9368 -	536,019,000	500,001,000
Net non-farming income	9369 =	9,878,000	9,456,000

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 =	9,878,000	9,456,000
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Total – other comprehensive income	9998 =	4,000	1,860,000
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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 -	1,568,000	2,195,000
Future (deferred) income tax provision	9995 -	-670,000	-832,000
Total – Other comprehensive income	9998 +	4,000	1,860,000
Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	8,984,000	9,953,000

Canada Revenue
AgencyAgence du revenu
du Canada**Schedule 141****General Index of Financial Information (GIFI) – Additional Information**

Corporation's name London Hydro Inc.	Business number 86483 7430 RC0001	Tax year-end Year Month Day 2025-12-31
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- Corporations need to complete all parts of this schedule that apply and include it with their T2 return along with their other GIFI schedules.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI), and Guide T4012, T2 Corporation – Income Tax Guide.

Part 1 – Information on the person primarily involved with the financial information

Can you identify the person* specified in the heading of Part 1? **111** Yes ☒ No ☐
If you answered **no**, go to Part 2.

Does that person have a professional designation in accounting? **095** Yes ☒ No ☐

Is that person connected** with the corporation? **097** Yes ☐ No ☒

* A person primarily involved with the financial information is a person who has more than a 50% involvement in preparing the financial information that the T2 return is based on. For example, if three persons prepared the financial information by doing respectively 30%, 30%, and 40% of the work, answer **no** at line 111. If they did respectively 10%, 20%, and 70% of the work, answer **yes** at line 111 and complete Part 1 by referring only to the third person.

** 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

Choose one or more of the following options that represent your involvement and that of the person referred to in Part 1:

Completed an auditor's report **300** ☒
Completed a review engagement report **301** ☐
Conducted a compilation engagement **302** ☐
Provided accounting services **303** ☐
Provided bookkeeping services **304** ☐
Other (please specify) **305**

Part 3 – Reservations

If you selected option 1 (300) or 2 (301) in Part 2 above, answer the following question:

Has the person referred to in Part 1 expressed a reservation? **099** Yes ☐ No ☒

Part 4 – Other information

Were notes to the financial statements prepared? **101** Yes ☒ No ☐
Did the corporation have any subsequent events? **104** Yes ☐ No ☒
Did the corporation re-evaluate its assets during the tax year? **105** Yes ☐ No ☒
Did the corporation have any contingent liabilities during the tax year? **106** Yes ☐ No ☒
Did the corporation have any commitments during the tax year? **107** Yes ☒ No ☐
Does the corporation have investments in joint venture(s) or partnership(s)? **108** Yes ☒ No ☐

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 ☒

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 ☒

Did the corporation apply hedge accounting during the tax year?

255 Yes ☐ No ☒

Did the corporation discontinue hedge accounting during the tax year?

260 Yes ☐ No ☒

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 ☒

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

Part 5 – Information on the person who prepared the T2 return

If the person who prepared the T2 return has a professional designation in accounting but is not the person identified in Part 1, choose all of the following options that apply:

- Prepared the T2 return and the financial information contained therein **310** ☐
- The client provided the financial statements **311** ☐
- The client provided a trial balance **312** ☐
- The client provided a general ledger **313** ☐
- Other (please specify) **314** _____

Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

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Notes to the financial statements

Election under Subsection 1101(5b.1) of the Income Tax Regulations
The above taxpayer elects under subsection 1101(5b.1) to include in a separate class the cost of building additions in the amount of \$1,539,467 in accordance with Regulation 1100(1)(a.2) for a property of the taxpayer that is a building, at least 90 per cent of the floor space of which is used at the end of the taxation year for a non-residential use in Canada.

Election under Subsection 13(7.4) to reduce the capital cost of depreciable property where inducement received.

The above taxpayer hereby elects to have subsection 13(7.4) apply to reduce the capital cost of the depreciable property listed below with respect of assistance received in the 2025 taxation year.

Capital Property: Distribution Assets Class 47 Acquired during 2025. Cost \$36,943,469

Assistance: Capital contributions \$6,194,432, Received during 2025.

London Hydro Inc.

Notes to the Financial Statements

For the year ended December 31, 2025

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1. Reporting entity

London Hydro Inc. ("the Company") is a rate regulated, municipally owned hydro distribution company located in the City of London. The Company is a wholly owned subsidiary of the Corporation of the City of London and was incorporated on April 26, 2000 under the laws of the Province of Ontario, Canada. The Company delivers electricity and related energy services to inhabitants of the City of London. The address of the Company's registered office is 111 Horton Street, London, Ontario, Canada.

2. Basis of presentation

a) Statement of compliance

The Company's financial statements have been prepared on a going concern basis in accordance with IFRS Accounting Standards ("IFRS").

b) Approval of financial statements

These financial statements were approved by the Board of Directors on March 31, 2026.

c) Basis of measurement

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

d) Functional and presentation currency

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

e) Rate regulation

The Company is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that 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 Company, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for

Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

General Index of Financial Information

Notes to the financial statements

rate setting purposes.

Rate setting

Distribution revenue

The Company has primary responsibility for the delivery of electricity to the customer. For the distribution revenue, the Company files a "Cost of Service" ("COS") rate application with the OEB where rates are determined through a review of the forecasted amounts of operating and capital expenditures, debt and shareholder's equity required to support the Company's business. The COS is usually filed every five years. The Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are ultimately approved by the OEB after the review and revisions have been completed.

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London Hydro Inc.

Notes to the Financial Statements

For the year ended December 31, 2025

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2. Basis of presentation (continued)

e) Rate regulation - Rate setting (continued)

Distribution revenue (continued)

The Company receives distribution revenue through OEB approved rates that are designed to recover the costs

incurred in delivering electricity to customers, in addition to deemed debt costs and a rate of return on assets

invested. Distribution rates are regulated by the OEB and include fixed and variable (usage based) components,

based on a forecast of London Hydro's customer base and consumption.

Distribution revenue also includes

revenue related to the collection of OEB approved rate riders.

The OEB regulates the amount of interest on debt and the allowable return on equity that may be recovered by the

Company through its electricity distribution rates. The OEB permits such recoveries on the basis of a deemed

capital structure represented by 56% long term debt, 4% short term debt and 40% equity. The actual capital

structure for the Corporation may differ from the OEB deemed structure.

In the intervening years between COS applications, an Incentive Regulation Mechanism ("IRM") rate application

is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS

application. The previous year's rates are adjusted by an OEB calculated inflation factor for electricity distributors,

net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

In August 2021, the Company filed a Cost of Service application which was approved by the OEB on February 24,

2022 for rates effective May 1, 2022. The monthly total bill impact of the new rates for a typical residential customer

was an increase of approximately \$1.41 or 1.17% before taxes.

The OEB calculated inflation factor for 2023 was 3.7%, the applied productivity factor was 0.0% and the determined

stretch factor was (0.3)%, resulting in a net adjustment of 3.4% to the

Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

General Index of Financial Information

Notes to the financial statements

previous year's distribution rates effective

May 1, 2023.

The OEB calculated inflation factor for 2024 was 4.8%, the applied productivity factor was 0.0% and the determined stretch factor was (0.3)%, resulting in a net adjustment of 4.5% to the previous year's distribution rates effective

May 1, 2024.

The OEB calculated inflation factor for 2025 is 3.6%, the applied productivity factor is 0.0% and the determined stretch factor is (0.3)%, resulting in a net adjustment of 3.3% to the previous year's distribution rates effective May

1, 2025.

As a licensed distributor, the Company 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 Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers.

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London Hydro Inc.

Notes to the Financial Statements

For the year ended December 31, 2025

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2. Basis of presentation (continued)

e) Rate regulation - Rate setting (continued)

Electricity rates

The OEB sets electricity prices for residential and small commercial consumers once 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, other than consumers with retail contracts who pay a contracted rate plus a global adjustment rate adder, pay the market price for electricity.

Net electricity sales

Electricity related costs are passed through to customers without any associated mark up being earned by London

Hydro. Energy sales include billed and unbilled amounts for,

Commodity charge - The commodity charge represents the market price of electricity consumed by customers and is passed through the Independent Electricity System Operator ("IESO") back to operators of generating stations. It includes the global adjustment, which represents the difference between the market price of electricity and the rates paid to regulated and contracted generators. Residential and small commercial customers pay OEB approved electricity rates that are not necessarily the actual market rate of power.

Retail transmission rate - The retail transmission rate represents the costs incurred in respect of the transmission of electricity from generating stations to local distribution networks. Retail transmission rates are a pass through to operators of transmission facilities.

WMS charge - The Wholesale Market Services ("WMS") charge represents

Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

General Index of Financial Information

Notes to the financial statements

various wholesale market support costs, such as the cost of the IESO to administer the wholesale electricity system, operate the electricity market, and maintain reliable operation of the provincial grid. WMS charges are a pass through to the IESO.

Although these charges are passed through to customers, they are considered revenue of the Company because of the collection risk associated with related balances. For any given period, energy sales should be equal to the cost of energy purchased. However, a difference between energy sales and energy purchases arises when there is a timing difference between the amounts charged by London Hydro to customers, based on regulated rates, and the electricity and non competitive electricity service costs billed monthly by the IESO to the Company. This difference is recorded as a settlement variance, representing future amounts to be recovered from or refunded to customers through future billing rates approved by the OEB. In accordance with IFRS 14, this settlement variance is presented within regulatory balances on the consolidated balance sheets and within net movements in regulatory balances on the Statement of Comprehensive Income.

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London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2025
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3. Material accounting policies

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

a) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- (i) 3(c), 3(m) - measurement of unbilled revenue
- (ii) 3(m) - determination of the performance obligation for contributions from customers and the related amortization period
- (iii) 3(e), 3(f), 6, 7 - estimation of useful lives of its property, plant and equipment and intangible assets
- (iv) 3(f), 3(n), 7 - capitalization of configuration and customization costs in Software as a Service ("SaaS") arrangements and determining whether services are distinct from the SaaS

Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

General Index of Financial Information

Notes to the financial statements

access

(v) 5 - estimation for allowance for doubtful accounts

(vi) 6, 13 - leases: whether an arrangement contains a lease

(vii) 8 - recognition and measurement of regulatory balances

(viii) 15 - measurement of defined benefit obligations: key actuarial assumptions

(ix) 22 - recognition and measurement of provisions and contingencies

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London Hydro Inc.

Notes to the Financial Statements

For the year ended December 31, 2025

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3. Material accounting policies (continued)

b) Financial instruments

Non derivative

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities.

These financial instruments are recognized initially at fair value plus any directly attributable transaction costs.

Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(h).

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables are initially measured at the invoiced amount. All other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets Recognition and de recognition

All financial assets are recognized and de recognized on the trade date. The Company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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London Hydro Inc.

Notes to the Financial Statements

For the year ended December 31, 2025

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Corporation's name	Business number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

General Index of Financial Information

Notes to the financial statements

3. Material accounting policies (continued)

b) Financial instruments - Non derivative (continued)

Financial assets Subsequent measurement

Financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for short term receivables where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on de recognition are recognized in profit or loss. Financial assets at FVTPL are measured at fair value. Net changes in the fair value are recognized in profit or loss. Financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value. Net changes in the fair value are recognized in other comprehensive income.

Financial assets Impairment

The Company applies the expected credit loss model to financial assets at amortized cost, contract assets and debt instruments measured at FVOCI. The Company measures loss allowances at an amount equal to the lifetime expected credit losses ("ECLs") in accordance with the 'simplified approach' available under the standard. Under this approach, loss allowances on trade accounts receivable are always measured at lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward looking information.

Financial liabilities Recognition and de recognition

The Company de recognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Financial liabilities Subsequent measurement

Financial liabilities at amortized cost are measured using the effective interest rate method.

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3. Material accounting policies (continued)

b) Financial instruments Non derivative (continued)

Classification under IFRS 9

The Company uses the following methods and assumptions to estimate the fair value of each class of nonderivative financial instruments for which carrying amounts are included in the consolidated balance sheets:

Cash and cash equivalents are classified as "Amortized cost" and are initially measured at fair value. The carrying amounts approximate fair value due to the short maturity of these

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instruments.

Accounts receivable are classified as "Amortized cost" and are initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method, less expected credit loss allowance. The carrying amounts approximate fair value due to the short maturity of these instruments.

Bank indebtedness is classified as "Amortized cost" and is initially measured at fair value. The carrying amounts approximate fair value due to the short maturity of the instruments.

Accounts payable, income taxes payable, and dividends payable are classified as "Amortized cost" and are initially measured at fair value. The carrying amounts approximate fair value due to the short maturity of these instruments. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Long term debt and lease liabilities are classified as "Amortized cost" and is initially measured at fair value. The carrying amounts approximate fair value because of the nature of the instruments. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Customer and other deposits are classified as "Amortized cost" and are initially measured at fair value. Subsequent measurements are recorded at cost plus accrued interest. The carrying amounts approximate fair value considering interest accrued on the outstanding balance.

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London Hydro Inc.

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3. Material accounting policies (continued)

b) Financial instruments (continued)

Derivative

Derivatives are initially measured at fair value and any 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 profit or loss. Embedded derivatives are separated from the host contract upon initial recognition and accounted for separately at FVTPL when the host contract is not a financial asset and certain conditions are met. The Company does not use derivative instruments for speculative purposes. The Company holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially recognized at fair value; any directly attributable transaction costs are recognized in the Statement of Comprehensive Income as incurred as a change in interest rate swap. Subsequent to initial recognition, derivatives are measured at fair value using level 2 inputs, and changes therein are recognized in the Statement of Comprehensive Income.

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

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Fair value measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A fair value hierarchy exists that prioritizes observable and unobservable inputs used to measure fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions with respect to how market participants would price an asset or liability. The fair value hierarchy includes three levels of inputs that may be used to measure fair value:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities. The Company does not use Level 1 inputs for its fair value measurements.

Level 2: inputs, other than quoted prices in active markets, that are observable for the asset or liability either directly or indirectly. The Company's Level 2 inputs include quoted market prices for interest rates and credit risk premiums. The Company obtains information from sources including the Bank of Canada and market exchanges. The Company uses Level 2 inputs for all of its financial instrument fair value measurements.

Level 3: inputs that are not based on observable market data. The Company does not use Level 3 inputs for any of its fair value measurements.

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3. Material accounting policies (continued)

c) Accounts receivable

Accounts receivable consists of billed and unbilled balances. Billed amounts are recorded at the invoiced amount and overdue amounts bear interest at OEB approved rates. Unbilled revenues are accrued based on the estimated amount of electricity delivered and not yet billed. The estimate for unbilled electricity delivered is based primarily on simulated billings that apply applicable OEB approved rates to unbilled metering data. Amounts accrued for fixed rate services are based on days past since the customer's last billing. The carrying amount of billed and unbilled balances is reduced through a loss allowance and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income. The impairment loss is the difference between an asset's carrying amount and the estimated future cash flows. When the Company considers that there are no realistic prospects of recovery of the financial assets, the relevant amounts are written off. If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

No loss allowances in connection with water consumption accounts are realized

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in the Statement of Comprehensive Income since amounts are fully recovered from the Corporation of the City of London.

d) Materials and supplies

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

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3. Material accounting policies (continued)

e) Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets may include contracted services, materials, transportation costs, direct labour, overhead costs, borrowing costs 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 based upon the lower of OEB prescribed rates and the incremental cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct. When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

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

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

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3. Material accounting policies (continued)

e) Property, plant and equipment (continued)

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed

periodically. The Company has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight line method over their estimated

useful lives, and is generally recognized in the Statement of Comprehensive Income. Depreciation methods, useful

lives, and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate. Land is

not depreciated. Construction in progress assets are not depreciated until the project is complete and the asset is

available for use.

The estimated useful lives are as follows:

Years

Building structures and components 12 75

Distribution system and equipment 25 - 60

Right of use land asset 45

Substation equipment 15 45

System supervisory equipment 8 35

Metering devices 15 30

Renewable generation assets 20

Automotive equipment 8 12

Equipment, tools and furniture 5 8

Computer hardware 3 - 5

f) Intangible assets

Intangible assets are measured at cost, less accumulated amortization. Cost includes expenditures that are directly

attributable to the acquisition of the asset. The cost of intangible assets may include contracted services, direct

labour, overhead costs, borrowing costs 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 based upon the lower of OEB

prescribed rates and the incremental cost of debt incurred on the Company's borrowings. Qualifying assets are

considered to be those that take in excess of 12 months to complete.

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London Hydro Inc.

Notes to the Financial Statements

For the year ended December 31, 2025

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3. Material accounting policies (continued)

f) Intangible assets (continued)

Payments to obtain rights to access land (land rights) are classified as intangible assets. These include payments

made for easements, right of access and right of use over land for which the Company does not hold title. Land

rights are measured at cost less accumulated amortization.

Computer software that is acquired or developed by the Company, including software that is not integral to the

functionality of equipment purchased which has finite useful lives, is

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measured at cost less accumulated amortization.

Part of the customization and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances, modifies, or creates additional capability to the existing onpremise software to enable it to connect with the cloud based software applications. This is referred to as bridging modules or application programming interfaces. Judgment was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in IAS 38, Intangible Assets.

Capital contributions represent costs incurred and associated with assets that are not owned by the Company.

These contributions are incurred where the Company is charged with the responsibility of upgrading assets that the Company does not hold title to. Capital contributions include costs towards the refurbishment and upgrade of a transformer station and wholesale meters. These assets are measured at cost less accumulated amortization.

Intangible assets in progress consist of application software under development at the financial statement date.

Amortization is recognized in the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

The estimated useful lives are:

Years

Capital contributions 30 45

Land rights 25

Computer software 3 5

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London Hydro Inc.

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3. Material accounting policies (continued)

g) 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 Company.

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 the Statement of Comprehensive

Income 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

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movement in regulatory balances in the Statement of Comprehensive Income 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, etc. Any resulting impairment loss is recognized in the Statement of Comprehensive Income in the year incurred.

When the Company expects to refund amounts to ratepayers in the future, the Company recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in the Statement of Comprehensive Income 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 the Statement of Comprehensive Income or OCI.

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3. Material accounting policies (continued)

h) Impairment

Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in the Statement of Comprehensive Income. An impairment loss is reversed through the Statement of Comprehensive Income if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

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.

Non financial assets

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

For the purpose of impairment testing, assets are grouped together into the

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Comprehensive Income.

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.

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3. Material accounting policies (continued)

i) Provisions

A provision is recognized if, as a result of a past event, the Company 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 future cash flows expected to be paid by the Company, at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

j) Customer and other deposits

Customer and other deposits include cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB, or upon termination of their electricity distribution service.

Other deposits include advance payments received from customers and developers for services that will be performed in the future and are recognized in revenue when the performance obligation is satisfied. Capital expansion deposits are also included and represent security deposits received from customers and developers which are expected to be returned to the customer when the necessary number of connections or electricity demand has been met. Interest is paid on customer and other deposits at the rate of prime less 2% per annum.

k) Post employment benefits

Multi employer pension plan

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The Company provides a pension plan for all its full time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under funded position, additional contribution rates may be assessed to participating employers and members. OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Company to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Company is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the Statement of Comprehensive Income when they are due.

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3. Material accounting policies (continued)

k) Post employment benefits - Multi employer pension plan (continued)

Post employment benefits, other than pension

The Company provides some of its retired employees with life insurance and medical benefits beyond those

provided by government sponsored plans. The obligations for these post employment benefit plans are actuarially

determined by applying the projected unit credit method and reflect management's best estimate of certain

underlying assumptions.

Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan

assets (excluding interest), are recognized immediately in OCI. When the benefits of a plan are improved, the

portion of the increased benefit relating to past service by employees is recognized immediately in the Statement

of Comprehensive Income.

l) Leases

The Company's accounting policy for leases is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the

contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non lease

components as a single lease component.

Management exercises judgment in determining the appropriate lease term on a

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lease by lease basis. Management considers the facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Changes in the economic environment or changes in the industry may impact management's assessment of the lease term. Any changes in management's estimate of lease terms may have a material impact on the Company's balance sheet and statement of earnings.

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

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London Hydro Inc.

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3. Material accounting policies (continued)

1) Leases (continued)

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

In determining the carrying amount of right of use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there

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is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense over the lease term.

m) Revenue recognition

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Company has the right to bill.

Revenue includes rates for electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

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London Hydro Inc.

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3. Material accounting policies (continued)

m) Revenue recognition (continued)

Sale and distribution of electricity (continued)

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 Company has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Water billing services

The Company provides services to the Corporation of the City of London, including water and wastewater billing, customer care services and water meter replacement administration services.

The Company has determined that

it is acting as an agent for these billing services as any uncollectable amounts related to water billings are collected

by the Company from the Corporation of the City of London. Therefore, only the fee paid to the Company by the

Corporation of the City of London for providing these services is included in the Statement of Comprehensive

Income.

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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 retained from developers are recorded as deferred revenue and 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 Company has concluded that the performance obligation is the supply of

electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants 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.

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London Hydro Inc.

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3. Material accounting policies (continued)

n) Software as a Service arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customize, and the ongoing fees to obtain access to the cloud provider s application software, are recognized as operating expenses when the services are received.

Costs incurred to configure or customize the cloud provider s application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customization, as well as the SaaS access over the contract term, the Company applied judgment to determine whether these services are distinct from each other, and therefore, whether the configuration and customization costs incurred are expensed as the software is configured or customized (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customization activities significantly modify or customize the cloudbased software, these activities will not be distinct from the access to the cloud software over the contract term.

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Judgment has been applied in determining whether the degree of customization and modification of the cloudbased software would be deemed significant. Some of these costs incurred are for the development of software code that enhances, modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognized as intangible software assets and once available for use are amortized over the useful life of the software on a straight line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any changes are accounted for prospectively as a change in accounting estimate.

o) Finance income and finance expenses

Finance income is recognized as it accrues in the Statement of Comprehensive Income. Finance income comprises interest earned on cash.

Finance expenses comprise interest expense on borrowings and customer deposits, as well as the unrealized change in the fair value of interest rate swap agreements. Finance expenses are recognized in the Statement of Comprehensive Income unless they are capitalized as part of the cost of qualifying assets.

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London Hydro Inc.

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3. Material accounting policies (continued)

p) Income taxes

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

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations

Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Company makes payments in lieu of

corporate taxes to the Ontario Electricity Financial Corporation. These payments are calculated in accordance with

the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts

as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Company was not

subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes. Current tax comprises

the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or

substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and

their carrying amounts for accounting purposes. Deferred tax assets and liabilities are recognized for unused tax

losses, unused tax credits and temporary differences to the extent that it is

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probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

4. Future accounting standards and amendments

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

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London Hydro Inc.

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4. Future accounting standards and amendments (continued)

Amendments to IFRS 9 and IFRS 7:

In May 2024, revisions to IFRS 9 Financial Instruments, and IFRS 7

Financial Instruments: Disclosures, were

released. These revisions provide clarification on the timing for the recognition and derecognition of financial

assets and liabilities, specifically stating that a financial liability is derecognized on its settlement date.

Additionally, the amendments offer an option to derecognize financial liabilities settled through an electronic

payment system before the settlement date, provided certain conditions are met. The revisions also include

updates on the classification of financial assets, especially those with features related to environmental, social, and

corporate governance. Furthermore, they introduce new disclosure requirements for financial instruments with

contingent features and for equity investments classified at fair value through other comprehensive income. These

amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is

permitted, with an option to early adopt only the amendments to the classification of financial assets.

Replacement of IAS 1 with IFRS 18:

IFRS 18 Presentation and Disclosure in Financial Statements has been introduced to enhance the comparability

of financial performance across similar entities. This standard, which replaces IAS 1 Presentation of Financial

Statements affects how primary financial statements and notes are presented, particularly the Statement of

Comprehensive Income. Under IFRS 18, companies will be required to separately categorize income and expenses

into operating, investing, and financing activities, with specific subtotals for each category. Additionally,

management defined performance measures must be disclosed and explained in a separate note within the

consolidated financial statements. The standard will be effective for annual periods starting on or after January 1,

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2027, including interim reports, and requires retrospective application.

5. Accounts receivable

London Hydro provides water and waste water billing services for the Corporation of the City of London. The Company does not assume liability for collection of water billings. Any amount relating to water consumption that is determined to be uncollectible is charged to the Corporation of the City of London.

2025 2024

Trade receivables 41,947 \$ 41,005

Unbilled revenue 45,894 37,989

Water billings (net) 14,935 15,484

Due from shareholder 4,373 5,506

Other 2,447 5,580

Allowance for doubtful accounts (6,643) (4,997)

\$ 102,953 \$ 100,567

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London Hydro Inc.

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6. Property, plant and equipment

a) Cost or deemed cost:

b) Accumulated depreciation:

c) Carrying amounts:

Property, plant and equipment includes a right of use asset with a carrying value of \$6.4 million (December 31, 2024 - \$1.9 million) associated with property rented from the Corporation of the City of London with a remeasurement value of \$6.9 million, amortized on a straight line basis over 45 years commencing with the 2025 fiscal year (see Note 13).

Land and
buildings

Distribution
substation

equipment

Other
distribution

equipment

Other
equipment

Construction
in progress Total

Balance at January 1, 2024 \$ 23,934 \$ 10,348 \$ 446,977 \$ 36,875 \$ 18,175 \$ 536,309

Additions 291 44 38,629 4,506 (351) 43,119

Disposals / retirements (268) (138) (223) (4,218) (4,847)

Balance at December 31, 2024 \$ 23,957 \$ 10,254 \$ 485,383 \$ 37,163 \$ 17,824 \$ 574,581

Balance at January 1, 2025 \$ 23,957 \$ 10,254 \$ 485,383 \$ 37,163 \$ 17,824 \$ 574,581

Additions 6,250 216 38,107 4,315 3,018 51,906

Disposals / retirements (61) (15,334) (1,731) (17,126)

Balance at December 31, 2025 \$ 30,146 \$ 10,470 \$ 508,156 \$ 39,747 \$ 20,842 \$ 609,361

Land and

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buildings
Distribution
substation
equipment
Other
distribution
equipment
Other
equipment
Construction
in progress Total
Balance at January 1, 2024 \$ 5,604 \$ 3,110 \$ 98,321 \$ 18,238 \$ \$ 125,273
Depreciation 860 459 14,115 3,544 18,978
Disposals / retirements (268) (100) (223) (4,207) (4,798)
Balance at December 31, 2024 \$ 6,196 \$ 3,469 \$ 112,213 \$ 17,575 \$ \$ 139,453
Balance at January 1, 2025 \$ 6,196 \$ 3,469 \$ 112,213 \$ 17,575 \$ \$ 139,453
Depreciation 965 345 14,058 3,530 18,898
Disposals / retirements (61) (15,050) (1,698) (16,809)
Balance at December 31, 2025 \$ 7,100 \$ 3,814 \$ 111,221 \$ 19,407 \$ \$ 141,542
Balance at
Land and
buildings
Distribution
substation
equipment
Other
distribution
equipment
Other
equipment
Construction
in progress Total
December 31, 2024 \$ 17,761 \$ 6,785 \$ 373,170 \$ 19,588 \$ 17,824 \$ 435,128
December 31, 2025 \$ 23,046 \$ 6,656 \$ 396,935 \$ 20,340 \$ 20,842 \$ 467,819
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7. Intangible assets
a) Cost or deemed cost:
b) Accumulated amortization:
c) Carrying amounts:
During the year ended December 31, 2025, borrowing costs of \$0.9 million (December 31, 2024 -\$0.7 million) were
capitalized as part of the cost of intangible assets. An average interest
rate of 4.2% (December 31, 2024 - 5.0%) was
used to determine the amount of borrowing costs to be capitalized.
Land rights
Capital
contributions
Computer
software
Work
in progress Total
Balance at January 1, 2024 \$ 710 \$ 6 ,604 \$ 2 4,746 \$ 1 1,072 \$ 4 3,132

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Additions 39 7 79 3 ,183 9 ,058 1 3,059
Disposals / retirements (5,972) (5,972)
Balance at December 31, 2024 \$ 749 \$ 7 ,383 \$ 2 1,957 \$ 2 0,130 \$ 5 0,219
Balance at January 1, 2025 \$ 749 \$ 7 ,383 \$ 2 1,957 \$ 2 0,130 \$ 5 0,219
Additions 3 3 3 ,545 7 ,323 1 0,874
Disposals / retirements (2) (4,882) (4,884)
Balance at December 31, 2025 \$ 750 \$ 7 ,386 \$ 2 0,620 \$ 2 7,453 \$ 5 6,209
Land rights
Capital
contributions
Computer
software
Work
in progress Total
Balance at January 1, 2024 \$ 115 \$ 1 ,133 \$ 1 2,563 \$ \$ 1 3,811
Amortization 30 1 67 4 ,953 5 ,150
Disposals / retirements (5,972) (5,972)
Balance at December 31, 2024 \$ 145 \$ 1 ,300 \$ 1 1,544 \$ \$ 1 2,989
Balance at January 1, 2025 \$ 145 \$ 1 ,300 \$ 1 1,544 \$ \$ 1 2,989
Amortization 30 1 83 4 ,424 4,637
Disposals / retirements (2) (4,882) (4,884)
Balance at December 31, 2025 \$ 173 \$ 1 ,483 \$ 1 1,086 \$ \$ 1 2,742
Balance at Land rights
Capital
contributions
Computer
software
Work
in progress Total
December 31, 2024 \$ 604 \$ 6 ,083 \$ 1 0,413 \$ 2 0,130 \$ 3 7,230
December 31, 2025 \$ 577 \$ 5 ,903 \$ 9 ,534 \$ 2 7,453 \$ 4 3,467
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8. Regulatory balances
Reconciliation of the carrying amount for each class of regulatory balances:
Regulatory assets:
Regulatory liabilities:
Regulatory deferral account debit balances January 1,
2024 Changes
(Recovery)/
reversal
December 31,
2024
Remaining
years
Group 1 deferred accounts \$ 11,775 \$ 1,862 \$ \$ 13,637
Regulatory settlement account 2,300 8,502 (7,382) 3,420 0 .3
Other regulatory accounts 1,703 1,127 2,830
Income tax 20,230 1,722 21,952
\$ 36,008 \$ 13,213 \$ (7,382) \$ 41,839
Regulatory deferral account debit balances January 1,
2025 Changes
(Recovery)/

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reversal
December 31,
2025
Remaining
years
Group 1 deferred accounts \$ 13,637 \$ (7,871) \$ 5,766
Regulatory settlement account 3,420 3,307 (5,580) 1,147 0 .3
Other regulatory accounts 2,830 1,617 4,447
Income tax 21,952 1,818 23,770
\$ 41,839 \$ (1,129) \$ (5,580) \$ 35,130

Regulatory deferral account credit balances January 1,

2024 Changes

Recovery/

(reversal)

December 31,

2024

Remaining

years

Other regulatory accounts \$ 1,437 \$ (544) \$ (63) \$ 830 2 .3

\$ 1,437 \$ (544) \$ (63) \$ 830

Regulatory deferral account credit balances January 1,

2025 Changes

Recovery/

(reversal)

December 31,

2025

Remaining

years

Other regulatory accounts \$ 830 \$ (393) \$ (109) \$ 328 1 .3

\$ 830 \$ (393) \$ (109) \$ 328

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8. Regulatory balances (continued)

The regulatory balances are recovered or settled through fixed and/or volumetric rate riders approved by the OEB.

The volumetric rate riders are determined using estimates of future consumption of electricity by customers.

Future consumption is impacted by various factors including the economy and weather. The Company has

received approval from the OEB to establish its regulatory balances.

Regulatory balances attract interest at OEB

prescribed rates, which are currently based on the 3 month Bloomberg ticker BVCAUA3M CVLI. For the last

quarter of 2024 and the first quarter of 2025, the rate was based on the three month T bill rate plus 25 basis points.

Prior to the fourth quarter of 2024, the OEB prescribed interest rate was based on the Bankers Acceptances threemonth

rate plus 25 basis points. The rate was set at 3.64% in the first quarter, 3.16% in the second quarter, 2.91%

in the third and fourth quarters of 2025 (March 31, 2024, June 30, 2024 - 5.49%, September 2024 - 5.20% and

December 2024 - 4.40%).

Regulatory developments in Ontario's electricity industry and other

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governmental policy changes may affect the electricity distribution rates charged by the Company and the costs Company is permitted to recover. There is a risk that the OEB may disallow the recovery of a portion of certain costs incurred in the current period through future rates or disagree with the proposed recovery period. In the event that the disposition of these balances is assessed to no longer be probable based on management's judgment, any impairment will be recorded in the period when the assessment is made. There was no impairment recorded for the year ended December 31, 2025.

a) Group 1 deferral accounts

The Group 1 deferral accounts consist of energy related cost variances including Smart Metering Entity, Wholesale Market and Retail Transmission Charge Variances. As a regulated distributor of electricity, the Company is obligated to provide energy supply to all consumers at regulated or spot rates unless they elect to purchase their energy from an energy retailer. The regulatory framework requires that all energy commodity and noncommodity costs be billed at regulated rates to consumers who are on the Regulated Price Plan.

Variances between purchase costs and amounts billed for electricity are required to be captured in the Retail Settlement Variance Accounts ("RSVA") for disposition through future rate riders. The variance accounts have been further defined by the regulator into commodity and non commodity accounts. Those accounts defined as commodity accounts are eligible for regulatory review on a quarterly basis. All other accounts are defined as noncommodity and are currently eligible for review on an annual basis.

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8. Regulatory balances (continued)

b) Regulatory settlement account

During 2022, the Company filed its 2023 IRM rate application in which it proposed the disposition of Group 1 account balances as at December 31, 2021 via rate riders. The disposition request included the balances of Smart Metering Entity Charge Variance, RSVA - Retail Transmission Network Charge, RSVA - Retail Transmission Connection Charge and the remainder balance of Disposition and Recovery/Refund of Regulatory Balances (2018). These accounts included amounts accumulated between January 1, 2021 and December 31, 2021. The Company also proposed the recovery of the LRAMVA balance accumulated between January 1, 2020 and December 31, 2021 via rate riders. The OEB authorized the refund/recovery of these balances over a one year period commencing May 1, 2023.

During 2023, the Company filed its 2024 IRM rate application in which it proposed the disposition of Group 1 account balances as at December 31, 2022 via rate riders. The balances of

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Smart Metering Entity Charge Variance, RSVA Retail Transmission Network Charge and RSVA Retail Transmission Connection Charge accumulated between January 1, 2022 and December 31, 2022. The balances of RSVA Power, RSVA Global Adjustment, RSVA Wholesale Market Service and RSVA WMS Capacity Based Recovery accumulated between January 1, 2021 and December 31, 2022. The Company also proposed the recovery of the remaining balances of Disposition and Recovery/Refund of Regulatory Balances (2019) and the Impacts Arising from the COVID 19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. The OEB authorized the refund/recovery of these balances over a one year period commencing May 1, 2024. During 2024, the Company filed its 2025 IRM rate application in which it proposed the disposition of Group 1 account balances as at December 31, 2023 via rate riders. The balances accumulated between January 1, 2023 and December 31, 2023. The OEB authorized the refund/recovery of these balances over a one year period commencing May 1, 2025. During 2025, the Company filed its 2026 IRM rate application in which it proposed the disposition of Group 1 account balances as at December 31, 2024 via rate riders. The balances accumulated between January 1, 2024 and December 31, 2024. The OEB authorized the refund/recovery of these balances over a one year period commencing May 1, 2026.

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8. Regulatory balances (continued)
c) Other regulatory accounts
The other regulatory account debit balance includes deferred costs for incremental locate services as a result of the implementation of the Getting Ontario Connected Act, 2022, deferred incremental costs for cloud computing implementation, incremental Emergency Financial Assistance under the Low Income Energy Assistance Program contributions made beyond the amounts currently embedded in distribution rates and various deferred costs in connection with Impacts Arising from the COVID 19 Emergency. The other regulatory account credit balance includes the carrying charges on Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential amount. Regulatory account credit balances also include amounts repayable to customers as a result of tax savings due to increased capital cost allowance provided for through the Accelerated Investment Incentive introduced in Bill C 97 effective November 2018, and the \$1.5 million Immediate Expense incentive effective April 2021. The other regulatory accounts also include the Green Button Net Revenue Deferral Account, established for the period of

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January 1, 2025 to December 31, 2026 as the result of Decision and Order permitting to carry out certain Green Button services. The amount recorded in the account is the 60% of net revenue from such services which is expected to be disposed of in the next Cost of Service rate application. In its 2022 COS rate application, the Company requested funding for the upgrade of its Customer Information System under the Advanced Capital Module and received approval. During 2023, the Company filed its 2024 IRM rate application, which included a request for the recovery of such costs. The OEB authorized the recovery of these costs via rate riders until the effective date of the next cost of service based rate order.

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8. Regulatory balances (continued)

d) Income tax

The Company has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from, or paid back to its customers. This balance typically fluctuates as the Company's deferred tax balance fluctuates.

e) Reconciliation of net movements in regulatory balances

Reconciliation between the net movements in regulatory balances presented in the Statement of Financial Position and the net movements presented on the Statement of Comprehensive Income:

2025 2024

Net movements per Statement of Financial Position:

Total movements in regulatory debit balances \$ (6,709) \$ 5,831

Total movements in regulatory credit balances 502 607

\$ (6,207) \$ 6,438

Net movements per Statement of Comprehensive Income:

Net movements in regulatory balances \$ (8,025) \$ 4,718

Net movements in regulatory balances arising from deferred taxes 1,817 1,227

Net movements in regulatory balances related to OCI, net of tax 1 493

\$ (6,207) \$ 6,438

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9. Income tax expense

Income tax expense is comprised of: 2025 2024

Current income tax expense \$ 1,568 \$ 2,195

Deferred tax

Change in recognized deductible temporary differences:

Loss on interest rate swap (778) (1,438)

Corporate minimum tax 108 606

Property, plant, equipment and intangible assets 2,203 1,641

Post employment benefits 118 73

Deferred revenue (504) (487)

1,147 395

Total current and deferred income tax in profit and loss, before

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movement of regulatory balance 2,715 2,590
 Other comprehensive loss
 Post employment benefits 1 493
 Total current and deferred income tax, before movement of regulatory 2,716
 3,083
 Net movement in regulatory balances (1,818) (1,720)
 Income tax expense recognized in the Statement of
 Comprehensive Income \$ 898 \$ 1,363
 Reconciliation of effective tax rate: 2025 2024
 Income before taxes including net movement of regulatory balances
 and remeasurement of post employment benefits \$ 9,882 \$ 11,316
 Canada and Ontario statutory income tax rates 26.5% 26.5%
 Expected tax provision on income at statutory rates 2,619 2,999
 Decrease in income taxes resulting from:
 Net movement in regulatory balances (1,818) (1,720)
 Other items 97 84
 \$ 898 \$ 1,363
 Significant components of the Corporation's deferred tax balances: 2025 2024
 Property, plant, equipment and intangible assets \$ (29,231) \$ (27,028)
 Post employment benefits 1,750 1,869
 Deferred revenue 3,711 3,207
 Deferred income taxes to be realized by customers (23,770) (21,952)
 Corporate minimum tax 108
 Gain on interest rate swap (4,555) (5,333)
 \$ (28,325) \$ (27,177)
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 10. Short term borrowings
 Bank indebtedness includes short term advances on the Company's revolving
 line of credit and includes
 outstanding cheques and cash. Advances are drawn from an uncommitted
 operating revolving line of credit
 facility of \$20 million with the Toronto Dominion Bank. At December 31, 2025
 the amount drawn by the Company
 under this line of credit was \$nil (December 31, 2024 - \$0.1 million). The
 line of credit is unsecured and interest
 is at prime rate on prime based borrowings minus 0.5%, or at Benchmark rates
 plus 1.4%.
 11. Accounts payable and accrued liabilities
 12. Deferred revenue
 On project completion, capital contributions retained from customers and
 developers to construct distribution
 assets are recognized as revenue on a straight line basis over the average
 life span of the assets for which the
 contribution was received.
 2025 2024
 Due to Independent Electricity System Operator \$ 33,488 \$ 27,568
 Harmonized sales tax 1,015 619
 Payroll and benefits payable 4,862 4,312
 Water consumption 12,188 9,243
 Due to shareholder 1,045 1,326
 Other 15,170 13,957
 \$ 67,768 \$ 57,025

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2025 2024

Capital contributions, beginning of year \$ 46,630 \$ 41,548

Capital contributions received 6,195 6,327

Amortization (1,401) (1,245)

51,424 46,630

Less: Current portion 1,541 1,393

\$ 49,883 \$ 45,237

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13. Lease liability

The Company has a lease liability in connection with a right of use asset associated with property rented from the Corporation of the City of London included in property, plant and equipment with a remeasurement value of \$6.9 million, amortized on a straight line basis over 45 years commencing with the 2025 fiscal year. The initial measurement amount of \$2.3 million was amortized on a straight line basis over 40 years commencing with the 2018 fiscal year.

During the year ended December 31, 2025, the Company modified its leasing arrangements with the Corporation of the City of London resulting in a remeasurement of the lease liability. The remeasurement of the lease liability was based on revised payments and extended terms. As a result, the lease liability was increased by \$4.6 million, and the corresponding right of use asset was also increased by the same amount.

Right of use asset:

Lease liability:

2025 2024

Cost

Balance, beginning of year \$ 2,319 \$ 2,319

Remeasurement due to lease modifications 4,621

Balance, end of year \$ 6,940 \$ 2,319

Accumulated depreciation

Balance, beginning of year \$ 406 \$ 348

Depreciation 145 58

Balance, end of year \$ 551 \$ 406

Carrying amount \$ 6,389 \$ 1,913

Future minimum

lease payments Interest

Present value of

minimum lease

payments

Less than one year \$ 232 \$ 330 \$ (98)

Between one and five years 999 1 ,366 (367)

More than five years 19,406 1 2,138 7 ,268

\$ 20,637 \$ 1 3,834 \$ 6 ,803

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14. Long term debt

At December 31, 2025, the Company had a committed loan facility of \$90 million with the Toronto Dominion Bank and the amount drawn by the Company under this loan facility was \$nil (December 31, 2024 - \$50 million). Under the terms of this agreement, the loan has a maturity date of March 31, 2028. Interest options consist of prime rate minus 0.6% or Benchmark rates plus 1.3%. A standby fee of 0.2% is charged for any unused amounts.

The Company has an interest rate swap agreement with the Toronto Dominion Bank for an unsecured loan in the amount of \$90 million. Interest only payments are due monthly and commence December 2025. The principal is due at maturity June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates to an effective interest rate of 3.15%, plus a stamping fee of 0.83%, for an all in rate of 3.98%.

The Company has an interest rate swap agreement with the Toronto Dominion Bank for an unsecured loan in the amount of \$125 million. Interest only payments are due monthly and commenced July 2022. The principal is due at maturity June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates to an effective interest rate of 1.39%, plus a stamping fee of 0.74%, for an all in rate of 2.13%.

The Company has an interest rate swap agreement with the Toronto Dominion Bank for an unsecured loan in the amount of \$75 million. Interest only payments are due monthly and commenced December 2020. The principal is due at maturity June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates to an effective interest rate of 1.23%, plus a stamping fee of 0.74%, for an all in rate of 1.97%.

2025 2024

Unsecured, committed extendible revolving loan bearing interest at prime, minus 0.6%, interest only payments, due March 2028 \$ 50,000

Unsecured, non revolving term instalment loan with an effective 6.5 year interest rate of 3.15%, utilizing an interest rate swap converting variable interest rates to fixed, plus a stamping fee of 0.83%, interest only payments, due June 2032 90,000

Unsecured, non revolving term instalment loan with an effective 10 year interest rate of 1.39%, utilizing an interest rate swap converting variable interest rates to fixed, plus a stamping fee of 0.74%, interest only payments, due June 2032 125,000 125,000

Unsecured, non revolving term instalment loan with an effective 11.6 year interest rate of 1.23%, utilizing an interest rate swap converting variable interest rates to fixed, plus a stamping fee of 0.74%, interest only payments, due June 2032 75,000 75,000

\$ 290,000 \$ 250,000

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14. Long term debt (continued)

The derivative swap agreements entered into with the Toronto Dominion Bank do

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not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are recorded at their fair value at the end of the period with the unrealized change in fair value of the interest rate swap recorded in the Statements of Comprehensive Income as finance expenses. The unrealized loss for the year ended December 31, 2025 was \$2.9 million (December 31, 2024 - \$5.4 million). At December 31, 2025, the Company would be entitled to collect \$17.2 million (December 31, 2024 - \$20.1 million) if it decided to cancel the swap agreements with the Toronto Dominion Bank. During the year ended December 31, 2025, interest on long term debt was incurred in the amount of \$6.6 million (December 31, 2024 - \$6.5 million) of which \$0.9 million (December 31, 2024 - \$0.7 million) was capitalized as part of the cost of intangible assets. Reconciliation of opening and closing balances for liabilities from financing activities:

15. Post employment benefits

a) Multi employer pension plan

The Company provides a pension plan for its employees through OMERS. The plan is a multi employer,

contributory defined pension plan with equal contributions by the employer and its employees. During the year

ended December 31, 2025, the Company made employer contributions of \$4.1 million to OMERS (December 31,

2024 - \$3.8 million), of which \$1.1 million (December 31, 2024 - \$1.0 million) has been capitalized as part of

PP&E and the remaining amount of \$3.0 million (December 31, 2024 - \$2.8 million) has been recognized in the

Statement of Comprehensive Income. The Company estimates that a contribution of \$4.7 million to OMERS will

be made during the next fiscal year.

As at December 31, 2025, OMERS had approximately 665,000 members, of whom 347 were active contributors of

the Company throughout the year. The most recently available OMERS annual report is for the year ended

December 31, 2025, which reported that the plan was 99% funded, with an unfunded liability of \$1.3 billion.

2025 2024

Balance, beginning of year \$ 250,000 \$ 220,000

Add: Advances 90,000 30,000

Less: Repayments (50,000)

\$ 290,000 \$ 250,000

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15. Post employment benefits (continued)

b) Post employment benefits other than pension

The Company pays certain medical and life insurance benefits on behalf of some of its retired employees. The

Company recognizes these post employment benefits in the year in which employees' services were rendered. The

Company is recovering its post employment benefits in rates based on the

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expense and remeasurements recognized for post employment benefit plans. Based on the most recent actuarial valuation as at December 31, 2025, the following information has been determined.

Reconciliation of the obligation:

Actuarial assumptions:

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by \$0.6 million. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by \$0.4 million.

2025 2024

Defined benefit obligation, beginning of year \$ 7,053 \$ 9,188

Included in profit or loss:

Current service costs 227 280

Interest cost 296 395

Other benefits (27) 40

496 715

Benefits paid (940) (990)

(444) (275)

Actuarial (gains) / losses included in OCI:

Changes in demographic assumptions (1,955)

Changes in financial assumptions (102)

Effect of experience adjustments 98 95

(4) (1,860)

Defined benefit obligation, end of year \$ 6,605 \$ 7,053

2025 2024

Discount (interest) rate 4.8% 4.6%

Salary levels 4.0% 4.0%

Immediate medical costs 4.6% 4.7%

Ultimate medical costs 4.0% 4.0%

Dental cost rate 4.0% 4.0%

Year ultimate rate reached 2040 2040

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16. Share capital

Dividends

The holder of the common shares is entitled to receive dividends as declared from time to time. On March 31, 2025, the Board of Directors declared a \$5.5 million dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2025. On March 28, 2024, the Board of Directors declared a \$5.0 million dividend payable to the sole shareholder, the Corporation of the Corporation of the City of London. On April 23, 2024, the Board of Directors declared a special dividend in the amount of \$0.5 million. Both dividends were to be paid by the end of 2024.

17. Revenue from contracts with customers

The Company generates revenue primarily from electricity rates and the distribution of electricity to its customers.

These revenues disaggregated by type of customer are illustrated below:

Electricity rates:

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2025 2024

Authorized:

An unlimited number of common shares

An unlimited number of non voting, non cumulative preference shares, redeemable at the paid up amount

Issued:

1,001 common shares \$ 96,116 \$ 96,116

2025 2024

Residential \$ 163,962 \$ 164,282

Commercial and industrial 260,803 237,542

Large users 21,994 16,240

Other 2,997 2,820

\$ 449,756 \$ 420,884

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17. Revenue from contracts with customers (continued)

Distribution revenue:

Customer classes:

Residential a service that is for domestic or household purposes, including single family or individually metered multi family units and seasonal occupancy.

Commercial and industrial a service supplied to premises other than those receiving "Residential" and "Large Users" and typically includes small businesses and bulk metered multi unit residential establishments. This service is provided to customers with a monthly peak demand of less than 5,000 kW averaged over a 12 month period.

Large users a service provided to a customer with a monthly peak demand of 5,000 kW or greater averaged over a 12 month period.

Other - unmetered services and connection charges for street and sentinel lighting.

18. Other revenue

2025 2024

Residential \$ 56,915 \$ 53,707

Commercial and industrial 28,784 27,633

Large users 1,569 1,304

Other 1,777 1,583

\$ 89,045 \$ 84,227

2025 2024

City of London services \$ 4,526 \$ 4,028

Late payment charges 3,763 3,326

Other services, recoveries and sundry revenues 2,561 2,871

Amortization of deferred revenue 1,401 1,245

Pole and other rental income 1,008 1,000

Customer billing service fees 866 856

Income tax incentive credits 796 672

Occupancy charges 511 503

Renewable generation revenue 322 326

Sale of scrap 309 502

Gain (loss) on disposal of property, plant and equipment (118) 103

\$ 15,945 \$ 15,432

Corporation's name	Business number	Tax year end Year Month Day
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19. Operating expenses

20. Finance expense (income)

2025 2024

Labour and benefits \$ 38,416 \$ 34,702

Professional services 8,805 7,851

Computer hardware and software 6,720 5,797

Bad debts 2,999 2,448

Facilities maintenance and repair 2,053 1,736

Property tax and insurance 1,736 1,593

Corporate training and employee expenses 1,717 1,344

Materials and supplies 1,194 983

Postage 1,185 979

Regulatory fees and expenses 1,143 968

Fleet operations and maintenance 890 875

Low income energy assistance 657 661

Office equipment services and maintenance 465 470

Property leasing 405 365

Corporate membership dues 369 302

Other 332 302

Allocations to capital and billable activities (4,817) (4,742)

\$ 64,269 \$ 56,634

2025 2024

Finance income

Interest income on bank deposits \$ (327) \$ (437)

Finance expenses

Interest on long term debt 6,598 6,454

Interest on short term debt 85 150

Interest on funds used for construction project (887) (704)

Lease liability interest 325 63

Other 119 133

6,240 6,096

Unrealized change in fair value of interest rate swap 2,936 5,427

Net finance expense \$ 8,849 \$ 11,086

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21. Transactions with related party

Since the Corporation of the City of London is the sole shareholder of the

Company, London Hydro and the City

are considered related parties. The Company delivers electricity to the City

of London throughout the year for the

electricity needs of the City of London and its related organizations.

Electricity delivery charges are at prices and

under terms approved by the OEB. The Company also provides water and waste

water billing, customer care

services and water meter data management services to the Corporation of the

City of London, in addition to other

ancillary services including capital works. All transactions with the

Corporation of the City of London are

Corporation's name	Business number	Tax year end Year Month Day
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conducted on terms that are similar to those offered to unrelated parties. Accounts receivable represent receivables from the Corporation of the City of London for electricity and other ancillary services including amounts not yet billed. Water consumption remittances represent water consumption billed to customers on behalf of the City not yet remitted to the Corporation of the City of London. Accounts payable and accrued liabilities represent amounts payable to the City related to capital works and other services. Customer deposits represent amounts received from the Corporation of the City of London for future capital expansion projects.

22. Commitments and contingencies

General

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

Transactions with shareholder 2025 2024

Electricity consumption \$ 15,404 \$ 13,824

Service revenues and cost recoveries \$ 10,680 \$ 10,057

Water consumption remittances \$ 229,706 \$ 220,076

Operating expenses and capital expenditures \$ 2,847 \$ 1,983

Dividends paid \$ 5,500 \$ 5,500

Amounts due from / (to) shareholder Note 2025 2024

Accounts receivable 5 \$ 4,373 \$ 5,506

Water consumption remittances 11 \$ (12,188) \$ (9,243)

Accounts payable and accrued liabilities 11 \$ (1,045) \$ (1,326)

Customer and other deposits \$ (3,855) \$ (3,558)

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22. Commitments and contingencies (continued)

General Liability Insurance

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE").

MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a prorata basis based on the total of their respective service revenues. As at December 31, 2025, no assessments have been made.

Letters of credit

At December 31, 2025, the Company had provided \$4.3 million (December 31, 2024 - \$4.3 million) in bank standby letters of credit to the IESO.

Vendor commitments

The Company has commitments in connection with Infrastructure projects of \$2.3 million (December 31, 2024 - \$nil), Information Systems projects of \$8.6 million (December 31, 2024 - \$4.0

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million) and new vehicle acquisitions of \$2.2 million (December 31, 2024 - \$1.9 million) due in the following years:

Operating leases

The Company is committed to lease agreements for various vehicles, equipment and property rights. The future

minimum non cancellable annual lease payments are as follows:

The Company does not recognize right of use assets and lease liabilities for leases of low value assets or leases

with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead

recognized as an expense over the lease term. Operating leases expensed

during the year ended December 31, 2025

were \$0.4 million (December 31, 2024 - \$0.4 million).

2025 2024

Less than one year \$ 12,463 \$ 5,122

Between one and five years 635 744

More than five years

\$ 13,098 \$ 5,866

2025 2024

Less than one year \$ 281 \$ 257

Between one and five years 366 444

More than five years 45 63

\$ 692 \$ 764

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London Hydro Inc.

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23. Financial instruments and risk management

Fair value disclosure

The carrying values of cash/bank indebtedness, accounts receivable, due to shareholder and accounts payable and

accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value

of the customer deposits approximates fair value because the amounts are payable on demand. The carrying value

of long term debt and interest rate swap approximates fair value because of the nature of the instruments.

At December 31, 2025, the Company would be required to pay \$273 million (December 31, 2024 - \$230 million) if

it decided to payout its long term debt obligations.

Financial risks

The Company understands the risks inherent in its business and defines them broadly as anything that could

impact its ability to achieve its strategic objectives. The Company's exposure to a variety of risks such as credit

risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

a) Credit risk

Financial assets carry credit risk that a counter party will fail to discharge an obligation which would result in a

financial loss. Financial assets held by the Company, such as accounts receivable, expose it to credit risk. The

Company primarily assesses credit risk exposure by customer segment.

Concentrations of consumption by

segment or individual customer, may impact risk due to varying energy

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consumption patterns and allowable security deposit requirements associated with each segment. The Company is not exposed to a significant concentration of credit risk within any customer segment or individual customer. No single customer accounts for revenue in excess of 10% of total revenue. The carrying amount of accounts receivable relating to energy sales is reduced through the use of an expected loss credit allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income within operating expenses. Subsequent recoveries of receivables previously provisioned are credited to operating expenses. Unbilled revenue is considered in conjunction with accounts receivable and is included in the expected credit loss allowance at the end of each year. The credit risk and mitigation strategies with respect to unbilled revenue are the same as those for accounts receivable.

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23. Financial instruments and risk management - Financial risks (continued)

a) Credit risk (continued)

Credit risk associated with accounts receivable is as follows:

No uncollectible accounts in connection with water consumption are realized in the Statement of Comprehensive Income since amounts are fully recovered from the Corporation of the City of London. The Company's credit risk associated with accounts receivable is primarily related to payments from distribution customers.

By regulation, the Company is responsible for collecting both the distribution and energy portions of the electricity bill. On average, the Company earns 23% of amounts billed to customers with the remaining 77% being collected for other parties. The Company is therefore exposed to a credit risk substantially greater than the income that it regularly earns. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. At December 31, 2025, the Company held deposits in the amount of \$0.9 million (December 31, 2024 - \$0.8 million). If presented with substantial credit losses, the Company has the ability to make an application to the regulator for recovery of those losses through distribution rate adjustments in future years.

Reconciliation between the opening and closing expected credit loss allowance balances for accounts receivable is as follows:

2025 2024

Trade and other receivables, gross

Outstanding for not more than 30 days \$ 32,289 \$ 35,016

Outstanding for more than 30 days and not more than 120 days 4,089 4,712

Outstanding for more than 120 days 8,016 6,857

Total trade and other receivables, gross 44,394 46,585

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Unbilled revenue, gross 45,894 37,989
Water billings (net) 14,935 15,484
Due from shareholder 4,373 5,506
Expected credit loss allowance (6,643) (4,997)
Total accounts receivable \$ 102,953 \$ 100,567
2025 2024

Balance, beginning of year \$ (4,997) \$ (3,617)
Additional bad debts provision (2,999) (2,448)
Write offs, net of recoveries 1,353 1,068
\$ (6,643) \$ (4,997)

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London Hydro Inc.

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23. Financial instruments and risk management - Financial risks (continued)

b) Market and interest rate risks

Market risks primarily refer to the risk of loss that result from changes in commodity prices, foreign exchange rates, and interest rates. The Company currently does not have significant commodity or foreign exchange risk.

The Company is exposed to fluctuations in interest rates on some of its debt instruments. The Company is also exposed to fluctuations in interest rates for the valuation of its post employment benefit obligations. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and acting as necessary to maintain an appropriate balance. Debt instruments with an outstanding balance of \$nil (December 31, 2024 -\$50.1 million) are subject to variable interest rates. A 1% increase in the interest rate throughout the year ended December 31, 2025 would have increased interest expense on the long term debt by \$0.5 (December 31, 2024 - \$0.5 million), assuming all other variables remained constant. A 1% decrease in the interest rate would have an equal but opposite effect.

c) Liquidity risk

The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Company monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The majority of accounts payable, as reported on the Statement of Financial Position, are due within 30 days. The Company has an uncommitted operating revolving line of credit facility of \$20 million with the Toronto Dominion Bank. At December 31, 2025 the amount drawn by the Company under this line of credit was \$nil (December 31, 2024 - \$0.1 million). The line of credit is unsecured and interest options consist of prime rate minus 0.5%, or Benchmark rates plus 1.4%. At December 31, 2025, the Company had a committed loan facility of \$90 million with the Toronto Dominion Bank and the amount drawn by the Company under this loan facility was \$nil

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(December 31, 2024 - \$50 million). Under the terms of this agreement, the loan has a maturity date of March 31, 2027. Interest options consist of prime rate minus 0.6%, or Benchmark rates plus 1.3%. A standby fee of 0.2% is charged for any unused amounts.

The Company also has a bilateral facility for \$4.3 million for the purpose of issuing a letter of credit to support the prudential requirements of the IESO, of which \$nil has been drawn and posted with the IESO (December 31, 2024 - \$nil). A fee of 0.4% per annum is charged for this letter of credit.

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London Hydro Inc.

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23. Financial instruments and risk management (continued)

c) Liquidity risk (continued)

Liquidity risk associated with financial commitments are as follows:

24. Capital management

The main objectives of the Company when managing financial capital are 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 credit facilities) to meet

- the needs of the business;

- comply with covenants within its financial instruments and maintain a high level of creditworthiness;

- minimize finance costs while taking into consideration current and future industry, market and economic

- risks and conditions; and

- provide a competitive rate of return relative to other similar utilities.

As at December 31, 2025 Total

Due within

one year

Due in one

to five years

Due in over

five years

Accounts payable and accrued liabilities \$ 67,768 \$ 67,768 \$ \$

Lease liability 2 0,637 232 999 19,406

Long term debt 2 90,000 290,000

Interest to be paid on long term debt 50,152 7 ,714 30,856 11,582

\$ 428,557 \$ 75,714 \$ 3 1,855 \$ 320,988

As at December 31, 2024 Total

Due within

one year

Due in one

to five years

Due in over

five years

Bank indebtedness \$ 582 \$ 582 \$ \$

Accounts payable and accrued liabilities 57,025 57,025

Lease liability 3 ,300 100 400 2 ,800

Long term debt 2 50,000 50,000 200,000

Interest to be paid on long term debt 36,511 6 ,566 19,587 10,358

\$ 347,418 \$ 64,273 \$ 6 9,987 \$ 213,158

Corporation's name	Business number	Tax year end Year Month Day
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Page 47 of 48 London Hydro Inc. Notes to the Financial Statements For the year ended December 31, 2025 49 24. Capital management (continued) The Company met its capital management objectives, which have not changed during the year. London Hydro's definition of capital includes shareholder's equity and long term debt. The Company is subject to debt agreements that contain various covenants. As at December 31, 2025, the Company's funded debt capitalization ratio, the calculation of which considers any outstanding letters of credit, was 56% (December 31, 2024 - 53%). The Company is in compliance with all financial covenants and limitations associated with its credit facilities and its long term debt. 25. Subsequent event On March 31, 2026, the Board of Directors declared a \$5.5 million dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2026.

Canada Revenue
AgencyAgence du revenu
du Canada**Net Income (Loss) for Income Tax Purposes****Schedule 1**

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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 Guide T4012, T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.
- If you need more space, attach additional schedules.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125	8,984,000	A1
Net income (loss) after extraordinary items from line 110 of Schedule 150	0	A2
Total	8,984,000	A

Add:

Provision for income taxes – current	101	1,568,000
Provision for income taxes – deferred	102	-670,000
Amortization of tangible assets	104	22,134,465
Loss on disposal of assets	111	117,700
Scientific research expenditures deducted per financial statements	118	3,294,840
Non-deductible club dues and fees	120	13,467
Non-deductible meals and entertainment expenses	121	170,209
Subtotal of additions		26,628,681
		26,628,681

Add:

Financing fees deducted in books	216	38,394
Non-deductible legal and accounting fees	228	31,909

Other additions:

1 Description	2 Amount		
605	295		
1 Inducement under 12(1)(x) ITA	54,337		
2 AMC Funding	109,462		
3 ROU interest	325,107		
4 Contributed capital in deferred revenue	6,194,432		
5 IFRIC cloud services implementation amortization	0		
6 Unrealized swap adjustment	2,935,871		
Total of column 2	9,619,209	296	9,619,209
Subtotal of other additions	199	9,689,512	9,689,512 D
Total additions	500	36,318,193	36,318,193

Amount A plus line 500	45,302,193	B
------------------------	------------	---

Deduct:

Capital cost allowance from Schedule 8	403	29,314,830
SR&ED expenditures claimed in the year on line 460 from Form T661	411	2,434,756
Subtotal of deductions		31,749,586
		31,749,586

Deduct:

Non-taxable/deductible other comprehensive income items	347	4,100
---	-----	-------

Other deductions:

	1 Description 705	2 Amount 395			
1	Deduction under 20(1)(e) ITA	19,057			
2	Sale of scrap for accounting	309,216			
3	Capital Items expensed for tax	89,826			
4	ATTC credits accrued for actg	26,000			
5	SR&ED cost capitalized for accounting	1,403,847			
6	SRED proceeds incl in income for actg	939,189			
7	ROU - rent payment	225,000			
8	Election under subsection 13(7.4)	6,194,432			
9	Non-deductible pension plans	443,800			
10	Business Research ITC	0			
11	Ineligible interest and penalties	0			
12	Non-taxable carbon rebate	180,619			
	Total of column 2	9,830,986	396	9,830,986	
			499	9,835,086	9,835,086 E
			510	41,584,672	41,584,672
					3,717,521 C
	Net income (loss) for income tax purposes (amount B minus line 510)				
	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

Federal

A

☒	Investment tax credit from apprenticeship job creation expenditures	2,000
☐	Investment tax credit from child care spaces expenditures	
☐	Canadian film or video production tax credit*	
* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).		
☐	Film or video production services tax credit*	
* Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).		
☐	Investment tax credit claimed on contributions made to SR&ED farming organizations	
☐	Canadian journalism labour tax credit	
☐	Return of fuel charge proceeds to farmers tax credit	

Ontario

A

☒	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	34,337
☒	Ontario co-operative education tax credit	18,000
☐	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	
☒	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

Deduction summary as per paragraph 20(1)(e) of the ITA

Federal

Deduction summary as per paragraph 20(1)(e) of the ITA

Description	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	E Annual deduction (This amount is posted to one of the lines 395 of Schedule 1)	F Balance at the end of the year
1. Legal fees relating to financing 2023	2023-12-31	37,174	14,890	7,435	14,849
2. Legal fees relating to financing 2024	2024-12-31	19,714	3,954	3,943	11,817
3. Legal fees relating to financing 2025		28,394		5,679	22,715
4. Legal fees relating to financing 2025	2025-12-31	10,000		2,000	8,000
Totals		95,282	18,844	19,057	57,381

Deduction as per paragraph 20(1)(e) of the ITA

This workchart allows you to determine the tax deduction as per paragraph 20(1)(e) of the Income Tax Act (ITA). It relates to the expenses of issuing or selling shares, units or interests and expenses of borrowing money.

Ensure that any of these expenses deducted in the financial statements have been added back on line 216, "Financing fees deducted in books," and/or on line 235, "Share issue expense" to Schedule 1, if applicable.

* If the check box was selected, the annual deduction will be equal to the amount in column C.

1 Description: Legal fees relating to financing 2023							
Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 365 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2023-12-31	37,174	14,890	22,284	7,435	7,435	14,849

2 Description: Legal fees relating to financing 2024							
Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 365 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2024-12-31	19,714	3,954	15,760	3,943	3,943	11,817

3 Description: Legal fees relating to financing 2025							
Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 365 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐		28,394		28,394	5,679	5,679	22,715

4 Description: Legal fees relating to financing 2025							
Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 365 / 365	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2025-12-31	10,000		10,000	2,000	2,000	8,000

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

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- Corporations must use this schedule to report:
 - non-taxable dividends under section 83
 - deductible dividends under subsection 138(6)
 - dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1), (b), (c) 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 A.1 – Enter "X" if dividends were received from a foreign source.
Column G.1 – 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, G, G.1, J, J.1, J.2 and M 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 K, L and M use the **special calculations provided in the notes**.

A Name of payer corporation (from which the corporation received the dividend)	A.1	B Enter 1 if payer corporation is connected	C Business number of connected corporation	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends reported under column 240 were paid YYYYMMDD	E Non-taxable dividends under section 83
200		205	210	220	230
Total of column E (enter amount on line 402 of Schedule 1)					

T2 SCH 3 E (25)

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

F Taxable dividends deductible from income under paragraph 113(1)(c) 235	G 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	G.1	H Eligible dividends included under column 240 242	I Total taxable dividends paid by the connected payer corporation (for tax year in column D) 250	I.1 Total eligible dividends paid by the connected payer corporation (line 465 in Schedule 3 for the tax year in column D)
J Dividend refund of the connected payer corporation (for tax year in column D) ² 260	J.1 Eligible dividend refund of the connected payer corporation from its eligible refundable dividend tax on hand (ERDTH) (amount CC from T2 return for the tax year in column D)	J.2 Additional non-eligible dividend refund of the connected payer corporation from its ERDTH (amount II from T2 return for the tax year in column D)	K Part IV tax for eligible dividends. Dividends (from column H) multiplied by 38 1/3% ³ 265	L Part IV tax before deductions. Dividends (from column G) multiplied by 38 1/3% ⁴ 275	M Part IV tax before deductions on taxable dividends received from connected corporations ⁵ 280

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

Total taxable dividends deductible reported under column 235	1A
Total taxable dividends deductible reported under column 240	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 H with code 1 in column B)	1D
Eligible dividends received from non-connected corporations (total amounts from column H with no code in column B)	1E
Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column L with code 1 in column B)	1F
Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column L with no code 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 K with code 1 in column B)	1I
Part IV tax on eligible dividends received from non-connected corporations (total amounts from column K with no code 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 G, 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 L (and column K, 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 J **divided** by column I **multiplied** by column H.
 - 4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to column J **divided** by column I **multiplied** by column G.
 - 5 For the purpose of calculating your eligible refundable dividend tax on hand (ERDTH), 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 ERDTH.
- Part IV tax before deductions on taxable dividends received from **connected** corporations for purposes of column M is the lesser of the Part IV tax applicable to such taxable dividends and 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 H; 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 G and H.

Part 2 – Calculation of Part IV tax payable

Is your corporation an exempt corporation for the purposes of Part IV tax as per subsection 186.1(b)(ii) or (vii) of the Act?

100☐

Yes

☒

No

If **yes**, proceed to Part 3.If **no**, complete the rest of Part 2.

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 (ERDTH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations (total of column M 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 C 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 D 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.

	N Name of recipient corporation with which you are connected	O Business number	P Tax year-end of recipient corporation in which the dividends reported under column 430 were received YYYYMMDD	Q Taxable dividends paid to recipient corporations with which you are connected	R Eligible dividends included under column 430
	400	410	420	430	440
1	The Corporation of the City of London	NR	2025-12-31	5,500,000	
				5,500,000	
				(Total of column Q)	(Total of column R)

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 Q plus line 450)	460	5,500,000
Total eligible dividends paid in the tax year (total of column R plus line 455)	465	
Total non-eligible taxable dividends paid in the tax year (line 460 minus line 465)	470	5,500,000

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

Line 465 multiplied by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)		3A
Line 470 multiplied by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	2,108,333	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)		5,500,000
Other dividends paid in the tax year (total of 510 to 540)		
Total dividends paid in the tax year	500	5,500,000

Dividends paid out of capital dividend account	510	
Capital gains dividends	520	
Dividends paid on shares described in subsection 129(1.2)	530	
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540	
Subtotal (total of lines 510 to 540)		4A

Total taxable dividends paid in the tax year that qualify for a dividend refund (line 500 minus amount 4A)		5,500,000	4B
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Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

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 fill out 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 Income Tax Regulations.

For more information, see Guide T4012, T2 Corporation – Income Tax Guide.

For the regulation number to be entered in field 100 of Part 1, see the chart in the Help (F1).

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 multiplied by taxable income, divided by G	D Gross revenue attributable to jurisdiction	E D multiplied by taxable income, divided by 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:

- 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.
- If your corporation has provincial or territorial tax payable, fill out Part 2 on the following pages.
- 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
3,717,521		3,717,521	427,515

Ontario basic income tax (from Schedule 500)	270	427,515	
Ontario small business deduction (from Schedule 500)	402		
Subtotal (line 270 minus line 402)		427,515	▶ 427,515 5A
Ontario transitional tax debits and credits (from Schedule 506)	276		
Recapture of Ontario research and development tax credit (from Schedule 508)	277		
Repayment of Ontario made manufacturing investment tax credit (from Schedule 572)	281		
Subtotal (line 276 plus line 277 plus line 281)			▶ 5B
Gross Ontario tax (amount 5A plus amount 5B)			427,515 5C
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 406 to 415)			▶ 5D
Subtotal (amount 5C minus amount 5D) (if negative, enter "0")			427,515 5E
Ontario research and development tax credit (from Schedule 508)	416	127,029	
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")			300,486 5F
Ontario corporate minimum tax credit (from Schedule 510)	418		
Ontario community food program donation tax credit for farmers (from Schedule 2)	420		
Non-refundable Ontario made manufacturing investment tax credit (from Schedule 572)	421		
Ontario corporate income tax payable (amount 5F minus the total of lines 418 to 421) (if negative, enter "0")			300,486 5G
Ontario corporate minimum tax (from Schedule 510)	278	45,597	
Ontario special additional tax on life insurance corporations (from Schedule 512)	280		
Subtotal (line 278 plus line 280)		45,597	▶ 45,597 5H
Total Ontario tax payable before refundable tax credits (amount 5G plus amount 5H)			346,083 5I
Ontario qualifying environmental trust tax credit	450		
Ontario co-operative education tax credit (from Schedule 550)	452	18,000	
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		
Refundable Ontario made manufacturing investment tax credit (from Schedule 572)	474		
Ontario shortline railway investment tax credit	476		
Ontario refundable tax credits (total of lines 450 to 476)		18,000	▶ 18,000 5J
Net Ontario tax payable or refundable tax credit (amount 5I minus amount 5J)	290	328,083	

(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 255 328,083

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.

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- Fill out this schedule to calculate the amount of capital cost allowance (CCA) the corporation is claiming for the tax year or to account for acquisitions or dispositions of depreciable property, or both.
- Unless otherwise stated, all legislative references are to the Income Tax Act.
- For more information, see the section called "Schedule 8, Capital Cost Allowance (CCA)" in Guide T4012, T2 Corporation – Income Tax.
- If you do not have enough space to list all the information, use an additional Schedule 8.
- Attach the original copy of this completed schedule to your T2 Corporation Income Tax Return.

Is the corporation electing under subsection 1101(5q) of the Income Tax Regulations? **101** Yes ☐ No ☒

1 Class number	Description	2 Undepreciated capital cost (UCC) at the beginning of the year	3 Cost of acquisitions during the year (new property must be available for use) <u>Note 2</u>	4 Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP) or property acquired before 2025 that is included in Classes 54 to 56 <u>Note 3</u>	5 Cost of acquisitions from column 3 that are reaccelerated investment incentive property (RIIP) or property acquired after 2024 that is included in Classes 54 to 56 <u>Note 4</u>	6 Adjustments and transfers <u>Note 5</u>	7 Amount from column 6 that is assistance received or receivable during the year for a property, subsequent to its disposition <u>Note 6</u>	8 Amount from column 6 that is repaid during the year for a property, subsequent to its disposition <u>Note 7</u>
200		201	203	225	226	205	221	222
1. 1	Buildings	5,074,327						
2. 1	Distribution Equip	48,528,556						
3. 1b	Buildings	6,822,798	1,539,466		1,539,466			
4. 2	Distribution Equip	16,138,313						
5. 6		6,727						
6. 8	Equipment	3,619,876	760,492		760,492			
7. 10	Vehicles/Computer b/f March 07	1,460,782	1,850,143		1,850,143			
8. 12	Computer Software		2,140,755		2,140,755			
9. 14.1		5,265,109	38,671		38,671			
10. 17		586,882						
11. 38	Back Hoes	224,092	36,261		36,261			
12. 43.1	Renewable Generation Equipment after 2024		30,747		30,747			
13. 43.2	Renewable Generation Equipment	17,193						
14. 47	Distribution equipment	200,064,572	30,749,037		30,749,037			
15. 50	Computer equipment	233,170	1,132,108		1,132,108			
Totals		288,042,397	38,277,680		38,277,680			

1 Class number	Description	9 Proceeds of dispositions Note 8 207	10 UCC (column 2 plus column 3 plus or minus column 6 minus column 9) Note 9	11 Proceeds of dispositions available to reduce additions of AIIP, RIIP and property included in Classes 54 to 56 (column 7 plus column 9 minus column 3 plus column 4 plus column 5 minus column 8) (if negative, enter "0")	12 Net capital cost additions of AIIP and property acquired before 2025 that is included in Classes 54 to 56 (column 4 minus column 11) (if negative, enter "0")	13 Proceeds of dispositions from column 11 available to reduce additions of RIIP and ZEV acquired after 2024 that is included in Classes 54 to 56 (column 11 minus column 4) (if negative, enter "0")	14 Net capital cost additions of RIIP and property acquired after 2024 that is included in Classes 54 to 56 (column 5 minus column 13) (if negative, enter "0")	15 UCC adjustment for AIIP and property acquired before 2025 that is included in Classes 54 to 56 (column 12 multiplied by the relevant factor) Note 10
1.	1	Buildings	0	5,074,327				
2.	1	Distribution Equip	0	48,528,556				
3.	1b	Buildings	0	8,362,264			1,539,466	
4.	2	Distribution Equip	0	16,138,313				
5.	6		0	6,727				
6.	8	Equipment	9,522	4,370,846	9,522	9,522	750,970	
7.	10	Vehicles/Computer b/f March 07	139,855	3,171,070	139,855	139,855	1,710,288	
8.	12	Computer Software	0	2,140,755			2,140,755	
9.	14.1		0	5,303,780			38,671	
10.	17		0	586,882				
11.	38	Back Hoes	0	260,353			36,261	
12.	43.1	Renewable Generation Equipment after 2024	0	30,747			30,747	
13.	43.2	Renewable Generation Equipment	0	17,193				
14.	47	Distribution equipment	359,154	230,454,455	359,154	359,154	30,389,883	
15.	50	Computer equipment	0	1,365,278			1,132,108	
Totals		508,531	325,811,546	508,531		508,531	37,769,149	

1 Class number	Description	16 UCC adjustment for RIIP and property acquired after 2024 that is included in Classes 54 to 56 (column 14 multiplied by the relevant factor) Note 11	17 UCC adjustment for property acquired during the year other than AIIP, RIIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 3 minus column 4 minus column 5 plus column 8 minus column 7 minus column 9) (if negative, enter "0") Note 12 224	18 CCA rate % Note 13 212	19 Recapture of CCA Note 14 213	20 Terminal loss Note 15 215	21 CCA (for declining balance method, the result of column 10 plus column 15 plus column 16 minus column 17, multiplied by column 18 or a lower amount) Note 16 217	22 UCC at the end of the year (column 10 minus column 21) 220
1.	1	Buildings		4	0	0	202,973	4,871,354

Enter the total of column 19 on line 107 of Form T2 SCH 1, Net Income (Loss) for Income Tax Purposes.
Enter the total of column 20 on line 404 of Form T2 SCH 1.
Enter the total of column 21 on line 403 of Form T2 SCH 1.

Notes

- Note 1: 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 2: 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 exclusions from the half-year rule. Do not include any amount in column 3 in respect of property included in column 6 (Note 5). See Guide T4012 for more information about the cost of acquisitions during the year.
- Note 3: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018 and before 2025, 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 2034.
Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that you acquired after March 1, 2020, and that became available for use before 2034.
See Guide T4012 for more information.
- Note 4: An RIIP is a property (other than property included in Classes 54 to 56) that you acquired after 2024, and that became available for use before 2034.
Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2034.
Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that you acquired after March 1, 2020, and that became available for use before 2034.
See Guide T4012 for more information.
- Note 5: Enter in column 6, "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 Guide T4012 for other examples of adjustments and transfers to include in column 6.
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)] 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 6: 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.
- Note 7: 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) (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)] 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 8: 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 designated immediate expensing property) exceeds the prescribed amount and it is disposed of to a person or partnership with which you deal at arm's length, 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. The actual cost of the vehicle will be adjusted for payment or repayment of government assistance.
- Note 9: If the amount in column 6 (as shown in brackets) reduces the UCC, you must subtract it for the purpose of the calculation. Otherwise, add the amount in column 6 for the purpose of the calculation.
- Note 10: The adjustment from column 15 is added to the UCC in column 10 to calculate the CCA deduction in column 21.
The relevant factors for property of a class in Schedule II, that is an AIIP or property acquired before 2025 that is included in Classes 54 to 56, are:
- 1 1/2 for property in Classes 43.1, 54 and 56 that became available for use in 2024 or 2025 or 5/6 if it became available for use after 2025
 - 7/8 for property in Class 55 that became available for use in 2024 or 2025 or 3/8 if it became available for use after 2025
 - 1/2 for property in Classes 43.2 and 53 that became available for use in 2024 or 2025 or 1/10 if it became available for use after 2025
 - 3 for property in Class 44 that was acquired and became available for use after April 15, 2024 and before 2027 or 0 if it became available for use after 2026
 - 2 1/3 for property in Class 46 that was acquired and became available for use after April 15, 2024 and before 2027 or 0 if it became available for use after 2026
 - 9/11 for property in Class 50 that was acquired and became available for use after April 15, 2024 and before 2027 or 0 if it became available for use after 2026
 - 0 for property in Classes 12, 13, 14, 15, and 59, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 16 for additional information)
 - 0 for all other property (including property in Class 10.1) that is an AIIP (other than property in Classes 44, 46 or 50) that became available for use after 2023
- If the tax year does not follow the calendar year, the relevant factor is determined under subsection 1100(2.01) of the Regulations.

Notes (continued)

Note 11: The adjustment from column 16 is added to the UCC in column 10 to calculate the CCA deduction in column 21.

The relevant factors for property of a class in Schedule II, that is an RIIP or property acquired after 2024 that is included in Classes 54 to 56, are:

- 2 1/3 for property in Classes 43.1, 54 and 56 that became available for use before 2030
- 1 1/2 for property in Class 55 that became available for use before 2030
- 1 for property in Class 53
- 2 1/3 for property in Class 43 acquired after 2025 that became available for use before 2030, if such property would have been included in Class 53 if it had been acquired in 2025
- 3 for property in Class 44 that became available for use before 2027 or 0 if it became available for use after 2026
- 2 1/3 for property in Class 46 that became available for use before 2027 or 0 if it became available for use after 2026
- 9/11 for property in Class 50 that became available for use before 2027 or 0 if it became available for use after 2026
- 0 for property in Classes 12, 13, 14, 15, and 59, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 16 for additional information)
- 0.5 for all other property (including property in Class 10.1) that is an RIIP that became available for use before 2030 or 0 if it became available for use after 2029

If the tax year does not follow the calendar year, the relevant factor is determined under subsection 1100(2.011) of the Regulations.

Note 12: The UCC adjustment for property acquired during the year (also known as the half-year rule or 50% rule) does not apply to certain property (including AIIP, RIIP and property included in Classes 54 to 56). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance. The adjustment from column 17 is subtracted from the UCC in column 10 to calculate the CCA deduction in column 21.

Note 13: 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 21.

Note 14: 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 19 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 designated immediate expensing property.

Note 15: 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 20. 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 16: If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See Guide T4012 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 and RIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: if the capital cost of the RIIP was incurred before 2030, 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), and in any other case, the amount for the year calculated in accordance with Schedule III of the Regulations
- Class 14: the lesser of 150% (if the property is an RIIP that becomes available for use in the year and before 2030) or 125% (if the property is an AIIP that becomes available for use in the year and after 2023 or an RIIP that becomes available for use in the year and after 2029) 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% (if the property is an RIIP acquired in the year and before 2026) or 125% (if the property is an AIIP acquired in the year and after 2023 or an RIIP acquired in the year and after 2025) of an amount calculated 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% (for RIIP acquired in the year and before 2030) or 33 1/3% (in any other case) of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction)
- Natural gas liquefaction: The additional allowances in respect of natural gas liquefaction under paragraphs 1100(1)(a.3) and (yb) of the Regulations are eligible for the accelerated investment incentive and the reaccelerated investment incentive.

The AIIP and RIIP provisions 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 an industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more details.

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

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

Name	Country of resi- dence (other than Canada)	Business number (see note 1)	Rela- tion- ship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
100	200	300	400	500	550	600	650	700
1. The Corporation of the City of Lonc		NR	1	1,001	100.000			96,116

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

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
2025

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	2 Business number of associated corporations	3 Asso- ciation code	4 Business limit for the year before the allocation \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
1	London Hydro Inc.	86483 7430 RC0001	1	500,000	100.0000	500,000
2	The Corporation of the City of London	NR	4			
				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.



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 Income Tax Act or, where appropriate, the Income Tax Regulations.
- Certain ITCs are eligible for a three-year carryback (if not deductible in the year earned) and are also eligible for a twenty-year carryforward. This does not apply to the clean economy ITCs, which are refundable tax credits.
- 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.
- Investments or expenditures for the clean economy, described in sections 127.44, 127.45, 127.48, 127.49, and 127.491 that earn an ITC are investments in (Part 23):
 - carbon capture, utilization, or storage (CCUS) projects, for qualifying expenditures made after 2021
 - clean technology property that is acquired and becomes available for use after March 27, 2023
 - eligible clean hydrogen property that is acquired and becomes available for use after March 27, 2023
 - clean technology manufacturing (CTM) property that is used in qualifying manufacturing and processing activities or the extraction and processing of certain critical minerals and that is acquired and becomes available for use after 2023
 - clean electricity property that is acquired and becomes available for use after April 15, 2024, for projects that did not begin construction before March 28, 2023
- 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 Credits** 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** generally 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. For rules related to capital cost for the CCUS ITC, clean technology ITC, clean hydrogen ITC, clean technology manufacturing ITC, and clean electricity ITC, see, respectively, subsections 127.44(9), 127.45(5), 127.48(10), 127.49(5), and 127.491(9).
- 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 (AFU)** before a claim for an ITC can be made. See subsections 127(11.2), 127.45(4), 127.48(5), 127.49(4), 127.491(7), and 248(19) for more information. The AFU rules do not apply to claims for the CCUS ITC.
- Current and capital expenditures for SR&ED qualifying for an ITC must be identified by the claimant on Form T661, and the related SR&ED ITC must be reported on Schedule 31, no later than one year after the claimant's income tax return is due for the tax year in which it incurred the expenditures or acquired the property. 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 an apprenticeship ITC must be identified by the claimant on Schedule 31 no later than one year after the claimant's income tax return is due for the tax year in which it incurred the expenditures.
- The claimant must identify the clean economy ITC on Schedule 31 the later of one year after the claimant's income tax return is due for the tax year it is entitled to claim the credit for and December 31, 2026.

Detailed information (continued)

- 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). See section 127.47 for rules that apply to partnerships for the clean economy ITCs generally. For more information on partnership allocations for the CCUS ITC, clean technology ITC, clean hydrogen ITC, clean technology manufacturing ITC, and clean electricity ITC, see, respectively, subsections 127.44(11), 127.45(8), 127.48(12), 127.49(8), and 127.491(12).
- For certain 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 clean technology ITC, Canada includes the exclusive economic zone of Canada only for property that is described in subparagraph (d)(v) or (xiv) of Class 43.1 in Schedule II of the Regulations.
- 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).
- 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 (prescribed in Regulation 4600), and new energy generation and conservation property (prescribed in Regulation 4600). Certain 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	
If you are a Canadian-controlled private corporation (CCPC) or, for tax years starting after December 15, 2024, an eligible Canadian public corporation (ECPC) as defined in subsection 127(9), 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.	
For tax years starting before December 16, 2024, if you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada.	15 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
Clean economy ITCs (Part 23)	
For work performed after November 27, 2023, to qualify for the investment tax credit rates indicated below, an incentive claimant must elect (in prescribed form) to meet certain labour requirements – prevailing wage requirements and apprenticeship requirements. Otherwise, the credit rate will be reduced by 10 percentage points. The incentive claimant must also attest (in prescribed form) to have met these requirements. The labour requirements do not apply to the clean technology manufacturing ITC.	
CCUS	
If you incurred qualified carbon capture expenditures to capture carbon directly from ambient air:	
after 2021 and before 2036	60%
after 2035 and before 2041	30%
If you incurred qualified carbon capture expenditures to capture carbon other than directly from ambient air:	
after 2021 and before 2036	50%
after 2035 and before 2041	25%
If you incurred qualified expenditures for carbon transportation, use, or storage:	
after 2021 and before 2036	37.5%
after 2035 and before 2041	18.75%
Clean technology	
If you acquired clean technology property after March 27, 2023, and it becomes available for use:	
before 2034	30%
in 2034	15%
Clean hydrogen	
If you acquired an eligible clean hydrogen property after March 27, 2023, and it becomes available for use:	
before 2034	depending on the carbon intensity tier 40%, 25% or 15%
in 2034	depending on the carbon intensity tier 20%, 12.5%, or 7.5%
For clean ammonia equipment or certain other equipment used solely in connection with clean ammonia equipment, the rate is 15% if the equipment becomes available for use before 2034 and 7.5% if it becomes available for use in 2034.	
Clean technology manufacturing	
If you acquired CTM property after 2023 and it becomes available for use:	
before 2032	30%
in 2032	20%
in 2033	10%
in 2034	5%
Clean electricity	
If you acquired clean electricity property after April 15, 2024, and it becomes available for use before 2035	15%

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

Part 2A – Determination of a qualifying corporation

This section does not apply to the clean economy investment tax credits.

Is the corporation a qualifying corporation? 101 Yes No X

Enter your taxable income for the previous tax year¹ (prior to any loss carrybacks applied) 390 10,507,880

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 current expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

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 current expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.²

¹ 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.

² Only capital expenditures incurred after December 15, 2024, are qualified SR&ED expenditures and eligible for an ITC.

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 a 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) His 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&ED³ x 80 % = 103
Include on line 350 of Part 8.

³ 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	Description of investment	Date available for use	Location used in Atlantic Canada (province)	Amount of investment
105	110	115	120	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 include in line 780 of the T2 return if you do not claim an SR&ED ITC refund).

SR&ED**Part 8 – Qualified SR&ED expenditures**

Qualified SR&ED expenditures (line 557 on Form T661)	3,502,357	
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.) ⁴		
Current expenditures (line 557 on Form T661 plus line 103 in Part 3) ⁴	3,502,357	350 3,502,357
Capital expenditures incurred after December 15, 2024 (from line 558 on Form T661)		360
Repayments made in the year (from line 560 on Form T661)		370
Total qualified SR&ED expenditures (total of lines 350 to 370)		380 3,502,357

⁴ 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 applies if you are a CCPC or for tax years starting (TYS) after December 15, 2024, an ECPC.**Are you an ECPC as defined in subsection 127(9)? **382** Yes ☐ No ☒Are you a CCPC electing under subsection 127(10.31) or (10.32) to determine the SR&ED expenditure limit based on revenue? **383** Yes ☐ No ☒**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

If you are a CCPC that is not electing to determine its expenditure limit under 127(10.31) or (10.32), fill out lines 385 and 398, if applicable.Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** Yes ☐ 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.For a CCPC, enter your taxable capital employed in Canada for the previous tax year 537,129,000 **minus** \$10 million (minus \$15 million for TYS after December 15, 2024). If this amount is nil or negative, enter "0". If this amount is over \$40 million, enter \$40 million. For TYS after December 15, 2024, if this amount is over \$60 million, enter \$60 million **398** 60,000,000**If you are an ECPC, or a CCPC that is electing to determine its expenditure limit under 127(10.31) or (10.32), fill out new line 399.**For an ECPC, or a CCPC filing an election under 127(10.31), enter your average annual revenue from the three fiscal years immediately preceding and ending before this tax year, **minus** \$15 million. For a CCPC filing an election under 127(10.32), enter the total of each member's three-year average annual revenue **minus** \$15 million (with required partnership/trust/single-economic-entity adjustments) for the three fiscal year periods ending in the last calendar year that ended before the end of the tax year. If you are an ECPC that is a member of a consolidated group, enter the average, over the period of three fiscal years immediately preceding and ending in the last calendar year that ended before the end of the particular tax year, of the annual revenue of the consolidated group, **minus** \$15 million.⁵ If this amount is nil or negative, enter "0". If this amount is over \$60 million, enter \$60 million **399**⁵ If any relevant fiscal year is less than 51 weeks, gross up revenue by multiplying by 365 and dividing by the number of days in that fiscal year. If there are fewer than three relevant fiscal years, calculate the average over the actual number of fiscal years.**Part 10A – SR&ED expenditure limit for a CCPC with a TYS before December 16, 2024****For a stand-alone (not associated) corporation**\$ 40,000,000 **minus** line 398 10A

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

Expenditure limit for the stand-alone corporation (\$ 3,000,000 **multiplied** by amount 10B)⁶ 10C**For an associated corporation**If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49⁶ **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 = ... 10D
365**Your SR&ED expenditure limit for the year** (enter amount 10C, line 400, or amount 10D, whichever applies) **410**⁶ Amount 10C or line 400 cannot be more than \$3,000,000.**Part 10B – SR&ED expenditure limit for TYS after December 15, 2024, for a CCPC or an ECPC****For a stand-alone (not associated) corporation**\$ 60,000,000 **minus** line 398 or, for CCPCs filing an election under 127(10.31) or for ECPCs, **minus** line 399 10AAmount 10A **divided** by \$ 60,000,000 10BExpenditure limit for the stand-alone corporation (\$ 6,000,000 **multiplied** by amount 10B)⁷ 10C**For an associated corporation**If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49⁷ **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 = ... 10D
365**Your SR&ED expenditure limit for the year** (enter amount 10C, line 400, or amount 10D, whichever applies) **410**⁷ Amount 10C or line 400 cannot be more than \$6,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current SR&ED expenditures (from line 350 in Part 8) or the expenditure limit (from line 410), whichever is less ⁸	420	x	35 %	=	11A
Line 350 minus line 410 (if negative, enter "0")	430	3,502,357	x	15 %	= 525,354 11B
Line 410 minus line 350 (if negative, enter "0")					11C
Capital expenditures incurred after December 15, 2024 (from line 360 in Part 8) or amount 11C above, whichever is less	440	x	35 %	=	11D
Line 360 minus amount 11C above (if negative, enter "0")	450	x	15 %	=	11E

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 eligible for the 35% SR&ED ITC rate ⁹	460	x	35 %	=	11F
Repayment of assistance made after September 16, 2016, that reduced a qualifying expenditure incurred before 2015	480	x	20 %	=	11G
Repayment of assistance made after September 16, 2016, that reduced a qualifying expenditure incurred after 2014	490	x	15 %	=	11H
Subtotal (total of amounts 11F to 11H)					11I

Current-year SR&ED ITC (total of amounts 11A, 11B, 11D, 11E, and 11I; enter on line 540 in Part 12) **525,354** 11J

⁸ For TYS before December 16, 2024, for corporations that are not CCPCs, enter "0" for amount 11A. For TYS after December 15, 2024, if the corporation is neither a CCPC nor an ECPC, enter "0" for amount 11A.

⁹ If you were a CCPC or, for TYS after December 15, 2024, an ECPC, 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 11J)	540	525,354			
Credit allocated from a partnership	550				
Subtotal (total of lines 530 to 550)		525,354			525,354 12C
Total credit available (line 520 plus amount 12C)					525,354 12D
Credit deducted from Part I tax	560	525,354			
Credit carried back to previous years (amount 13A)					12E
Credit transferred to offset Part VII tax liability	580				
Subtotal (line 560 plus amount 12E plus line 580)		525,354			525,354 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.¹⁰

Current-year ITC (lines 540 plus 550 in Part 12 minus amount 11I)	.....	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

Include the total of line 310 in Part 5 and line 610 in Part 12 in line 780 of the T2 return.

¹⁰If 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 and ECPCs with TYS after December 15, 2024 – 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, an excluded corporation as determined on line 650 in Part 2B, or an ECPC with TYS after December 15, 2024.

Credit balance before refund (amount 12G)	.....	15A
Amount 15A or amount 11A, whichever is less	.....	15B
Net amount (amount 15A minus amount 15B; if negative, enter "0")	=====	15C
Amount 15C or amount 11D, whichever is less	.....	15D
Amount 15D multiplied by 40 %	.....	15E
Amount 15B	.....	15F
Refund of ITC (amount 15E plus amount 15F)	=====	15G

Enter amount 15G, or a lesser amount, on line 610 in Part 12 and also include it in 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	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)	Amount from column 700 or 710, whichever is less
700	710	
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	B	C	D	E	F
Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement	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	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.)	Amount determined by the formula $(A \times B) - C$	ITC earned by the transferee for the qualified expenditures that were transferred	Amount from column D or E, whichever is less
720	730	740		750	
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)	17D
Enter at amount 24A in Part 24.	

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)	B Name of eligible trade	C Eligible salary and wages ¹¹	D Column C x 10 %	E Lesser of column D or \$ 2,000	
601	602	603	604	605	
1. [REDACTED]	Powerline Technician	91,698	9,170	2,000	
2. [REDACTED]	Powerline Technician	88,094	8,809	2,000	
3. [REDACTED]	Powerline Technician	87,608	8,761	2,000	
4. [REDACTED]	Powerline Technician	90,198	9,020	2,000	
Total current-year credit (total of column E) Enter on line 640 in Part 20.				8,000	19A

¹¹ 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	8,000	
Credit allocated from a partnership	655		
Subtotal (total of lines 630 to 655)		8,000	20C
Total credit available (line 625 plus amount 20C)			8,000 20D
Credit deducted from Part I tax	660	8,000	
Credit carried back to previous years (amount 21A)			20E
Subtotal (line 660 plus amount 20E)		8,000	8,000 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					21A
Enter at amount 20E.					

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	

Summary of Investment Tax Credits

Part 23 – Clean economy ITCs

Clean hydrogen ITC (from Schedule 74)	140	
Clean technology ITC (from Schedule 75)	155	
Clean technology manufacturing ITC (from Schedule 76)	170	
Clean electricity ITC	185	
Carbon capture, utilization, and storage ITC (from Schedule 78)	200	
Clean economy ITCs (total of lines 140 to 200)		23A
Include the total on line 780 of the T2 return.		

Part 24 – Total recapture of investment tax credit

Recaptured SR&ED ITC (amount 17D)		24A
Recaptured or recovered clean hydrogen ITC (from Schedule 74)		24B
Recaptured clean technology ITC (from Schedule 75)		24C
Recaptured clean technology manufacturing ITC (from Schedule 76)		24D
Recaptured or recovered clean electricity ITC		24E
Total recapture of investment tax credit (total of amounts 24A to 24E)		24F
Enter on line 602 of the T2 return.		

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)	525,354	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)	8,000	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)	533,354	25F
Enter on line 652 of the T2 return.		

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number

97

Apprenticeship job creation 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)
	8,000	8,000			
Prior years					
Taxation year		ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2024-12-31					
2023-12-31					
2022-12-31					
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					*
	Total				
B+C+D+G				Total ITC utilized	8,000
* The ITC end of year includes the amount of ITC expired from the 20 th preceding year. 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.					

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)

525,354

525,354

Prior years

Taxation year

ITC beginning
of year
(E)

Adjustments
(F)

Applied
current year
(G)

ITC end
of year
(E-F-G)

2024-12-31

2023-12-31

2022-12-31

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

Total

B+C+D+G

Total ITC utilized

525,354

* The ITC end of year includes the amount of ITC expired from the 20th preceding year. 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.



Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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	28,325,000	
Capital stock (or members' contributions if incorporated without share capital)	103	96,116,000	
Retained earnings	104	129,587,000	
Contributed surplus	105		
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	336,918,000	
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)		590,946,000	590,946,000 A

Note:

Line 112 is determined by the formula $(A - B) \times C/D$ (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
- those lines applied to partnerships in the same manner that they apply to corporations, and
 - those amounts were computed without reference to amounts owing by the partnership
 - to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or
 - 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) 590,946,000 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** 590,946,000**Part 2 – Investment allowance****Add** the carrying value at the end of the year of the following assets of the corporation:A share of another corporation **401** _____A loan or advance to another corporation (other than a financial institution) **402** _____A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution) **403** _____Long-term debt of a financial institution **404** _____A dividend payable on a share of the capital stock of another corporation **405** _____A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1) **406** _____An interest in a partnership (see note 2 below) **407** _____**Investment allowance for the year** (add lines 401 to 407) **490** _____**Notes:**

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

Part 3 – Taxable capitalCapital for the year (line 190) 590,946,000 C**Deduct:** Investment allowance for the year (line 490) D**Taxable capital for the year** (amount C **minus** amount D) (if negative, enter "0") **500** 590,946,000

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)	590,946,000	x	Taxable income earned in Canada	610	3,717,521	=	Taxable capital employed in Canada	690	590,946,000
			Taxable income		3,717,521				

- 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.

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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)	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "NR")	Social insurance number (9 digits)	Trust number (T followed by 8 digits)	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	The Corporation of the City of London	NR			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue
AgencyAgence du revenu
du Canada**Schedule 53****General Rate Income Pool (GRIP) Calculation**

Corporation's name London Hydro Inc.	Business number 86483 7430 RC0001	Tax year-end Year Month Day 2025-12-31
---	--	--

On: 2025-12-31

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

Eligibility for the various additions

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

2006 addition

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

Change in the type of corporation

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

Amalgamation (first year of filing after amalgamation)

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

Winding-up

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

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year	100	106,062,063
Taxable income for the year (DICs enter "0")*	110	3,717,521
Amount on line 400, 405, 410, or 428 of the T2 return, whichever is the least*	130	
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income*	140	
Subtotal (line 130 plus line 140)		A
Income taxable at the general corporate rate (line 110 minus amount A) (if negative enter "0")	150	3,717,521
After-tax income (line 150 multiplied by 0.72 (the general rate factor for the tax year))	190	2,676,615
Eligible dividends received in the tax year	200	
Dividends deductible under section 113 received in the tax year	210	
Subtotal (line 200 plus line 210)		B
Becoming a CCPC (amount W5 in Part 4)	220	
Post-amalgamation (total of amount E4 in Part 3 and amount W5 in Part 4)	230	
Post-wind-up (total of amount E4 in Part 3 and amount W5 in Part 4)	240	
Subtotal (add lines 220, 230, and 240)	290	
Subtotal (add lines 100, 190, 290, and amount B)		108,738,678 C
Eligible dividends paid in the previous tax year	300	
Excessive eligible dividend designations made in the previous tax year (If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)	310	
Subtotal (line 300 minus line 310)		D
GRIP before adjustment for specified future tax consequences (amount C minus amount D) (amount can be negative)	490	108,738,678
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 in Part 2)	560	
GRIP at the end of the tax year (line 490 minus line 560)	590	108,738,678

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

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

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

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

First previous tax year 2024-12-31

Taxable income before specified future tax consequences

from the current tax year 10,507,880 A1

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

Amount on line 400, 405, 410,

or 428 of the T2 return,

whichever is the least B1

Aggregate investment income

(line 440 of the T2 return) C1

Subtotal (amount B1 **plus** amount C1) D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") 10,507,880 ▶ 10,507,880 E1

Future tax consequences that occur for the current year

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410,

or 428 of the T2 return,

whichever is the least G1

Aggregate investment income

(line 440 of the T2 return) H1

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

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

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

GRIP adjustment for specified future tax consequences to the first previous tax year

(amount K1 **multiplied** by 0.72) **500**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)**Second previous tax year** 2023-12-31Taxable income before specified future tax consequences from
the current tax year 6,048,721 A2**Enter the following amounts before specified future tax consequences from the current tax year:**Amount on line 400, 405, 410,
or 428 of the T2 return,
whichever is the least B2Aggregate investment income
(line 440 of the T2 return) C2Subtotal (amount B2 **plus** amount C2) D2Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") 6,048,721 ▶ 6,048,721 E2**Future tax consequences that occur for the current year**

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences F2

Enter the following amounts after specified future tax consequences:Amount on line 400, 405, 410,
or 428 of the T2 return,
whichever is the least G2Aggregate investment income
(line 440 of the T2 return) H2Subtotal (amount G2 **plus** amount H2) I2Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") J2Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") K2**GRIP adjustment for specified future tax consequences to the second previous tax year**(amount K2 **multiplied by** 0.72) **520**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)Third previous tax year 2022-12-31Taxable income before specified future tax consequences from
the current tax year 2,538,143 A3**Enter the following amounts before specified future tax consequences from the current tax year:**Amount on line 400, 405, 410,
or 428 of the T2 return,
whichever is the least B3Aggregate investment income
(line 440 of the T2 return) C3Subtotal (amount B3 **plus** amount C3) D3Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") 2,538,143 ▶ 2,538,143 E3**Future tax consequences that occur for the current year**

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences F3

Enter the following amounts after specified future tax consequences:Amount on line 400, 405, 410,
or 428 of the T2 return,
whichever is the least G3Aggregate investment income
(line 440 of the T2 return) H3Subtotal (amount G3 **plus** amount H3) I3Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") J3Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") K3**GRIP adjustment for specified future tax consequences to the third previous tax year**(amount K3 **multiplied by** 0.72) **540****Total GRIP adjustment for specified future tax consequences to previous tax years:**

(add lines 500, 520, and 540) (if negative, enter "0") L3

Enter amount L3 on line 560

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

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

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

- Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year, or when a corporation has become a CCPC since the end of its previous tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.
- Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.
- Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.
- Calculate the GRIP addition of a corporation that became a CCPC since the end of its previous tax year.
- In the calculation below, **corporation** means a predecessor or a subsidiary, or a corporation that became a CCPC since the end of its previous tax year. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

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

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

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

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

Subtotal (add amounts C5 to G5) H5

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

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

Subtotal (add amounts I5 to M5) N5

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

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

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

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

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

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

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

Subtotal (add amounts Q5 to U5) V5

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

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

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

Canada Revenue
AgencyAgence 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
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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.

Do not use this area**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	.....	5,500,000
Total taxable dividends paid in the tax year	.....	100 5,500,000
Total eligible dividends paid in the tax year	.....	150
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	.....	160 108,738,678
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.



Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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 tax 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)	3,717,521	1A
Ontario basic rate of tax for the year	11.5 %	1B
Ontario basic income tax (amount 1A multiplied by amount 1B) (Note 2)	427,515	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, 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	3,717,521	2A
Line 405 of the T2 return	3,717,521	2B
Line 410 of the T2 return	500,000	2C
Line 415 of the T2 return	1,186,040	2D
Business limit reduction for tax years starting before April 7, 2022		
Amount 2C	Amount 2D	
	x	=
	11,250	2E
Business limit reduction for tax years starting after April 6, 2022		
Amount 2C	Amount 2D	
500,000	x	=
	1,186,040	6,589,111
	90,000	2F
Amount 2E or amount 2F, whichever applies	6,589,111	2G
Line 515 of the T2 return		2H
Subtotal (amount 2C minus amount 2G minus amount 2H)		2I
Amount 2A, 2B or 2I whichever is the least		2J
Ontario domestic factor (ODF):	Taxable income for Ontario (Note 3)	3,717,521.00
	Taxable income for all provinces (Note 4)	3,717,521
	=	1.00000
Amount 2J multiplied by amount 2K		2L
Ontario taxable income (amount 1A)	3,717,521	2M
Ontario small business income (amount 2L or 2M, whichever is less)		2N
Ontario small business deduction for the year		
Amount 2N	x	8.3 %
	=	2O

Enter Ontario small business deduction for the year (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 2J, 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 8.3 % = ... 4D

Ontario domestic factor (amount 2K) 1.00000 4E

Ontario credit union tax reduction (amount 4D multiplied by amount 4E) 4F

Enter amount 4F on line 410 of Schedule 5.

Canada Revenue
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du Canada

Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	3,629,386	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")		3,629,386	C
Eligible expenditures transferred to the corporation by another corporation	110		D
Subtotal (amount C plus amount D)		3,629,386	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	3,629,386	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	240	152	x	4.5 %	=	1.8689 %	1
Number of days in the tax year	241	366					
Number of days in the tax year after May 31, 2016	242	214	x	3.5 %	=	2.0464 %	2
Number of days in the tax year	243	366					

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 x 4.5 % = % 4

Number of days
in the tax year

Number of days
in the tax year
after May 31, 2016 x 3.5 % = % 5

Number of days
in the tax year

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) 3,629,386 x 3.5 % = **202** 127,029 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** 127,029 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 127,029 CC
(amount P, T or X in Part 3 whichever applies)

Are you waiving all or part of the
current part of the ORDTC? 315 Yes 1 ☐ No 2 ☒

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) 127,029 ▶ 127,029 EE

ORDTC available for deduction (total of amounts AA, BB and EE) 127,029 ▶ 127,029 FF

ORDTC claimed ** 127,029 GG
(Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)

ORDTC carried back to previous tax years (from Part 5) HH

Subtotal (amount GG plus amount HH) 127,029 ▶ 127,029 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			
1 st previous tax year	2024	12	31	.....	Credit to be applied	901
2 nd previous tax year	2023	12	31	.....	Credit to be applied	902
3 rd previous tax year	2022	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
2005	12	31
2006	12	31
2007	12	31
2008	12	31
2009	12	31
2010	12	31
2011	12	31
2012	12	31
2013	12	31
2014	12	31

Credit available

Tax year of origin
(earliest tax year first)

Year	Month	Day
2015	12	31
2016	12	31
2017	12	31
2018	12	31
2019	12	31
2020	12	31
2021	12	31
2022	12	31
2023	12	31
2024	12	31
2025	12	31

Credit available

Current tax year

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	LL	MM
	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	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)	Amount from column 700 or 710, whichever is less
	700	710	
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.

Enter the breakdown between current and capital expenditures	Current Expenditures	Capital Expenditures
Total expenditures for SR&ED	<u>3,294,840</u>	_____
Add		
• payment of prior years' unpaid expenses (other than salary or wages)	+	_____
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	<u>721,456</u>
• expenditures on shared-use equipment	_____	+
• other additions	+	+
Subtotal =	<u>4,016,296</u>	= _____
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	-	<u>386,910</u>
• 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	-	- _____
Subtotal =	<u>3,629,386</u> I	= _____ II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)		= <u>3,629,386</u> III
Enter amount III on line 100 of Schedule 508.		



Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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	704,581,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	
Total assets (total of lines 112 to 116)		704,581,000
Total revenue of the corporation for the tax year **	142	545,897,000
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	
Total revenue (total of lines 142 to 146)		545,897,000

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	8,984,000
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	1,568,000		
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 Unrealized (gain) loss on swap interest	282	2,935,871		
283	284			
	Subtotal	4,503,871	▶	4,503,871 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	670,000		
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	670,000	▶	670,000 B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)			490	12,817,871

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 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *	282,596	G
Deduct:		
CMT credit expired *	600	
CMT credit carryforward at the beginning of the current tax year * (see note below)	282,596	620 282,596
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)		282,596 H
Deduct:		
CMT credit deducted in the current tax year (amount P from Part 5)		I
	Subtotal (amount H minus amount I)	282,596 J
Add:		
Net CMT payable (amount E from Part 3)	45,597	
SAT payable (amount O from Part 6 of Schedule 512)		
	Subtotal	45,597 K
CMT credit carryforward at the end of the tax year (amount J plus amount K)	670	328,193 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)	282,596	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	300,486	1
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	346,083	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:	346,083	6
	Subtotal (if negative, enter "0")	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	300,486	
Deduct:		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	18,000	
	Subtotal (if negative, enter "0")	282,486 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) S

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.

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

Name of corporation	Business Number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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		Business number (Canadian corporation only) (see Note 1)	Total assets* (see Note 2)	Total revenue** (see Note 2)
200		300	400	500
1	The Corporation of the City of London	NR	0	0
Total			450	550

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

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

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

* Rules for total assets

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

** Rules for total revenue

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

**ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT**

Name of corporation	Business Number	Tax year-end Year Month Day
London Hydro Inc.	86483 7430 RC0001	2025-12-31

- 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
	(519) 661-5800
Is the claim filed for a CETC earned through a partnership? 150 1 Yes ☐ 2 No ☒	
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 ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)?	210 1 Yes ☐ 2 No ☒
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** 34,702,000

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:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} - \$400,000}{\$200,000} \right) \right]$$

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:

$$\text{Eligible percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} - \$400,000}{\$200,000} \right) \right]$$

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
2. Conestoga College		Powerline Technician
3. Fanshawe College		Motive Power Technician (Diesel)
4. Conestoga College		Powerline Technician
5. Conestoga College		Powerline Technician
6. Conestoga College		Powerline Technician

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]	2025-01-01	2025-04-30
2. [REDACTED]	2025-01-01	2025-04-30
3. [REDACTED]	2025-05-05	2025-08-25
4. [REDACTED]	2025-05-01	2025-08-29
5. [REDACTED]	2025-05-01	2025-08-29
6. [REDACTED]	2025-05-01	2025-08-29

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 %	20,250	25.000 %		16
2.		10.000 %	23,243	25.000 %		16
3.		10.000 %	16,233	25.000 %		16
4.		10.000 %	18,417	25.000 %		17
5.		10.000 %	17,747	25.000 %		17
6.		10.000 %	18,859	25.000 %		17

	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.	5,063	3,000	3,000		3,000
2.	5,811	3,000	3,000		3,000
3.	4,058	3,000	3,000		3,000
4.	4,604	3,000	3,000		3,000
5.	4,437	3,000	3,000		3,000
6.	4,715	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) **500****18,000 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:

$$\text{Column G} = (\text{column F1} \times \text{percentage on line 310}) + (\text{column F2} \times \text{percentage on line 312})$$

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:

$$(\$1,000 \times X/Y) + [\$3,000 \times (Y - X)/Y]$$

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.