



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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *2000 T2 Corporation Income Tax Guide*.

Send one completed copy of this return, including schedules, and *General Index of Financial Information (GIFI)* to your tax services office or to the tax centre that serves the corporation. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file returns, see items 1 to 5 in the guide.

055 Do not use this area

Identification

Business Number (BN) (item 11) . . . 001 867429623 R C 0001

002 Corporation's name (item 12)

HALTON HILLS HYDRO INC.

Has the corporation changed its name since the last time we were notified? 003 1 Yes 2 No ☒

If yes, do you have a copy of the articles of amendment? 004 1 Yes 2 No

Address of head office (item 13)

Has the address changed since the last time we were notified? 010 1 Yes 2 No ☒

011 43 ALICE STREET

012

City
015 ACTONProvince, territory or state
016 ONCountry (other than Canada)
017Postal code / ZIP code
018 L7J2A9

Mailing address (if different from head office address) (item 14)

Has the address changed since the last time we were notified?
20 1 Yes 2 No ☒

021 c/o

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023

City
025 ACTONProvince, territory or state
026 ONCountry (other than Canada)
027Postal code / ZIP code
028

Location of books and records (item 15)

031 43 ALICE STREET

032

City
035 ACTONProvince, territory or state
036 ONCountry (other than Canada)
037Postal code / ZIP code
038 L7J2A9

040 Type of corporation at the end of the taxation year (item 16)

- 1 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation
2 ☐ Other private corporation 5 ☐ Other corporation (please specify, below)
3 ☐ Public corporation

If the type of corporation changed during the taxation year, please provide the effective date of the change 043

YYYY MM DD

To which taxation year does this return apply (item 17)

Taxation year start
060 2001/10/01
YYYY MM DDTaxation year-end
061 2001/12/31
YYYY MM DDHas there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes 2 No ☒If yes, provide the date control was acquired 065
YYYY MM DDIs the corporation a professional corporation that is a member of a partnership? (item 18) 067 1 Yes 2 No ☒Is this the first year of filing after:
Incorporation? (item 19) 070 1 Yes ☒ 2 No ☐
Amalgamation? (item 20) 071 1 Yes ☒ 2 No ☐

If yes, please provide Schedule 24

Has there been a wind-up of a subsidiary under section 88 during the current taxation year? (item 21)
If yes, please provide Schedule 24 072 1 Yes 2 No ☒Is this the final taxation year before amalgamation? (item 22) 076 1 Yes 2 No ☒Is this the final return up to dissolution? (item 23) 078 1 Yes 2 No ☒Is the corporation a resident of Canada? (item 24)
080 1 Yes ☒ 2 No ☐ If no, give the country of residence.
081Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24)
If yes, please provide Schedule 91 . . . 082 1 Yes 2 No ☒

If the corporation is exempt from tax under section 149 tick one of the following boxes: (item 25)
085 1 ☐ Exempt under 149(1)(e) or (l)
2 ☐ Exempt under 149(1)(j)
3 ☐ Exempt under 149(1)(t)
4 ☐ Exempt under other paragraphs of section 149

Do not use this area

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Attachments

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. * We do not print these schedules.
Schedules - Answer the following questions. For each yes response, attach to the T2 return the schedule that applies.

Guide item

		Yes	No	Schedule
27	Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9
28	Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	19
29	Is the corporation an associated Canadian-controlled private corporation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	49
32	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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11
33	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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corp. or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	22
41	Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	29
43	Has the corporation had any non-arm's-length transactions with a non-resident?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	---
46	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	50
53	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1
76-79	Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2
80,102	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3
67-74	Is the corporation claiming any type of losses?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4
128	Is the corporation claiming provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5
54	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6
100	(i) Is the corporation claiming the small business deduction and reporting income from:(a) property (other than dividends deductible on line 320 of the T2 return, (b) a partnership, (c) a foreign business, or (d) a personal services business; or (ii) is the corporation claiming the refundable portion of Part I tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7
55	Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8
56	Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10
57	Does the corporation have any resource-related deductions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12
58	Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	13
59	Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	16
60	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an add. deduction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	17
146	Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	18
127	Was the corporation carrying on business in Canada while not a Canadian corporation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	20*
115	Is the corporation claiming any federal or provincial foreign tax credits or any federal or provincial logging tax credits?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	21
151	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	26*
108	Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	27
118	Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	31
61	Is the corporation claiming any scientific research and experimental development expenditures?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T661/T665
121	Is the corporation subject to gross Part 1.3 tax?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	33/34/35
121	Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	36
121	Is the corporation claiming a surtax credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	37
125	Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	38
125	Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	42
126	Is the corp. subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	43
126	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	45
122	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	46
125	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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	39
125	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	40
125	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	41
148	Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1131

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Attachments - continued from page 2

Guide item	Yes	No	Sched.
149 Is the corporation claiming a film or video production service tax credit refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1177
44 Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1134-A
44 Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1134-B
44 Did the corporation own specified foreign property in the year with a cost amount of over \$100,000?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1135
44 Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1141
44 Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1142
-- Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1145
-- Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1146
-- Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1174

Additional information

Is the corporation inactive? (item 48)	280	1 Yes	2 No	<input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first time filers) (item 49)	281	1 Yes	2 No	<input checked="" type="checkbox"/>
What is the corporation's major business activity? (item 50) (Only complete if yes was entered at line 281.)	282	DISTRIBUTION OF ELECTRICITY		
If the major activity involves the resale of goods, indicate whether it is wholesale or retail (item 51)	283	1 Wholesale	2 Retail	
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents (item 52)	284	DISTRIBUTION OF ELECTRICITY		
	286		287	%
	288		289	%

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL (item 75)	300	-903,659	A
Deduct: Charitable donations from Schedule 2 (item 76)	311		
Gifts to Canada or a province from Schedule 2 (item 77)	312		
Cultural gifts from Schedule 2 (item 78)	313		
Ecological gifts from Schedule 2 (item 79)	314		
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3 (item 80)	320		
Part VI.1 tax deduction from Schedule 43 (item 81)	325		
Non-capital losses of preceding taxation years from Schedule 4 (item 82)	331		
Net-capital losses of preceding taxation years from Schedule 4 (item 83)	332		
Restricted farm losses of preceding taxation years from Schedule 4 (item 84)	333		
Farm losses of preceding taxation years from Schedule 4 (item 85)	334		
Limited partnership losses of preceding taxation years from Schedule 4 (item 86)	335		
Taxable capital gains or taxable dividends allocated from a central credit union (item 87)	340		
Prospector's and grubstaker's shares (item 88)	350		
Subtotal			B
Subtotal (amount A minus amount B)			C
Add: Section 110.5 additions (item 89)	355		D
Taxable income (amount C plus amount D) (item 90)	360		
Income exempt under paragraph 149(1)(t) (item 91)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 92)			Z

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the taxation year

Income from active business carried on in Canada from Schedule 7 (item 93) 400 A

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636 on page 7, and minus any amount that, because of federal law is exempt from Part I tax (item 94) 405 B

Business limit (for associated corporations, enter business limit from Schedule 23) (item 95) 410 26,050 C

Reduction to business limit: (item 96)

Amount C 26,050 x 415** D = E

11,250

Reduced business limit (amount C minus amount E) (if negative, enter "0") 425 26,050 F

Small business deduction - 16% of the least of amounts A, B, C, and F 430 <NIL> G

(Enter amount G on line 9 on page 7.)

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

** **Large corporation tax for preceding year** - Enter the total gross Part 1.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the previous year is less than 51 weeks. For associated corporations, see Schedule 23 for the special rules that apply.

Accelerated tax reduction (item 97)

Canadian controlled private corporations throughout the taxation year that claimed the small business deduction

Reduced business limit (amount from line 425) 26,050 x 3/2 = 39,075 A

Net active business income (amount from line 400) * B

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of line 636 on page 7 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) * D

Amount C minus amount D (if negative, enter "0") E

The least of amounts A, B, or E above F

Amount Z from Part 9 of Schedule 27 x 100/7 = G

Amount QQ from Part 13 of Schedule 27 H

Resource allowance (amount from line 346 of Schedule 1) x 3 = I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) J

Least of amounts on lines 400, 405, 410, and 425 of the small business deduction K

Total of amounts G, H, I, J, and K L

Amount F minus amount L (if negative, enter "0") M

Amount M x Number of days in the taxation year after December 31, 2000 92 = N

Number of days in the taxation year 92

Accelerated tax reduction - 7% of amount N O

(enter amount O on line 637 on page 7)

* Specified partnerships need to use Schedule 70 to calculate net active business income, if the amount at line 450 of Schedule 7 is positive.

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

General tax reduction for Canadian-controlled private corporations (item 98)

Canadian-controlled private corporations throughout the taxation year

Taxable Income from line 360 or amount Z of page 3				A
Amount Z from Part 9 of Schedule 27	x 100/7 =		B	
Amount QQ from Part 13 of Schedule 27			C	
Resource allowance (amount from line 346 of Schedule 1)	x 3 =		D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E	
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction on page 4			F	
Aggregate investment income from line 440 on page 6			G	
Amount used to calculate the accelerated tax reduction (amount M on page 4)			H	
Total of amounts B, C, D, E, F, G, and H				I
Amount A minus amount I (if negative, enter "0")				J
Amount J	x	Number of days in the taxation year in 2001	92	X 1% =
		Number of days in the taxation year	92	K
Amount J	x	Number of days in the taxation year in 2002		X 3% =
		Number of days in the taxation year	92	L
General tax reduction for Canadian-controlled private corporations - amount K + amount L				M
(enter amount M on line 638 of page 7)				

General tax reduction (item 99)

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, mutual fund corporation, or a non-resident-owned investment corporation

Taxable income from line 360 or amount Z of page 3				A
Amount Z from Part 9 of Schedule 27	x 100/7 =		B	
Amount QQ from Part 13 of Schedule 27			C	
Resource allowance (amount from line 346 of Schedule 1)	x 3 =		D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E	
Total of amounts B, C, D, and E				F
Amount A minus amount F (if negative, enter "0")				G
Amount G	x	Number of days in the taxation year in 2001	92	X 1% =
		Number of days in the taxation year	92	H
Amount G	x	Number of days in the taxation year in 2002		X 3% =
		Number of days in the taxation year	92	I
General tax reduction - amount H + amount I				J
(enter amount J on line 639 of page 7)				

Refundable portion of Part I tax (item 100)

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income **440** X 26 2/3 % = **A**
(Amount P from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7

Deduct:

Foreign investment income **445** X 9 1/3 % = **B**
(Amount O from Part 1 of Schedule 7) (if negative, enter "0")

Amount A minus amount B (if negative, enter "0") **C**

Taxable income from line 360 on page 3

Deduct:

Least of amounts on lines 400, 405, 410, and 425 on page 4 .

Foreign non-business income tax

credit from line 632 on page 7 X 25/9

Foreign business income tax

credit from line 636 on page 7 X 10/4

X 26 2/3 % = **D**

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8)

Deduct corporate surtax from line 600 of page 7

Net Amount **E**

Refundable portion of Part I tax - The least of amounts C, D, and E **450** **<NIL>** **F**

Refundable dividend tax on hand (item 101)

Refundable dividend tax on hand at the end of the preceding taxation year **460**

Deduct dividend refund for the previous taxation year **465** **A**

Add the total of:

Refundable portion of Part I tax from line 450 above

Total Part IV tax payable from line 360 on page 2 of Schedule 3

Net refundable dividend tax on hand transferred from a predecessor

corporation on amalgamation, or from a wound-up subsidiary corporation **480** **B**

Refundable dividend tax on hand at the end of the taxation year - Amount A plus amount B **485** **<NIL>**

Dividend refund (item 102)

Private and subject corporations at the time taxable dividends were paid in the taxation year

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 X 1/3 **A**

Refundable dividend tax on hand at the end of the taxation year from line 485 above **B**

Dividend refund - Lesser of amounts of A and B (enter this amount on line 784 of page 8)

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2001/12/31
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Part I tax

Base amount of Part I tax -38% of taxable income (line 360 or amount Z, whichever applies) from page 3 (item 103) **550** **A**

Corporate surtax calculation (item 104)

Base amount from line A above **1**

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 **2**

Investment corporation deduction from line 620 below **3**

Federal logging tax credit from line 640 below **4**

Federal qualifying environmental trust tax credit from line 648 below **5**

For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 6:

28% of taxable income from line 360 on page 3

a

28% of taxed capital gains

b

Part I tax otherwise payable
(line A plus lines C and D minus line F)

c

6

Total of lines 2 to 6 **7**

Net amount (line 1 minus line 7) **8**

Corporate surtax - 4% of the amount on line 8 **600** **<NIL>** **B**

Recapture of Investment tax credit from line XX in Part 16 on page 8 of Schedule 31 (item 105) **602** **C**

Calculation for the refundable tax on Canadian-controlled private corporation's investment income (for a CCPC throughout the taxation year) (item 106)

Aggregate investment income from line 440 on page 6 **i**

Taxable income from line 360 on page 3 **ii**

Deduct:

The least of amounts on lines 400, 405, 410, and 425 of page 4 **ii**

Net amount **ii**

Refundable tax on CCPC's investment income - 6 2/3 % of the lesser of amounts i or ii **604** **D**

Subtotal (add lines A, B, C, and D) **E**

Deduct:

Small business deduction from line 430 of page 4 **9**

Federal tax abatement (item 107) **608**

Manufacturing and processing profits deduction
from amount BB or amount VV of Schedule 27 (item 108) **616**

Investment corporation deduction (item 109) **620**
(taxed capital gains **624**)

Additional deduction - credit unions from Schedule 17 (item 110) **628**

Federal foreign non-business income tax credit from Schedule 21 (item 111) **632**

Federal foreign business income tax credit from Schedule 21 (item 112) **636**

Accelerated tax reduction from amount O of page 4 (item 113) **637**

General tax reduction for CCPCs from amount M of page 5 (item 114) **638**

General tax reduction from amount J of page 5 (item 114) **639**

Federal logging tax credit from Schedule 21 (item 115) **640**

Federal political contribution tax credit (item 116) **644**

Federal political contributions **646**

Federal qualifying environmental trust tax credit (item 117) **648**

Investment tax credit from Schedule 31 (item 118) **652**

Subtotal **F**

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) (item 119) **<NIL>** **G**

Summary of tax and credits

Federal tax

Part I tax payable from page 7 (item 120)	700	
Part I.3 tax payable from Schedule 33, 34 or 35 (item 121)	704	10,790
Part II surtax payable from Schedule 46 (item 122)	708	
Part IV tax payable from Schedule 3 (item 123)	712	
Part IV.1 tax payable from Schedule 43 (item 124)	716	
Part VI tax payable from Schedule 38 (item 125)	720	
Part VI.1 tax payable from Schedule 43 (item 126)	724	
Part XIV tax payable from Schedule 20 (item 127)	728	
Total federal tax		10,790

Add provincial and territorial tax:

Provincial or territorial jurisdiction (item 128) **750 Ontario**
 (if more than one jurisdiction, enter "multiple" and complete Schedule 5)
 Net provincial and territorial tax payable (except Que., Ont. and Alberta) (item 129) **760**
 Provincial tax on large corporations (New Brunswick and Nova Scotia) (item 143) **765**

Total tax payable 770 **10,790** A

Deduct other credits:

Investment tax credit refund from Schedule 31 (item 144) **780**
 Dividend refund from page 6 (item 145) **784**
 Federal capital gains refund from Schedule 18 (item 146) **788**
 Federal qualifying environmental trust tax credit refund (item 147) **792**
 Canadian film or video production tax credit refund from Form T1131 (item 148) **796**
 Film or video production services tax credit refund from Form T1177 (item 149) **797**
 Tax withheld at source (item 150) **800**
 Total payments on which tax has been withheld (item 150) **801**
 Allowable refund for non-resident-owned investment corporations
 from Schedule 26 (item 151) **804**
 Provincial and territorial capital gains refund from Schedule 18 (item 152) **808**
 Provincial and territorial refundable tax credits from Schedule 5 (item 153) **812**
 Royalties deduc. under Syncrude Remis. Order (item 154) **815**
 Tax remitted under Syncrude Remission Order (item 154) **816**
 Tax instalments paid (item 155) **840**

Total credits 890 **<NIL>** B

Balance (line A minus line B) 10,790

Refund code Overpayment
(item 156) 894 (Item 159)

Direct Deposit Request (item 160)

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

Start Change information 910
Branch number
914 918
Institution number Account number

If the result is negative, you have an **overpayment**.
 If the result is positive, you have a **balance unpaid**.
 Enter the amount on whichever line applies.
 We do not charge or refund a difference of less than \$2.

Balance unpaid (item 159) 10,790

Enclosed payment (item 158) 898

If the corporation is a Canadian-controlled private corporation throughout the taxation year does it qualify for the one month extension of the date the balance of tax is due? (item 157) ... **896** 1 Yes 2 No **X**

Certification (item 161)

I, **950 SKIDMORE**
Last name in block letters

951 ARTHUR
First name in block letters

954 CHIEF FINANCIAL OFFI
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 further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 02/07/2002
Date (yyyy/mm/dd)

Signature of an authorized signing officer of the corporation

956 519-853-3700
Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below ... **957 1 Yes X 2 No**

958 ARTHUR SKIDMORE
Name in block letters

959 519-853-3700
Telephone number

Language of correspondence - Langue de correspondance (item 162)

990 Please indicate the language of your choice.
 Indiquer la langue de correspondance de votre choix. 1 English/Anglais **X** 2 Francais/French

NET INCOME (LOSS) FOR INCOME TAX PURPOSES
(2000 and later taxation years)

SCHEDULE 1

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
IALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Net income (loss) after taxes and extraordinary items per financial statements -1,140,286 A

Add:

Provision for income taxes - current	101		
Provision for income taxes - deferred	102		
Interest and penalties on taxes	103		
Amortization of tangible assets	104	443,549	
Amortization of natural resource assets	105		
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes - joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations from Schedule 2	112		
Taxable capital gains from Schedule 6	113		
Political donations	114		
Holdbacks	115		
Deferred and prepaid expenses	116		
Depreciation in inventory - end of year	117		
Scientific research expenditures deducted per financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expenses	121	2,239	
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year from Schedule 13	125		
Reserves from financial statements - balance at the end of the year	126		
Soft costs on construction and renovation of buildings	127		
Total of fields 201 to 294 on page 2	199	8,547	
Total of fields 101 to 199	500	454,335	454,335

Deduct:

Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83 from Schedule 3	402		
Capital cost allowance from Schedule 8	403	190,417	
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	21,254	
Allowable business investment loss - Schedule 6	406		
Foreign non-business tax deduction under subsection 20(12)	407		
Holdbacks	408		
Deferred and prepaid expenses	409		
Depreciation in inventory - end of prior year	410		
Scientific research expenses claimed in year from Form T661	411		
Tax reserves claimed in current year from Schedule 13	413		
Reserves from financial statements - balance at the beginning of the year	414		
Patronage dividends from Schedule 16	416		
Contributions to deferred income plans from Schedule 15	417		
Total of fields 300 to 394 on page 3	499	6,037	
Total of fields 401 to 499	510	217,708	217,708

Net income (loss) for income tax purposes - enter at line 300 on page 3 of the T2 return -903,659

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2001/12/31
-------------------------------------------------------	---------------------------------------------	-------------------------	-------------------------------------------

Add:

Accounts payable and accruals for cash basis - closing	201	
Accounts receivable and prepaid for cash basis - opening	202	
Accrual inventory - opening	203	
Accrued dividends - prior year	204	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
All crown charges, royalties, rentals, etc.	207	
Debt issue expense	208	
Deemed dividend income	209	
Deemed interest on loans to non-residents	210	
Deemed interest received	211	
Development expenses claimed in current year	212	
Dividend stop-loss adjustment	213	
Dividends credited to the investment account	214	
Exploration expenses claimed in current year	215	
Financing fees deducted in books	216	
Foreign accrual property income	217	
Foreign affiliate property income	218	
Foreign exchange included in retained earnings	219	
Gain on settlement of debt	220	
Interest paid on income debentures	221	
Limited partnership losses from Schedule 4	222	
Loss from international banking centres	223	
Mandatory inventory adjustment - included in current year	224	
Mining royalties (provincial mining taxes)	225	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Optional value of inventory - included in current year	229	
Other expenses from financial statements	230	
Recapture of SR&ED expenditures - Form T661	231	
Resource amounts deducted	232	
Restricted farm losses - current year - Schedule 4	233	
Sales tax assessments	234	
Share issue expense	235	
Write-down of capital property	236	
Amounts received in respect of qualifying environmental trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years - previous year	238	
Other additions:		
600 Employee future benefits accrued	290	8,547
601	291	
602	292	
603	293	
604	294	
Total of fields 201 to 294 (enter this amount at line 199 on page 1)		8,547

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Deduct:

Accounts payable and accruals for cash basis - opening	300	
Accounts receivable and prepaid for cash basis - closing	301	
Accrual inventory - closing	302	
Accrued dividends - current year	303	
Bad debt	304	
Book income of joint venture or partnership	305	
Equity in income from subsidiaries or affiliates	306	
Exempt income under section 81	307	
Income from international banking centres	308	
Mandatory inventory adjustment - included in prior year	309	
Contributions to qualifying environmental trust	310	
Non-Canadian advertising expenses - broadcasting	311	
Non-Canadian advertising expenses - printed materials	312	
Optional value of inventory - included in prior year	313	
Other income from financial statements	314	
Payments made for allocations in proportion to borrowing and bonus interest payment from Schedule 17	315	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years - current year	316	

Resource deductions:

Canadian development expenses from Schedule 12	340	
Canadian exploration expenses from Schedule 12	341	
Canadian oil and gas property expenses from Schedule 12	342	
Deductible crown charges	343	
Depletion from Schedule 12	344	
Foreign exploration and development expenses from Schedule 12	345	
Resource allowance	346	

Other deductions:

700 Employee future benefits expenses paid	390	6,037
701	391	
702	392	
703	393	
704	394	

Total of fields 300 to 394 (enter this amount at line 499 on page 1) 6,037



Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

- For use by a corporation to determine the continuity and use of available losses; to determine the current year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carry-back to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For detailed description and calculation of these losses, see IT-232, *Losses-Deductibility in the Loss Year or in Other Years*. For information on these losses, see the *T2 Corporation Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or forward it by itself to the tax center where the return is filed.
- Parts, sections, subsections and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

Part 1 - Non-Capital Losses**Determination of current year non-capital loss**

Net income (loss) for income tax purposes		\$	-903,659
Deduct: (increase a loss)			
Net capital losses deducted in the year (enter as a positive amount)	\$		
Taxable dividends deductible under sections 112, 113 or subsection 138(6)			
Amount of Part VI.1 tax deductible			
Amount deductible as prospector's and grubstaker's shares-Paragraph 110(1)(d.2)			
	Subtotal - if positive, enter "0"		-903,659
Deduct: (increase a loss)			
Section 110.5 - Addition for foreign tax deductions			
	Subtotal		-903,659
Add: (decrease a loss)			
Current year farm loss			
Current year non-capital loss (if positive, enter "0")		\$	-903,659

Continuity of non-capital losses and request for carry-back

Non-capital loss at the end of preceding taxation year		\$	
Deduct:			
Non-capital loss expired after seven taxation years	100		
Non-capital losses at the beginning of taxation year	102		
Add:			
Non-capital losses transferred on amalgamation or wind-up of subsidiary	105		
Current year non-capital loss (from calculation above)	110	903,659	\$ 903,659
Deduct:			
Amount applied against taxable income (enter on line 331 of the T2 return)	130		
Amount applied against taxable dividends subject to Part IV tax	135		
Section 80 Adjustments for forgiven amounts	140		
Other adjustments	150		
	Subtotal		903,659
Deduct - Request to carry back non-capital loss to:			
First preceding taxation year to reduce taxable income	901		
Second preceding taxation year to reduce taxable income	902		
Third preceding taxation year to reduce taxable income	903		
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911		
Second preceding taxation year to reduce taxation dividends subject to Part IV tax	912		
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913		
Non-capital losses - Closing balance (if negative, enter zero)	180	\$	903,659

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator	190	Yes	<input type="checkbox"/>
Loss from a wholly-owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.			

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2001/12/31
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Part 2 - Capital Losses

Continuity of capital losses and request for carry-back

Capital losses at end of preceding taxation year	200	\$	
Capital losses transferred on amalgamation or wind-up of subsidiary corporation	205		
Current year capital loss (from Schedule 6 calculation)	210		\$
Add:			
Allowable business investment loss expired as non-capital loss		\$	x 4/3
			220
			Subtotal
Deduct:			
Amount applied against current year capital gain	225		
Section 80 adjustment for forgiven amounts	240		
Other adjustments	250		
			Subtotal
Deduct - Request to carry back capital loss to: (see note 2)			
First preceding taxation year	951		
Second preceding taxation year	952		
Third preceding taxation year	953		
Capital losses - closing balance		280	\$

Note 1: On line 332 of the T2 return, enter the amount from line 225 multiplied by the current year inclusion rate (see Schedule 6.)

Note 2: Enter on lines 225, 951, 952, or 953, whichever is applicable, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 - Farm Losses

Continuity of farm losses and request for carry-back

Farm losses at end of preceding taxation year		\$	
Deduct:			
Farm loss expired after ten taxation years	300		
Farm losses at beginning of taxation year	302		
Farm losses transfer on amalgamation or wind-up of subsidiary	305		
Current year farm loss	310		\$
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return)	330		
Amount applied against taxable dividends subject to Part IV tax	335		
Section 80 adjustment for forgiven amounts	340		
Other adjustments	350		
			Subtotal
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income	921		
Second preceding taxation year to reduce taxable income	922		
Third preceding taxation year to reduce taxable income	923		
First preceding taxation year to reduce taxable dividends subject to Part IV tax	931		
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	932		
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	933		
Farm losses - closing balance		380	\$

Part 4 - Restricted Farm Losses

Current year restricted farm loss

Total losses for the year from farming business	485	\$		A
Minus the deductible farm loss:				
\$2,500 plus B or C, whichever is less		\$	2,500	
(Amount A above - \$2,500) divided by 2 =				B
		\$	6,250	C
Current year restricted farm loss (enter this amount on line 410 on next page)		\$		

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2001/12/31
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Part 4 - Restricted Farm Losses (continued)

Continuity of restricted farm losses and request for carry-back

Restricted farm losses at end of preceding taxation year	\$	
Deduct: Restricted farm loss expired after ten taxation years	400	
Restricted farm losses at beginning of taxation year	402	
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary	405	
Current year restricted farm loss (enter on line 233 of Schedule 1)	410	\$
Deduct:		
Amount applied against farming income (enter on line 333 of the T2 return)	430	
Section 80 Adjustments for forgiven amounts	440	
Other adjustments	450	
		Subtotal
Deduct - Request to carry back restricted farm loss to:		
First preceding taxation year to reduce farming income	941	
Second preceding taxation year to reduce farming income	942	
Third preceding taxation year to reduce farming income	943	
Restricted farm losses - closing balance		480 \$

Note:

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

Part 5 - Listed Personal Property Losses

Continuity of listed personal property loss and request for carry-back

Listed personal property losses at end of preceding taxation year	\$	
Deduct: Listed personal property loss expired after seven taxation years	500	
Listed personal property losses at beginning of taxation year	502	
Add: Current year listed personal property loss (from Schedule 6)	510	
		Subtotal
Deduct:		
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	
Other adjustments	550	
		Subtotal
Deduct - Request to carry back listed personal property loss to:		
First preceding taxation year to reduce listed personal property gains	961	
Second preceding taxation year to reduce listed personal property gains	962	
Third preceding taxation year to reduce listed personal property gains	963	
Listed personal property losses - closing balance		580 \$

Part 6 - ANALYSIS OF BALANCE OF LOSSES BY YEAR OF ORIGIN

Year of origin	Non-capital losses \$	Farm losses \$	Restricted farm losses \$	Listed personal property losses \$
2001/12/31	903,659			
2000/12/31				
1999/12/31				
1998/12/31				
1997/12/31				
1996/12/31				
1995/12/31				
1994/12/31				
1993/12/31				
1992/12/31				
Total	903,659			

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2001/12/31
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Part 7 - Limited Partnership Losses

Current year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at risk amount	Total of corporation's share of partnership investment tax credit, farming losses and resource expenses	Column 4 - 5 If negative, enter "0"	Current year limited partnership losses Column 3 - 6
600	602	604	606	608		620

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

Limited partnership losses from prior taxation years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending YYYY/MM/DD	Limited partnership losses at end of preceding taxation year	Corporation's at risk amount	Total of corporation's share of partnership investment tax credit, business or property losses and resource expenses	Columns 4 - 5 If negative, enter "0"	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

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

Partnership identifier	Limited partnership losses at end of preceding taxation year	Limited partnership losses transfer on amalgamation or wind-up of subsidiary	Current year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed column 650)	Limited partnership losses closing balance (662+664+670-675)
660	662	664	670	675	680

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

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Continuity of Losses Carried Forward

SCHEDULE 4 - Federal Supplement

Capital losses - gross amount

Balance - beginning of year

Losses carried forward from previous years:

Year of Origin	Non-Capital Losses	Non-Capital Losses from Pred. Co's	Net-Capital Losses from Listed Property	Farm Losses	Restricted Farm Losses
31/12/1991					
31/12/1992					
31/12/1993					
31/12/1994					
31/12/1995					
31/12/1996					
31/12/1997					
31/12/1998					
31/12/1999					
31/12/2000					
Total	<NIL>	<NIL>	<NIL>	<NIL>	<NIL>

Continuity of losses

	Non-Capital Losses	Capital losses (gross amount)	Farm Losses	Restricted Farm Losses	Listed Property
Balance - beginning of year					
Additions:					
Current year losses	903,659				
Losses from pred. companies					
Sub-Total	903,659				
Less: Utilized during year					
- to reduce taxable income					
- to reduce part IV tax					
Expired during the year					
Less: Carried back					
- to reduce taxable income					
- to reduce part IV tax					
Sub-Total					
Balance - end of year	903,659	<NIL>	<NIL>	<NIL>	<NIL>

Losses carried forward to future years:

Year of Origin	Non-Capital Losses	Non-Capital Losses from Pred. Co's	Net-Capital Losses from Listed Property	Farm Losses	Restricted Farm Losses
31/12/1992					
31/12/1993					
31/12/1994					
31/12/1995					
31/12/1996					
31/12/1997					
31/12/1998					
31/12/1999					
31/12/2000					
31/12/2001	903,659				
Total	903,659	<NIL>	<NIL>	<NIL>	<NIL>



CAPITAL COST ALLOWANCE (CCA)

SCHEDULE 8 - Federal

(1998 and later taxation years)

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

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

Is the corporation electing under regulation 1101(5q)? 101 1 Yes 2 No ☒

1 Class no.	Description	2 Undepreciated capital cost at the beginning of the year (column 11 from last year's T2S(8))	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5)	7 50% rule (deduct 1/2 the amount, if any, by which the net cost of acquisitions exceeds col 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Capital cost allowance (column 8 multiplied by column 9, or a lower amount) See note 3 below	11 Undepreciated capital cost at the end of the year (column 6 minus column 10)
200		201	203	205	207		211		212	217	220
1	Dist'n System		19,894,066			19,894,066	9,947,033	9,947,033	4.0	100,306	19,793,760
1	Buildings & fixtures		2,418,507			2,418,507	1,209,254	1,209,253	4.0	12,194	2,406,313
8	Major Tools		197,034			197,034	98,517	98,517	20.0	4,967	192,067
8	Office Equipment		128,949			128,949	64,475	64,474	20.0	3,251	125,698
8	Stores Equipment		51,007			51,007	25,504	25,503	20.0	1,286	49,721
10	Computer Hardware		381,733			381,733	190,867	190,866	30.0	14,435	367,298
10	Fleet		879,243			879,243	439,622	439,621	30.0	33,249	845,994
12	Computer Software		164,450			164,450	82,225	82,225	100.	20,729	143,721
	Total		24,114,989			24,114,989	12,057,490	12,057,490		190,417	23,924,572

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim. See the T2 Guide for more information.



**CAPITAL COST ALLOWANCE (CCA)
(1998 and later taxation years)**

SCHEDULE 8SUM - Federal

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001/12/31

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

Is the corporation electing under regulation 1101(5q)?

1 Yes ☐

2 No ☒

1 Class number 200	2 UCC start of year 201	3 Additions during the year 203	4 Net adjustments 205	5 Proceeds of dispositions 207	6 Adjusted UCC	7 50% rule on net acquisitions 211	8 Reduced UCC
reg		24114.989			24114.989	12057.497	12057.492
10.1							
13							
14							
	10 Recapture of CCA 213	11 Terminal Loss loss 215	12 CCA 217	13 UCC at end of year 220			
reg			190.417	23924.572			
10.1							
13							
14							
Total			190.417				

1 Class number 200	2 UCC start of year 201	3 Additions during the year 203	4 Net adjustments 205	5 Proceeds of dispositions 207	6 Adjusted UCC	7 50% rule on net acquisitions 211	8 Reduced UCC
24							
27							
29							
34							
Rental							
	10 Recapture of CCA 213	11 Terminal Loss loss 215	12 CCA 217	13 UCC at end of year 220			
24							
27							
29							
34							
Rental							
Total							

Totals:

Recapture (Schedule 1 Line 107)
Terminal loss (Schedule 1 Line 404)
CCA Claimed 190.417 (Schedule 1 Line 403)

**CUMULATIVE ELIGIBLE CAPITAL DEDUCTION**
(2000 and later taxation years)**SCHEDULE 10**

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.

A separate cumulative eligible capital account must be kept for each business.

• This form applies to taxation years that end after February 27, 2000.

PART 1 - CALCULATION OF CURRENT YEAR DEDUCTION AND CARRY-FORWARD

Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter "0")	200	A
Add:		
Cost of eligible capital property acquired during the taxation year	222 1,605,886	B
Amount transferred on amalgamation or wind-up of subsidiary	224	C
Other adjustments	226	D
(Add amounts B, C, and D)	1,605,886	x 3/4 = 1,204,415
Subtotal (amount A plus amount E)	230	1,204,415 F
Deduct:		
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242	G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244	H
Other adjustments	246	I
(Add amounts G, H, and I)		x 3/4 = 248 J
Cumulative eligible capital balance (amount F minus amount J)		1,204,415 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)		
Current year deduction	amount K 1,204,415	x 7% = 250 21,254 L
(deduct amount L at line 405 of Schedule 1)		
Cumulative eligible capital - closing balance	300	1,183,161 M
(amount K minus amount L) (if negative, enter "0")		

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

PART 2 - AMOUNT TO BE INCLUDED IN INCOME ARISING FROM DISPOSITION

(Complete this part only if the amount at line K is negative)

Amount from line K above (show as a positive amount)		N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	400	1
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)	401	2
Total of cumulative eligible capital deductions claimed for taxation years commencing before July 1, 1988	402	3
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	408	4
Line 3 minus line 4		5
Total of line 1, 2, and 5		6
Line T from Schedule 10 of previous taxation years ending after February 27, 2000	409	7
Line 6 minus line 7		
Line N minus line O (cannot be negative)		O
Amount on line 5	x 1/2	Q
Line P minus line Q		R
Amount on line R	x 2/3 *	S
Lesser of line N or line O		T
Amount to be included in income on line 108 of Schedule 1, line S plus line T	410	

* For taxation years ending after February 27, 2000 and before October 18, 2000, use the fraction 8/9 to calculate line S.

For taxation years ending before February 28, 2000, no reduction can be claimed, use the fraction 1/1 to calculate line S.



TRANSACTIONS WITH SHAREHOLDERS, OFFICERS OR EMPLOYEES
(1998 and later taxation years)

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Provide the details of any transactions with shareholders, officers or employees that involve:

- payments the corporation made or amounts credited to the account of shareholders, officers, or employees, that were not part of their remuneration or reimbursement of expenses;
- assets the corporation sold to or purchased from shareholders, officers, or employees, including those for which an election was made under section 85; or
- loans or indebtedness to shareholders, officers, or employees, or persons connected with a shareholder that were not repaid by the end of the taxation year.

	Relationship code (see note 1) 100	Payments \$ 200	Reimbursement \$ 300	Loans \$ 400	Assets sold or purchased \$ 500	Does section 85 apply to assets sold or purchased? 550
1.	1			16,141,970		Yes No
2.						Yes No
3.						Yes No
4.						Yes No
5.						Yes No
6.						Yes No
7.						Yes No
8.						Yes No
						Yes No
10.						Yes No
11.						Yes No
12.						Yes No
13.						Yes No
Note: Enter the code number of the relationship that applies: 1 - Shareholder 2 - Officer 3 - Employee						

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT (1998 and later taxation years)

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001/12/31

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to allocate the business limit for purposes of the small business deduction. Information from this schedule will be used to determine the date the balance of tax is due and to calculate the business limit reduction.

Allocation of business limit

Date filed (for departmental use only) 025

Year Month Day

Enter the calendar year to which the agreement applies 050 2001

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

1 Names of associated corporations	2 Business Number of associated corporations	3 Ass'n code	4 Allocation of business limit for the year	5 Taxation year end	6 Gross Part I.3 tax for preceding taxation year	7 Taxable income of preceding taxation year	8 Reduced business limit of preceding year
100	200	300	400	500			
HALTON HILLS HYDRO INC.	867429623	1	103,350	2001/12/31			
HALTON HILLS FIBRE OPTICS	886270727	1		2001/12/31			
HALTON HILLS ENERGY SERVICE	870971181	1	96,650	2001/12/31			
HALTON HILLS ENERGY INC.		1					
Totals			200,000				
If the taxation year of the corporation is less than 51 weeks enter the prorated business limit in this box			50,411				



**FIRST TIME FILER AFTER INCORPORATION, AMALGAMATION, OR WINDING-UP A SUBSIDIARY INTO A PARENT
(1998 and later taxation years)**

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1-Type of operation

100 For those corporations filing for the first time after incorporation or amalgamation, please identify the type of operation that applies to your corporation:

- | | |
|------------------------------------------------------|---------------------------------------------------------------|
| 00 Not applicable | 10 Mutual fund corporation |
| 01 Crown corporation that is an agent of Her Majesty | 11 Mortgage investment corporation |
| 02 Life insurance corporation | 12 Traveling corporation |
| 03 Deposit insurance corporation | 13 Subject corporation |
| 04 General insurance corporation | 14 Labour-sponsored venture capital corporation |
| 05 Co-operative corporation | 15 Investment corporations subject to Part IV tax |
| 06 Credit union | 16 Crown corporation that is not an agent of Her Majesty |
| 07 Bank | 17 Non-resident insurer exempt from Part XIII withholding tax |
| 08 Non-resident owned investment corporation | 99 Other-if none of the previous descriptions apply |
| 09 Investment corporation | |

Part 2 - First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information:

Name of predecessor corporation(s)	Business Number (Canadian corporations only)
200	300

Part 3 - First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information:

Name of subsidiary corporation(s)	Business Number (Canadian corporations only)	Commencement date of wind-up (YYYY/MM/DD)	Date of wind-up (YYYY/MM/DD)
400	500	600	700



Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- 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 1.3 in respect of its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or in respect of a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - a non-resident - owned investment corporation throughout the year;
 - bankrupt (as defined by subsection 128(3)) at the end of the year;
 - a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - exempt from tax under section 149 throughout the year on all of its taxable income;
 - neither resident in Canada nor carried on a business through a permanent establishment in Canada at any time in the year; or
 - a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the *T2 Corporation Income Tax Return* within six months from the end of the taxation year.

	Year	Month	Day
Filing date (for departmental use only)	100		

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 5, "Taxable capital employed in Canada - Non-resident corporation."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I ..	101			
Capital stock (or members' contributions if incorporated without share capital)	103	16,161,663		
Retained earnings	104			
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations	109	16,141,970		
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 in respect of a lease) that has been outstanding for more than 365 days before the end of the year ...	111			
Proportion of the amount, if any, by which the total of all amounts (that would be determined under lines 101, 107, 108, 109, 111, and 112) in respect of the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses (see note below)	112			
	Subtotal	32,303,633	▶	32,303,633 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121			
Any deficit deducted in computing the shareholders' equity	122	1,188,397		
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123			
The amount of deferred unrealized foreign exchange losses	124			
	Subtotal	1,188,397	▶	1,188,397 B
Capital for the year (amount A minus amount B) (if negative, enter "0")	190	31,115,236		

Note: Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined in accordance with the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2001/12/31
-------------------------------------------------------	---------------------------------------------	-------------------------------------------

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	856,780
A loan or advance to another corporation (other than a financial institution)	402	392,634
A bond, debenture, note, mortgage, or similar obligation of another corporation (other than a financial institution)	403	839,051
Long-term debt of a financial institution	404	
A dividend receivable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of, a partnership all of the members of which, throughout the year, were corporations (other than financial institutions) that were not exempt from tax under Part I.3 (otherwise than by reason of paragraph 181.1(3)(d))	406	
An interest in a partnership	407	
Investment allowance for the year	490	2,088,465

Note: 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 of the Act (other than by reason of paragraph 181.1(3)(d) of the Act).

Part 3 - Taxable capital

Capital for the year (line 190)	31,115,236	C
Deduct: Investment allowance for the year (line 490)	2,088,465	D
Taxable capital for the taxation year (amount C minus amount D) (if negative, enter "0")	500 29,026,771	

Part 4 - Taxable capital employed in Canada - Canadian resident corporation

To be completed by a corporation that was resident in Canada at any time in the year.

Taxable capital for the year (line 500)	29,026,771	x	Taxable income earned in Canada	610	1,000	=	Taxable capital employed in Canada	690 29,026,771
			Taxable income		1,000			

- Notes:**
- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 2) Where a corporation's taxable income for a taxation 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.

Part 5 - Taxable capital employed in Canada - Non-resident corporation

To be completed by a corporation that was not resident in 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 it carried on 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 the 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 it carried on during the year in Canada

712

Total amount of carrying value at the end of the year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year in Canada

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

Part 6 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada for the year (line 690 or 790, whichever applies)	29,026,771	
Deduct: Capital deduction claimed for the year (enter \$10,000,000 or, for related corporations, the amount allocated on Schedule 36)	801 10,000,000	
Excess of taxable capital employed in Canada over capital deduction	811 19,026,771	
Gross Part 1.3 tax: Line 811 19,026,771 x .00225 =	42,810	F
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:		
Amount F 42,810 x Number of days in the year (92) =	10,790	G
365		
Gross Part 1.3 tax (amount F or G, whichever applies)	820 10,790	

Part 7 - Calculation of current year surtax credits

<ul style="list-style-type: none"> Corporations can claim a credit against their Part 1.3 tax for the amount of Canadian surtax payable. This is called the surtax credit. Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first. Refer to subsection 181.1(7) of the Act when calculating the amount deductible in respect of a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them. 		
Current year surtax credit equals current year Canadian surtax payable.		
Canadian surtax payable For a corporation that was not resident in Canada throughout the year, the lesser of a and b, below:		
a) line 600 from the T2 return		
b) line 700 plus line 660 from the T2 return		H
In any other case, the lesser of c and d below:		
c) line 600 from the T2 return	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">line 690 of this schedule</div> <div style="margin-right: 10px;">29,026,771</div> <div style="margin-right: 10px;">x</div> <div style="margin-right: 10px;">line 500 of this schedule</div> <div style="margin-right: 10px;">29,026,771</div> <div>=</div> </div>	
d) line 700 plus line 660 from the T2 return		I
Current year surtax credit (amount H or I, whichever applies)	830	

Part 8 - Calculation of Part 1.3 tax credit available for carry-forward

Amount on line 830		
Less: Part 1.3 tax before deducting surtax credits (line 820)	10,790	J
	Net amount -10,790	K
If the amount on line K is <i>positive</i> , it represents the amount of Part 1.3 tax credits that may be carried forward from taxation years prior to 1992 and applied this year to reduce Canadian surtax payable. Refer to Schedule 37 for unused Part 1.3 tax credit balance		
L		
Note: The portion of amount K carried forward should be entered at line 660 of the T2 return.		
If the amount K is <i>negative</i> , it represents the amount of unused surtax credit of other years, that may be applied to reduce Part 1.3 tax payable in the current year	10,790	M

Part 9 - Calculation of current year unused surtax credit

Amount K (if positive)	
Less: Part 1.3 tax credits claimed (carried forward from taxation years prior to 1992 - see amount L above)	
Current year unused surtax credit (enter this amount on Schedule 37)	850

Part 10 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820)	10,790	N
Deduct the following amounts:		
Current year surtax credit applied (the lesser of lines 820 and 830)	861	
Unused surtax credit from prior years applied	862	
Total (cannot exceed amount on line 820) ►		O
Net Part 1.3 tax payable (amount N minus amount O) Enter this amount at line 704 of the T2 return	870 10,790	

**AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX**
(1998 and later taxation years)

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group. **Do not file this agreement if no members of the related group are liable to pay Part 1.3 tax.**
- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Date filed (for departmental use only)	010	Year	Month	Day
Is this an amended agreement?	020	1 Yes	2 No	<input checked="" type="checkbox"/>
Enter the calendar year to which the agreement applies	030	2001		
Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part 1.3 tax under subsection 181.1(3) is not required to be included.				
Names of all corporations which are members of the related group	Business Number (if a corporation is not registered, enter 'NR')	Allocation of capital deduction for the year \$	Taxation year to which this agreement applies* (YYYY /MM /DD)	
200	300	400	500	
1. HALTON HILLS HYDRO INC.	867429623	10,000,000	2001/12/31	
2. HALTON HILLS FIBRE OPTICS INC.	886270727		2001/12/31	
3. HALTON HILLS ENERGY SERVICES INC.	870971181		2001/12/31	
4. HALTON HILLS ENERGY INC			2001/12/31	
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
Total (not to exceed \$10,000,000)		10,000,000		

* Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.



SHAREHOLDER INFORMATION
(1998 and later taxation years)

SCHEDULE 50

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	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.

Name of shareholder 100	Business number 200	Social insurance number 300	Percentage common shares 400	Percentage preferred shares 500
TOWN OF HALTON HILLS			100.0	



This form authorizes Revenue Canada to release confidential taxpayer information to a designated third party representative in matters pertaining to applicable legislation.

Note: This authorization is valid until the client or authorized signing person cancels it in writing. Please complete a separate form for each representative.

The purpose of this form is:

☒ to authorize a third party representative or

to cancel a third party representative

1. Client identification

Name:

HALTON HILLS HYDRO INC.
43 ALICE STREET

ACTON ON L7J2A9

Indicate one of the following:

Business Number (BN) for:

All accounts 867429623

or Specific program account type

or Specific account

Other clients:

Employer remittance account number

or Corporation account number

or Trust account number ☒ T.

or Filer identification number ☒ H.A.

2. Authorized third party identification

Authorized individual's name

Authorized firm's name

3. Details of authorization

Indicate period for which this authorization or cancellation applies:

All years ☒

or

Specific year(s)

YYYY MM DD

YYYY MM DD

YYYY MM DD

YYYY MM DD

or

All years prior to

YYYY MM DD

4. Authorized signature (client or authorized signing officer)

Signature of client or authorized officer

CHIEF FINANCIAL OFFICER
Title

519-853-3700
Telephone number

Date signed

02/07/2002
DD MM YYYY

We will not accept this form unless it is signed

Corporation's Legal Name

Ontario Corporations Tax Account No.
(MOF)

Taxation Year End

HALTON HILLS HYDRO INC.

1349889

31/12/2001

CAPITAL TAX SUPPORTING SCHEDULE**PARTNERSHIPS / JOINT VENTURES INFORMATION:**

Corporation's share of paid-up capital:

- 1.
- 2.
3. to (362)

Corporation's share of gross revenue:

Corporation's own gross revenue 8,813,303

ADD:

1. 0
2. 0
3. 0

Total gross revenue of corporation & partnerships to (480) 8,813,303

ELIGIBLE INVESTMENTS:

Term deposits & trust company investment certificates:

- 1.
- 2.
3. to (400)

Bonds & securities - Gov't/Municipality/School District:

- 1.
- 2.
3. to (401)

Bonds & debentures of other corporations:

- 1.
- 2.
3. to (402)

Mortgages due from other corporations:

- 1.
- 2.
3. to (403)

Shares in other corporations:

1. Subsidiary companies 830,552
2. EnerConnect LP 26,228
3. Sunlife Inc. 23,254 to (404) 880,034

Loans & advances to corporations (except amounts due from related corporations with head office outside Canada outstanding less than 120 days) or to a Government:

1. EnerConnect LP 8,500
- 2.
3. to (405) 8,500

Eligible loans and advances to related corporations s.62(5.1)(5.2) certain restrictions apply (Refer to Guide)

1. Subsidiary companies -loans 830,551
2. Subsidiary companies -advances 46,074
3. to (406) 876,625

Shares of partnership(s) or joint venture(s) eligible investments:

- 1.
- 2.
3. to (407)

LOANS AND ADVANCES:

From corporations or government

From shareholders or related persons 16,141,970

From

From

to (353) 16,141,970



Ontario

Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa, ON L1H 8E9

2001

**CT23 Corporations Tax and
Annual Return**Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)For taxation years
commencing after May 4, 1999

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purpose, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on Pages 3 - 18, together with the applicable schedules on pages 19-22. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

The Annual Return (common Page 1 and the MCBS Schedules A or K on pages 23 and 24) contains non-tax information collected under the authority of the Corporations Information Act for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MCBS Annual Return Required? (Refer to Guide) ☒ Yes ☐ No

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation) and Mailing Address

HALTON HILLS HYDRO INC.
43 ALICE STREETACTON ON
L7J2A9

Ontario Corporations Tax Account No. (MOF)

1349889

This CT23 return covers the Taxation Year

Start

year month day
2001/10/01

End

year month day
2001/12/31Has address changed since
last filed CT23 return?

Yes

Date of
ChangeRegistered/Head Office Address
43 ALICE STREETACTON ON
L7J2A9

Date of Incorporation or Amalgamation

year month day
1999/04/13

Ontario Corporation No. (MCBS)

1349889

Location of Books and Records
43 ALICE STREETACTON ON
L7J2A9Canada Customs and Revenue Agency
(formerly Revenue Canada) Business No.

If applicable, enter

867429623 RC 0001

Person to contact regarding this CT23 Return

ARTHUR SKIDMORE

Telephone No.

519-853-3700

Fax No.

Jurisdiction

Incorporated:

ONTARIO

Address of Principal Office in Ontario (Extra-Provincial Corporations only)

(MCBS)

If not incorporated in Ontario, indicate the
date Ontario business activity commenced
and ceased:

Commenced:

year month day

Ceased:

year month day

Former Corporation Name (Extra-Provincial Corporations only)

Not Applicable ☒

(MCBS)

(Not Applicable) ☒Information on Directors/Officers/Administrators must be completed on MCBS
Schedule A or K as appropriate. If additional space is required for Schedule A,
only this schedule may be photocopied. State number submitted (MCBS). ▶

No. of Schedules

Language of Choice / Langue de preference:

English
anglais☒ French
françaisIf there is no change to the Directors'/Officers'/Administrators' information
previously submitted to MCBS, please check this box. Schedule(s) A and K
are not required (MCBS).▶ No
ChangeMinistry
Use**Certification (MCBS)**

I certify that all information set out in the Annual Return is true, correct and complete.

Name of Authorized Person (Print clearly or type in full)

ARTHUR SKIDMORE

Title: ☐ D Director ☒ O Officer ☐ P☐ Director☒ Officer☐ Other individual having knowledge of the affairs of the Corporation

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1349889

Taxation Year End
2001/12/31

CT23 Page 3 of 24

CT23 Corporations Tax Return

identification continued (for CT23 filers only)

Type of Corporation - Please check (x) box(es) if applicable in sections 1 & 2

1	1	<input checked="" type="checkbox"/>	Canadian-controlled Private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))	
2			Other Private	Share Capital with full voting rights owned by Canadian Residents (nearest percent)
3			Public	100 • %
4			Non-share Capital	
5			Other (specify) ▶	
2	1		Family Farm Corporation s.1(2)	12 Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
	2		Family Fishing Corporation s.1(2)	
	3		Mortgage Investment Corp. s.47	14 Bare Trustee Corporation
	4		Credit Union s.51	15 Branch of Non-resident s.63(1)
	5		Bank Mortgage Subsidiary s.61(4)	16 Financial institutions prescribed by Regulation only
	6		Bank s.1(2)	17 Investment Dealer
	7		Loan and Trust Corporation s.61(4)	18 Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
	8		Non-resident Corporation s.2(2)(a) or (b)	19 <input checked="" type="checkbox"/> Hydro successor, Municipal Electrical Utility or subsidiary of either
	9		Non-resident Corporation s.2(2)(c)	20 Producer and seller of steam for uses other than for the generation of electricity
	10		Mutual Fund Corporation s.48	21 Insurance Exchange s.74.4
	11		Non-resident owned investment Corporation s.49	

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter
n/a

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter
111196122

Specify major business activity:

DISTRIBUTION OF ELECTRICITY

Please check (x) box(es) if applicable:

<input checked="" type="checkbox"/> First Year of Filing	Final Taxation Year up to Dissolution (wind-up)	<input type="checkbox"/> Transfer of Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
<input type="checkbox"/> Amended Return	Final Taxation Year before Amalgamation	<input type="checkbox"/> Acquisition of Control fed s.249(4)
<input checked="" type="checkbox"/> Taxation Year End has changed - Canada Customs and Revenue Agency (formerly Revenue Canada) approval required	Floating Fiscal Year End	Date Control was acquired year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Are you requesting a refund due to: the Carry-back of a Loss?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
an Overpayment?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a Specified Refundable Tax Credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Are you a Member of a Partnership or Joint Venture?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Income Tax

CT23 Page 4 of 24

Allocation - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39)(Int. B. 2617). Attach a schedule (or a copy of federal T2 SCH 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

DOLLARS ONLY

Net income (loss) for Ontario purposes (per reconciliation schedule, page 16) -	± From 690	-903,659
Subtract: Charitable donations -	1	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule) -	2	
Subtract: Taxable dividends deductible, per federal T2 SCH 3 -	3	
Subtract: Ontario political contributions (Attach schedule) -	4	
Subtract: Federal Part VI.1 tax <input checked="" type="checkbox"/> X 94 -	5	
Subtract: Prior years' losses applied -		
Non-capital losses -	From 704	
Net capital losses From 715 (page 17) <input checked="" type="checkbox"/> X inclusion rate % =	714	
Farm losses -	From 724	
Restricted farm losses -	From 734	
Limited partnership losses -	From 754	
Taxable income (Non-capital loss) -	= 10	-903,659
Addition to taxable income for unused foreign tax deduction for federal purposes -	+ 11	
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) -	= 20	

Taxable Income

From (or 20 if applicable)	Ontario Allocation	% X	Number of Days in Taxation Year	Total Days	= +	
• X 30	100.0000	% X 15.5% X	22 Days before May 2, 2000	92	= +	23
• X 30	100.0000	% X 14.5% X	24 Days after May 1, 2000 and before Jan 1, 2001	92	= +	25
• X 30	100.0000	% X 14.0% X	26 Days after Dec 31, 2000	92	= +	27
Income Tax Payable (before deduction of tax credits) 23 + 25 + 27					=	40

Incentive Deduction for Small Business Corporations (IDSBC) (s.41)

*** (If this section is not completed, IDSBC will be denied.) ***

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) Yes ☒ No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) -	50	
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) -	+ 51	
Add: Losses of other years deducted for federal purposes (fed.s.111) -	+ 52	
Subtract: Losses of other years deducted for Ontario purposes (s.34) -	- 53	
Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$200,000) (Attach federal T2 SCH 23 if associated) -	+ 55	26,050

Add: Ontario enhancement of federal business limit

Number of Days in Taxation Year	
Days after Dec 31, 2000 and before Jan 1, 2002	Total days
40,000 X 57	92 ÷ 73 = 92
X From 55	26,050 ÷ 200,000 = + 42
Days after Dec 31, 2001 and before Jan 1, 2003	Total days
80,000 X 69	92 ÷ 73 = 92
X From 55	26,050 ÷ 200,000 = + 43
Ontario enhancement of federal business limit -	42 + 43 = 5,210

Business Limit for Ontario purposes -	55 + 44 = 31,260	+ 45 = 31,260
Income eligible for the IDSBC -	From 30 100.0000 % X 56	= 60

* Ontario Allocation

Least of 50, 54 or 45

* Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1349889

Taxation Year End
2001/12/31

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DOLLARS ONLY

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

Number of Days in Taxation Year

	Days after Dec 31, 1998 and before Jan 1, 2000	Total days		
7.0% X	74	92	= +	75
	Days after Dec 31, 1999 and before Jan 1, 2002	Total days		
7.5% X	76	92	= +	77 7.5000
	Days after Dec 31, 2001 and before Jan 1, 2003	Total days		
8.0% X	69	92	= +	79

IDSBC Rate for Taxation Year 75 + 77 + 79 = 78 7.5000

Claim From 60 X From 78 7.5000 % = 70

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in 114 below.

Surtax on Canadian-controlled private corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

****Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

Associated Corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

****Taxable Income of the corporation** From 10 (or 20 if applicable) + 80

If you are a member of an associated group (X) 81 X (Yes)

Name of associated corporation (Canadian & foreign)	Ontario Corporations Tax Account No.(MOF)	Taxation Year End	**Taxable Income
HALTON HILLS FIBRE OPTICS		31/12/2001	+ 82
HALTON HILLS ENERGY SERVIC		31/12/2001	+ 83
HALTON HILLS ENERGY INC.			+ 84
Aggregate of Taxable Income			= 85

Number of Days in Taxation Year

Subtract:	200,000	X	Days before Jan 1, 2001	Total days		
			558	92	= +	111
	240,000	X	Days after Dec 31, 2000 and before Jan 1, 2002	Total days		
			557	92	= +	112 240,000
	280,000	X	Days after Dec 31, 2001 and before Jan 1, 2003	Total days		
			556	92	= +	113
			111 + 112 + 113		=	240,000
(If negative, enter nil)						114 240,000

Number of Days in Taxation Year

	Days after Dec 31, 1998 and before Jan 1, 2000	Total days		
4.67% X	74	92	= +	92
	Days after Dec 31, 1999 and before Jan 1, 2002	Total days		
5.0% X	76	92	= +	93 5.0000
	Days after Dec 31, 2001 and before Jan 1, 2003	Total days		
5.333% X	69	92	= +	95

Specified rate of surtax for Taxation Year 92 + 93 + 95 = 94 5.0000

From 86 X From 94 5.0000 % = 87

From 87 X From 60 ÷ From 114 240,000 = 88

Surtax Lesser of 70 or 88 = 100

continued on Page 6

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1349889

Taxation Year End
2001/12/31

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Income Tax *continued from Page 5*

DOLLARS ONLY

Additional Deduction for Credit Unions (s.51(4)) (Attach schedule) - - - - -

110

Manufacturing and Processing Profits Credit (M&P) (s.43)

Applies to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.C.A. claimed).

The whole of the active business income qualifies as Eligible Canadian Profits if: a) your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income, and b) the total active business income is \$250,000 or less.

Eligible Canadian Profits	- - - - -	+	120	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	- - - - -	- From	56	
Add: Adjustment for Surtax on Canadian-controlled private corporations				
From 100	÷ From 30 100.0000 % ÷ From 78 7.5000 % =	121		
*Ontario Allocation				
Lesser of 56 or 121	- - - - -	+	122	
120 - 56 + 122	- - - - -	=	130	
Taxable Income	- - - - -	+ From	10	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	- - - - -	- From	56	
Add: Adjustment for Surtax on Canadian-controlled private corporations	- - - - -	+ From	122	
Subtract: Taxable Income 10 X Allocation % to jurisdictions outside Canada	- - - - -	-	140	
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	- - - - -	-	141	
) - 56 + 122 - 140 - 141	- - - - -	=	142	
Claim 143	X From 30 100.0000 % X 2% - - - - -	=	160	
Lesser of 130 or 142 *Ontario Allocation				

**Note: Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1)).*

Manufacturing and Processing Profits Credit for Electrical Generating Corporations - - - - - = 161

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity - - - - - = 162

Note: The M&P for corporations that generate electrical energy for sale, or produce steam for use in the generation of electrical energy for sale, or produce steam for sale for uses other than the generation of electricity, has not yet received legislative authority at the time of printing. (Refer to Guide.)

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Inf.B.15-79 & 2739)(Attach schedule). 170

Credit for Investment in Small Business Development Corporations (SBDC)

Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)

Eligible Credit 175 Credit Claimed 180

Sub-total of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190
continued on page 7

DOLLARS ONLY

Income Tax *continued from Page 6***Specified Tax Credits** (Refer to Guide)**Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to research and development in Ontario.*

Eligible Credit From 5620 OITC Claim Form (Attach original Claim Form) - - - - - + 191

Co-operative Education Tax Credit (CETC) (s.43.4) *Applies to employment of eligible students.*

Eligible Credit From 5799 Summary Schedule F - - - - - + 192

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)*Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.*Eligible Credit From 5899 Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) - - - - - + 193**Graduate Transitions Tax Credit (GTTC) (s.43.6)**

No. of Graduates From 6596

Applies to employment of eligible unemployed graduate students.

Eligible Credit From 6599 Summary Schedule G - - - - - + 195

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)*Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.*

Eligible Credit From 6900 OBPTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) - - - - - + 196

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)*Applies to labour relating to computer animation and special effects on an eligible production.*Eligible Credit From 6700 Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) - - - - - + 197**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies to qualifying R&D expenditures under an eligible research institute contract.*

Eligible Credit From 7100 OBRITC Claim Form (Attach original Claim Form) - - - - - + 198

Ontario Production Services Tax Credit (OPSTC) (s.43.10)*Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.*Eligible Credit From 7300 Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) - - - - - + 199**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies to qualifying labour expenditures of eligible products for the taxation year.*Eligible Credit From 7400 Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) - - - - - + 200**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies to qualifying expenditures in respect to eligible Canadian sound recordings.*

Eligible Credit From 7500 OSRTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) - - - - - + 201

Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 = 220**Specified Tax Credits Applied to reduce Income Tax** - - - - - = 225**Income Tax** 190 - 225 OR Enter NIL if reporting Non-Capital loss - - - - - = 230To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in 230 to Income Tax in **Summary** section on **Page 18**.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

Corporate Minimum Tax (CMT)

DOLLARS ONLY

Determination of Applicability

Applies if either Total assets ²⁴⁹ exceeds \$5,000,000 or Total Revenue ²⁵⁰ exceeds \$10,000,000.

*These amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

Short Taxation Years - Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member is less than 51 weeks.**Associated Corporation** - The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

* Total Assets of the corporation - - - - - + ²⁴⁰ 36,526,336 ●
* Total Revenue of the corporation - - - - - + ²⁴¹ 8,813,303 ●

If you are a member of an associated group (x) ²⁴² X (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total Assets	* Total Revenue
HALTON HILLS FIBRE OPT		31/12/2001+ ²⁴³	2,666,745 + ²⁴⁴	235,175 ●
HALTON HILLS ENERGY SE		31/12/2001+ ²⁴⁵	+ ²⁴⁶	●
HALTON HILLS ENERGY IN		+ ²⁴⁷	+ ²⁴⁸	●
Aggregate Total Assets ²⁴⁰ + ²⁴³ + ²⁴⁵ + ²⁴⁷ , etc		= ²⁴⁹	39,193,081 ●	
Aggregate Total Revenue ²⁴¹ + ²⁴⁴ + ²⁴⁶ + ²⁴⁸ , etc		= ²⁵⁰		9,048,478 ●

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 19, 20 and 21 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 19.)

Gross CMT Payable - - - CMT Base From ²¹³⁵ 100.0000 % X 4% = ²⁷⁶ ●
if negative, enter zero X From ³⁰ Ontario Allocation
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - - - - - ²⁷⁷ ●
Subtract: Income Tax - - - - - From ¹⁹⁰ ●
Net CMT Payable (if negative, enter Nil on Page 18.) - - - - - = ²⁸⁰ ●

If ²⁸⁰ is less than zero and you do not have a CMT credit carryover, transfer ²³⁰ from Page 7 to **Income Tax Summary, on Page 18.**If ²⁸⁰ is less than zero and you have a CMT credit carryover, complete A & B below.If ²⁸⁰ is greater than or equal to zero, transfer ²³⁰ to Page 18 and transfer ²⁸⁰ to Page 18, and to **Schedule D: Continuity of CMT Credit Carryovers, on Page 21.**CMT Credit Carryover available - - - - - From ²³⁰⁷ ●

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) - - - - - + From ¹⁹⁰ ●
Gross CMT Payable - - - - - + From ²⁷⁶ ●
Subtract: Foreign Tax Credit for CMT purposes - - - - - From ²⁷⁷ ●
If ²⁷⁶ - ²⁷⁷ is negative, enter NIL in ²⁹⁰ = ²⁹⁰ ●
Income Tax eligible for CMT Credit - - - - - = ³⁰⁰ ●

B. Income Tax (after deduction of specified credits) - - - - - + From ²³⁰ ●
Subtract: CMT credit used to reduce income taxes - - - - - ³¹⁰ ●
Income Tax - - - - - = ³²⁰ ●

If A & B apply, ³¹⁰ cannot exceed the lesser of ²³⁰, ³⁰⁰ and your CMT credit carryover available ²³⁰⁷.
If only B applies, ³¹⁰ cannot exceed the lesser of ²³⁰ and your CMT credit carryover available ²³⁰⁷.

Transfer to page 18

Capital Tax (Refer to Guide)

DOLLARS ONLY

your corporation is a Financial Institution (s.58(2)), proceed to page 14.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 13 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If Investment Allowance is claimed, Total Assets

must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B.15-79, Int.B.L-12 and Int.B.L-16)

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a).

Paid-Up Capital

Paid-up capital stock	- - - - -	+ 350	16,161,663.
Retained earnings (if deficit, deduct)	- - - - -	+ 351	-1,188,397.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	- - - - -	+ 352	.
Loans and advances (Attach schedule)	- - - - -	+ 353	16,141,970.
Bank loans	- - - - -	+ 354	.
Bankers acceptances	- - - - -	+ 355	.
Bonds and debentures payable	- - - - -	+ 356	.
Mortgages payable	- - - - -	+ 357	.
Lien notes payable	- - - - -	+ 358	.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	- - - - -	+ 359	.
Contingent, investment, inventory and similar reserves	- - - - -	+ 360	.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	- - - - -	+ 361	.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	- - - - -	+ 362	.
Subtotal	- - - - -	= 370	31,115,236.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	- - - - -	- 371	.
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	- - - - -	- 372	.
Total Paid-up Capital	- - - - -	= 380	31,115,236.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	- - - - -	- 381	.
Net Paid-up Capital	- - - - -	= 390	31,115,236.

Eligible Investments (Refer to Guide)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, term deposits, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Term deposits and investment certificates in foreign financial institutions for taxation years ending prior to December 15, 1999 (Refer to Guide)	- - - - -	+ 400	.
Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+ 402	.
Mortgages due from other corporations	- - - - -	+ 403	.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+ 404	880,034.
Loans and advances to unrelated corporations	- - - - -	+ 405	8,500.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+ 406	876,625.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+ 407	.
Total Eligible Investments	- - - - -	= 410	1,765,159.

continued on Page 10

DOLLARS ONLY

Total Assets

Total Assets per balance sheet	- - - - -	+ 420	36,526,336	•
Mortgages or other liabilities deducted from assets	- - - - -	+ 421		•
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+ 422		•
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	- 423		•
Total Assets as adjusted	- - - - -	= 430	36,526,336	•
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+ 440		•
Subtract: Amounts in 371, 372 and 381	- - - - -	- 441		•
Subtract: Appraisal surplus if booked	- - - - -	- 442		•
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	+ 443		•
Total Assets	- - - - -	= 450	36,526,336	•
Investment Allowance (410 ÷ 450) X 390	- - - - -	Not to exceed 410	= 460	1,503,664 •
Taxable Capital	390 - 460	- - - - -	= 470	29,611,572 •
Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - - - -	480	8,813,303	•
Total Assets (as adjusted)	- - - - -	From 430	36,526,336	•

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.

(Financial Institutions use calculations on page 14.)

Important:

- If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR** If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B on pages 10 to 11 and select and complete the one specific subsection (e.g. B4) that applies to the corporation.
- OR** If the corporation IS a member of an associated group and/or partnership, complete Section C on page 12. Next review, and if applicable, complete Section D on page 12. If Section D is not applicable review Section E on page 13 and complete the applicable subsection: either E1 or E2. **Note:** if the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.

Section A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution.

Enter NIL in 550 on page 13 and complete the return from that point.

Section B

This section applies if the corporation is NOT a member of an associated group and /or partnership

- B1.** If the taxation year end is before January 1, 2001 and 430 and 480 are both \$1,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.
- B2.** If the taxation year end is after December 31, 2000 and 430 and 480 are both \$1,500,000 or less, enter NIL in 550 on page 13 and complete the return from that point.
- B3.** If taxable capital, 470 on page 10, is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

Capital Tax Calculation *continued from Page 10*

4. If taxable capital, 470 on page 10, exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From 508 to 543 on page 13 and complete the return from that point.

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

+ (a) From 470 29,611,572 X 0.3% =+ 490

Deduct:

From 470
\$2,400,000 - 29,611,572 X 1.5% =- 492
If 2,400,000 - 470 is negative, enter NIL in 492
Days in taxation year after May 4, 1999 and before Jan 1, 2000 552

(504 = 490 - 492) = 504 X From 30 100.0000 % X =+ 505
Ontario Allocation **365 (366 if leap year)

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

+ (b) From 470 29,611,572 X 0.3% =+ 490

Deduct:

From 470
\$2,800,000 - 29,611,572 X 0.75% =- 493
If 2,800,000 - 470 is negative, enter NIL in 493
Days in taxation year after Dec 31, 1999 and before Jan 1, 2001 553

(506 = 490 - 493) = 506 X From 30 100.0000 % X =+ 507
Ontario Allocation 365 (366 if leap year)

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before January 1, 2002

+ (c) From 470 29,611,572 X 0.3% =+ 490

Deduct:

From 470
\$3,200,000 - 29,611,572 X 0.5% =- 495
If 3,200,000 - 470 is negative, enter NIL in 495
Days in taxation year after Dec. 31, 2000 and before Jan 1, 2002 554

(509 = 490 - 495) = 509 X From 30 100.0000 % X 92 =+ 522
Ontario Allocation **365 (366 if leap year)

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2001 and before January 1, 2003

+ (d) From 470 29,611,572 X 0.3% =+ 490

Deduct:

From 470
\$3,600,000 - 29,611,572 X 0.375% =- 496
If 3,600,000 - 470 is negative, enter NIL in 496
Days in taxation year after Dec. 31, 2001 and before Jan 1, 2003 556

(515 = 490 - 496) = 515 X From 30 100.0000 % X =+ 525
Ontario Allocation **365 (366 if leap year)

= Total Capital tax for the taxation year 505 + 507 + 522 + 525 =+ 508

Transfer to 543 on page 13 and complete the return from that point

B5. If taxable capital, 470 on page 10, exceeds \$3,600,000, complete the following calculation and transfer the amount From 502 to 543 on page 13 and complete the return from that point.

From 470 29,611,572 X From 30 100.0000 % X 0.3% X 555 92 -- =+ 502
Ontario Allocation 365 (366 if leap year)

If floating taxation year, refer to Guide.

DOLLARS ONLY

SECTION CIf the corporation is a member of an associated group and/or partnership, complete the following, and check ☒ 510 (Yes)

Taxable Capital - - - - - + From 470 29,611,572

Names of associated corporations or related partners (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (If applicable)	Taxation Year End	Taxable Capital
HALTON HILLS FIBRE OPTICS		31/12/2001	+ 511 1,937,100
HALTON HILLS ENERGY SERVIC		31/12/2001	+ 512
HALTON HILLS ENERGY INC.			+ 513

Aggregate Taxable Capital 470 + 511 + 512 + 513 , etc - - - - - = 520 31,548,672

If 520 is greater
than \$2,000,000

If 520 is greater than \$2,000,000 and the corporation's taxation year ends,

- prior to January 1, 2000 and 520 is less than \$2,400,000;
 - OR • after December 31, 1999 and before January 1, 2001 and 520 is less than \$2,800,000;
 - OR • after December 31, 2000 and before January 1, 2002 and 520 is less than \$3,200,000;
 - OR • after December 31, 2001 and before January 1, 2003 and 520 is less than \$3,600,000;
- the corporation must compute the following ratio before calculating its Capital Tax in Section E.

From 470 29,611,572 ÷ From 520 31,548,672 = 521

Note: 521 cannot exceed 1.00000

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, 520 on this page, is \$2,000,000 or less.

Enter NIL in 550 on page 13 and complete the return from that point.

Capital Tax Calculation *continued from Page 12*

Section E

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, as shown on page 12, exceeds \$2,000,000.

E1. If aggregate taxable capital exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From 508 to 509 and complete the return from that point.

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

+ (a) From 470 29,611,572 X 0.3% = + 490

Deduct:

From 520 \$2,400,000 - 31,548,672

From 521 X 1.5% X 521 = - 492

If 2,400,000 is negative, enter NIL in 492

Days in tax year after May 4, 1999 and before Jan 1, 2000 552

(504 = 490 - 492) = 504 X From 30 100.0000 % X = + 505

Ontario Allocation **365 (366 if leap year)

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

+ (b) From 470 29,611,572 X 0.3% = + 490

Deduct:

From 520 \$2,800,000 - 31,548,672

From 521 X 0.75% X 521 = - 493

If 2,800,000 is negative, enter NIL in 493

Days in tax year after Dec 31, 1999 and before Jan 1, 2001 553

(506 = 490 - 493) = 506 X From 30 100.0000 % X = + 507

Ontario Allocation **365 (366 if leap year)

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before January 1, 2002

+ (c) From 470 29,611,572 X 0.3% = + 490

Deduct:

From 520 \$3,200,000 - 31,548,672

From 521 X 0.5% X 521 = - 495

If 3,200,000 is negative, enter NIL in 495

Days in tax year after Dec 31, 2000 and before Jan 1, 2002 557

(509 = 490 - 495) = 509 X From 30 100.0000 % X 92 = + 522

Ontario Allocation **365 (366 if leap year)

▼ Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2001 and before January 1, 2003

+ (d) From 470 29,611,572 X 0.3% = + 490

Deduct:

From 520 \$3,600,000 - 31,548,672

From 521 X 0.375% X 521 = - 496

If 3,600,000 is negative, enter NIL in 496

Days in tax year after Dec 31, 2001 and before Jan 1, 2003 556

(515 = 490 - 496) = 515 X From 30 100.0000 % X = + 525

Ontario Allocation **365 (366 if leap year)

= Total Capital Tax for the taxation year 505 + 507 + 522 + 525 = 508

Transfer to 543 and complete the return from that point.

E2. If the aggregate taxable capital on page 12, exceeds \$3,600,000 complete the following calculations and transfer the total From 502 to 543 on this page, and complete the return from that point.

From 470 29,611,572 X From 30 100.0000 % X 0.3% X 92 = + 502 22,391

Ontario Allocation **365 (366 if leap year) Transfer to 543 and complete the return from that point.

**If floating taxation year, refer to Guide.

Capital tax before application of specified credits - = 543 22,391

Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide) - = 546

Capital Tax 543 - 546 = 550 22,391

Transfer to Page 18

continued on Page 14

DOLLARS ONLY

Calculation of Capital Tax for Financial Institutions**1. Credit Unions Only**

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 13, and complete the return from that point.

I.2. Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565 _____ X 0.6% X From 30 100.0000 % X 555 92 ÷ **365 = + 569 _____
 Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1 Ontario Allocation (366 if leap year)

570 _____ X 571 _____ % X From 30 100.0000 % X 555 92 ÷ = + 574 _____
 Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount Capital Tax Rate (Refer to Guide) Ontario Allocation **365 (366 if leap year)

Capital Tax for Financial Institutions - other than Credit Unions (before Section II) 569 + 574 - - - - - = 575 _____

** If floating taxation year, refer to Guide.

II. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments - - - - - 585 _____
 Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (X) Yes

Capital Tax - Financial Institutions 575 - 585 - - - - - = 586 _____

Transfer to 543 Page 13

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

(1) Uninsured Benefits Arrangements - - - - - 587 _____ X 2% - - - - - = 588 _____
Applies to Ontario-related uninsured benefits arrangements

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)
Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) - - - - - 589 _____

Premium Tax 588 - 589 - - - - - = 590 _____

Transfer to Page 18

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1349889

Taxation Year End
2001/12/31

CT23 Page 15 of 24
DOLLARS ONLY

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 - - - - - ± 600 -903,659
Transfer to Page 16

Add:

Federal capital cost allowance - - - - -	+ 601	190,417	•
Federal cumulative eligible capital deduction - - - - -	+ 602	21,254	•
Ontario taxable capital gain - - - - -	+ 603		•
Federal non-allowable reserves. Balance beginning of year - - - - -	+ 604		•
Federal allowable reserves. Balance end of year - - - - -	+ 605		•
Ontario non-allowable reserves. Balance end of year - - - - -	+ 606		•
Ontario allowable reserves. Balance beginning of year - - - - -	+ 607		•
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE) - - - - -	+ 608		•
Federal resource allowance - - - - -	+ 609		•
Federal depletion allowance - - - - -	+ 610		•
Federal foreign exploration and development expenses - - - - -	+ 611		•
Management fees, rents, royalties and similar payments to non-arm's length non-residents ▼			

Number of Days in Taxation Year

		Days before May 2, 2000		Total Days	
612	• X $\frac{5}{15.5} \times$	22	÷ 73	92	= + 630 •

		Days after May 1, 2000 and before Jan. 1, 2001		Total Days	
612	• X $\frac{5}{14.5} \times$	24	÷ 73	92	= + 631 •

		Days after Dec. 31, 2000		Total Days	
612	• X $\frac{5}{14.0} \times$	26	92 ÷ 73	92	= + 632 •

Total add-back amount for Management fees, etc. 630 + 631 + 632 = • ▶ + 613

Federal allowable business investment loss - - - - - + 620 •

Items allowed federally but disallowed by Ontario:

- - - - - +
- - - - - +

Total of other items not allowed by Ontario but allowed
federally (Attach schedule) - - - - - ▶ + 614 •

Sub Total of Additions 601 to 614 + 620 - - - - - = 211,671 • ▶ 640 211,671
Transfer to Page 16

DOLLARS ONLY

**Reconcile net income (loss) for federal income tax purposes with net income (loss)
for Ontario purposes if amounts differ**

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 - - - - - From \pm 600 -903,659
 Sub Total of Additions - - - - - From = 640 211,671

Deduct:

Ontario capital cost allowance - - - - -	+	650	190,417	•
Ontario cumulative eligible capital deduction - - - - -	+	651	21,254	•
Federal taxable capital gain - - - - -	+	652		•
Ontario non-allowable reserves. Balance beginning of year - - - - -	+	653		•
Ontario allowable reserves. Balance end of year - - - - -	+	654		•
Federal non-allowable reserves. Balance end of year - - - - -	+	655		•
Federal allowable reserves. Balance beginning of year - - - - -	+	656		•
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.) - - - - -	+	657		•
Ontario depletion allowance - - - - -	+	658		•
Ontario resource allowance - - - - -	+	659		•
Ontario research and development super allowance (Attach schedule) - - - - -	+	660		•
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget +		674		•
Ontario current cost adjustment (Attach schedule) - - - - -	+	661		•

Ontario New Technology Tax Incentive (ONTTI) Gross-up

Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.

Capital Cost Allowance (Ontario)(CCA) on prescribed qualifying

intellectual property deducted in the current taxation year - - - 662 •

ONTTI Gross-up deduction calculation:

From 662	Gross-up of CCA	X	100	From 662	=	663
	From 30		100.0000			
	Ontario Allocation					

Workplace Child Care Tax Incentive: (Applies to qualifying expenditures incurred after May 5, 1998.)

Qualifying expenditures: 665	X 30%	X	100	=	666
	From 30		100.0000		
	Ontario Allocation				

Workplace Accessibility Tax Incentive: (Applies to qualifying expenditures incurred after July 1, 1998.)

Qualifying expenditures: 667	X 100%	X	100	=	668
	From 30		100.0000		
	Ontario Allocation				

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses made within the 3 year period commencing after May 4, 1999.) (Refer to guide)

Qualifying expenditures: 670	X 30%	X	100	=	671
	From 30		100.0000		
	Ontario Allocation				

Educational Technology Tax Incentive: (Applies to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures: 672	X 15%	X	100	=	673
	From 30		100.0000		
	Ontario Allocation				

Ontario allowable business investment loss - - - - -	+	678	•
------------------------------------------------------	---	-----	---

Items disallowed federally but allowed by Ontario:

Total of other deductions allowed by Ontario (Attach schedule) - - - - -	+	664	•
--------------------------------------------------------------------------	---	-----	---

Sub Total of Deductions

[650] to [660] + [674] + [661] + [663] + [666] + [668] + [671] + [673] + [678] + [664] =	211,671	▶	[680] 211,671
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Net income (loss) for Ontario purposes

[600] + [640] - [680] =	[690] -903,659
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Transfer to Page 4

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1349889

Taxation Year End
2001/12/31

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DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 903,659	710 (2)	720 (2)	730	740	750
Add:						
Current year's losses (7)	701 903,659	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703 903,659	713	723	733	743	753
Subtract:						
Utilized during the year to reduce taxable income	704	715 (4)	724	734 (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) To Page 18	716 (2) To Page 18	726 (2) To Page 18	736 (2) To Page 18	746	
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8) 903,659	719 <NIL>	729 <NIL>	739	749 <NIL>	759 <NIL>

Notes:

- (1) Non-capital losses include allowable business investment losses, fed s. 111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1992/12/31				850	870
801 1993/12/31				851	871
802 1994/12/31				852	872
803 1995/12/31	820	830	840	853	873
804 1996/12/31	821	831	841	854	874
805 1997/12/31	822	832	842	855	875
806 1998/12/31	823	833	843	856	876
807 1999/12/31	824	834	844	857	877
808 2000/12/31	825	835	845	858	878
809 2001/12/31	826 903,659	836	846	859	879
Total	829 903,659	839 <NIL>	849 <NIL>	869 <NIL>	889

Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

● If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.

● Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.

● Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance.**

● Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.

● The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:

- 1) the first day of the taxation year after the loss year,
- 2) the day on which the corporation's return for the loss year is delivered to the Minister, or
- 3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.

● If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

Application of Losses			Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss			910 903,659	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income						
Predecessor Ontario Corporations's Taxation Year Ending Tax Account No. (MOF) YYYY MM DD						
i) 3rd preceding	901	1998/12/31	911	921	931	941
ii) 2nd preceding	902	1999/12/31	912	922	932	942
iii) 1st preceding	903	2000/12/31	913	923	933	943
Total loss to be carried back			From 706	From 716	From 726	From 736
Balance of loss available for carry-forward			919 903,659	929	939	949

Summary

Income Tax	- - - - + From 230 or 320	
Corporate Minimum Tax	- - - + From 280	
Capital Tax	- - - - - - + From 550	22,391
Premium Tax	- - - - - - + From 590	
Total Tax Payable	- - - - - = 950	22,391
Subtract: Payments	- - - - - - - 960	30,999
Capital Gains Refund (s.48)	- - - - - - - 965	
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - - - 985	
Specified Tax Credits (Refer to Guide)	- - - - - - - 955	
Balance	- - - - - - - = 970	-8,608
If payment due	- - - - - - - Enclosed* 990	
If overpayment: Refund (Refer to Guide) =	year month day 975	8,608
Apply to	980	(includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, **payable to the MINISTER OF FINANCE** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order.

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return, and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the **Corporations Tax Act**. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

ARTHUR SKIDMORE

Title

CHIEF FINANCIAL OFFICER

Full Residence Address

143 ALICE STREET

ACTON

ON

L7J2A9

Signature

Date

02/07/2002

Note: Section 76 of the Corporations Tax Act provides penalties for making false or misleading statements or omissions.

Corporate Minimum Tax - Schedule A:

Calculation of CMT Base

Janks - Net Income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

Net Income/Loss (unconsolidated, determined in accordance with GAAP) - - - - - + 2100 -1,140,286

Subtract (to the extent reflected in net income/loss):

Provision for recovery of income taxes - - - - -	+	2101	
Provision for deferred income taxes (credits) - - - - -	+	2102	
Equity income from corporations - - - - -	+	2103	
Share of partnership(s)/joint venture(s) income - - - - -	+	2104	
Dividends received/receivable deductible under fed.s.112 - - - - -	+	2105	
Dividends received/receivable deductible under fed.s.113 - - - - -	+	2106	
Dividends received/receivable deductible fed.s.83(2) - - - - -	+	2107	
Federal Part VI.1 tax paid on dividends declared and paid after May 5, 1997, under fed.s.191.1(1) • X 9/4 - - - - -	+	2108	

Subtotal - - - - - = -2109

Add (to extent reflected in net income/loss):

Provision for current taxes - - - - -	+	2110	
Provision for deferred income taxes (debits) - - - - -	+	2111	
Equity losses from corporations - - - - -	+	2112	
Share of partnership(s)/joint venture(s) losses - - - - -	+	2113	
Dividends that have been deducted to arrive at net income per Financial Statements.			
Applies to dividends that have been declared and paid after May 5, 1997.s.57.4(1.1)			
(excluding dividends under fed.s.137(4.1)) - - - - -	+	2114	

Subtotal - - - - - = +2115

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed. s.85 - - - - -	+	2116	• Or -	2117	
** Fed. s.85.1 - - - - -	+	2118	• Or -	2119	
** Fed. s.97 - - - - -	+	2120	• Or -	2121	
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years + 2122 • Or - 2123					
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years + 2124 • Or - 2125					
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years - - - - - + 2126 • Or - 2127					

Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income - - - - -	-	2150	
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Subtotal (Additions) - - - - - = +2128

Subtotal (Subtractions) - - - - - = -2129

** Other adjustments - - - - - + 2130

Subtotal + 2100 - 2109 + 2115 + 2128 - 2129 + 2130 = 2131 -1,140,286

** Share of partnership(s)/joint venture(s) adjusted net income/loss - - - - - + 2132

Adjusted net income (loss)

(if loss, transfer to 2202 in Schedule B: Continuity of CMT Losses Carried Forward, Page 20) = 2133 -1,140,286

Deduct * CMT losses: pre-1994 Loss - - - - - + From 2210

* CMT losses: other eligible losses - - - - - + From 2211

= -2134

* CMT losses applied cannot exceed adjusted net income or increase a loss

** Retain calculations. Do not submit with this tax return.

CMT Base - - - - - = 2135 -1,140,286

Transfer to CMT Base, Page 8

Corporate Minimum Tax (CMT)

Schedule B: Continuity of CMT Losses Carried Forward



DOLLARS ONLY

Balance at Beginning of year (1), (2)		- - - - -	+ 2201	.....	•
Add:	Current year's losses	- - - - -	+ 2202	1,140,286	•
	Losses from predecessor corporations on amalgamation (3)	- - - - -	+ 2203	.....	•
	Losses from predecessor corporations on wind-up (3)	- - - - -	+ 2204	.....	•
	Amalgamation (X) 2205 Yes Wind-up (X) 2206 Yes				
Subtotal	- - - - -		= 1,140,286	▶ + 2207	1,140,286 •
Adjustments (attach schedule)	- - - - -		+ 2208	.....	•
CMT losses available	2201 + 2207 + 2208	- - - - -	= 2209	1,140,286	•
Subtract:	Pre-1994 loss utilized during the year to reduce adjusted net income	- - - - -	+ 2210	.....	•
	Other eligible losses utilized during the year to reduce adjust. net income (4)	- - - - -	+ 2211	.....	•
	Losses expired during the year	- - - - -	+ 2212	.....	•
Sub-Total	- - - - -			▶ 2213	•
Balance at End of Year (5)	2209 - 2213	- - - - -	= 2214	1,140,286	•

Notes:

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2133 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

Schedule C: Analysis of CMT Losses Year-End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year-end before your corporation's first taxation year commencing after 1993.

Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2260	2280
2241 1993/12/31	2261	2281
2242 1994/12/31	2262	2282
2243 1995/12/31	2263	2283
2244 1996/12/31	2264	2284
2245 1997/12/31	2265	2285
2246 1998/12/31	2266	2286
2247 1999/12/31	2267	2287
2248 2000/12/31	2268	2288
2249 2001/12/31	2269 1,140,286	2289
Totals	2270 1,140,286	2290

The sum of amounts 2270 + 2290 must
equal amount in 2214.

CAPITAL COST ALLOWANCE (CCA)

SCHEDULE 8 - Ontario

(1998 and later taxation years)

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	1349889		2001/12/31

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

Is the corporation electing under regulation 1101(5q)? 101 1 Yes 2 No X

1 Class no.	Description	2 Undepreciated capital cost at the beginning of the year (column 11 from last year's T2S(8))	3 Cost of acquisitions during the year (new property must be available for use)	4 Adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5)	7 50% rule (deduct 1/2 the amount, if any, by which the net cost of acquisitions exceeds col. 5)	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Capital cost allowance (column 8 multiplied by column 9; or a lower amount)	11 Undepreciated capital cost at the end of the year (column 6 minus column 10)
200		201	203	205	207		211		212	217	220
			See note 1 below				See note 2 below			See note 3 below	
1	Dist'n System		19,894,066			19,894,066	9,947,033	9,947,033	4.0	100,306	19,793,760
1	Buildings & fixtures		2,418,507			2,418,507	1,209,254	1,209,253	4.0	12,194	2,406,313
8	Major Tools		197,034			197,034	98,517	98,517	20.0	4,967	192,067
9	Office Equipment		128,949			128,949	64,475	64,474	20.0	3,251	125,698
9	Stores Equipment		51,007			51,007	25,504	25,503	20.0	1,286	49,721
10	Computer Hardware		381,733			381,733	190,867	190,866	30.0	14,435	367,298
10	Fleet		879,243			879,243	439,622	439,621	30.0	33,249	845,994
12	Computer Software		164,450			82,225		82,225	100.	20,729	61,496
	Total		24,114,989			24,032,764	11,975,272	12,057,492		190,417	23,842,347

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim. See the T2 Guide for more information.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1349889	2001/12/31

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

Is the corporation electing under regulation 1101(5q)?

1 Yes ☐

2 No ☒

1 Class number	2 UCC start of year	3 Additions during the year	4 Net adjustments	5 Proceeds of dispositions	6 UCC	7 50% rule on net acquisitions	8 Reduced UCC
reg		24114,989			24032,764	11975,272	12057,492
10.1							
13							
14							
	10 Recapture of CCA	11 Terminal Loss loss	12 CCA	13 UCC at end of year			
reg			190,417	23842,347			
10.1							
13							
14							
Total			190,417				

1 Class number	2 UCC start of year	3 Additions during the year	4 Net adjustments	5 Proceeds of dispositions	6 UCC	7 50% rule on net acquisitions	8 Reduced UCC
24							
27							
29							
34							
Rental							
	10 Recapture of CCA	11 Terminal Loss loss	12 CCA	13 UCC at end of year			
24							
27							
29							
34							
Rental							
Total							

Totals:

Recapture

Enter in 650 on the CT23

Terminal loss

Enter in 650 on the CT23

CCA Claimed

190,417

Enter in 650 on the CT23

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

te 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

ote 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



Ontario

Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa, ON L1H 8E9Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name

IALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1349889

Taxation Year End

2001/12/31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 - Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter "0")				A
Add:	Cost of eligible capital property acquired during the taxation year	+	1,605,886	B
	Amount transferred on amalgamation or wind-up of subsidiary	+		C
	Other adjustments	+		D
Total of B + C + D		=	1,605,886	x 3/4 = 1,204,415 E
Subtotal A + E		=		1,204,415 F
Deduct:	Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+		G
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> Canada)	+		H
	Other adjustments	+		I
Total of G + H + I		=		x 3/4 = J
Ontario Cumulative eligible capital balance F - J		=	1,204,415	K
If amount K is negative, enter zero at line M and proceed to Part 2				
Current year deduction	1,204,415 K	x 7% *		21,254 L
* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum. Enter the amount in box 651 of the CT23				
Ontario cumulative eligible capital - closing balance K - L (if negative, enter zero)		=	1,183,161	M

Part 2 - Amount to be included in income arising from disposition

(Complete this part only if the amount at line K is negative)

Amount from line K above show as a positive amount	+		N
Deduct:	Total cumulative eligible capital deductions claimed for taxation years commencing before July 1, 1988	+	O
	Negative balances in the cumulative eligible capital account that were included in income for taxation years commencing before July 1, 1988	-	P
O - P (if negative, enter zero)	=		x 1/2 = Q
Amount to be included in net income N - Q (if negative, enter zero)	=		R

SUMMARY OF TAX AND CREDITS and SCHEDULE OF INSTALMENTS

INSTAL

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
WALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Part I tax payable	
Part I.3 tax payable	10,790
Part IV tax payable	
Part IV.1 tax payable	
Part VI.1 tax payable	
Part XIV tax payable	
Provincial tax payable, net of credits	
	Total tax payable
	10,790
Less: ITC refund	
Dividend refund	
Tax owing (refundable)	10,790

Schedule of Instalments:

	Federal	Ontario	Alberta
Total estimated tax owing	10,790		
Less: Instalments to date			
Balance remaining	10,790		
Date of Payment:			
1: 31/07/2002	6,293		
2: 31/08/2002	899		
3: 30/09/2002	899		
4: 31/10/2002	899		
5: 30/11/2002	900		
6: 31/12/2002	900		
7: 31/12/2002	900		

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

Corporate Tax Summary

Net income from financial statements or T2S(1)	-903,659
Less: Donations and gifts to the crown	
Deductible taxable dividends	
Part VI.1 tax	
Other	
Taxable income	
Addition to taxable for foreign tax deductions	
Adjusted taxable income	
Tax on taxable income of _____ at 38%	
Add: Corporate surtax	
Refundable tax on investment income	
Less: Small business deduction	
Federal tax abatement	
Manufacturing and processing deduction	
Foreign non-business tax credit	
Foreign business income tax credit	
Federal political contribution credit	
Investment tax credit	
Part I.3 tax credit	
Other deductions and credits	
Part I tax payable	
Refundable portion of part I tax	
Part I.3 tax on large corporations	10,790
Part IV tax on taxable dividends	
Other taxes payable	
Subtotal	10,790
Add: Provincial (territorial) taxes less credits	
Subtotal	10,790
Less: Instalments	
Dividend refund	
Investment tax credit & other refunds	
Federal balance owing or refundable	10,790
Provincial Capital Tax for Nova Scotia and New Brunswick	
Ontario income tax (net of credits)	
Ontario capital tax	22,391
Ontario corporate minimum tax	
Ontario premium tax	
Manitoba capital tax	
Saskatchewan capital tax	
Alberta income tax	
British Columbia capital tax	22,391
Less: Instalments paid to provinces	30,999
Total provincial tax owing or refundable	-8,608
Total federal tax owing or refundable	10,790
Total provincial tax owing or refundable	-8,608
Total tax owing or refundable	2,182

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001/12/31

General Index of Financial Information (GIFI) Balance Sheet Information

T2 SCH 100

Assets

Page 1 of 3

Current assets

Cash	1001	1,500
Deposits in Canadian banks and institutions - Canadian currency	1002	1,760,806
Trade accounts receivable	1062	7,532,680
Allowance for doubtful trade accounts receivable	1063	39,595
Interest receivable	1067	4,757
Accounts receivable from employees	1071	16,394
Inventory parts and supplies	1122	1,005,540
Canadian shares	1182	23,254
Loans / advances due from related parties	1403	392,634
Prepaid expenses	1484	152,813
Total current assets	1599	10,850,783

Capital assets

Land improvements	1601	352,622
Manufacturing and processing plant	1682	2,594,322
Accumulated amortization of manufacturing and processing plant	1683	60,398
Motor vehicles	1742	879,243
Accumulated amortization of motor vehicles	1743	201,207
Tools and dies	1744	197,034
Accumulated amortization of tools and dies	1745	43,455
Computer equipment / software	1774	546,183
Accumulated amortization of computer equipment / software	1775	157,222
Machinery and equipment under construction	1782	200,899
Other machinery and equipment	1785	19,945,073
Accumulated amortization of other machinery and equipment	1786	1,350,687
Furniture and fixtures	1787	128,949
Accumulated amortization of furniture and fixtures	1788	26,140
Total tangible capital assets	2008	24,844,325
Total accumulated amortization of tangible capital assets	2009	1,839,109

Intangible Capital Assets

Goodwill	2012	359,705
Accumulated amortization of goodwill	2013	6,824
Incorporation costs	2018	345,495
Rights	2024	6,302
Accumulated amortization of rights	2025	1,563
Total intangible capital assets	2178	711,502
Total accumulated amortization of intangible capital assets	2179	8,387

Long Term Assets

Canadian shares	2303	856,780
Business and government loans	2363	839,051
Other deferred items / charges	2424	271,391
Total long term assets	2589	1,967,222

Assets held in trust	2590	
----------------------	------	--

Total assets *	2599	36,526,336
-----------------------	-------------	-------------------

* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

General Index of Financial Information (GIFI)
Balance Sheet Information

T2 SCH 100

Page 2 of 3

Liabilities

Current liabilities

Trade payables	2621	4,337,383
Trade payables to related parties	2622	6,197
Wages payable	2624	19,742
Employee deductions payable	2627	3,792
Withholding taxes payable	2628	9,969
Current portion of long term liability	2920	160,000
Total current liabilities	3139	4,537,083

Long term liabilities

Private loan	3147	16,141,970
Long term obligations / commitments / capital leases	3321	469,438
General provisions / reserves	3325	404,579
Total long term liabilities	3450	17,015,987

Total liabilities *	3499	21,553,070
----------------------------------	-------------	-------------------

* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

**General Index of Financial Information (GIFI)
Balance Sheet Information**

T2 SCH 100

Page 3 of 3

Shareholder Equity

Common shares	3500	16,161,663
Retained earnings / deficit (from Line 3849)	3600	-1,188,397

Total shareholder equity *	3620	14,973,266
-----------------------------------------	-------------	-------------------

* Mandatory field

Retained Earnings Information

Retained earnings / deficit

Retained earnings / deficit - start	3660	1,452,575
Net income / loss	3680	-1,140,286
Prior period adjustments	3720	-1,500,686
Retained earnings / deficit - end (enter this amount at Line 3600)	3849	-1,188,397

Total liabilities and shareholder equity	3640	36,526,336
-------------------------------------------------------	-------------	-------------------

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

General Index of Financial Information (GIFI)
Opening Balance Sheet Information

T2 SCH 101

Page 1 of 3

Assets

Current assets

Cash and deposits	1000	100
Total current assets	1599	100

Capital assets

Total tangible capital assets	2008
Total accumulated amortization of tangible capital assets	2009

Intangible Capital Assets

Total intangible capital assets	2178
Total accumulated amortization of intangible capital assets	2179

Long Term Assets

Total long term assets	2589
------------------------------	------

Total assets *	2599	100
-----------------------------	-------------	------------

* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001/12/31

General Index of Financial Information (GIFI)
Opening Balance Sheet Information

T2 SCH 101

Page 2 of 3

Liabilities

Current liabilities

Total current liabilities 3139

Long term liabilities

Total long term liabilities 3450

Total liabilities *	3499
----------------------------------	-------------

* Mandatory field

Name of Corporation	Business Number	Taxation	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001	Year End	2001	12	31

General Index of Financial Information (GIFI)
Opening Balance Sheet Information

T2 SCH 101

Page 3 of 3

Shareholder Equity

Common shares 3500 100

Total shareholder equity *	3620	100
-----------------------------------------	-------------	------------

* Mandatory field

Retained Earnings Information

Retained earnings / deficit

Total liabilities and shareholder equity **3640** **100**

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2001/12/31
------------------------------------------------	--------------------------------------	-------------------------	------------------------------------

**General Index of Financial Information (GIFI)
Income Statement Information**

T2 SCH 125

Page 1 of 7

0001 Operating name - Required if different from corporation's legal name

0002 Description of the operation - Required if filing more than one GIFI 125 and the operation is different from the main activity

0003 Sequence Number

1

Revenue

Trade sales of goods and services	8000	8,784,489
Total sales of goods and services	8089	8,784,489
Dividends from Canadian sources	8096	199
Deposits with banks interest	8103	17,071
Real estate rental revenue	8141	11,544

Other Revenue

Total revenue *	8299	8,813,303
------------------------------	------	-----------

* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2001	12	31

General Index of Financial Information (GIFI)
Income Statement Information

T2 SCH 125

Page 2 of 7

Cost of sales

Purchases / cost of materials	8320	8,436,050
Cost of sales	8518	8,436,050
 Gross profit / loss	 8519	 348,439

Name of Corporation	Business Number	Taxation	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001	Year End	2001	12	31

General Index of Financial Information (GIFI)
Income Statement Information

T2 SCH 125

Page 3 of 7

Operating expenses

Advertising	8521	13,327
Meals and entertainment	8523	4,478
Bad debt expense	8590	-884
Amortization of tangible assets	8670	443,549
Insurance	8690	10,782
Interest on long term debt	8714	219,990
Bank charges	8715	4,000
Office stationery and supplies	8811	5,538
Legal fees	8861	8,604
Accounting fees	8862	2,150
Repairs and maintenance - buildings	8961	26,236
Repairs and maintenance - machinery and equipment	8964	110,579
Directors fees	9064	5,625
Management salaries	9065	175,618
Employee salaries	9066	150,089
Sub-contracts	9110	204,334
Upgrade	9151	63,274
Property taxes	9180	24,692
Electricity	9221	17,285
Water	9222	7,408
Telephone and telecommunications	9225	19,768
Cash over / short	9271	-18
General and administrative expenses	9284	1,115
Total operating expenses	9367	1,517,539

Total expenses *	9368	9,953,589
-------------------------------	-------------	------------------

* Mandatory field

Net non-farming income 9369 -1,140,286

Name of Corporation	Business Number	Taxation	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001	Year End	2001	12	31

General Index of Financial Information (GIFI)
Farming Income Statement Information

T2 SCH 125

Page 4 of 7

Farming Revenue

Grains and oilseeds	9370	
Wheat	9371	
Oats	9372	
Barley	9373	
Mixed grains	9374	
Corn	9375	
Canola	9376	
Flaxseed	9377	
Soya beans	9378	
Wheat board payments	9379	
Other crop revenues	9420	
Fruit	9421	
Potatoes	9422	
Vegetables	9423	
Tobacco	9424	
Greenhouse and nursery products	9425	
Forage crops	9426	
Livestock and animal products revenue	9470	
Cattle	9471	
Swine	9472	
Poultry	9473	
Sheep and lambs	9474	
Pregnant mare urine (PMU)	9475	
Milk and cream (excluding dairy subsidies)	9476	
Eggs for consumption	9477	
Hatching Eggs	9478	
Aquaculture (hatching and raising)	9479	
Horses (breeding and meat)	9480	
Other commodities	9520	
Maple products	9521	
Artificial Insemination	9522	
Semen production	9523	
Embryo production	9524	
Program payment revenues	9540	
Dairy subsidies	9541	
Crop insurance	9542	
NISA payments	9543	
Disaster Assistance Program payments	9544	

**General Index of Financial Information (GIFI)
Farming Income Statement Information**

T2 SCH 125

Page 5 of 7

Farming Revenue (cont'd)

Rebates	9570	
Rebates - fuel	9571	
Rebates - interest	9572	
Rebates - property taxes	9573	
Resales, rebates, GST for NISA eligible expenses	9574	
Rebates, GST for NISA non-eligible expenses	9575	
 Other farm revenues / losses	 9600	
Custom or contract work	9601	
Wood sales	9602	
Horse racing	9603	
Insurance proceeds	9604	
Patronage dividends	9605	
Rental income	9606	
Interest income	9607	
Dividend income	9608	
Gains / losses on disposal of assets	9609	
Gravel	9610	
Trucking	9611	
Resale of commodities purchased	9612	
Leases (gas, oil, well, surface, etc.)	9613	
Machine rentals	9614	
Farming partnership income/loss	9615	
Farming joint venture income/loss	9616	
Non-farming income	9650	

Total farm revenue *	9659
-----------------------------------	-------------

* Mandatory field

General Index of Financial Information (GIFI)
Farming Income Statement Information

T2 SCH 125

Page 6 of 7

Farming Expenses

Crop expenses	9660	.....
Containers, twine and baling wire	9661	.....
Fertilizers and lime	9662	.....
Pesticides	9663	.....
Seeds and plants	9664	.....
Insurance premiums (crop) NISA ACS	9665	.....
 Livestock expenses	 9710	.....
Feed, supplements, straw and bedding	9711	.....
Livestock purchases	9712	.....
Veterinary fees, medicine and breeding fees	9713	.....
Minerals and salts	9714	.....
 Machinery expenses	 9760	.....
Machinery insurance	9761	.....
Machinery licences	9762	.....
Machinery repairs	9763	.....
Machinery fuel	9764	.....
Machinery lease	9765	.....

General Index of Financial Information (GIFI)
Farming Income Statement Information

T2 SCH 125

Page 7 of 7

Farming Expenses (cont'd)

General farm expenses	9790
Amortization of tangible assets	9791
Advertising, marketing costs and promotion	9792
Bad debt	9793
Benefits related to employee salaries	9794
Building repairs and maintenance	9795
Clearing, levelling and draining land	9796
Crop insurance, GRIP and stabilization premiums	9797
Custom or contract work	9798
Electricity	9799
Fence repairs and maintenance	9800
Freight and trucking	9801
Heating fuel and curing fuel	9802
Insurance program overpayment recapture	9803
Other insurance premiums	9804
Interest and bank charges	9805
Marketing board fees	9806
Memberships / subscription fees	9807
Office expenses	9808
Professional fees	9809
Property taxes	9810
Rent - land and buildings	9811
Rent - machinery	9812
Other rental expenses	9813
Salaries and wages	9814
Salaries and wages other than spouse or dependants	9815
Salaries and wages paid to dependants	9816
Selling costs	9817
Supplies	9818
Motor vehicle expenses	9819
Small tools	9820
Soil testing	9821
Storage / drying	9822
Licences / permits	9823
Telephone	9824
Quota rental (tobacco, dairy)	9825
Gravel	9826
Purchases of commodities resold	9827
Salaries and wages paid to spouse	9828
Motor vehicle interest and leasing costs	9829
Prepared feed	9830
Custom feed	9831
Amortization of intangible assets	9832
Amortization of milk quota	9833
Travel expenses	9834
Capital/business taxes	9835
Non-farming expenses	9850

Net inventory adjustment 9870

Total farm expenses * 9898

* Mandatory field

Net farm income 9899

GIFI
SCHEDULE 141 - NOTES

Page 1 of 1

Notes Checklist

Involvement of accountant

0100 who reported on/prepared the corporation's financial statements?

Choose only one of the following:

- ☒ **1** an independent auditor with a report that expressed no reservation
☐ **2** an independent auditor with a report that expressed a reservation
☐ **3** an independent accountant with a review engagement report that expressed no reservation
☐ **4** an independent accountant with a review engagement report that expressed a reservation
☐ **5** an independent accountant who conducted a compilation engagement with no review
☐ **6** an independent accountant with a compilation engagement and review engagement resulting in no reservation
☐ **7** an independent accountant with a compilation engagement and review engagement resulting in a reservation
☐ **8** prepared by an employee/associate/management of the company, or a person on behalf of the company, without the involvement of an independent accountant

Other information

- 0101** Were notes to the financial statements prepared? NO
0102 Are any values presented at other than cost? NO
0103 Has there been a change in accounting policies since the last return? NO
0104 Are subsequent events mentioned in the notes? NO
0105 Is re-evaluation of asset information mentioned in the notes? NO
0106 Is contingent liability information mentioned in the notes? NO
0107 Is information regarding commitments mentioned in the notes? NO
0108 Does the corporation have investments in joint venture(s) or partnership(s)? NO
0109 If yes, are you filing financial statements of the joint venture(s) or partnership(s)? NO

Name: HALTON HILLS HYDRO INC.

BN: 86742 9623 RC 0001

Taxation Year End: 2001-12-31

[995]

Certification

I, ARTHUR SKIDMORE am an authorized signing officer of the corporation.

I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

Net income or (loss) for income tax purposes	
from Schedule 001, or GIFI [line 200300]	(903 659)
Part I tax payable [line 200700]	
Part I.3 tax payable [line 200704]	10 790
Part II surtax payable [line 200708]	
Part IV tax payable [line 200712]	
Part IV.1 tax payable [line 200716]	
Part VI tax payable [line 200720]	
Part VI.1 tax payable [line 200724]	
Part XIV tax payable [line 200728]	
Net provincial and territorial tax payable [line 200760]	
Provincial tax on large corporations [line 200765]	

I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

2002 07 02

Date

Signature of an authorized signing officer of the corporation

CHIEF FINANCIAL OFFICER

Position, office or rank

Non-Consolidated Financial Statements of

HALTON HILLS HYDRO INC.

December 31, 2001

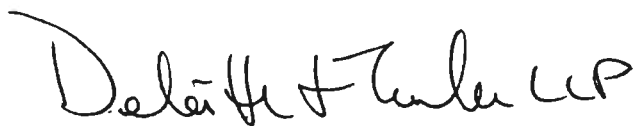
Auditors' Report

To the Shareholder of
Halton Hills Hydro Inc.

We have audited the non-consolidated balance sheet of Halton Hills Hydro Inc. as at December 31, 2001 and the non-consolidated statements of income and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles except that they have been prepared on a non-consolidated basis as explained in Note 2.



Chartered Accountants

March 13, 2002

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Non-Consolidated Statement of Income and Deficit	1
Non-Consolidated Balance Sheet	2
Non-Consolidated Statement of Cash Flows	3
Notes to the Non-Consolidated Financial Statements	4-14

HALTON HILLS HYDRO INC.

Non-Consolidated Statement of Income and Deficit

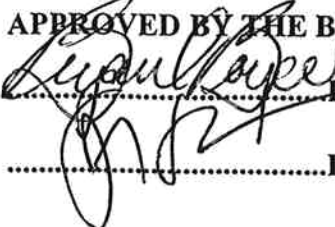

Year Ended December 31, 2001

(With Comparative Figures for the Two Months Ended December 31, 2000)

	<u>2001</u>	<u>2000</u> (2 months)
SERVICES REVENUE (NOTE 14)	\$ 34,690,624	\$ 5,558,893
OTHER INCOME	1,192,348	158,213
	<u>\$ 35,882,972</u>	<u>\$ 5,717,106</u>
OPERATING EXPENSES		
Power costs	29,716,015	5,419,578
Salaries and benefits	2,767,905	468,024
Material costs	1,221,493	226,468
Contract services	829,974	114,046
Property costs	573,032	53,597
Other expenses	204,326	39,155
Communication costs	220,353	33,012
Allocated to capital	(2,400,671)	(428,587)
	<u>33,132,427</u>	<u>5,925,293</u>
INCOME (LOSS) BEFORE INTEREST, AND AMORTIZATION	<u>2,750,545</u>	<u>(208,187)</u>
AMORTIZATION	1,585,742	266,415
INTEREST EXPENSE	372,371	5,541
	<u>1,958,113</u>	<u>271,956</u>
NET INCOME (LOSS)	792,432	(480,143)
DEFICIT, BEGINNING OF YEAR	✓ <u>(480,143)</u>	-
EXCESS OF FAIR MARKET VALUE OVER CARRYING AMOUNT (NOTE 1)	<u>(1,500,686)</u>	-
DEFICIT, END OF YEAR	<u>\$ (1,188,397)</u>	<u>\$ (480,143)</u>

HALTON HILLS HYDRO INC.
Non-Consolidated Balance Sheet
December 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,785,560 ✓	\$ 1,140,181
Accounts receivable (Note 3)	3,636,331 ✓	3,602,561
Unbilled revenue	3,877,905 ✓	3,462,392
Inventory	1,005,540 ✓	1,040,264
Accounts receivable from parent (Note 4)	-	948,173
Due from subsidiaries (Note 4)	392,634 ✓	250,438
Debentures receivable (Note 5)	-	83,277
Prepaid expenses and deposits	152,813 ✓	65,249
	10,850,783	10,592,535
LONG-TERM INVESTMENTS (Note 6)	856,780 ✓	1,033,032
NOTES RECEIVABLE (Note 7)	839,051 ✓	1,010,404
CAPITAL (Note 8)	23,355,450	22,707,246
DEFERRED CHARGES (Note 9)	-	534,625
DEFERRED TRANSITION COSTS	271,391 ✓	-
GOODWILL (net of amortization \$6,824)	352,881 ✓	-
	\$ 36,526,336	\$ 35,877,842
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,377,083	\$ 4,485,673
Current portion of consumer deposits	160,000 ✓	160,000
Contributions in aid of construction	-	48,561
	4,537,083	4,694,234
NOTES PAYABLE TO PARENT (Note 10)	16,141,970	14,310,843
CONSUMER DEPOSITS	469,438 ✓	465,573
EMPLOYEE FUTURE BENEFITS (Note 12)	404,579 ✓	394,543
	21,553,070	19,865,193
CONTINGENT LIABILITY (Note 19)		
SHAREHOLDER'S EQUITY		
CAPITAL STOCK (Note 13)	16,161,663 ✓	14,330,536
CONTRIBUTED SURPLUS (Note 1)	-	2,162,256
DEFICIT	(1,188,397)	(480,143)
	14,973,266	16,012,649
	\$ 36,526,336	\$ 35,877,842

APPROVED BY THE BOARD
 Director
 Director

HALTON HILLS HYDRO INC.

Non-Consolidated Statement of Cash Flows

Year Ended December 31, 2001

(With Comparative Figures for the Two Months Ended December 31, 2000)

	2001	2000 (2 months)
CASH FLOWS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss)	\$ 792,432	\$ (480,143)
Items not requiring an outlay of cash:		
Amortization	1,585,742	266,415
Loss (gain) on disposal of assets	-	(4,000)
Difference between employee future benefits expense and amount funded	10,036	(192)
Equity loss (income) from limited partnership	-	5,806
	2,388,210	(212,114)
Changes in non-cash working capital		
Accounts receivable	(33,770)	708,735
Inventory	34,724	(95,940)
Prepaid expenses and deposits	(87,564)	(14,726)
Accounts payable and accrued liabilities	(108,590)	1,102,092
Due from subsidiaries	(142,196)	(250,438)
Accounts receivable from parent	948,173	(948,173)
Contributions in aid of construction	(48,561)	48,561
Unbilled revenue	(415,513)	(1,094,738)
	2,534,913	(756,741)
FINANCING ACTIVITIES		
Decrease in debenture receivable	83,277	(43,466)
Consumer deposits - long term	3,865	(2,979)
Cash received on decommission	-	2,512,490
	87,142	2,466,045
INVESTING ACTIVITIES		
Purchase of capital assets	(1,872,574)	(496,395)
Proceeds on disposition of capital assets	6,821	4,000
Purchase of long-term investments	(8,500)	(10,389)
Purchase of computer software	-	(1,600)
Restructuring costs incurred	(102,423)	(64,739)
	(1,976,676)	(569,123)
NET INCREASE IN CASH AND CASH EQUIVALENTS	645,379	1,140,181
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,140,181	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,785,560	\$ 1,140,181

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

1. NATURE OF OPERATIONS

Halton Hills Hydro Inc., the "Company", is a wholly-owned subsidiary of The Town of Halton Hills, and was incorporated April 13, 1999 under the laws of the Province of Ontario.

In recognition of the requirements in Bill 35 (the Energy Competition Act, 1998), the Town of Halton Hills passed a transfer By-law that transferred all of the assets and liabilities of the Halton Hills Hydro Electric Commission, effective November 1, 2001, to four newly created corporations. These four corporations, Halton Hills Fiber Optics Inc., Halton Hills Energy Service Inc., Halton Hills Energy Inc. and Halton Hills Hydro Inc. will carry on the former businesses of the Commission with all its rights, duties, obligations and responsibilities from the date of transfer.

The principal activity of the Company is to provide electrical power distribution throughout the Town of Halton Hills.

Net assets transferred to the Company, from the Town of Halton Hills, may be summarized as follows:

Assets

Cash	\$ 2,512,490
Other current assets	7,691,845
Capital, at book value	22,458,963
Deferred charges	486,591
Investment in subsidiaries	1,010,405
Notes from subsidiaries	1,010,404
Debenture receivable	83,277
	<hr/> 35,253,975

Liabilities

Current liabilities	3,587,053
Long-term portion of consumer deposits	468,552
Employee future benefits	394,735
	<hr/> 4,450,340
Net assets	<hr/> \$ 30,803,635

Financed by:

Note payable to parent	\$ 14,310,843
Share capital issued	14,330,536
Contributed surplus	2,162,256
	<hr/> \$ 30,803,635

The above items, except for cash, represent non-cash transactions and have been excluded from the cash flow statements.

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

1. NATURE OF OPERATIONS (continued)

Contributed surplus represents the difference between the carrying values of the net assets transferred on November 1, 2000 and the value of the net assets on August 31, 2000, the preliminary date used for determining the amounts transferred. During the year ended December 31, 2001, the amount of \$2,162,256 has been distributed equally between Notes Payable to Parent and Share Capital as a result of an amendment to the transfer By-law. As a result, an additional 131 common shares were issued.

As a result of contributed deficits totaling \$359,705 in the company's subsidiaries the total amount of consideration was in excess of carrying value. This amount was recorded as goodwill under purchase accounting.

In addition, a valuation was completed that determined the fair market value of net assets on November 1, 2000 was \$1,500,686 in excess of book value. This amount was also distributed equally between Notes Payable to Parent and Share Capital. The difference between consideration and the carrying amount has been charged to deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies as set forth in the Accounting Procedures Handbook issued by the Ontario Energy Board (OEB) under the authority of the Ontario Energy Board Act, 1998 except that they are prepared on a non-consolidated basis and are intended for use in filing to comply with various statutory requirements. Some users may require further information.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Regulation

Halton Hills Hydro Inc. is regulated by the OEB and any power rate adjustments require OEB approval.

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Service revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.

Cash flow statement

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments, with a term to maturity of 90 days or less at acquisition. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the Cash Flow Statement and disclosed separately.

Inventory

Inventory is valued at the lower of average cost and net realizable value.

Long-term investments

Long-term investments in subsidiary companies are recorded at cost

The Company follows the equity method of accounting for its investment in a limited partnership. Under this method, the investment is initially recorded at cost and is adjusted for the Company's proportionate share of any post acquisition earnings (losses) and distributions.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line balance basis so as to amortize the cost of depreciable assets over their estimated useful lives.

Distribution system	25 years
Plant	25-60 years
Fleet	5-8 years
Other equipment	10-15 years
Computers	5 years
General office	10 years
Stores equipment	10 years

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Company assets. Contributed capital has been charged to capital assets and recorded as an offset to capital assets. Amortization is on a straight-line basis over 25 years.

Deferred transition costs

Transition costs consist of qualifying capital costs and related expenditures incurred in the preparation for market opening. Recovery of the deferred costs is regulated by the OEB. Transition costs are recorded at cost.

Goodwill

Goodwill is recorded at cost and is amortized on a straight-line basis over the 30 years

Management assesses the carrying values of goodwill on a periodic basis for possible impairment. Management has determined that no permanent impairment in the carrying values of goodwill exists based on the projected future income streams of the related businesses or assets acquired.

Post employment benefits other than pension

The Company provides its current and retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The cost of these benefits is expensed as earned through employment service.

Payment in lieu of income taxes

Under the *Electricity Act, 1998*, the Corporation is required to make payments-in-lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC), for the period commencing October 1, 2001. These payments are recorded in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporation Tax Act* (Ontario) and modified by the *Electricity Act, 1998*, and related regulations.

The Corporation, regulated by the Ontario Energy Board, provides for payments-in-lieu of corporate income taxes using the taxes payable method instead of the liability method.

Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Future income taxes are expected to be reflected in future rates and, accordingly, are not recognized in the financial information.

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

3. ACCOUNTS RECEIVABLE

	<u>2001</u>	<u>2000</u>
Electrical service revenue	\$ 2,690,577	\$ 2,576,261
Miscellaneous	985,349	1,080,714
GST input tax credits	-	82,060
Less: Allowance for doubtful accounts	(39,595)	(136,474)
	<u>\$ 3,636,331</u>	<u>\$ 3,602,561</u>

4. DUE FROM PARENT AND SUBSIDIARIES

The accounts receivable from parent arose from trade receivables. The amount due from subsidiaries arose from the Company paying for items on behalf of the subsidiaries. These receivables are unsecured and have no specific interest or repayment terms.

	<u>2001</u>	<u>2000</u>
Halton Hills Energy Services Inc., a wholly-owned subsidiary company	\$ 184,929	\$ 218,956
Halton Hills Fibre Optics Inc., a wholly-owned subsidiary company	207,705	31,482
	<u>\$ 392,634</u>	<u>\$ 250,438</u>

December 31, 2001

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

7. NOTES RECEIVABLE

	2000	1999
Halton Hills Energy Services Inc., unsecured, non-interest bearing, no fixed terms of repayment, due November 1, 2005	\$ 171,853	\$ 284,904
Halton Hills Fibre Optics Inc., unsecured, non-interest bearing, no fixed terms of repayment, due November 1, 2005 (effective January 1, 2001 this note was replaced with an unsecured note bearing floating interest of prime less 1%, no fixed principal repayment terms, due November 1, 2005)	658,698	725,500
EnerConnect Inc., unsecured, non-interest bearing, no fixed terms of repayment	8,500	-
	<u>\$ 839,051</u>	<u>\$1,010,404</u>

8. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Distribution system ✓	\$ 16,247,543	\$ 1,036,800	\$15,210,743	\$14,279,564
Plant	7,212,776	343,500	6,869,276 ✓	6,899,375
Fleet ✓	879,243	201,207	678,036 ✓	764,042
⑦ Other equipment	676,025	77,065	598,960	291,288
Computers ✓	452,736	157,222	295,514 ✓	301,798
General office ✓	128,949	26,140	102,809 ✓	120,358
Stores equipment ✓	51,007	7,781	43,226 ✓	50,821
Contributed capital ✓	(452,157)	(9,043)	(443,114)	-
	<u>\$ 25,196,122</u>	<u>\$ 1,840,672</u>	<u>\$23,355,450</u>	<u>\$22,707,246</u>

9. DEFERRED CHARGES

	2001			2000
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Restructuring and incorporation costs	\$ -	\$ -	\$ -	\$ 402,262
Computer software	-	-	-	132,363
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,625</u>

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

10. NOTES PAYABLE TO PARENT

These notes are unsecured, have no specific interest or repayment terms and are due November 1, 2005. Upon the opening of the competitive electricity market, the note will be re-issued in order to bear interest at a rate then prescribed by the Treasurer of the Town of Halton Hills.

11. PENSION PLAN

The Company provides a pension plan for its employees through the Ontario Municipal Employee's 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, public utilities, and school boards. 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. As there is insufficient information to apply defined benefit plan accounting, defined contribution plan accounting has been used by the Company. The Company's contribution for employees' current service in 2001 was \$Nil. No premiums were paid, by the employer or employees in 2001 due to the legislated OMERS premium holiday which is in effect until July 1, 2002.

12. EMPLOYEE FUTURE BENEFITS

The Company pays certain medical and life insurance benefits on behalf of its retired employees. Effective January 1, 2000, the company adopted the Canadian Institute of Chartered Accountants new accounting standards for employee future benefits. The Company recognizes these post-retirement costs in the period in which the employees rendered the services. The change in accounting policy was applied retroactively in the prior year, without restatement, and resulted in an employee future benefits liability of \$394,543 at December 31, 2000. The accrued benefit liability at December 31, 2001 of \$404,579 and the expense for the year ended December 31, 2001, was determined by actuarial valuation using a discount rate of 6%.

Accrued benefit liability recognized in the balance sheet	\$ 404,579
Expense for the period	\$ 34,186
Benefits paid for the period	\$ 24,149
Project accrued benefit obligation at December 31, 2000, as determined by actuarial valuation using a 6% discount rate	\$ 404,579

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

12. EMPLOYEE FUTURE BENEFITS (continued)

The main actuarial assumptions employed for valuations are follows:

General Inflation: Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 3.5% in 2002 and thereafter.

Interest (Discount) Rate: The obligation as at January 1, 2001, of the present value of future liabilities, and the expense for the year ended December 31, 2001, were determined using a discount rate of 6%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 2.5%. The projected liability at December 31, 2001 was determined using a discount rate of 6%.

Salary Levels: Future general salary and wage levels were assumed to increase at the CPI rate plus productivity gains of 2% per annum.

Medical Costs: Medical costs were assumed to increase at the CPI rate plus a further increase of 5% in 2002 graded down by 1% annual decrements to 1% in 2004 and thereafter.

Dental Costs: Dental costs were assumed to increase at the CPI rate plus 1%.

13. CAPITAL STOCK

	<u>2001</u>	<u>2000</u>
Authorized		
unlimited preference shares		
unlimited common shares		
Issued		
1152 common shares (2000 - 1021)	\$ 16,161,663	\$ 14,330,536

14. SERVICE REVENUE

	<u>2001</u>	<u>2000</u>
Cost of Power	\$ 29,807,300	\$ 4,776,380
Distribution	4,883,324	782,513
	<u>\$ 34,690,624</u>	<u>\$ 5,558,893</u>

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

15. FINANCIAL INSTRUMENTS

Fair value

The Company's recognized financial instruments consist of cash, accounts receivable, accounts payable, customer deposits and long-term debt. The values of cash, accounts receivable and accounts payable approximate their carrying amounts due to their short-term nature. As there is no secondary market for customer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practicable within the constraint of cost to determine the fair value of long-term debt with sufficient reliability.

Credit risk

The Company is exposed to credit risk from its customers. However, the Company has a large number of diverse customers minimizing concentration of credit risk.

16. COMMITMENTS

The Company has minimum annual lease commitments for computer equipment, office equipment and software support in the following approximate amounts:

2002	\$ 42,928
2003	\$ 40,000
2004	\$ 40,000
2005	\$ 40,000

17. RELATED PARTY TRANSACTIONS

The Company provided the following administration services in the normal course of operations to the Shareholder:

	<u>2001</u>	<u>2000</u>
Halton Hills Energy Services Inc., a wholly-owned subsidiary company	\$ 304,134	\$ 58,271
Halton Hills Fibre Optics Inc., a wholly-owned subsidiary company	60,616	20,571
	<u>\$ 364,750</u>	<u>\$ 78,842</u>

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2001

18. SUBSEQUENT EVENT

The Government of Ontario has announced that the electricity market will open to competition on May 1, 2002. The Company has expended significant resources in preparation for market opening and expects to function efficiently in the new market.

Beginning May 1, 2002, in order for the Company to obtain the electricity it requires to distribute to its customers, the Company must provide security for Independent Electricity Market Operator based on its usage. The security required can take several forms (i.e. credit rating, monetary payment and years of good payment history). The Company's maximum security is \$3,838,479, which it may finance in part with long-term debt. The Company is currently under evaluation in order to obtain a bond rating.

19. CONTINGENT LIABILITIES

A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim states that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defense of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company, and as such no potential liability has been recognized.

The Company has been name defendant in a legal action alleging wrongful dismissal of a former employee. The action seeks \$125,000 in damages. Legal counsel to the Company is unable to assess the Company's potential liability, if any, resulting from this action. Any settlement will be reflected as a charge to income in the year incurred. No provision for possible loss has been included in these statements.

20. FUTURE INCOMES TAXES

If the liability method of accounting for income taxes were used, a future tax asset of \$962,253 would be recorded.

21. PRIOR YEAR FIGURES

The prior year's figures were audited by another auditor without reservation.

Iton Hills Hydro Inc.
Non-Consolidated Statement of Revenue and Expense
For the Year Ended December 31, 2001

	Non-taxable period January 1 to September 30, 2001	Taxable period October 1 to December 31, 2001	Reconciled to Audited Financial Statements
SERVICES REVENUE	27,069,669	8,813,303	35,882,972
OPERATING EXPENSES			
Power costs	21,279,965	8,436,050	29,716,015
Salaries	1,550,696	331,332	1,882,028
Material costs	144,343	100,684	245,027
Contract services	382,973	215,088	598,061
Property costs	168,282	186,031	354,313
Other expenses	115,533	1,097	116,630
Communication costs	200,585	19,768	220,353
Amortization	1,142,193	443,549	1,585,742
Interest	152,381	219,990	372,371
	25,136,951	9,953,589	35,090,540
Net income (loss) for the period	1,932,718	(1,140,286)	792,432