



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Account No.
1800262

35
PX5003

HALTON HILLS HYDRO INC.
ART SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Total Payment
Enclosed: \$



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2001/10/01 to 2001/12/31

HALTON HILLS HYDRO INC.

ASSESSMENT NO. 10

Account No.

1800262

Assessment Date
(year, month, day)

2002/10/04

Page

1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

29,400.00

231.00CR

Total Assessment Liability

29,169.00

SUMMARY OF 2001/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

33,181.00CR

Sub-Total

33,181.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

4,012.00CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Rec'd
Oct 16/02

* Adjustment to the computation of Total Tax payable.

* Adjustment to the computation of Capital Tax.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585 Ian Cheo - audit manager for Hydro
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



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Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800262

35
PX5003

HALTON HILLS HYDRO INC.
ART SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment
Enclosed:

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Ministry of Finance
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Oshawa ON L1H 8E9

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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2002/01/01 to 2002/12/31

HALTON HILLS HYDRO INC.

ASSESSMENT NO. 23

Account No.

1800262

Assessment Date
(year, month, day)

2003/07/14

Page

1 of 1

Tax: Federal and Provincial PIL

Assessment Interest

Total Assessment Liability

414,131.00 ✓

398.91CR

413,732.09

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

414,131.00CR

Sub-Total

414,131.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

398.91CR ✗

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

✓ agreed to T2 as filed.

✗ transferred to HHFO to cover o/s liability.

147.36

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

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- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
ART SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Total Payment Enclosed: \$



Ministry of Finance
Corporations Tax Branch - Hydro PIL
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Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2002/01/01 to 2002/12/31

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2004/10/04

Page

1 of 2

REASSESSMENT NO. 63 REPLACING ASSESSMENT DATED: 2003/07/14

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

363,992.00

3,263.67CR

360,728.33

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

413,988.64CR

Refunds

256.85

Small Balance Adjustment

0.01CR

Sub-Total

413,731.80CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

53,003.47CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of taxable income (non-capital loss).

Adjustment to the computation of Gross Income Tax.

Surtax adjusted. "Aggregate of taxable incomes" adjusted to include taxable income of associated corporation(s).

Adjustment to the computation of the surtax on CCPC's.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Account No.

1800262

35

PX5005

HALTON HILLS HYDRO INC.
ART SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

2	0	0	3	1	2	3	1
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Payment Amount: \$

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Total Payment Enclosed:

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2004/10/04

Page

2 of 2

REASSESSMENT NO. 68 REPLACING ASSESSMENT DATED: 2004/08/10

Tax: Federal and Provincial PIL
Assessment Interest

892,870.00

7,625.72CR

Total Reassessment Liability

885,244.28

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

997,000.00CR

69,840.87

Sub-Total

927,159.13CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

41,914.85CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of taxable income (non-capital loss).

Adjustment to the computation of Gross Income Tax.

Adjustment to the computation of Net Income Tax

Mathematical error in the computation of Net CMT payable.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



August 11, 2004

Sharon O'Sullivan
Ontario Ministry of Finance
P.O. Box 620
33 King Street West
Corporations Tax Branch
Oshawa, ON L1H 8E9

**Re: Ontario Corporations Tax Account No. 1800262
Halton Hills Hydro Inc.
2002 & 2003 Amended PILs Corporations Tax Returns**

Dear Sharon,

Please accept the attached schedules as amendments to our 2002 & 2003 PILs corporation tax returns.

In each of the prior two taxation years, we erroneously included the amortization of our transition costs with our add-back for amortization of tangible assets. The transition cost amortization represents the offset to our 2002 & 2003 transition cost revenue included in our rates and should not be added back.

Please find attached an amended Schedule 1 for both 2002 & 2003. The add-back for amortization of tangible assets is amended as follows:

	<u>Original filing</u>	<u>Transition cost amort'n</u>	<u>Amended amort'n add-back</u>
2002	1,755,189	126,200	1,628,989
2003	1,782,655	113,580	1,669,075

This reduces our taxable income by \$126,200 and 113,580 for the 2002 & 2003 taxation years respectively.

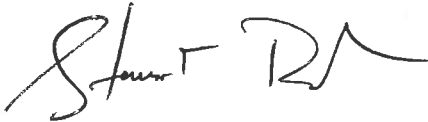
We have calculated the adjustment in our taxes as follows:

	<u>Original return</u>	<u>Amended return</u>	<u>Difference owing to HHH</u>
<u>2002</u>			
Federal	238,700	207,150	31,550
Ontario	175,431	156,842	<u>18,589</u>
			<u>50,139</u>
 <u>2003</u>			
Federal	566,730	540,606	26,124
Ontario	366,461	352,264	<u>14,197</u>
			<u>40,321</u>
 Total			<u>90,460</u>

As a result, an additional refund totaling \$90,460 is refundable to us. We request that you deposit this directly in our bank account once your reassessment is complete.

Do not hesitate to call if you have any questions or if you require further schedules.

Regards,



Stewart Davidson, CA
Accounting Supervisor

**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
HALTON HILLS HYDRO INC.	867429623 RC 0001		2002	12	31

Net income (loss) after taxes and extraordinary items per financial statements 1,422,284 A

Add:

Provision for income taxes - current	101	305,000	
Provision for income taxes - deferred	102		
Interest and penalties on taxes	103		
Amortization of tangible assets	104	1,628,989	
Amortization of natural resource assets	105		
Amortization of intangible assets	106	13,204	
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	226	
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	4,423	
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	62,852	
Total of fields 101 to 199	500	2,014,694	► 2,014,694

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	1,616,937	
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	82,821	
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	190,426	
Total of fields 401 to 499	510	1,890,184	► 1,890,184

Net income (loss) for income tax purposes - enter at line 300 on page 3 of the T2 return 1,546,794

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
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

Net income (loss) after taxes and extraordinary items per financial statements 1,170,989 A

Add:

Provision for income taxes - current	101	856,051	
Provision for income taxes - deferred	102		
Interest and penalties on taxes	103	289	
Amortization of tangible assets	104	1,669,075	
Amortization of natural resource assets	105		
Amortization of intangible assets	106	13,204	
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	4,319	
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	68,431	
Total of fields 101 to 199	500	2,611,369	▶ 2,611,369

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	1,485,543	
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	77,024	
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	80,385	
Total of fields 401 to 499	510	1,642,952	▶ 1,642,952
income (loss) for income tax purposes - enter at line 300 on page 3 of the T2 return			<u>2,139,406</u>



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment
Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from **2002/01/01** to **2002/12/31**

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2007/03/19

Page

1 of 3

REASSESSMENT NO. 140 REPLACING REASSESSMENT DATED: 2004/10/04

Tax: Federal and Provincial PIL
Assessment Interest

391,431.00

4,320.67

Total Reassessment Liability

395,751.67

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

413,988.64CR

Refunds

53,295.18

Small Balance Adjustment

0.01CR

Sub-Total

360,693.47CR

TAXATION YEAR BALANCE DUE **

35,058.20

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry
of
Finance

Ministère
des
Finances

Regional Tax Office - North York
5 Park Home Avenue
2nd Floor
North York, Ontario
M2N 6L4

Bureau fiscal régional - North York
5 avenue Park Home
2^e étage
North York (Ontario)
M2N 6L4

Corporations
Tax
Branch

Direction de
l'imposition
des compagnies

Refer to
Référer à
Date

Anson Tong
(416) 218-1689
March 19, 2007

Attn: Arthur Skidmore
Chief Financial Officer
Halton Hills Hydro Inc.
43 Alice Street
Acton, Ontario
L7J 2A9

Dear Mr. Skidmore,

Re: Halton Hills Hydro Inc.
PIL Account Number: 1800262
Ontario Tax Audit: *Fiscal* 2002, 2003 and 2004

Our review of the tax returns for the years noted above is now complete.

Attached are Statements of Adjustments reflecting the changes in your company's tax liability. A Notice of Reassessments will be mailed under separate cover for each year being assessed.

We wish to take this opportunity to thank you for your co-operation. Should you require further information, please feel free to contact our office at the telephone number noted above.

Yours truly,

William Hogarth
Senior Group Manager
Field Audit Section

Encl.



Ontario

Ministry of Finance
Ministère des Finances

PO Box 622 CP 622
33 King St. West 33 rue King ouest
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Account No. / N° de compte 1 8 0 0 2 6 2	
Name of Corporation / Raison sociale de la compagnie Halton Hills Hydro Inc.	Taxation Year End / Fin de l'année d'imposition 31 DECEMBER 2002

INCOME TAX

Ontario Income Tax

Ontario Taxable Income previously assessed	\$635,079	
<u>Add:</u> Federal Part I.3 tax not deductible for tax purposes	<u>50,519</u>	✓
Revised Ontario Taxable Income	<u>\$685,598</u>	
Tax thereon @ 12.5%	\$ 85,700	
<u>Deduct:</u> IDSBC as previously assessed	(18,200)	
<u>Add:</u> Surtax (revised) (\$685,598 - \$280,000) X 4.333%	<u>17,575</u>	\$ 85,075

Federal Part I Tax:

Federal Taxable Income previously assessed	\$642,909	
<u>Add:</u> Federal Part I.3 tax not deductible for tax purposes	<u>50,519</u>	
Revised Federal Taxable Income	<u>\$693,428</u>	
Tax thereon @ 38%	\$263,503	
<u>Add:</u> Corporate Surtax	7,766	
<u>Deduct:</u> Federal Tax Abatement	(69,343)	
General Tax Reduction for CCPC	(20,803)	
Part I Tax Payable (Revised)		181,123

****DESIGNATED ASSESSMENT****

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

If you wish not to be bound by the disposition of the corresponding federal objection or appeal, you must serve a Notice of Objection on the prescribed form in accordance with section 84. See under "Notice of Objection" on the accompanying "Notice of Re-Assessment".

****COTISATION DESIGNÉE****

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.



Ontario

PO Box 622 CP 622
33 King St. West 33 rue King ouest
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Ministry of Finance
Mistère des Finances

Corporations Tax Branch
Direction de l'imposition des compagnies

Halton Hills Hydro Inc. (1800262 HP) Cont'd

31 December 2002

CAPITAL TAX

Net Paid-Up Capital as previously assessed \$32,876,219

Add:	Customer Deposits understated	\$511,161	
	Employee Future Benefits understated	422,100	
	Contributed Capital understated	305,413	1,238,674
			<u>1,238,674</u>
	Revised Net Paid-Up Capital		\$34,114,893

Investment Allowance (Revised)
\$34,114,893 X \$1,714,036 / \$38,854,528 1,504,951

Revised Taxable Capital \$32,609,942

Subtract: Capital Tax Exemption (Revised) (4,680,145)

Ontario Taxable Capital (Revised) \$27,929,797

Capital Tax thereon @ 0.3% 83,789

Federal Part 1.3 Tax

Capital for the year previously assessed \$32,870,635

Add:	Customer Deposits understated	\$511,161	
	Employee Future Benefits understated	422,100	
	Contributed Capital understated	305,413	1,238,674
			<u>1,238,674</u>
	Revised Capital		\$34,109,309

Deduct: Investment Allowance as previously assessed (2,238,157)
Capital Deduction claimed (10,000,000)

Excess of Taxable Capital employed in Canada over
Capital Deduction \$21,871,152

Gross Part 1.3 tax @ 0.225% \$ 49,210

Less: Surtax Credit (Revised) (7,766)

Net Part 1.3 Tax Payable 41,444

TOTAL PAYMENT-IN-LIEU OF TAX PAYABLE

\$391,431

Anson Tong MRK034

Note: We have not audited the opening balance of asset value adopted for use by this MEU on its 2001 tax return. As such, the valuation of assets may be reviewed and changes made at a subsequent date.

****DESIGNATED ASSESSMENT***

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

If you wish not to be bound by the disposition of the corresponding federal objection or appeal, you must serve a Notice of Objection on the prescribed form in accordance with section 84. See under "Notice of Objection" on the accompanying "Notice of Re-Assessment"

****COTISATION DESIGNÉE***

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.



Ontario

PO Box 622 CP 622
33 King St. West 33 rue King ouest
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Ministry of Finance
Ministère des Finances

Corporations Tax Branch
Direction de l'imposition des compagnies

Account No. / N° de compte 1 8 0 0 2 6 2	
Name of Corporation / Raison sociale de la compagnie Halton Hills Hydro Inc.	Taxation Year End / Fin de l'année d'imposition 31 DECEMBER 2003

INCOME TAX

Ontario Income Tax

Ontario Taxable Income previously assessed		\$2,147,236	
<u>Add:</u> Amortization of Deferred Transition Cost for pre-Oct 2001	\$68,326		
Accrued Federal Part I.3 tax not deductible for tax	49,221		
Write-off of pre-Oct 2001 Bad Debt	44,502		
CCA overstated	15,051	177,100	
Revised Ontario Taxable Income		\$2,324,336	
Tax thereon @ 12.5%		\$ 290,542	
<u>Deduct:</u> IDSBC as previously assessed	(22,400)		
<u>Add:</u> Surtax as previously assessed	22,400	\$290,542	

Federal Part I Tax:

Federal Taxable Income previously assessed		\$2,139,406	
<u>Add:</u> Amortization of Deferred Transition Cost for pre-Oct 2001	\$68,326		
Accrued Federal Part I.3 tax not deductible for tax	49,221		
Write-off of pre-Oct 2001 Bad Debt	44,502		
CCA overstated	15,051	177,100	
Revised Federal Taxable Income		\$2,316,506	
Tax thereon @ 38%		\$ 880,273	
<u>Add:</u> Corporate Surtax		25,945	
<u>Deduct:</u> Federal Tax Abatement	(231,651)		
General Tax Reduction for CCPC	(115,825)		
Part I Tax Payable (Revised)			558,742

*****DESIGNATED ASSESSMENT****

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

If you wish not to be bound by the disposition of the corresponding federal objection or appeal, you must serve a Notice of Objection on the prescribed form in accordance with section 84. See under "Notice of Objection" on the accompanying "Notice of Re-Assessment"

*****COTISATION DESIGNÉE****

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.



Ontario

PO Box 622 CP 622
33 King St. West 33 rue King ouest
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Ministry of Finance
Ministère des Finances

Corporations Tax Branch
Direction de l'imposition des compagnies

Halton Hills Hydro Inc. (1800262 HP) Cont'd

31 December 2003

CAPITAL TAX

Net Paid-Up Capital as previously assessed		\$34,159,457	
<u>Add:</u>			
Customer Deposits understated	\$485,537		
Employee Future Benefits understated	414,000		
Contributed Capital understated	293,196		
Accrued Load Transfer in 2002	<u>100,000</u>	1,292,733	
Revised Net Paid-Up Capital		\$35,452,190	
<u>Investment Allowance (Revised)</u>			
\$35,452,190 X \$1,821,094 / \$40,929,089		<u>1,577,406</u>	
Revised Taxable Capital		\$33,874,784	
<u>Subtract: Capital Tax Exemption (Revised)</u>		<u>4,697,203</u>	
Ontario Taxable Capital (Revised)		<u>\$29,177,581</u>	
Capital Tax thereon @ 0.3%			87,533

Federal Part 1.3 Tax

Capital for the year previously assessed		\$34,145,353	
<u>Add:</u>			
Customer Deposits understated	\$485,537		
Employee Future Benefits understated	414,000		
Contributed Capital understated	293,196		
Accrued Load Transfer in 2002	<u>100,000</u>	1,292,733	
Revised Capital		\$35,438,086	
<u>Deduct: Investment Allowance as previously assessed</u>		(2,570,732)	
Capital Deduction claimed		<u>(10,000,000)</u>	
Excess of Taxable Capital employed in Canada over Capital Deduction		<u>\$22,867,354</u>	
Gross Part 1.3 tax @ 0.225%		\$ 51,452	
Less: Surtax Credit (Revised)		<u>(25,945)</u>	
Net Part 1.3 Tax Payable			<u>25,507</u>

TOTAL PAYMENT-IN-LIEU OF TAX PAYABLE

\$962,324

Anson Tong MRK034

Note: We have not audited the opening balance of asset value adopted for use by this MEU on its 2001 tax return. As such, the valuation of assets may be reviewed and changes made at a subsequent date.

****DESIGNATED ASSESSMENT****

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

If you wish not to be bound by the disposition of the corresponding federal objection or appeal, you must serve a Notice of Objection on the prescribed form in accordance with section 84. See under "Notice of Objection" on the accompanying "Notice of Re-Assessment"

****COTISATION DESIGNÉE****

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.



Ontario

PO Box 622 CP 622
33 King St. West 33 rue King ouest
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Ministry of Finance
Ministère des Finances

Corporations Tax Branch
Direction de l'imposition des compagnies

Account No. / N° de compte 1 8 0 0 2 6 2	
Name of Corporation / Raison sociale de la compagnie Halton Hills Hydro Inc.	Taxation Year End / Fin de l'année d'imposition 31 DECEMBER 2004

INCOME TAX

Ontario Income Tax

Ontario Taxable Income previously assessed	\$1,637,548	
<u>Add:</u> CCA overstated	\$29,502	
<u>Deduct:</u> Adjustment to excess accrued capital tax	(9,276)	20,226
Revised Ontario Taxable Income	<u>\$1,657,774</u>	
Tax thereon @ 14.0%	\$ 232,088	
<u>Deduct:</u> IDSBC as previously assessed	(34,000)	
<u>Add:</u> Surtax as previously assessed	34,000	
<u>Deduct:</u> Apprenticeship Training Credit as previously assessed	(3,702)	228,386

Federal Part I Tax:

Federal Taxable Income previously assessed	\$1,637,548	
<u>Add:</u> CCA overstated	\$29,502	
<u>Deduct:</u> Adjustment to excess accrued capital tax	(9,276)	20,226
Revised Federal Taxable Income	<u>\$1,657,774</u>	
Tax thereon @ 38%	\$ 629,954	
<u>Add:</u> Corporate Surtax	18,567	
Refundable tax on CCPC Investment Income	1,382	
<u>Deduct:</u> Federal Tax Abatement	(165,777)	
General Tax Reduction for CCPC	(114,593)	
Investment Tax Credit as previously assessed	(50,301)	
Part 1 Tax Payable (Revised)		319,232

**DESIGNATED ASSESSMENT*

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

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**COTISATION DESIGNÉE*

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Ontario

PO Box 622 CP 622
33 King St. West 33 rue King ouest
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Ministry of Finance
Mistère des Finances

Corporations Tax Branch
Direction de l'imposition des compagnies

Halton Hills Hydro Inc. (1800262 HP) Cont'd

31 December 2004

CAPITAL TAX

Net Paid-Up Capital as previously assessed \$35,964,762

Add:	Employee Future Benefits understated	\$434,500	
	Contributed Capital understated	281,469	
	Accrued Load Transfer in 2001	200,000	
	Loans and Advances understated	<u>175,551</u>	<u>1,091,520</u>
	Revised Net Paid-Up Capital		\$37,056,282

Investment Allowance (Revised)

\$37,056,282 X \$1,771,621 / \$43,497,692 1,509,268

Revised Taxable Capital \$35,547,014

Subtract: Capital Tax Exemption (Revised) 4,693,558

Ontario Taxable Capital (Revised) \$30,853,456

Capital Tax thereon @ 0.3% 92,560

Federal Part 1.3 Tax

As previously assessed Nil

TOTAL PAYMENT-IN-LIEU OF TAX PAYABLE

\$640,178

Anson Tong MRK034

Note: We have not audited the opening balance of asset value adopted for use by this MEU on its 2001 tax return.
As such, the valuation of assets may be reviewed and changes made at a subsequent date.

****DESIGNATED ASSESSMENT****

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Account No.
1800262

35
PX5003

HALTON HILLS HYDRO INC.
ART SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

HALTON HILLS HYDRO INC.

ASSESSMENT NO. 56

Account No.

1800262

Assessment Date
(year, month, day)

2004/08/10

Page

1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

✓ 933,191.00
5,982.14CR
927,208.86

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

997,000.00CR

Sub-Total

997,000.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

69,791.14CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

✓ assessed as filed

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
ART SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment Enclosed:

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2004/10/04

Page

2 of 2

REASSESSMENT NO. 68 REPLACING ASSESSMENT DATED: 2004/08/10

Tax: Federal and Provincial PIL
Assessment Interest

892,870.00

7,625.72CR

Total Reassessment Liability

885,244.28

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

997,000.00CR

69,840.87

Sub-Total

927,159.13CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

41,914.85CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of taxable income (non-capital loss).

Adjustment to the computation of Gross Income Tax.

Adjustment to the computation of Net Income Tax

Mathematical error in the computation of Net CMT payable.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment
Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from **2003/01/01** to **2003/12/31**

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2007/03/19

Page

2 of 3

REASSESSMENT NO. 146 REPLACING REASSESSMENT DATED: 2004/10/04

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

962,324.00

9,224.44

971,548.44

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

997,000.00CR

111,783.29

Sub-Total

885,216.71CR

TAXATION YEAR BALANCE DUE **

86,331.73

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

**Remember to include additional interest due with your payment. Interest on
the balance is compounded daily from the date of this Notice/Statement until
payment is received by the Ontario Electricity Financial Corporation (OEFEC)
the current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from **2004/01/01** to **2004/12/31**

HALTON HILLS HYDRO INC.

Account No.
1800262

Reassessment Date
(year, month, day)
2007/03/19

Page
3 of 3

REASSESSMENT NO. 152 REPLACING REASSESSMENT DATED: 2006/10/30

Tax: Federal and Provincial PIL
Assessment Interest

640,178.00
3,348.84CR
636,829.16

Total Reassessment Liability

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

681,758.00CR
56,420.62

Sub-Total

TAXATION YEAR BALANCE DUE **

625,337.38CR
11,491.78

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry
of
Finance

Ministère
des
Finances

Regional Tax Office - North York
5 Park Home Avenue
2nd Floor
North York, Ontario
M2N 6L4

Bureau fiscal régional - North York
5 avenue Park Home
2^e étage
North York (Ontario)
M2N 6L4

Corporations
Tax
Branch

Direction de
l'imposition
des compagnies

Refer to
Référer à
Date

Anson Tong
(416) 218-1689
March 19, 2007

Attn: Arthur Skidmore
Chief Financial Officer
Halton Hills Hydro Inc.
43 Alice Street
Acton, Ontario
L7J 2A9

Dear Mr. Skidmore,

Re: Halton Hills Hydro Inc.
PIL Account Number: 1800262
Ontario Tax Audit: *Fiscal* 2002, 2003 and 2004

Our review of the tax returns for the years noted above is now complete.

Attached are Statements of Adjustments reflecting the changes in your company's tax liability. A Notice of Reassessments will be mailed under separate cover for each year being assessed.

We wish to take this opportunity to thank you for your co-operation. Should you require further information, please feel free to contact our office at the telephone number noted above.

Yours truly,

William Hogarth
Senior Group Manager
Field Audit Section

Encl.



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5003

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

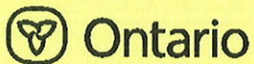
2	0	0	4	1	2	3	1
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Payment Amount: \$

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Total Payment Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 to 2004/12/31

HALTON HILLS HYDRO INC.

ASSESSMENT NO. 90

Account No.

1800262

Assessment Date
(year, month, day)

2005/08/29

Page

1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

✓ 681,758.00
194.07CR
681,563.93

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

681,758.00CR

Sub-Total

681,758.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

194.07CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

✓ assessed as filed

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment
Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from **2003/01/01** to **2003/12/31**

HALTON HILLS HYDRO INC.

Account No.
1800262

Reassessment Date
(year, month, day)
2007/03/19

Page
2 of 3

REASSESSMENT NO. 146 REPLACING REASSESSMENT DATED: 2004/10/04

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

962,324.00
9,224.44
971,548.44

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

997,000.00CR
111,783.29

Sub-Total

885,216.71CR

TAXATION YEAR BALANCE DUE **

86,331.73

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFEC). The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from **2004/01/01** to **2004/12/31**

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2007/03/19

Page

3 of 3

REASSESSMENT NO. 152 REPLACING REASSESSMENT DATED: 2006/10/30

Tax: Federal and Provincial PIL
Assessment Interest

640,178.00
3,348.84CR
636,829.16

Total Reassessment Liability

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

681,758.00CR
56,420.62

Sub-Total

625,337.38CR
11,491.78

TAXATION YEAR BALANCE DUE **

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry
of
Finance

Ministère
des
Finances

Regional Tax Office - North York
5 Park Home Avenue
2nd Floor
North York, Ontario
M2N 6L4

Bureau fiscal régional - North York
5 avenue Park Home
2^e étage
North York (Ontario)
M2N 6L4

Corporations
Tax
Branch

Direction de
l'imposition
des compagnies

Refer to
Référer à
Date

Anson Tong
(416) 218-1689
March 19, 2007

Attn: Arthur Skidmore
Chief Financial Officer
Halton Hills Hydro Inc.
43 Alice Street
Acton, Ontario
L7J 2A9

Dear Mr. Skidmore,

Re: Halton Hills Hydro Inc.
PIL Account Number: 1800262
Ontario Tax Audit: *Fiscal* 2002, 2003 and 2004

Our review of the tax returns for the years noted above is now complete.

Attached are Statements of Adjustments reflecting the changes in your company's tax liability. A Notice of Reassessments will be mailed under separate cover for each year being assessed.

We wish to take this opportunity to thank you for your co-operation. Should you require further information, please feel free to contact our office at the telephone number noted above.

Yours truly,

William Hogarth
Senior Group Manager
Field Audit Section

Encl.



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 to 2004/12/31

HALTON HILLS HYDRO INC.

Account No.
1800262

Reassessment Date
(year, month, day)
2006/10/30

Page
1 of 1

REASSESSMENT NO. 123 REPLACING ASSESSMENT DATED: 2005/08/29

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

629,758.00
4,355.96CR
625,402.04

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

681,758.00CR
194.22

Sub-Total

681,563.78CR
56,161.74CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of taxable income (non-capital loss).

Adjustment to the computation of Gross Income Tax.

Adjustment to the computation of Net Income Tax

Mathematical error in the computation of Net CMT payable.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2005/01/01 to 2005/12/31

HALTON HILLS HYDRO INC.

ASSESSMENT NO. 115

Account No.	Assessment Date (year, month, day)	Page
1800262	2006/08/25	1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

✓ 616,269.00
5,882.16CR
610,386.84

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

877,500.00CR

Sub-Total

877,500.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

267,113.16CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

✓ assessed as filed

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

0000005

002 PX5003



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment
Enclosed: \$

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2005/01/01 to 2005/12/31

HALTON HILLS HYDRO INC.

Account No.

1800262

Reassessment Date
(year, month, day)

2007/09/26

Page

1 of 1

REASSESSMENT NO. 199 REPLACING ASSESSMENT DATED: 2006/08/25

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

8 620,437.00
5,706.56CR
614,730.44

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

877,500.00CR
267,486.63

Sub-Total

TAXATION YEAR BALANCE DUE **

610,013.37CR
4,717.07

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) at the current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800262

35
PX5003

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Total Payment Enclosed:

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2006/01/01 to 2006/12/31

HALTON HILLS HYDRO INC.
ASSESSMENT NO. 191

Account No.	Assessment Date (year, month, day)	Page
1800262	2007/07/26	1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

✓ 768,102.00
4,190.58CR
763,911.42

SUMMARY OF 2006/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

900,000.00CR

Sub-Total

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

900,000.00CR
136,088.58CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

ACTUALLY
REC'D

136,290.06

INT - REVISED

4,392.06

✓ assessed as filed

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197



Ministry of Revenue
Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Account No.
1800262

35
PX5005

HALTON HILLS HYDRO INC.
C/O ARTHUR SKIDMORE
43 ALICE ST

ACTON
L7J 2A9

ON

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

2	0	0	6	1	2	3	1
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Payment Amount: \$

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Total Payment Enclosed:

\$

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Ministry of Revenue
Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2006/01/01 to 2006/12/31

HALTON HILLS HYDRO INC.

Account No.
1800262

Reassessment Date
(year, month, day)
2008/09/25

Page
1 of 1

REASSESSMENT NO. 240 REPLACING ASSESSMENT DATED: 2007/07/26

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

507,344.00 ✓
18,584.34CR
488,759.66

SUMMARY OF 2006/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

900,081.20CR
136,290.06

Sub-Total

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

763,791.14CR
275,031.48CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.



This form serves as a federal, provincial, and 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 corporation return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the federal *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing.

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

For more information see www.cra.gc.ca or the *T2 Corporation - Income Tax Guide* (T4012).

055 Do not use this area

Identification

Business Number (BN) 001 867429623 RC 0001

Corporation's name

002 HALTON HILLS HYDRO INC.

Has the corporation changed its name since the last time you filed your T2 return? 003 1 Yes ☐ 2 No ☒

If yes, do you have a copy of the articles of amendment? (Do not submit) .. 004 1 Yes ☐ 2 No ☐

Address of head office

Has this address changed since the last time you filed your T2 return? 010 1 Yes ☐ 2 No ☒
(If yes, complete lines 011 to 018)

011 43 ALICE STREET

012

City Province, territory, or state
015 ACTON 016 ON

Country (other than Canada) Postal code/Zip code
017 018 L7J2A9

Mailing address (if different from head office address)

Has this address changed since the last time you filed your T2 return? 020 1 Yes ☐ 2 No ☒
(If yes, complete lines 021 to 028)

021 c/o

022

023

City Province, territory, or state
025 026

Country (other than Canada) Postal code/Zip code
027 028

Location of books and records

Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes ☐ 2 No ☒
(If yes, complete lines 031 to 038)

031 43 ALICE STREET

032

City Province, territory, or state
035 ACTON 036 ON

Country (other than Canada) Postal code/Zip code
037 038 L7J2A9

040 Type of corporation at the end of the tax year

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

If the type of corporation changed during the tax year, provide the effective date of the change.

043
YYYY MM DD

To which tax year does this return apply?

Tax year start Tax year-end
060 2006/01/01 061 2006/12/31
YYYY MM DD YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 1 Yes ☐ 2 No ☒

If yes, provide the date control was acquired 065
YYYY MM DD

Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? 066 1 Yes ☐ 2 No ☒

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:
Incorporation? 070 1 Yes ☐ 2 No ☒
Amalgamation? 071 1 Yes ☐ 2 No ☒

If yes, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 No ☐
If no, give the country of residence on line 081 and complete and attach Schedule 97.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒
If yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

- 085 1 ☐ Exempt under paragraph 149(1)(e) or (l)
2 ☐ Exempt under paragraph 149(1)(j)
3 ☐ Exempt under paragraph 149(1)(t)
4 ☐ Exempt under other paragraphs of section 149

Name of Corporation	Business Number	Tax year-end	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2006	12	31

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.

Schedules - Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input checked="" type="checkbox"/>	11
If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	6
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	207 <input type="checkbox"/>	7
ii) is the corporation claiming the refundable portion of Part I tax?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible for capital cost allowance?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input checked="" type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input checked="" type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporations and its associated corporations over \$10,000,000?	234 <input type="checkbox"/>	
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92*

* We do not print this schedule.

Name of Corporation	Business Number	Tax year-end	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2006	12	31

Attachments - continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	<input checked="" type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269	<input type="checkbox"/>	54

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if yes was entered at line 281)	282	DISTRIBUTION OF ELECTRICITY	
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
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.	284	DISTRIBUTION OF ELECTRICITY	
	286	285	100.00%
	288	287	%
		289	%
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF	300	1,531,478	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A minus amount B)(if negative, enter "0")		1,531,478	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	1,531,478	
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		1,531,478	Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724.

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Tax year-end	Year 2006	Month 12	Day 31
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Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	1,531,478	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 3 times the amount on line 636**, and minus any amount that, because of federal law, is exempt from Part I tax	405	1,531,478	B

Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below.

300,000 x	Number of days in the tax year in 2005 and in 2006	=	365	300,000	1
	Number of days in the tax year		365		
400,000 x	Number of days in the tax year after 2006	=			2
	Number of days in the tax year		365		
	Add amounts at lines 1 and 2			300,000	4
Business limit (see notes 1 and 2 below)					410 300,000 C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C	300,000	x	415 ***	62,533 D	=	1,667,547 E
				11,250		
Reduced business limit (amount C minus amount E) (if negative, enter "0")						425

Small business deduction

Amount A, B, C, or F
whichever is
the least:

X	Number of days in the tax year before January 1, 2008	365	X 16%	=	5
	Number of days in the tax year	365			

Amount A, B, C, or F
whichever is
the least:

X	Number of days in the tax year after December 31, 2007 and before January 1, 2009		X 17%	=	6
	Number of days in the tax year	365			

Amount A, B, C, or F
whichever is
the least:

X	Number of days in the tax year after December 31, 2008		X 17%	=	7
	Number of days in the tax year	365			

Total of amounts 5, 6, and 7 - Enter on line 9 430 <NIL> G

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

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

*** Large corporations

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435		H
Amount H	x	Number of days in the tax year in 2005		X 3%	=	I
		Number of days in the tax year	365			
Amount H	x	Number of days in the tax year in 2006		X 5%	=	J
		Number of days in the tax year	365			
Amount H	x	Number of days in the tax year in 2007		X 7%	=	K
		Number of days in the tax year	365			
Resource deduction - total of amounts I, J, and K					438	L

Enter amount L on line 10.

Name of Corporation	Business Number	Tax year-end	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2006	12	31

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360									1,531,478	A
Amount Z1 from Part 9 of Schedule 27										B
Amount QQ from Part 13 of Schedule 27										C
Taxable resource income from line 435										D
Amount used to calculate the credit union deduction (from Schedule 17)										E
Amount from line 400, 405, 410, or 425, whichever is the least										F
Aggregate investment income from line 440										G
Total of amounts B, C, D, E, F, and G										H
Amount A minus amount H (if negative, enter "0")									1,531,478	I
Amount I	1,531,478	x	Number of days in the tax year before January 1, 2008	365	X 7%	=	107,203	J		
			Number of days in the tax year	365						
Amount I	1,531,478	x	Number of days in the tax year after December 31, 2007 and before January 1, 2009		X 8.5%	=		K		
			Number of days in the tax year	365						
Amount I	1,531,478	x	Number of days in the tax year after December 31, 2008 and before January 1, 2010		X 9%	=		K.1		
			Number of days in the tax year	365						
Amount I	1,531,478	x	Number of days in the tax year after December 31, 2009 and before January 1, 2011		X 10%	=		K.2		
			Number of days in the tax year	365						
General tax reduction for Canadian-controlled private corporations - total of amounts J, K, K.1, and K.2									107,203	L
Enter amount L on line 638.										

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation, and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 (for tax years starting after May 1, 2006, amount Z)										M
Amount Z1 from Part 9 of Schedule 27										N
Amount QQ from Part 13 of Schedule 27										O
Taxable resource income from line 435										P
Amount used to calculate the credit union deduction (from Schedule 17)										Q
Total of amounts N, O, P, and Q										R
Amount M minus amount R (if negative, enter "0")										S
Amount S		x	Number of days in the tax year before January 1, 2008	365	X 7%	=		T		
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2007 and before January 1, 2009		X 8.5%	=		U		
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2008 and before January 1, 2010		X 9%	=		U.1		
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2009 and before January 1, 2011		X 10%	=		U.2		
			Number of days in the tax year	365						
General tax reduction - total of amounts T, U, U.1, and U.2										V
Enter amount V on line 639.										

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Tax year-end	Year 2006	Month 12	Day 31
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Refundable portion of Part I tax			
Canadian-controlled private corporations throughout the tax year			
Aggregate investment income 440	X 26 2/3 % =		A
(from Schedule 7)			
Foreign non-business income tax credit from line 632			
Deduct:			
Foreign investment income 445	X 9 1/3 % =		B
(from Schedule 7)		(if negative, enter "0")	
Amount A minus amount B (if negative, enter "0")			C
Taxable income from line 360		1,531,478	
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least			
Foreign non-business income tax credit from line 632 X 25/9 =			
Foreign business income tax credit from line 636 X 3 =			
		1,531,478 X 26 2/3 % =	408,394 D
Part I tax payable minus investment tax credit refund (line 700 minus line 780)		229,964	
Deduct: Corporate surtax from line 600		17,153	
Net amount		212,811	212,811 E
Refundable portion of Part I tax - Amount C, D, or E, whichever is the least		450	<NIL> F

Refundable dividend tax on hand			
Refundable dividend tax on hand at the end of the previous tax year 460	5,528		
Deduct: Dividend refund for the previous tax year 465	5,528		
		5,528	5,528 G
Add the total of:			
Refundable portion of Part I tax from line 450 above			
Total Part IV tax payable from Schedule 3			
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation 480			
			H
Refundable dividend tax on hand at the end of the tax year - Amount G plus amount H		485	5,528

Dividend refund			
Private and subject corporations at the time taxable dividends were paid in the tax year			
Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3	X 1/3		I
Refundable dividend tax on hand at the end of the tax year from line 485 above		5,528	J
Dividend refund - Amount I or J, whichever is less (enter this amount on line 784)			

Name of Corporation	Business Number	Tax year-end	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2006	12	31

Part I tax

Base amount of Part I tax - taxable income (line 360 or amount Z, whichever applies) multiplied by 38% 550 581,962 A

Corporate surtax calculation

Base amount from line A above 581,962 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) 153,148 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 tax year, enter amount a, b, or c below on line 6, whichever is the least:

28% of taxable income from line 360 428,814 a

28% of taxed capital gains b

Part I tax otherwise payable
(line A plus lines C and D minus line F) 212,811 c

Total of lines 2 to 6 153,148 7

Net amount (line 1 minus line 7) 428,814 8

Corporate surtax*

Line 8 428,814 x $\frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}}$ $\frac{365}{365} \times 4\% = 600$ 17,153 B

* The corporate surtax is zero effective January 1, 2008.

Recapture of investment tax credit from Schedule 31 602 C

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

Aggregate investment income from line 440 i

Taxable income from line 360 1,531,478

Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least

Net amount 1,531,478 1,531,478 ii

Refundable tax on CCPC's investment income - 6 2/3 % of whichever is less: amount i or ii 604 D

Subtotal (add lines A, B, C, and D) 599,115 E

Deduct:

Small business deduction from line 430 9

Federal tax abatement 608 153,148

Manufacturing and processing profits deduction from Schedule 27 616

Investment corporation deduction 620

(taxed capital gains 624)

Additional deduction - credit unions from Schedule 17 628

Federal foreign non-business income tax credit from Schedule 21 632

Federal foreign business income tax credit from Schedule 21 636

Resource deduction from line 438 10

General tax reduction for CCPCs from amount L 638 107,203

General tax reduction from amount V 639

Federal logging tax credit from Schedule 21 640

Federal political contribution tax credit 644

Federal political contributions 646

Federal qualifying environmental trust tax credit 648

Investment tax credit from Schedule 31 652 108,800

Subtotal 369,151 F

Part I tax payable - Line E minus line F 229,964 G

Enter amount G on line 700.

Summary of tax and credits

Federal tax

Part I tax payable	700	229,964
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part III.1 surtax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		229,964

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 Ontario
 (if more than one jurisdiction, enter "multiple" and complete Schedule 5)
 Net provincial or territorial tax payable (except Quebec, Ontario, and Alberta) 760
 Provincial tax on large corporations (New Brunswick and Nova Scotia) 765

Total tax payable **770** 229,964 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	425,128
Total credits	890	425,128

Balance (line A minus line B) -195,164 B

Refund code **894** ¹ Overpayment 195,164

Direct deposit request

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

Balance unpaid

Enclosed payment **898**

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒

Certification

I, **950 SKIDMORE** Last name in block letters **951 ARTHUR** First name in block letters **954 CHIEF FINANCIAL OFFICER** 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 tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2007/06/30
Date (yyyy/mm/dd)

Arthur Skidmore
Signature of the 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 ☒ 2 No ☐

958
Name in block letters

959
Telephone number

Language of correspondence - Langue de correspondance

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

1 English/Anglais ☒ 2 Francais/French ☐