



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 corporate return.

ts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

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 taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

055 Do not use this area

## Identification

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

Corporation's name (item 12)

002 HALTON HILLS HYDRO INC.

Has the corporation changed its name since the last time we were notified? 003 1 Yes ☐ 2 No ☒If Yes, do you have a copy of the articles of amendment? . . . . . 004 1 Yes ☐ 2 No ☐

Address of head office (item 13)

Has the address changed since the last time we were notified? . . . . . 010 1 Yes ☐ 2 No ☒011 43 ALICE STREET  
012City Province, territory or state  
015 ACTON 016 ONCountry (other than Canada) Postal code / ZIP code  
017 018 L7J2A9

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

Has the address changed since the last time we were notified?  
020 1 Yes ☐ 2 No ☒

021 c/o

02

023

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

Location of books and records (item 15)

031 43 ALICE STREET  
032City Province, territory or state  
035 ACTON 036 ONCountry (other than Canada) Postal code / ZIP code  
037 038 L7J2A9

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

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

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

YYYY MM DD

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

Taxation year start  
060 2003/01/01  
YYYY MM DDTaxation year-end  
061 2003/12/31  
YYYY MM DDHas there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? . . . . . 063 1 Yes ☐ 2 No ☒If yes, provide the date control was acquired . . . . . 065  
YYYY MM DDIs the corporation a professional corporation that is a member of a partnership? (item 18) . . . . . 067 1 Yes ☐ 2 No ☒Is this the first year of filing after:  
Incorporation? (item 19) . . . . . 070 1 Yes ☐ 2 No ☒  
Amalgamation? (item 20) . . . . . 071 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24

Has there been a windup of a subsidiary under section 88 during the current taxation year? (item 21) . . . . . 072 1 Yes ☐ 2 No ☒  
If Yes, complete and attach Schedule 24Is this the final taxation year before amalgamation? (item 22) . . . . . 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? (item 23) . . . . . 078 1 Yes ☐ 2 No ☒Is the corporation a resident of Canada? (item 24)  
080 1 Yes ☒ 2 No ☐ If No, give the country of residence.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24) . . . . . 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: (item 25)

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

Do not use this area

091 092 093 094 095 096  
097

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

## Attachments

\* We do not print these schedules.

**Financial statement information:** For taxation years ending in 2000 and later, use GIFL schedules 100, 125, and 141.

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

### Guide item

		Yes	No	Schedule
7	Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	9
28	Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	19
29	Is the corporation an associated Canadian-controlled private corporation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11
33	If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	22
41	Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	---
46	For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	50
55	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or ecological property?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2
82,104	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3
69-76	Is the corporation claiming any type of losses?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4
132	Is the corp. claiming prov. or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5
16	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6
103	(i) Is the corporation claiming the small business deduction and reporting income from: (a) property (other than dividends deductible on line 320 of the T2 return, (b) a partnership, (c) a foreign business, or (d) a personal services business; or (ii) is the corporation claiming the refundable portion of Part I tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7
57	Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	8
58	Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10
59	Does the corporation have any resource-related deductions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12
60	Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	13
61	Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	17
150	Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	20*
118	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	26*
111	Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	27
121	Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T661/T665
124	Is the corporation subject to gross Part 1.3 tax?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	36
124	Is the corporation claiming a surtax credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	38
128	Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	42
129	Is the corp. subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	45
125	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	39
128	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	40
128	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	41
152	Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1131

**Attachments - continued from page 2**
**Guide item**

	Yes	No	Sched.
*30 Is the corporation subject to Part XIII.1 tax? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	92*
53 Is the corporation claiming a film or video production services tax credit refund? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1177
44 Did the corporation have any foreign affiliates that are not controlled foreign affiliates? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1134-A
44 Did the corporation have any controlled foreign affiliates? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1134-B
44 Did the corporation own specified foreign property in the year with a cost amount of over \$100,000? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1135
44 Did the corporation transfer or loan property to a non-resident trust? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1141
44 Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1142
-- Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1145
-- Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts? ..	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1146
-- Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	T1174

**Additional information**

Is the corporation inactive? (item 48) .....	<b>280</b>	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) (item 49) ....	<b>281</b>	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (item 50) <b>282</b> <u>DISTRIBUTION OF ELECTRICITY</u>			
(Only complete if Yes was entered at line 281.)			
If the major activity involves the resale of goods, indicate whether it is wholesale or retail (item 51) ....	<b>283</b>	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 (item 52)	<b>284</b> <u>DISTRIBUTION OF ELECTRICITY</u>	<b>285</b> <u>100.</u>	%
	<b>286</b> .....	<b>287</b> .....	%
	<b>288</b> .....	<b>289</b> .....	%
Did the corporation immigrate to Canada during the taxation year? (item 53) .....	<b>291</b>	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the taxation year? (item 54) .....	<b>292</b>	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 GIFL (item 77) .....	<b>300</b>	<u>2,252,986</u>	A
<b>Deduct:</b> Charitable donations from Schedule 2 (item 78) .....	<b>311</b>		
Gifts to Canada, a province or a territory from Schedule 2 (item 79) .....	<b>312</b>		
Cultural gifts from Schedule 2 (item 80) .....	<b>313</b>		
Ecological gifts from Schedule 2 (item 81) .....	<b>314</b>		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82) .....	<b>320</b>		
Part VI.1 tax deduction from Schedule 43 (item 83)* .....	<b>325</b>		
Non-capital losses of preceding taxation years from Schedule 4 (item 84) .....	<b>331</b>		
Net-capital losses of preceding taxation years from Schedule 4 (item 85) .....	<b>332</b>		
Restricted farm losses of preceding taxation years from Schedule 4 (item 86) ....	<b>333</b>		
Farm losses of preceding taxation years from Schedule 4 (item 87) .....	<b>334</b>		
Limited partnership losses of preceding taxation years from Schedule 4 (item 88) .	<b>335</b>		
Taxable capital gains or taxable dividends allocated from a central credit union (item 89) .....	<b>340</b>		
Prospector's and grubstaker's shares (item 90) .....	<b>350</b>		
Subtotal			B
Subtotal (amount A minus amount B)(if negative, enter "0")		<u>2,252,986</u>	C
<b>Add:</b> Section 110.5 additions and/or subparagraph 115(1)(a)(vii) addition(item 91) .....	<b>355</b>		D
<b>Taxable income</b> (amount C plus amount D) (item 92) .....	<b>360</b>	<u>2,252,986</u>	
Income exempt under paragraph 149(1)(t) (item 93) .....	<b>370</b>		
<b>taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94)		<u>2,252,986</u>	Z
This amount is equal to 3 times the part VI.1 tax payable at line 724 on page 8			

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

### Small business deduction

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

Income from active business carried on in Canada from Schedule 7 (item 95) ..... 400 2,252,986 A

taxable income from line 360 on page 3, **minus** 10/3 of the amount at line 632\* on page 7, **minus** 3 times (use '10/4' for taxation years ending before 2003) the amount at line 636\*\* on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96) ..... 405 2,252,986 B

#### Calculation of the business limit: (Item 97)

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

200,000	x	Number of days in the taxation year before 2003	=			1
		Number of days in the taxation year		365		
225,000	x	Number of days in the taxation year in 2003	=	365	225,000	2
		Number of days in the taxation year		365		
250,000	x	Number of days in the taxation year in 2004	=			3
		Number of days in the taxation year		365		
		Add amounts at line 1, 2 and 3		225,000		4

Business limit (see note 1 and 2 below) ..... 410 225,000 C

**Notes:** 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation 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 at line 410.

#### Business limit reduction: (item 98)

Amount C 225,000 x 415 \*\*\* 51,482 D = 1,029,640 E

11,250

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

**Small business deduction** - 16% of whichever amount is least: A, B, C, or F ..... 430 <NIL> G

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

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

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

#### Large corporation tax

\* The large corporation tax to be entered at line 415 is the gross Part 1.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part 1.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).

\* If the corporation is not associated with any corporation in both the current and preceding taxation years, enter the corporation's gross Part 1.3 tax for its **preceding** taxation year.

\* If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding year, and its current taxation year:

- starts before December 21, 2002, enter the corporation's gross Part 1.3 tax for its **preceding** taxation year; or
- starts after December 20, 2002, enter the corporation's gross Part 1.3 tax for its **current** taxation year.

\* For corporations associated in the current taxation year, see Schedule 23 for special rules that apply.

### Accelerated tax reduction (item 99)

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

Reduced business limit (amount from line 425) ..... x  $\frac{300,000}{\text{line 4 above}}$  = ..... A

Net active business income (amount from line 400) \* ..... 2,252,986 B

Taxable income from line 360 on page 3 **minus** 3 times (use '10/4' for taxation years ending before 2003) the amount at line 636\*\* on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96) ..... 2,252,986 C

**Deduct:**

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

Amount C minus amount D (if negative, enter "0") ..... 2,252,986 E

Amounts A, B, or E above, whichever is less ..... F

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

Amount QQ from Part 13 of Schedule 27 ..... H

Taxable resource income from line 435 of page 5 ..... I

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

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less ..... K

Least of amounts G, H, I, J, and K ..... L

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

**Accelerated tax reduction** - 7% of amount M (enter amount N on line 637 of page 7) ..... N

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

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

Name of Corporation <b>HALTON HILLS HYDRO INC.</b>	Business Number <b>867429623 RC 0001</b>	Taxation Year End <b>2003/12/31</b>
---	---	--

### Resource deduction (item 100)

Taxable resource income	435	A
Amount A x Number of days in the taxation year in 2003	365	X 1% = B
Number of days in the taxation year	365	
Amount A x Number of days in the taxation year in 2004		X 2% = C
Number of days in the taxation year	365	
<b>Resource deduction - amount B plus amount C</b> (enter amount D on line 10 of page 7)	<b>438</b>	<b>D</b>

### General tax reduction for Canadian-controlled private corporations (item 101)

#### Canadian-controlled private corporations throughout the taxation year

Taxable Income from line 360 on page 3	2,252,986	E
Amount Z from Part 9 of Schedule 27 x 100/7 =		F
Amount QQ from Part 13 of Schedule 27		G
Taxable resource income from line 435 above		H
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		I
Amount on line 400, 405, 410 or 425 on page 4, whichever is less		J
Aggregate investment income from line 440 on page 6		K
Amount used to calculate the accelerated tax reduction (amount M on page 4)		L
Total of amounts F, G, H, I, J, K, and L		M
Amount E minus amount M (if negative, enter "0")	2,252,986	N
Amount N x Number of days in the taxation year in 2002		X 3% = O
Number of days in the taxation year	365	
Amount N x Number of days in the taxation year in 2003	365	X 5% = 112,649 P
Number of days in the taxation year	365	
Amount N x Number of days in the taxation year after 2003		X 7% = Q
Number of days in the taxation year	365	
<b>General tax reduction for Canadian-controlled private corporations - Total of amounts O, P and Q</b> (enter amount R on line 638 of page 7)	<b>112,649</b>	<b>R</b>

### General tax reduction (item 102)

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

Taxable income from line 360 on page 3		S
Amount Z from Part 9 of Schedule 27 x 100/7 =		T
Amount QQ from Part 13 of Schedule 27		U
Taxable resource income from line 435 above		V
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		W
Total of amounts T, U, V, and W		X
Amount S minus amount X (if negative, enter "0")		Y
Amount Y x Number of days in the taxation year in 2002		X 3% = Z
Number of days in the taxation year	365	
Amount Y x Number of days in the taxation year in 2003	365	X 5% = AA
Number of days in the taxation year	365	
Amount Y x Number of days in the taxation year after 2003		X 7% = BB
Number of days in the taxation year	365	
<b>General tax reduction - Total of amounts Z, AA and BB</b> (enter amount CC on line 639 of page 7)		<b>CC</b>

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

# **Refundable portion of Part I tax (item 103)**

Canadian-controlled private corporations throughout the taxation year

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

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

## **Deduct:**

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

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

Taxable income from line 360 on page 3 ..... 2,252,986

## **Deduct:**

Amount on line 400, 405, 410 or 425 on page 4, whichever is less .....

Foreign non-business income tax

credit from line 632 on page 7 ..... X 25/9

Foreign business income tax

credit from line 636 on page 7 ..... X 3\* ▶

2,252,986 X 26 2/3 % = 600,796 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ..... 543,420

**Deduct:** Corporate surtax from line 600 of page 7 ..... 25,233

Net amount ..... 518,187 ▶ 518,187 E

**Refundable portion of Part I tax** - Amount C, D or E, whichever is less ..... 450 <NIL> F

For taxation years ending before 2003, "3" is replaced by 10/4.

# **Refundable dividend tax on hand (item 104)**

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

**Deduct:** Dividend refund for the previous taxation year ..... 465 ▶ A

## **Add the total of:**

Refundable portion of Part I tax from line 450 above .....

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

Net refundable dividend tax on hand transferred from a predecessor

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

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

# **Dividend refund (item 105)**

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

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

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

**Dividend refund** - Amount A or B, whichever is less (enter this amount on line 784 of page 8) .....

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

# Part I tax

**Base amount of Part I tax** -38% of taxable income (line 360 or amount Z, whichever applies) from page 3 (item 106) ..... **550** 856,135 **A**

## Corporate surtax calculation (item 107)

Base amount from line A above .....	<u>856,135</u>	1	
<b>Deduct:</b>			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3 .....	<u>225,299</u>	2	
Investment corporation deduction from line 620 below .....		3	
Federal logging tax credit from line 640 below .....		4	
Federal qualifying environmental trust tax credit from line 648 below .....		5	
For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:			
28% of taxable income from line 360 on page 3 <u>630,836</u> a	}	6	
28% of taxed capital gains .....			b
Part I tax otherwise payable (line A plus lines C and D minus line F) <u>518,187</u> c			c
Total of lines 2 to 6 .....	<u>225,299</u>	7	
Net amount (line 1 minus line 7) .....	<u>630,836</u>	8	

**Corporate surtax** - 4% of the amount on line 8 ..... **600** 25,233 **B**

Recapture of Investment tax credit from line PPP in Part 21 of Schedule 31 (item 108) ..... **602** ..... **C**

## Calculation for the refundable tax on Canadian-controlled private corporation's (CCPC) investment income (for a CCPC throughout the taxation year) (item 109)

Aggregate investment income from line 440 on page 6 .....		i
Taxable income from line 360 on page 3 .....	<u>2,252,986</u>	
<b>Deduct:</b>		
Amount on lines 400, 405, 410, or 425 of page 4, whichever is less ..		
Net amount .....	<u>2,252,986</u> ▶ <u>2,252,986</u>	ii

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

Subtotal (add lines A, B, C, and D) ..... 881,368 **E**

## Deduct:

Small business deduction from line 430 of page 4 .....		9
Federal tax abatement (item 110) .....	<b>608</b> <u>225,299</u>	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 (item 111) .....	<b>616</b> .....	
Investment corporation deduction (item 112) .....	<b>620</b> .....	
(taxed capital gains ..... <b>624</b> )		
Additional deduction - credit unions from Schedule 17 (item 113) .....	<b>628</b> .....	
Federal foreign non-business income tax credit from Schedule 21 (item 114) .....	<b>632</b> .....	
Federal foreign business income tax credit from Schedule 21 (item 115) .....	<b>636</b> .....	
Accelerated tax reduction from amount N of page 4 (item 116) .....	<b>637</b> .....	
Resource deduction from line 438 of page 5 .....		10
General tax reduction for CCPCs from amount R of page 5 (item 117) .....	<b>638</b> <u>112,649</u>	
General tax reduction from amount CC of page 5 (item 117) .....	<b>639</b> .....	
Federal logging tax credit from Schedule 21 (item 118) .....	<b>640</b> .....	
Federal political contribution tax credit (item 119) .....	<b>644</b> .....	
Federal political contributions ..... <b>646</b> .....		
Federal qualifying environmental trust tax credit (item 120) .....	<b>648</b> .....	
Investment tax credit from Schedule 31 (item 121) .....	<b>652</b> .....	
Subtotal .....	<u>337,948</u> ▶	

Subtotal ..... 337,948 **F**

**Part I tax payable** - Line E minus line F (enter amount G on line 700 of page 8) (Item 122) ..... 543,420 **G**

### Summary of tax and credits

#### Federal tax

Part I tax payable from page 7 (item 123)	700	543,420
Part I.3 tax payable from Schedule 33, 34 or 35 (item 124)	704	23,310
Part II surtax payable from Schedule 46 (item 125)	708	
Part IV tax payable from Schedule 3 (item 126)	712	
Part IV.1 tax payable from Schedule 43 (item 127)	716	
Part VI tax payable from Schedule 38 (item 128)	720	
Part VI.1 tax payable from Schedule 43 (item 129)	724	
Part XIII.1 tax payable from Schedule 92 (item 130)	727	
Part XIV tax payable from Schedule 20 (item 131)	728	
<b>Total federal tax</b>		<b>566,730</b>

#### Add provincial and territorial tax:

Provincial or territorial jurisdiction (item 132) .... **750 Ontario**

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario and Alberta) (item 133) . 760

Provincial tax on large corporations (New Brunswick and Nova Scotia) (item 147) ..... 765

**Total tax payable 770 566,730 A**

#### Deduct other credits:

Investment tax credit refund from Schedule 31 (item 148)	780
Dividend refund from page 6 (item 149)	784
Federal capital gains refund from Schedule 18 (item 150)	788
Federal qualifying environmental trust tax credit refund (item 151)	792
Canadian film or video production tax credit refund from Form T1131 (item 152)	796
Film or video production services tax credit refund from Form T1177 (item 153)	797
Tax withheld at source (item 154)	800
<b>Total payments on which tax has been withheld (item 154) 801</b>	
Allowable refund for non-resident-owned investment corporations	
from Schedule 26 (item 155)	804
Provincial and territorial capital gains refund from Schedule 18 (item 156)	808
Provincial and territorial refundable tax credits from Schedule 5 (item 157)	812
Royalties deduc. under Syncrude Remis. Order (item 158) <b>815</b>	
Tax remitted under Syncrude Remission Order (item 158)	816
Tax instalments paid (item 159)	840

**Total credits 890**

**633,539**

Refund code

(item 160) **894**

Overpayment

(item 163) **66,809**

Balance (line A minus line B)

**633,539 B**

**- 66,809**

#### Direct Deposit Request (item 164)

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

☐ Start ☐ Change information **910**

Branch number

**914** **918**

Institution number Account number

If the result is negative, you have an **overpayment**.

If the result is positive, you have a **balance unpaid**.

Enter the amount on whichever line applies.

We do not charge or refund a difference of less than \$2.

Balance unpaid (item 163)

Enclosed payment

(item 162) **898**

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due? (item 161) . . . **896**

1 Yes ☐ 2 No ☒

#### Certification (item 165)

I, **950 SKIDMORE**

Last name in block letters

**951 ARTHUR**

First name in block letters

**954 CHIEF FINANCIAL OFFI**

Position, office, or rank

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

**955 28/06/2004**

Date (dd/mm/yyyy)

Signature of an authorized signing officer of the corporation

**956 519-853-3700**

Telephone number

Is the contact person the same as the authorized signing officer? If No, complete the information below . . .

**957 1 Yes** ☒ **2 No** ☐

**958**

Name in block letters

**959**

Telephone number

#### Language of correspondence - Langue de correspondance (item 166)

**990** Please indicate the language of your choice.

Indiquer la langue de correspondance de votre choix.

1 English/Anglais ☒

2 Francais/French ☐



**NET INCOME (LOSS) FOR INCOME TAX PURPOSES**  
(2000 and later taxation years)**SCHEDULE 1**

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
WALTON 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	1,782,655 ✓	
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	2,724,949	▶ 2,724,949

**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

Net income (loss) for income tax purposes - enter at line 300 on page 3 of the T2 return ..... 2,252,986

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003/12/31

**Add:**

Accounts payable and accruals for cash basis - closing	201	
Accounts receivable and prepaid for cash basis - opening	202	
Accrual inventory - opening	203	
Accrued dividends - prior year	204	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
All crown charges, royalties, rentals, etc.	207	
Debt issue expense	208	
Deemed dividend income	209	
Deemed interest on loans to non-residents	210	
Deemed interest received	211	
Development expenses claimed in current year	212	
Dividend stop-loss adjustment	213	
Dividends credited to the investment account	214	
Exploration expenses claimed in current year	215	
Financing fees deducted in books	216	
Foreign accrual property income	217	
Foreign affiliate property income	218	
Foreign exchange included in retained earnings	219	
Gain on settlement of debt	220	
Interest paid on income debentures	221	
Limited partnership losses from Schedule 4	222	
Loss from international banking centres	223	
Mandatory inventory adjustment - included in current year	224	
Mining royalties (provincial mining taxes)	225	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Optional value of inventory - included in current year	229	
Other expenses from financial statements	230	
Recapture of SR&ED expenditures - Form T661	231	
Resource amounts deducted	232	
Restricted farm losses - current year - Schedule 4	233	
Sales tax assessments	234	
Share issue expense	235	
Write-down of capital property	236	
Amounts received in respect of qualifying environmental trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years - previous year	238	
<b>Other additions:</b>		
600 Employee future benefit costs accrued	290	15,448
601 Provision for bad debts	291	52,983
602	292	
603	293	
604	294	
Total of fields 201 to 294 (enter this amount at line 199 on page 1)		68,431

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

**Deduct:**

Accounts payable and accruals for cash basis - opening	300	
Accounts receivable and prepaid for cash basis - closing	301	
Accrual inventory - closing	302	
Accrued dividends - current year	303	
Bad debt	304	66,837
Book income of joint venture or partnership	305	
Equity in income from subsidiaries or affiliates	306	
Exempt income under section 81	307	
Income from international banking centres	308	
Mandatory inventory adjustment - included in prior year	309	
Contributions to qualifying environmental trust	310	
Non-Canadian advertising expenses - broadcasting	311	
Non-Canadian advertising expenses - printed materials	312	
Optional value of inventory - included in prior year	313	
Other income from financial statements	314	
Payments made for allocations in proportion to borrowing and bonus interest payment from Schedule 17	315	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years - current year	316	

**Resource deductions:**

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

**Other deductions:**

700 Employee future benefits expenses paid	390	13,548
701	391	
702	392	
703	393	
704	394	

Total of fields 300 to 394 (enter this amount at line 499 on page 1) 80,385

# CAPITAL COST ALLOWANCE (CCA)

# SCHEDULE 8 - Federal

(1998 and later taxation years)

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
ALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

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

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

1 Class no.	Description	2 Undepreciated capital cost at the beginning of the year (column 11 from last year's T2S(8))	3 Cost of acquisitions during the year (new property must be available for use)  See note 1 below	4 Adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5)	7 50% rule (deduct 1/2 the amount, if any, by which the net cost of acquisitions exceeds col. 5)  See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Capital cost allowance (column 8 multiplied by column 9; or a lower amount)  See note 3 below	11 Undepreciated capital cost at the end of the year (column 6 minus column 10)
200		201	203	205	207		211		212	217	220
1	Dist'n System	20,375,530	1,972,252			22,347,782	986,126	21,361,656	4.0	854,466	21,493,316
1	Buildings & fixtures	2,291,986	17,570			2,309,556	8,785	2,300,771	4.0	92,031	2,217,525
8	Major Tools	213,770	18,743			232,513	9,372	223,141	20.0	44,628	187,885
8	Office Equipment	109,183	25,155		1,240	133,098	11,958	121,140	20.0	24,228	108,870
8	Stores Equipment	39,777				39,777		39,777	20.0	7,955	31,822
10	Computer Hardware	330,901	81,620		2,500	410,021	39,560	370,461	30.0	111,138	298,883
10	Fleet	717,749	31,195		594	748,350	15,301	733,049	30.0	219,915	528,435
12	Computer Software	51,934	64,075			116,009	32,037	83,972	100.	83,972	32,037
8	Scada comm equipment	184,639	102,820			287,459	51,410	236,049	20.0	47,210	240,249
	Total	24,315,469	2,313,430		4,334	26,624,565	1,154,549	25,470,016		1,485,543	25,139,022

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

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

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

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



## CAPITAL COST ALLOWANCE (CCA)

## SCHEDULE 8SUM - Federal

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003/12/31

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

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

1 Yes ☐2 No ☒

1 Class number <b>200</b>	2 UCC start of year <b>201</b>	3 Additions during the year <b>203</b>	4 Net adjustments <b>205</b>	5 Proceeds of dispositions <b>207</b>	6 Adjusted UCC	7 50% rule on net acquisitions <b>211</b>	8 Reduced UCC
reg	24315.469	2.313.430		4.334	26624.565	1.154.549	25470.016
10.1							
13							
14							
	10 Recapture of CCA <b>213</b>	11 Terminal Loss loss <b>215</b>	12 CCA <b>217</b>	13 UCC at end of year <b>220</b>			
reg			1.485.543	25139.022			
10.1							
13							
14							
Total			1.485.543				

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

## Totals:

Recapture	_____	(Schedule 1 Line 107)
Terminal loss	_____	(Schedule 1 Line 404)
CCA Claimed	1.485.543	(Schedule 1 Line 403)



## SCHEDULE 9

- related corporation(s)
- associated corporation(s)

Note 2: Enter the code number of the relationship that applies from the following order: 1- Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated.



Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

or use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.  
 separate cumulative eligible capital account must be kept for each business.  
 this form applies to taxation years that end after February 27, 2000.

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

Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter "0"). . . . . **200** 1,100,340 **A**

**Add:**

Cost of eligible capital property acquired during the taxation year. . . . . **222**                      **B**  
 Amount transferred on amalgamation or wind-up of subsidiary. . . . . **224**                      **C**  
 Other adjustments . . . . . **226**                      **D**  
 (Add amounts B, C, and D) x 3/4 = **E**  
**Subtotal (amount A plus amount E)** **230** 1,100,340 **F**

**Deduct:**

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year. . . . . **242**                      **G**  
 The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) . . . . . **244**                      **H**  
 Other adjustments . . . . . **246**                      **I**  
 (Add amounts G, H, and I) x 3/4 = **248**                      **J**

**Cumulative eligible capital balance (amount F minus amount J)** 1,100,340 **K**  
 (if amount K is negative, enter "0" at line M and proceed to Part 2)

**Current year deduction** amount K 1,100,340 x 7% = **250** 77,024 **L**  
 (deduct amount L at line 405 of Schedule 1)

**Cumulative eligible capital - closing balance** **300** 1,023,316 **M**  
 (amount K minus amount L) (if negative, enter "0")

**Note**

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

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

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

Amount from line K above (show as a positive amount) . . . . .                      **N**

Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 . . . . . **400**                      **1**

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7) . . . . . **401**                      **2**

Total of cumulative eligible capital deductions claimed for taxation years commencing before July 1, 1988 . . . . . **402**                      **3**

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 . . . . . **408**                      **4**

Line 3 **minus** line 4 . . . . .                      **5**

Total of line 1, 2, and 5 . . . . .                      **6**

Line T from Schedule 10 of previous taxation years ending after February 27, 2000 . . . . . **409**                      **7**

Line 6 **minus** line 7 . . . . .                      **O**

Line N **minus** line O (cannot be negative) . . . . .                      **P**

Amount on line 5                      x 1/2                      **Q**

Line P **minus** line Q . . . . .                      **R**

Amount on line R                      x 2/3 \*                      **S**

Lesser of line N or line O . . . . .                      **T**

Amount to be included in income on line 108 of Schedule 1, line S **plus** line T . . . . . **410**                     

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

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

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

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

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

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

	Relationship code (see note 1) <b>100</b>	Payments \$ <b>200</b>	Reimbursement \$ <b>300</b>	Loans \$ <b>400</b>	Assets sold or purchased \$ <b>500</b>	Does section 85 apply to assets sold or purchased? <b>550</b>
1.	1			16,141,970		Yes <input type="checkbox"/> No <input type="checkbox"/>
2.						Yes <input type="checkbox"/> No <input type="checkbox"/>
3.						Yes <input type="checkbox"/> No <input type="checkbox"/>
4.						Yes <input type="checkbox"/> No <input type="checkbox"/>
5.						Yes <input type="checkbox"/> No <input type="checkbox"/>
6.						Yes <input type="checkbox"/> No <input type="checkbox"/>
7.						Yes <input type="checkbox"/> No <input type="checkbox"/>
8.						Yes <input type="checkbox"/> No <input type="checkbox"/>
9.						Yes <input type="checkbox"/> No <input type="checkbox"/>
10.						Yes <input type="checkbox"/> No <input type="checkbox"/>
11.						Yes <input type="checkbox"/> No <input type="checkbox"/>
12.						Yes <input type="checkbox"/> No <input type="checkbox"/>
13.						Yes <input type="checkbox"/> No <input type="checkbox"/>

**Note:** Enter the code number of the relationship that applies: 1 - Shareholder  
2 - Officer  
3 - Employee



AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE  
CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT

name of Corporation <b>HALTON HILLS HYDRO INC.</b>	Business Number <b>867429623 RC 0001</b>	Taxation Year End <b>2003/12/31</b>
---	---	--

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

Allocation of the business limit

Date filed (do not use this area) ..... 025 

Year	Month	Day

Enter the calendar year to which the agreement applies ..... 050 

Year
2003

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

1 Names of associated corporations  100	2 Business Number of associated corporations 200	3 Ass'n code 300	4 Business limit for the year (before the allocation) \$ 350	5 Percentage of the business limit % 350	6 Business limit allocated * \$ 400	7 Taxation year end to which this agreement applies (YYYY/MM/DD) 500	8 Gross Part I.3 tax for preceding taxation year	9 Taxable income of preceding taxation year
HALTON HILLS HYDRO INC.	867429623	1	225,000	100.00	225,000	31/12/2003	46,423	769,109
HALTON HILLS FIBRE OPTICS	886270727	1				31/12/2003	3,698	
SOUTHWESTERN ENERGY INC.	870971181	1				31/12/2003	1,360	
HALTON HILLS ENERGY INC.	873074876	1				31/12/2003		
HALTON HILLS ENERGY SERVIC	862448453	1				31/12/2003	1	
Totals					225,000	A	51,482	769,109
If the taxation year of the corporation is less than 51 weeks enter the prorated business limit in this box					225,000			



Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before the deduction for surtax credits.

- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
  - a non-resident-owned investment corporation throughout the year;
  - bankrupt (as defined by subsection 128(3)) at the end of the year;
  - a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
  - exempt from tax under section 149 throughout the year on all of its taxable income;
  - neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  - a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the *T2 Corporation Income Tax Return* no later than six months from the end of the taxation year.

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

### Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I . . .	101	
Capital stock (or members' contributions if incorporated without share capital) . . . . .	103	16,161,663
Retained earnings . . . . .	104	1,404,876
Contributed surplus . . . . .	105	
Any other surpluses . . . . .	106	
Deferred unrealized foreign exchange gains . . . . .	107	
All loans and advances to the corporation . . . . .	108	16,147,787
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations . . . . .	109	
Any dividends declared but not paid by the corporation before the end of the year . . . .	110	
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year . .	111	431,027
Proportion of the amount, if any, by which the total of all amounts (that would be determined under lines 101, 107, 108, 109, 111, and 112) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses (see note below) . . . . .	112	
	Subtotal	34,145,353

▶ 34,145,353 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year . . . . .	121	
Any deficit deducted in computing the shareholders' equity . . . . .	122	
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above . . . . .	123	
The amount of deferred unrealized foreign exchange losses . . . . .	124	
	Subtotal	

▶ B

**Capital for the year** (amount A minus amount B) (if negative, enter "0") . . . . . 190 34,145,353

#### Note:

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

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

### Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation .....	401	865,552
A loan or advance to another corporation (other than a financial institution) .....	402	803,818
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution) .....	403	865,551
Long-term debt of a financial institution .....	404	
A dividend receivable on a share of the capital stock of another corporation .....	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were corporations (other than financial institutions) that were not exempt from tax under Part 1.3 (other than by reason of paragraph 181.1(3)(d)) .....	406	
An interest in a partnership (see note 1 below) .....	407	35,811
<b>Investment allowance for the year</b> .....	<b>490</b>	<b>2,570,732</b>

**Note:**

- 1) Where the corporation has an interest in a partnership, the carrying value at the end of the taxation year, of that interest is deemed to be equal to that proportion of the total of the carrying value of each asset of the partnership described in 401 to 405 above, at the end of its last fiscal period ending at or before the end of the year, that the corporation's share of the partnership's income or loss is of the partnership's income or loss for that period.
- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part 1.3 (other than by reason of paragraph 181.1(3)(d)).
- 3) Where, in certain circumstances, a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

### Part 3 - Taxable capital

Capital for the year (line 190) .....	34,145,353	C
<b>Deduct:</b> Investment allowance for the year (line 490) .....	2,570,732	D
<b>Taxable capital for the taxation year</b> (amount C minus amount D) (if negative, enter "0") .....	<b>500 31,574,621</b>	

### Part 4 - Taxable capital employed in Canada

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

Taxable capital for the year (line 500)	<u>31,574,621</u>	x	<table><tr><td>Taxable income earned in Canada</td><td><b>610</b></td><td><u>2,252,986</u></td></tr><tr><td>Taxable income</td><td></td><td>2,252,986</td></tr></table>	Taxable income earned in Canada	<b>610</b>	<u>2,252,986</u>	Taxable income		2,252,986	=	<table><tr><td>Taxable capital employed in Canada</td><td><b>690</b></td><td><u>31,574,621</u></td></tr></table>	Taxable capital employed in Canada	<b>690</b>	<u>31,574,621</u>
Taxable income earned in Canada	<b>610</b>	<u>2,252,986</u>												
Taxable income		2,252,986												
Taxable capital employed in Canada	<b>690</b>	<u>31,574,621</u>												

**Notes:**

- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
- 2) Where a corporation's taxable income for a taxation year is "0", it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
- 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada .....	701
--	-----

**Deduct** the following amounts:

Corporation's indebtedness at the end of the year (other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)) that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada .....

711

Total of all amounts each of which is the carrying value at the end of the year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada .....

712

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) .....

713

Total deductions (add lines 711, 712, and 713)



E

<b>Taxable capital employed in Canada</b> (line 701 minus amount E) (if negative, enter "0") .....	<b>790</b>
--	------------

**Note:** Complete line 713 only if the country in which the corporation is resident imposed neither a capital tax for the year on similar assets, nor a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

### Part 5 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies)	31,574,621
<b>Deduct:</b> Capital deduction claimed for the year (enter \$10,000,000 (\$50,000,000 for taxation years ending after 2003) or, for related corporations, the amount allocated on Schedule 36)	801 10,000,000
Excess of taxable capital employed in Canada over capital deduction	811 21,574,621

#### Gross Part 1.3 Tax

Year	Line 811	Number of days	Number of days in the taxation year			
Before 2004	21,574,621	X 365	/ 365	X 0.2250% =	48,543	1
2004	21,574,621	X	/ 365	X 0.2000% =		2
2005	21,574,621	X	/ 365	X 0.1750% =		3
<b>Total Gross Part 1.3 Tax</b> (add lines 1, 2, and 3)					48,543	48,543 F

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount F	48,543	x	Number of days in the year ( 365 )	=		G
			365			

<b>Gross Part 1.3 tax</b> (amount F or G, whichever applies)	820 48,543
--	------------

\* For calendar year 2004 the rate is reduced to 0.0020, prorated for straddle years.

### Part 6 - Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part 1.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, the lesser of a and b, below:

a) line 600 from the T2 return	25,233		
b) line 700 from the T2 return	543,420		H
any other case, the lesser of c and d below:			
c) line 600 from the T2 return	25,233	x	
		line 690 of this schedule	31,574,621
		line 500 of this schedule	31,574,621
		=	25,233
d) line 700 from the T2 return	543,420		25,233 I
<b>Current-year surtax credit available</b> (amount H or I, whichever applies)		830	25,233

### Part 7 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)	25,233
Taxable capital employed in Canada (line 690 or 790, whichever applies)	31,574,621
<b>Deduct:</b> Capital deduction claimed for the year	10,000,000
Excess of taxable capital employed in Canada over capital deduction	21,574,621 a
<b>Less: Gross Part 1.3 tax</b>	
Line a	21,574,621 X 0.2250% = 48,543 48,543 b
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:	
Amount b	48,543 X
	Number of days in the year 365 =
	365 c
<b>Current-year unused surtax credit</b> (if negative, enter "0")	850
Enter this amount at line 600 on Schedule 37	

- For the purposes of the calculation of current-year unused surtax credit, the calculation is performed on a capital deduction based on \$10 millions and a specified percentage of 0.225%.

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

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003	12	31

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

**Agreement**

Date filed (for departmental use only) .....	010	Year	Month	Day
Is this an amended agreement? .....	020	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>	
Enter the calendar year to which the agreement applies .....	030	Year	2003	

**Note:** This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part 1.3 tax under subsection 181.1(3) is not required to be included.

	Names of all corporations which are members of the related group	Business Number (if a corporation is not registered, enter 'NR')	Allocation of capital deduction for the year \$	Taxation year to which this agreement applies* (YYYY /MM /DD)
	200	300	400	500
1.	HALTON HILLS HYDRO INC.	867429623	10,000,000	
2.	HALTON HILLS FIBRE OPTICS INC.	886270727		
3.	SOUTHWESTERN ENERGY INC.	870971181		
4.	HALTON HILLS ENERGY INC.	873074876		
5.	HALTON HILLS ENERGY SERVICES INC.	862448453		
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
Total (not to exceed \$10,000,000**)			10,000,000	

- \* Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.
- \*\* \$50,000,000 for taxation years ending after 2003.



Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2003/12/31

private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

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

- For use by corporations which have remitted instalment payments for the taxation year of the return being filed.
  - The use of this schedule will assist the department in processing your return.
- Use the statements of account balance (Part 2 of Form T9) received from the department to prepare this schedule.

Name of Corporation <b>HALTON HILLS HYDRO INC.</b>		Business Number <b>867429623 RC 0001</b>		Taxation Year End	Year Month Day <b>2003/12/31</b>
Name of corporation contact (for department enquiries)				Telephone Number	
Effective interest date from statement of account balance (where applicable)	Description (Instalment remittance, Split payment, Assessed credit)			Amount of Credit	
	INSTALMENT REMITTANCES			633,539	
Total Amount of Instalments claimed (Enter on line 840 on the front of T2 Return)			(A)	633,539	
Total instalments credited to the taxation year, per last T9 statement of account balance			(B)		

Where amounts (A) and (B) cannot be reconciled, contact your Taxation Centre in order to resolve the discrepancy prior to the end of the taxation year.

## Reconciliation Process

Your return will be processed using the instalment credits available in your account for this fiscal period at the time of assessment. Any overpayment resulting from an instalment discrepancy between the instalment credits available in your account and the instalment credits claimed in field 840 on your return, will first be applied to any balance outstanding and the excess refunded, if the discrepancy is less than \$500.00. If the discrepancy is \$500.00 or more, the excess will be transferred to the next unassessed fiscal period. The effective interest date of the transfer will be the date of assessment.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	31/12/2003

### CAPITAL TAX SUPPORTING SCHEDULE

#### PARTNERSHIPS / JOINT VENTURES INFORMATION:

Corporation's share of paid-up capital:

1. Enerconnect LP	19,921		
2.			
3.		to (362)	19,921

Corporation's share of gross revenue:

Corporation's own gross revenue			37,362,382
---------------------------------	--	--	------------

ADD:

1. Enerconnect LP	37,509
2.	0
3.	0

Total gross revenue of corporation & partnerships		to (480)	37,399,891
---	--	----------	------------

#### ELIGIBLE INVESTMENTS:

Term deposits & trust company investment certificates:

1.			
2.			
3.		to (400)	

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

1.			
2.			
3.		to (401)	

Bonds & debentures of other corporations:

1.			
2.			
3.		to (402)	

Mortgages due from other corporations:

1.			
2.			
3.		to (403)	

Shares in other corporations:

1. Subsidiary companies	865,552		
2. EnerConnect LP	35,811		
3. Sunlife Inc.	23,254	to (404)	924,617

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

1. EnerConnect LP			
2.			
3.		to (405)	

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

1. Subsidiary companies	865,551		
2.			
3.		to (406)	865,551

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

1. Enerconnect LP	30,926		
2.			
3.		to (407)	30,926

#### LOANS AND ADVANCES:

From corporations or government

From shareholders or related persons 16,141,970

From Customer deposits 431,027

From		to (353)	16,572,997
------	--	----------	------------





Ontario

Ministry of Finance

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

2003

CT23 Corporations Tax and

## Annual Return

For taxation years commencing  
after September 30, 2001

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Consumer and Business Services (MCBS)

(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for all returns. For tax purpose, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on Pages 3 - 17, together with the applicable schedules on pages 18-21. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return** (see page 2).

The **Annual Return** (common Page 1 and the MCBS Schedules A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

Ministry Use

MCBS Annual Return Required? (Not required if already filed or  
Annual Return exempt. Refer to Guide)☒ Yes ☐ No

Page 1 of 24

Corporation's Legal Name (including punctuation) <b>HALTON HILLS HYDRO INC.</b>		Ontario Corporations Tax Account No. (MOF) <b>1800262</b>	
Mailing Address <b>43 ALICE STREET</b>		This CT23 return covers the Taxation Year	
ACTON ON <b>L7J2A9</b>		Start year month day <b>2003/01/01</b>	
Has the mailing address changed since last filed CT23 return? <input type="checkbox"/> Yes <input type="checkbox"/> No Date of Change _____		End year month day <b>2003/12/31</b>	
Registered/Head Office Address <b>43 ALICE STREET</b>		Date of Incorporation or Amalgamation year month day <b>1999/04/13</b>	
ACTON ON <b>L7J2A9</b>		Ontario Corporation No. (MCBS) <b>1349889</b>	
Location of Books and Records <b>43 ALICE STREET</b>		Canada Customs and Revenue Agency (formerly Revenue Canada) Business No. If applicable, enter <b>867429623 RC 0001</b>	
ACTON ON <b>L7J2A9</b>		Jurisdiction Incorporated: <b>ONTARIO</b>	
Name of person to contact regarding this CT23 Return Telephone No. Fax No. <b>ARTHUR SKIDMORE 519-853-3700</b>		If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced: year month day Ceased: year month day	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)		<input checked="" type="checkbox"/> Not Applicable	
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MCBS)		Preferred Language / Langue de preference: <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French francais	
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). If there is <b>no change</b> to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS).		No. of Schedules Ministry Use 	
		<input checked="" type="checkbox"/> No Change	

## Certification (MCBS)

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

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

ARTHUR SKIDMORE

Title: ☐ Director ☒ Officer ☐ Other individual having knowledge of the affairs of the CorporationNote: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

# CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

- ☒ 1 Canadian-controlled Private (CCPC) all year  
(Generally a private corporation of which 50%  
or more shares are owned by  
Canadian residents.) (fed.s.125(7)(b))
- 2 ☐ Other Private Share Capital with full voting  
3 ☐ Public rights owned by Canadian  
4 ☐ Non-share Capital Residents (nearest percent)  •%
- 5 ☐ Other (specify) ▶

- ☒ 1 ☐ Family Farm Corporation s.1(2) 12 ☐ Non-resident ship or aircraft under  
2 ☐ Family Fishing Corporation s.1(2) 14 ☐ Bare Trustee Corporation reciprocal agreement with Canada s.28(b)
- 3 ☐ Mortgage Investment Corp. s.47 15 ☐ Branch of Non-resident s.63(1)
- 4 ☐ Credit Union s.51 16 ☐ Financial institutions  
5 ☐ Bank Mortgage Subsidiary s.61(4) 17 ☐ Investment Dealer prescribed by Regulation only
- 6 ☐ Bank s.1(2) 18 ☐ Generator of electrical energy for sale or  
7 ☐ Loan and Trust Corporation s.61(4) 19 ☒ Hydro successor, Municipal Electrical Utility producer of steam for use in the generation  
8 ☐ Non-resident Corporation s.2(2)(a) or (b) 20 ☐ Producer and seller of steam for uses other of electrical energy for sale  
9 ☐ Non-resident Corporation s.2(2)(c) 21 ☐ Insurance Exchange s.74.4 or subsidiary of either
- 0 ☐ Mutual Fund Corporation s.48 22 ☐ Farm Feeder Finance Co-operative  
11 ☐ Non-resident owned investment Corporation s.49 23 ☐ Professional Corporation Corporation (Incorporated professionals only)

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

If applicable, enter  
n/a

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

If applicable, enter  
111196122

Specify major business activity:

DISTRIBUTION OF ELECTRICITY

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

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

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

# Income Tax

CT23 Page 4 of 24

**Allocation** - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39)(Int. B. 3008).

DOLLARS ONLY

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15) - - - - - ± From 690 2,260,816

Subtract: Charitable donations - - - - - 1

Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2) - - - - - 2

Subtract: Taxable dividends deductible, per federal T2 SCH 3 - - - - - 3

Subtract: Ontario political contributions (Attach schedule 2A)(Int.B.3002) - - - - - 4

Subtract: Federal Part VI.1 tax - - - - - X 9/4 5

Subtract: Prior years' losses applied -

Non-capital losses - - - - - From 704

Net capital losses From 715 (page 16) • X inclusion rate % = - 714

Farm losses - - - - - From 724

Restricted farm losses - - - - - From 734

Limited partnership losses - - - - - From 754

Taxable income (Non-capital loss) - - - - - = 10 2,260,816

Addition to taxable income for unused foreign tax deduction for federal purposes - - - - - + 11

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) - - - - - = 20 2,260,816

## Taxable Income

From 10 (or 20 if applicable) Ontario Allocation

Number of Days in Taxation Year

Days after Sept 30, 2001 and before Jan 1, 2004	Total Days
33	365

2,260,816 • X 30 100.0000 % X 12.5% X = + 29 282,602

Days after Dec 31, 2003 and before Jan 1, 2005	Total Days
34	365

2,260,816 • X 30 100.0000 % X 11.0% X = + 32

Income Tax Payable (before deduction of tax credits) 29 + 32 = 40 282,602

## Incentive Deduction for Small Business Corporations (IDSBC) (s.41) (If this section is not completed, IDSBC will be denied.)

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

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) - - - - - 50 2,252,986

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) - - - - - + 51 2,252,986

Add: Losses of other years deducted for federal purposes (fed.s.111) - - - - - + 52

Subtract: Losses of other years deducted for Ontario purposes (s.34) - - - - - - 53

= 2,252,986 54 2,252,986

Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$200,000) - - - - - + 55 200,000

Add: Ontario enhancement of federal business limit

### Number of Days in Taxation Year

Days after Sept 30, 2001 and before Jan 1, 2003	Total Days
28	365

80,000 X 28 365 = + 43

Days after Dec 31, 2002 and before Jan 1, 2004	Total Days
31	365

120,000 X 31 365 = + 46 120,000

Days after Dec 31, 2003 and before Jan 1, 2005	Total Days
34	365

160,000 X 34 365 = + 47

Ontario enhancement of federal business limit 43 + 46 + 47 = 120,000 44 120,000

Business Limit for Ontario purposes 55 + 44 = 320,000 45 320,000

Some eligible for the IDSBC - - - - - From 30 100.0000 % X 56 320,000 = 60 320,000

\* Ontario Allocation Least of 50, 54 or 45

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

continued on Page 5

Corporation's Legal Name  
HALTON HILLS HYDRO INC.Ontario Corporations Tax Account No. (MOF)  
1800262Taxation Year End  
2003/12/31

DOLLARS ONLY

**Income Tax** continued from Page 4**Calculation of IDSBC Rate****Number of Days in Taxation Year**

		Days after Sept 30, 2001 and before Jan 1, 2003	Total days		
6.5% X		28	365	= +	79
		Days after Dec 31, 2002 and before Jan 1, 2004	Total days		
7.0% X		31	365	= +	89
		Days after Dec 31, 2003 and before Jan 1, 2005	Total days		
6.0% X		34	365	= +	90

IDSBC Rate for Taxation Year 79 + 89 + 90

= 78 7.0000

Claim From 60 320,000 X From 78 7.0000 % = 70 22,400

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

**Surtax on Canadian-controlled private corporations (s.41.1)****Applies** if you have claimed the Incentive Deduction for Small Business Corporations.**\*\*Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.**Associated Corporation** - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.**\*\*Taxable Income of the corporation** From 10 (or 20 if applicable) + 80 2,260,816**If you are a member of an associated group (X)** 81 ☒ (Yes)Name of associated corporation (Canadian & foreign)  
(If insufficient space, attach schedule)Ontario Corporations Tax  
Account No.(MOF)  
(if applicable)

Taxation Year End

**\*\*Taxable Income**  
(if loss, enter nil)

					+ 82
					+ 83
					+ 84
Aggregate of Taxable Income	80 + 82 + 83 + 84 , etc				= 85 2,260,816

**Number of Days in Taxation Year**

		Days after Sept 30, 2001 and before Jan 1, 2003	Total days		
Subtract:	280,000 X	28	365	= +	113
		Days after Dec 31, 2002 and before Jan 1, 2004	Total days		
	320,000 X	31	365	= +	115
		Days after Dec 31, 2003 and before Jan 1, 2005	Total days		
	360,000 X	34	365	= +	116
				+ 113 + 115 + 116 =	320,000
				(If negative, enter nil)	= 86 1,940,816

**Number of Days in Taxation Year**

		Days after Sept 30, 2001 and before Jan 1, 2003	Total days		
4.333% X		28	365	= +	95
		Days after Dec 31, 2002 and before Jan 1, 2004	Total days		
4.667% X		31	365	= +	96
		Days after Dec 31, 2003 and before Jan 1, 2005	Total days		
4.000% X		34	365	= +	97
Specified rate of surtax for Taxation Year	95 + 96 + 97			=	94 4.6670
From 86 1,940,816 X	From 94 4.6670 %			=	87 90,578
From 87 90,578 X	From 60 320,000			=	88 90,578
				From 114 320,000	= 100 22,400

**Surtax** Lesser of 70 or 88

continued on Page 6

Corporation's Legal Name  
HALTON HILLS HYDRO INC.Ontario Corporations Tax Account No. (MOF)  
1800262Taxation Year End  
2003/12/31**Income Tax** continued from Page 5

DOLLARS ONLY

Additional Deduction for Credit Unions (s.51(4)) (Attach schedule 17) - - - - - 110

**Manufacturing and Processing Profits Credit (M&P) (s.43)****Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario Schedule 27.

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

Eligible Canadian Profits - - - - - + 120

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 320,000

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 22,400 ÷ From 30 100.0000 % ÷ From 78 7.0000 % = 121 320,000

\*Ontario Allocation

Lesser of 56 or 121 - - - - - + 122 320,000

120 - 56 + 122 - - - - - = 130

Taxable Income - - - - - + From 10 2,260,816

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 320,000

Add: Adjustment for Surtax on Canadian-controlled private corporations - - - - - + From 122 320,000

Subtract: Taxable Income 10 X Allocation % to jurisdictions outside Canada - - - - - 140

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses - - - - - 141

10 - 56 + 122 - 140 - 141 - - - - - = 142 2,260,816

**Number of Days in Taxation Year**Days after Sept 30, 2001  
and before Jan 1, 2004 Total days  
33 365 ÷ 73 365Days after Dec 31, 2003  
and before Jan 1, 2005 Total days  
34 ÷ 73 365

Claim 143 Lesser of 130 or 142 X From 30 100.0000 % X 1.5% X 33 365 ÷ 73 365 = + 154

Claim 143 Lesser of 130 or 142 X From 30 100.0000 % X 1.0% X 34 ÷ 73 365 = + 156

M&amp;P claim for taxation year + 154 + 156 - - - - - = 160

**\*Note:** Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1)).**Manufacturing and Processing Profits Credit for Electrical Generating Corporations** - - - - - = 161**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** - - - - - = 162**Credit for Foreign Taxes Paid (s.40)****Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Inf.B.3001)(Attach schedule). 170**Credit for Investment in Small Business Development Corporations (SBDC)****Applies** if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)

Eligible Credit 175 Credit Claimed 180

**Sub-total of Income Tax** 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190 282,602

continued on page 7

Corporation's Legal Name <b>HALTON HILLS HYDRO INC.</b>	Ontario Corporations Tax Account No. (MOF) <b>1800262</b>	Taxation Year End <b>2003/12/31</b>
--	--	--

**Income Tax** *continued from Page 6*

DOLLARS ONLY

**Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to research and development in Ontario.*Eligible Credit From **5820** OITC Claim Form *(Attach original Claim Form)* - - - - - + **191****Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*Eligible Credit From **5798** Summary Schedule F - - - - - + **192****Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.*Eligible Credit From **5899** either Claim Form from Ontario Media Development Corporation (OMDC)

or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form.)**received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* - - - - - + **193****Graduate Transitions Tax Credit (GTTC)(s.43.6)**No. of Graduates From **6596***Applies to employment of eligible unemployed post secondary graduate.*Eligible Credit From **6598** Summary Schedule G - - - - - + **195****Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.*Eligible Credit From **6900** OBPTC Claim Form *(Attach both the original Claim Form and the Certification Form)* - - - + **196****Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies to labour relating to computer animation and special effects on an eligible production.*Eligible Credit From **6700** Claim Form Certified by Ontario Film Development Corporation*(Attach the original Claim/Certification Form with the CT23 Tax Return.)* - - - - - + **197****Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies to qualifying R&D expenditures under an eligible research institute contract.*Eligible Credit From **7100** OBRITC Claim Form *(Attach original Claim Form)* - - - - - + **198****Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.*Eligible Credit From **7300** either Claim Form from Ontario Media Development Corporation (OMDC)

or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form.)**received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* - - - - - + **199****Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies to qualifying labour expenditures of eligible products for the taxation year.*Eligible Credit From **7400** Claim Form certified by Ontario Media Development Corporation*(Attach original Claim/Certification Form.)* - - - - - + **200****Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies to qualifying expenditures in respect of eligible Canadian sound recordings.*Eligible Credit From **7500** OSRTC Claim Form *(Attach both the original Claim Form and the Certification Form)* - - - + **201****Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** = **220****Specified Tax Credits Applied to reduce Income Tax** - - - - - = **225****Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital loss (amount cannot be negative) - - - = **230** **282,602**To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

Corporation's Legal Name <b>HALTON HILLS HYDRO INC.</b>	Ontario Corporations Tax Account No. (MOF) <b>1800262</b>	Taxation Year End <b>2003/12/31</b>
--	--	--

DOLLARS ONLY

**Corporate Minimum Tax (CMT)****Determination of Applicability**

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

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

**Short Taxation Years** - Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member is less than 51 weeks.

**Associated Corporation** - The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

\* Total Assets of the corporation - - - - - + [240] **40,929,089**  
 \* Total Revenue of the corporation - - - - - + [241] **37,399,891**

If you are a member of an associated group (x) [242] ☒ (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total Assets	* Total Revenue
See attached schedule			+ [243] <b>2,994,284</b>	+ [244] <b>1,195,082</b>
			+ [245]	+ [246]
			+ [247]	+ [248]
Aggregate Total Assets	[240] + [243] + [245] + [247], etc		= [249] <b>43,923,373</b>	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc			= [250] <b>38,594,973</b>

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 18, 19 and 20 of CT23.

**Calculation: CMT** (Attach Schedule A: Calculation of CMT Base on Page 18.)

Gross CMT Payable - - - CMT Base From [2135] **2,027,040** X From [30] **100.0000** % X 4% = [276] **81,082**  
 if negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - - - - - [277]

Subtract: Income Tax - - - - - From [190] **282,602**

**Net CMT Payable** (if negative, enter Nil on Page 17.) - - - - - = [280] **-201,520**

If [280] is less than zero and you do not have a CMT credit carryover, transfer [230] from Page 7 to **Income Tax Summary, on Page 17**.

If [280] is less than zero and you have a CMT credit carryover, complete A & B below.

If [280] is greater than or equal to zero, transfer [230] to Page 17 and transfer [280] to Page 17, and to **Schedule D: Continuity of CMT**

**Credit Carryovers, on Page 20.**

CMT Credit Carryover available - - - - - From [2307]

**Application of CMT Credit Carryovers**

**A.** Income Tax (before deduction of specified credits) - - - - - + From [190] **282,602**

Gross CMT Payable - - - - - + From [276] **81,082**

Subtract: Foreign Tax Credit for CMT purposes - - - - - From [277]

If [276] - [277] is negative, enter NIL in [290] = **81,082**

Income Tax eligible for CMT Credit - - - - - = [300] **201,520**

**B.** Income Tax (after deduction of specified credits) - - - - - + From [230] **282,602**

Subtract: CMT credit used to reduce income taxes - - - - - [310]

Income Tax - - - - - = [320] **282,602**

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

Transfer to page 17

Corporation's Legal Name  
**HALTON HILLS HYDRO INC.**Ontario Corporations Tax Account No. (MOF)  
**1800262**Taxation Year End  
**2003/12/31**

DOLLARS ONLY

**Capital Tax** (Refer to Guide And Int.B. 3011)

If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences on or after September 30, 2001, your corporation is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a

corporation. If Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B.3017).

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

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

**Paid-up Capital of Non-resident:** Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B.3010).

**Paid-Up Capital**

Paid-up capital stock (Int.B.3012 and 3015)	- - - - -	+	350	16,161,663
Retained earnings (if deficit, deduct)(Int.B. 3012)	- - - - -	±	351	1,404,876
Capital and other surpluses, excluding appraisal surplus (Int.B.3012)	- - - - -	+	352	
Loans and advances (Attach schedule)(Int.B.3013)	- - - - -	+	353	16,572,997
Bank loans (Int.B.3013)	- - - - -	+	354	
Bankers acceptances (Int.B.3013)	- - - - -	+	355	
Bonds and debentures payable (Int.B.3013)	- - - - -	+	356	
Mortgages payable (Int.B.3013)	- - - - -	+	357	
Lien notes payable (Int.B.3013)	- - - - -	+	358	
Deferred credits (including income tax reserves, and deferred revenue where it would be included in paid-up capital for the purposes of the large corporations tax)(Int.B.3013)	- - - - -	+	359	
Contingent, investment, inventory and similar reserves (Int.B.3012)	- - - - -	+	360	
Other reserves not allowed as deductions for income tax purposes (Attach schedule)(Int.B.3012)	- - - - -	+	361	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))(Int.B.3017)	- - - - -	+	362	19,921
<b>Subtotal</b>	- - - - -	=	370	34,159,457
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)(Int.B.3012)	- - - - -	-	371	
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes(Int.B.3015)	- - - - -	-	372	
<b>Total Paid-up Capital</b>	- - - - -	=	380	34,159,457
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))(Int.B.3015)	- - - - -	-	381	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	- - - - -	-	382	
<b>Net Paid-up Capital</b>	- - - - -	=	390	34,159,457

**Eligible Investments** (Refer to Guide and Int.B.3015)

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+	402	
Mortgages due from other corporations	- - - - -	+	403	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	404	924,617
Loans and advances to unrelated corporations	- - - - -	+	405	
able loans and advances to related corporations (certain restrictions apply) (Refer to Guide)-	- - - - -	+	406	865,551
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+	407	30,926
<b>Total Eligible Investments</b>	- - - - -	=	410	1,821,094

continued on Page 10



Corporation's Legal Name  
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)  
1800262

Taxation Year End  
2003/12/31

CT23 Page 10 of 24

DOLLARS ONLY

### Capital Tax *continued from Page 9*

#### Total Assets (Int.B.3015)

Total Assets per balance sheet	- - - - -	+	420	40,940,086	.
Mortgages or other liabilities deducted from assets	- - - - -	+	421		.
Share of partnership(s)/joint venture(s) total assets ( <i>Attach schedule</i> )	- - - - -	+	422	24,814	.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	-	423	35,811	.
<b>Total Assets as adjusted</b>	- - - - -	=	430	40,929,089	.
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+	440		.
Subtract: Amounts in 371, 372 and 381	- - - - -	-	441		.
Subtract: Appraisal surplus if booked	- - - - -	-	442		.
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	±	443		.
<b>Total Assets</b>	- - - - -	=	450	40,929,089	.

**Investment Allowance** (  $\frac{410}{450}$  ) X 390 - - - - - **Not to exceed** 410 = 460 1,519,887 .

**Taxable Capital** 390 - 460 - - - - - = 470 32,639,570 .

**Gross Revenue** (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)- 480 37,399,891 .

**Total Assets** (as adjusted) - - - - - From 430 40,929,089 .

## Calculation of Capital Tax for all corporations except Financial Institutions

*Note: This version (2003) of the CT23 may only be used for a taxation year that commenced after September 30, 2001.*

*(Financial Institutions use calculations on page 13.)*

- Important:**
- If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR**
- If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.
- OR**
- If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11 and if applicable, complete Section D or Section E on page 12. **Note:** if the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.

### Section A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution.(Int.B.3018)

Enter NIL in 550 on page 12 and complete the return from that point.

### Section B

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

- B1.** If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
- B2.** If taxable capital, 470 on page 10 is \$5,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
- B3.** If taxable capital, 470 on page 10, exceeds \$5,000,000, complete the following calculation and transfer the amount From 523 to 543 on page 12 and complete the return from that point.

+	From	470	32,639,570	.
			5,000,000	.
=		471		.
	X	From	30	100.0000
				Ontario Allocation
			% X 0.3% X	555
				Days in taxation year
				**365 (366 if leap year)
			=+	523
				Transfer to 543 on page 12 and complete the return from that point

**\*\* If floating taxation year, refer to Guide.**

*continued on Page 11*

Corporation's Legal Name  
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)  
1800262

Taxation Year End  
2003/12/31

CT23 Page 11 of 24

DOLLARS ONLY

## Capital Tax Calculation *continued from page 10*

### SECTION C

This section applies **ONLY** to a corporation that is a member of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership. You must check either ☐ 509 or ☐ 524 and complete this section before you can calculate your capital tax calculation under either Section D or Section E.

C1. ☐ 509 (X if applicable) All corporations that you are associated with **do not have** a permanent establishment in Canada.

If taxable capital ☐ 470 on page 10 is \$5,000,000 or less, enter NIL in ☐ 550 on page 12 and complete the return from that point.

If taxable capital ☐ 470 on page 10 exceeds \$5,000,000 proceed to **Section D**, enter \$5,000,000 in ☐ 542 Section D, and complete Section D and the return from that point.

C2. ☒ 524 (X if applicable) One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

If the taxation year ends before January 1, 2003, you must complete the *Calculation* below.

If the taxation year ends after December 31, 2002, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group may file an election under subsection 69(2.1) of the Corporation Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the \$15,000 capital tax effect relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total assets formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporation group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

**Calculation** Do Not complete this calculation if ss.69(2.1) election is filed

Taxable Capital From ☐ 470 on page 10 - - - - - + From ☐ 470 32,639,570

**Determine aggregate taxable capital of an associated (excluding financial institutions and corporations exempt from capital tax) group and/or partnership having a permanent establishment in Canada**

Names of associated corporations (excluding financial institutions and corporations exempt from capital tax) or related partners having a permanent establishment in Canada (if insufficient space, attach schedule)

Ontario Corporations Tax Account No. (MOF) (if applicable)

Taxation Year End

Taxable Capital

See schedule CT21 - - - - - + ☐ 531 2,183,862

+ ☐ 532 - - - - -

+ ☐ 533 - - - - -

Aggregate Taxable Capital ☐ 470 + ☐ 531 + ☐ 532 + ☐ 533, etc - - - - - = ☐ 540 34,823,432

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL. Enter NIL in ☐ 523 in section D on page 12, as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under section D on page 12.

From ☐ 470 32,639,570 ÷ From ☐ 540 34,823,432 X 5,000,000 - - - - - = ☐ 541 4,686,438

Transfer to ☐ 542 in Section D on page 12

**ss.69(2.1) Election filed**

☐ 591 (X if applicable)

**Election filed.** Attach a copy of the election with this CT23 Return. Process to section E on page 12

*continued on Page 12*



Corporation's Legal Name  
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)  
1800262

Taxation Year End  
2003/12/31

CT23 Page 13 of 24

DOLLARS ONLY

## Capital Tax *continued from Page 12*

### Calculation of Capital Tax for Financial Institutions

#### I.1. Credit Unions Only

For taxation years commencing **after May 4, 1999** enter NIL in  on page 12, and complete the return from that point.

#### I.2. Other than Credit Unions

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

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

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

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

\*\* If floating taxation year, refer to Guide.

## II. Small Business Investment Tax Credit

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

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

Capital Tax - Financial Institutions  -  - - - - - =

Transfer to  on Page 12

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

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

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

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

Premium Tax  -  - - - - - =

Transfer to Page 17

Corporation's Legal Name  
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)  
1800262

Taxation Year End  
2003/12/31

CT23 Page 14 of 24

DOLLARS ONLY

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

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 - - - - - + 600 2,252,986

Transfer to Page 15

**Add:**

Federal capital cost allowance - - - - -	+	601	1,485,543	.
Federal cumulative eligible capital deduction - - - - -	+	602	77,024	.
Ontario taxable capital gain - - - - -	+	603		.
Federal non-allowable reserves. Balance beginning of year - - - - -	+	604		.
Federal allowable reserves. Balance end of year - - - - -	+	605		.
Ontario non-allowable reserves. Balance end of year - - - - -	+	606		.
Ontario allowable reserves. Balance beginning of year - - - - -	+	607		.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE) - - - - -	+	608		.
Federal resource allowance - - - - -	+	609		.
Federal depletion allowance - - - - -	+	610		.
Federal foreign exploration and development expenses - - - - -	+	611		.
Management fees, rents, royalties and similar payments to non-arm's length non-residents ▼				.

**Number of Days in Taxation Year**

612 X  $\frac{5}{12.5} \times$ 

Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days
33 365	73 365

 = + 633

612 X  $\frac{5}{11.0} \times$ 

Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days
34	73 365

 = + 634

Total add-back amount for Management fees, etc. 633 + 634 - = + 613

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661  
excluding any negative amount in 473 from Ont. CT23 schedule 161 - - - - - + 615

Add any negative amount in 473 from Ont. CT23 Schedule 161 - - - - - + 616

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

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

**Total of Additions** 601 to 611 + 613 + 615 + 616 + 620 + 614 = 1,562,567 = 640 1,562,567

Transfer to Page 15

**Deduct:**

Ontario capital cost allowance(excluded amounts deducted under 675) - - - - -	+	650	1,477,713	.
Ontario cumulative eligible capital deduction - - - - -	+	651	77,024	.
Federal taxable capital gain - - - - -	+	652		.
Ontario non-allowable reserves. Balance beginning of year - - - - -	+	653		.
Ontario allowable reserves. Balance end of year - - - - -	+	654		.
Federal non-allowable reserves. Balance end of year - - - - -	+	655		.
Federal allowable reserves. Balance beginning of year - - - - -	+	656		.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.) - - -	+	657		.
Ontario depletion allowance - - - - -	+	658		.
Ontario resource allowance - - - - -	+	659		.
Ontario current cost adjustment (Attach schedule) - - - - -	+	661		.
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.) - - - - -	+	674		.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources. - - -	+	675		.

**Subtotal of deductions for this page** 650 to 659 + 661 + 674 + 675 - - - - = 681 1,554,737

Transfer to Page 15

continued on Page 15

Corporation's Legal Name  
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)  
1800262

Taxation Year End  
2003/12/31

CT23 Page 15 of 24

DOLLARS ONLY

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

*(continued from Page 14)*

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 - - - - - From ±  2,252,986 ●  
Total of Additions - - - - - From =  1,562,567 ●  
Sub Total of deductions on page 14 - - - - - From =  1,554,737 ●

**Deduct:**

**Ontario New Technology Tax Incentive (ONTTI) Gross-up**

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

Capital Cost Allowance (Ontario)(CCA) on prescribed qualifying  
intellectual property deducted in the current taxation year - - -

**ONTTI Gross-up deduction calculation:**

From <input type="text" value="662"/>	Gross-up of CCA	X	100		From <input type="text" value="662"/>		=	<input type="text" value="663"/>
	From <input type="text" value="30"/>		100.0000					
			Ontario Allocation					

**Workplace Child Care Tax Incentive**

Qualifying expenditures: <input type="text" value="665"/>	X 30%	X	100		=	<input type="text" value="666"/>
	From <input type="text" value="30"/>		100.0000			
			Ontario Allocation			

**Workplace Accessibility Tax Incentive**

Qualifying expenditures: <input type="text" value="667"/>	X 100%	X	100		=	<input type="text" value="668"/>
	From <input type="text" value="30"/>		100.0000			
			Ontario Allocation			

Number of  
Employees accommodated

**Ontario School Bus Safety Tax Incentive (OSBSTI)** (*Applies* to the eligible acquisition of school  
buses purchased after May 4, 1999 and before January 1, 2006.)(*Refer to guide*)

Qualifying expenditures: <input type="text" value="670"/>	X 30%	X	100		=	<input type="text" value="671"/>
	From <input type="text" value="30"/>		100.0000			
			Ontario Allocation			

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

Qualifying expenditures: <input type="text" value="672"/>	X 15%	X	100		=	<input type="text" value="673"/>
	From <input type="text" value="30"/>		100.0000			
			Ontario Allocation			

Ontario allowable business investment loss - - - - - +

Ontario Scientific Research Expenses claimed in year in   
from Ont. CT23 Schedule. 161 - - - - - +

Amount added to income federally for an amount that was negative in line  
454 of federal form T661 - - - - - +

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

**Total of Deductions**

+  +  +  +  +  +  +  +  +  - - - - - = 1,554,737 ●  1,554,737 ●

Net income (loss) for Ontario purposes  +  -  - - - - - =  2,260,816 ●

*Transfer to Page 4*

## Continuity of Losses Carried Forward

|  | Non-Capital Losses (1) | Total Capital Losses (9) (10) | Farm Losses        | Restricted Farm Losses | Listed Personal Property Losses | Limited Partnership Losses (6) |
|--|------------------------|-------------------------------|--------------------|------------------------|---------------------------------|--------------------------------|
| Balance at Beginning of Year                             | 700 (2)                | 710 (2)                       | 720 (2)            | 730                    | 740                             | 750                            |
| Add:   |                        |                               |                    |                        |                                 |                                |
| Current year's losses (7)                                | 701                    | 711                           | 721                | 731                    | 741                             | 751                            |
| Losses from predecessor corporations (3)                 | 702                    | 712                           | 722                | 732                    |                                 | 752                            |
| Subtotal   | 703                    | 713                           | 723                | 733                    | 743                             | 753                            |
| Subtract:  |                        |                               |                    |                        |                                 |                                |
| Utilized during the year to reduce taxable income        | 704 (2)                | 715 (2)(4)                    | 724                | 734 (2)(4)             | 744 (4)                         | 754 (4)                        |
| Expired during the year                                  | 705                    |                               | 725                | 735                    | 745                             |                                |
| Carried back to prior years to reduce taxable income (5) | 706 (2) To Page 17     | 716 (2) To Page 17            | 726 (2) To Page 17 | 736 (2) To Page 17     | 746                             |                                |
| Subtotal   | 707                    | 717                           | 727                | 737                    | 747                             | 757                            |
| Balance at End of Year                                   | 709 (8) <NIL>          | 719 <NIL>                     | 729 <NIL>          | 739                    | 749 <NIL>                       | 759 <NIL>                      |

## Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34. includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

## Analysis of Balance by Year of Origin

| Year of Origin (oldest year first) year month day | Non-Capital Losses | Non-Capital Losses of Predecessor Corporations | Total Capital Losses from Listed Personal Property only (9) (10) | Farm Losses | Restricted Farm Losses |
|---|--------------------|--|--|-------------|------------------------|
| 800<br>1994/12/31                                 |                    |  |  | 850         | 870                    |
| 801<br>1995/12/31                                 |                    |  |  | 851         | 871                    |
| 802<br>1996/12/31                                 |                    |  |  | 852         | 872                    |
| 803<br>1997/12/31                                 | 820                | 830  | 840  | 853         | 873                    |
| 804<br>1998/12/31                                 | 821                | 831  | 841  | 854         | 874                    |
| 805<br>1999/12/31                                 | 822                | 832  | 842  | 855         | 875                    |
| 806<br>2000/12/31                                 | 823                | 833  | 843  | 856         | 876                    |
| 807<br>2001/12/31                                 | 824                | 834  | 844  | 857         | 877                    |
| 808<br>2002/12/31                                 | 825                | 835  | 845  | 858         | 878                    |
| 809<br>2003/12/31                                 | 826                | 836  | 846  | 859         | 879                    |
| Total   | 829 <NIL>          | 839 <NIL>                                      | 849 <NIL>  | 869 <NIL>   | 889                    |

Corporation's Legal Name  
HALTON HILLS HYDRO INC.Ontario Corporations Tax Account No. (MOF)  
1800262Taxation Year End  
2003/12/31

DOLLARS ONLY

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

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

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

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

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

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

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

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

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

**Application of Losses**

|   | Non-Capital Losses | Total Capital Losses | Farm Losses | Restricted Farm Losses |
|---|--------------------|----------------------|-------------|------------------------|
| Total amount of loss  | 910                | 920                  | 930         | 940                    |
| <b>Deduct:</b> Loss to be carried back to preceding taxation years and applied to reduce taxable income |                    |                      |             |                        |
| Predecessor Ontario Corporations's Tax Account No. (MOF)      Taxation Year Ending YYYY MM DD           | 911                | 921                  | 931         | 941                    |
| i) 3rd preceding      901      2000/12/31   | 912                | 922                  | 932         | 942                    |
| ii) 2nd preceding      902      2001/12/31  | 913                | 923                  | 933         | 943                    |
| iii) 1st preceding      903      2002/12/31   | From 706           | From 716             | From 726    | From 736               |
| Total loss to be carried back   | 919                | 929                  | 939         | 949                    |
| Balance of loss available for carry-forward   |                    |                      |             |                        |

**Summary**

Income Tax - - - - + From 230 or 320 282,602 •

Corporate Minimum Tax - - - + From 280 •

Capital Tax - - - - - + From 550 83,859 •

Premium Tax - - - - - + From 590 •

Total Tax Payable - - - - - = 950 366,461 •

Subtract: Payments - - - - - - 960 366,461 •

Capital Gains Refund (s.48) - - - - - 965 •

Qualifying Environmental Trust Tax Credit (Refer to Guide) - - - - - 985 •

Specified Tax Credits (Refer to Guide) - - - - - 955 •

Balance - - - - - = 970 0 •

If payment due - - - - - Enclosed\* 990 0 •

If overpayment: Refund (Refer to Guide) = 975 •

year month day

Apply to 980 •

(Includes credit interest)

\* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, **payable to the Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

**Certification**

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

Name (please print)

ARTHUR SKIDMORE

Title

CHIEF FINANCIAL OFFICER

Full Residence Address

43 ALICE STREET

ACTON

ON

L7J2A9

Signature

Date

28/06/2004

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



Please complete  
Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

HALTON HILLS HYDRO INC.

1800262

2003/12/31

CT23 Schedule A

Page 18 of 24

DOLLARS ONLY

## Corporate Minimum Tax - Schedule A: Calculation of CMT Base



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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) - - - - - + [2100] 1,170,989

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

Provision for recovery of income taxes / benefit of current incomes taxes - - + [2101] \_\_\_\_\_  
Provision for deferred income taxes (credits) / benefit of future incomes taxes - - + [2102] \_\_\_\_\_  
Equity income from corporations - - - - - + [2103] \_\_\_\_\_  
Share of partnership(s)/joint venture(s) income - - - - - + [2104] \_\_\_\_\_  
Dividends received/receivable deductible under fed.s.112 - - - - - + [2105] \_\_\_\_\_  
Dividends received/receivable deductible under fed.s.113 - - - - - + [2106] \_\_\_\_\_  
Dividends received/receivable deductible fed.s.83(2) - - - - - + [2107] \_\_\_\_\_  
Federal Part VI.1 tax paid on dividends declared and paid  
under fed.s.191.1(1) \_\_\_\_\_ X 9/4 - + [2108] \_\_\_\_\_

Subtotal - - - - - = \_\_\_\_\_ ▶ [2109] \_\_\_\_\_

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

Provision for current taxes / cost of current incomes taxes - - - - - + [2110] 856,051  
Provision for deferred income taxes / cost of future incomes taxes (debits) - - + [2111] \_\_\_\_\_  
Equity losses from corporations - - - - - + [2112] \_\_\_\_\_  
Share of partnership(s)/joint venture(s) losses - - - - - + [2113] \_\_\_\_\_  
Dividends that have been deducted to arrive at net income per Financial Statements.  
s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) - - - - - + [2114] \_\_\_\_\_

Subtotal - - - - - = 856,051 ▶ [2115] 856,051

### Add/Subtract:

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

\*\* Fed. s.85 - - - - - + [2116] \_\_\_\_\_ or - [2117] \_\_\_\_\_

\*\* Fed. s.85.1 - - - - - + [2118] \_\_\_\_\_ or - [2119] \_\_\_\_\_

\*\* Fed. s.97 - - - - - + [2120] \_\_\_\_\_ or - [2121] \_\_\_\_\_

\*\* Amounts relating to amalgamations (fed.s.87) as  
prescribed in regulations for current/prior years + [2122] \_\_\_\_\_ or - [2123] \_\_\_\_\_

\*\* Amounts relating to wind-ups (fed.s.88) as  
prescribed in regulations for current/prior years + [2124] \_\_\_\_\_ or - [2125] \_\_\_\_\_

\*\* Amounts relating to s.57.10 election/regulations  
for replacement re fed.s.13(4), 14(6) and 44  
for current/prior years - - - - - + [2126] \_\_\_\_\_ or - [2127] \_\_\_\_\_

Interest allowable under ss. 20(1)(c) or (d) of ITA  
to the extent not otherwise deducted in  
determining CMT adjusted net income - - - - - - [2150] \_\_\_\_\_

Subtotal (Additions) - - - - - = \_\_\_\_\_ ▶ + [2128] \_\_\_\_\_

Subtotal (Subtractions) - - - - - = \_\_\_\_\_ ▶ - [2129] \_\_\_\_\_

\*\* Other adjustments - - - - - ± [2130] \_\_\_\_\_

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] 2,027,040

\*\* Share of partnership(s)/joint venture(s) **adjusted** net income/loss - - - - - ± [2132] \_\_\_\_\_

### Adjusted net income (loss)

(if loss, transfer to [2202] in **Schedule B: Continuity of CMT Losses Carried Forward, Page 19**) = [2133] 2,027,040

Deduct \* CMT losses: pre-1994 Loss - - - - - + From [2210] \_\_\_\_\_

\* CMT losses: other eligible losses - - - - - + From [2211] \_\_\_\_\_

= \_\_\_\_\_ ▶ [2134] \_\_\_\_\_

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

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

**CMT Base** - - - - - = [2135] 2,027,040

Transfer to CMT Base, Page 8

## CAPITAL COST ALLOWANCE (CCA)

## SCHEDULE 8 - Ontario

(1998 and later taxation years)

|                         |                 |                   |                |
|-------------------------|-----------------|-------------------|----------------|
| Name of Corporation     | Business Number | Taxation Year End | Year Month Day |
| WATLON HILLS HYDRO INC. | 1800262         |                   | 2003/12/31     |

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

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

| 1<br>Class no. | Description          | 2<br>Undepreciated capital cost at the beginning of the year (column 11 from last year's T2S(8)) | 3<br>Cost of acquisitions during the year (new property must be available for use)<br><br>See note 1 below | 4<br>Adjustments (show negative amounts in brackets) | 5<br>Proceeds of dispositions during the year (amount not to exceed the capital cost) | 6<br>Undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5) | 7<br>50% rule (deduct 1/2 the amount, if any, by which the net cost of acquisitions exceeds col. 5)<br><br>See note 2 below | 8<br>Reduced undepreciated capital cost (column 6 minus column 7) | 9<br>CCA rate % | 10<br>Capital cost allowance (column 8 multiplied by column 9; or a lower amount)<br><br>See note 3 below | 11<br>Undepreciated capital cost at the end of the year (column 6 minus column 10) |
|----------------|----------------------|--|--|--|---|--|---|---|-----------------|---|--|
| 200            |                      | 201  | 203  | 205  | 207   |  | 211   |   | 212             | 217   | 220  |
| 1              | Dist'n System        | 20,375,530   | 1,972,252  |  |   | 22,347,782   | 986,126   | 21,361,656  | 4.0             | 854,466   | 21,493,316   |
| 1              | Buildings & fixtures | 2,291,986  | 17,570   |  |   | 2,309,556  | 8,785   | 2,300,771   | 4.0             | 92,031  | 2,217,525  |
| 8              | Major Tools          | 213,770  | 18,743   |  |   | 232,513  | 9,372   | 223,141   | 20.0            | 44,628  | 187,885  |
| 8              | Office Equipment     | 109,183  | 25,155   |  | 1,240   | 133,098  | 11,958  | 121,140   | 20.0            | 24,228  | 108,870  |
| 8              | Stores Equipment     | 39,777   |  |  |   | 39,777   |   | 39,777  | 20.0            | 7,955   | 31,822   |
| 10             | Computer Hardware    | 330,901  | 81,620   |  | 2,500   | 410,021  | 39,560  | 370,461   | 30.0            | 111,138   | 298,883  |
| 10             | Fleet                | 717,749  | 31,195   |  | 594   | 748,350  | 15,301  | 733,049   | 30.0            | 219,915   | 528,435  |
| 12             | Computer Software    | 44,104   | 64,075   |  |   | 108,179  | 32,037  | 76,142  | 100.            | 76,142  | 32,037   |
| 8              | Scada comm equipment | 184,639  | 102,820  |  |   | 287,459  | 51,410  | 236,049   | 20.0            | 47,210  | 240,249  |
|                | Total                | 24,307,639   | 2,313,430  |  | 4,334   | 26,616,735   | 1,154,549   | 25,462,186  |                 | 1,477,713   | 25,139,022   |

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

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

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

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

|  |   |  |
|--|---|--|
| Corporation's Legal Name<br><b>HALTON HILLS HYDRO INC.</b> | Ontario Corporations Tax Account No.<br>(MOF)<br><b>1800262</b> | Taxation Year End<br><b>2003/12/31</b> |
|--|---|--|

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

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

1 Yes ☐

2 No ☒

| 1<br>Class<br>number | 2<br>UCC start<br>of year | 3<br>Additions<br>during the year | 4<br>Net<br>adjustments | 5<br>Proceeds of<br>dispositions | 6<br>UCC  | 7<br>50% rule on<br>net acquisitions | 8<br>Reduced<br>UCC |
|----------------------|---------------------------|-----------------------------------|-------------------------|----------------------------------|-----------|--------------------------------------|---------------------|
| reg                  | 24307,639                 | 2,313,430                         |                         | 4,334                            | 26616,735 | 1,154,549                            | 25462,186           |
| 10.1                 |                           |                                   |                         |                                  |           |                                      |                     |
| 13                   |                           |                                   |                         |                                  |           |                                      |                     |
| 14                   |                           |                                   |                         |                                  |           |                                      |                     |
|                      | 10<br>Recapture<br>of CCA | 11<br>Terminal Loss<br>loss       | 12<br>CCA               | 13<br>UCC at end<br>of year      |           |                                      |                     |
| reg                  |                           |                                   | 1,477,713               | 25139,022                        |           |                                      |                     |
| 10.1                 |                           |                                   |                         |                                  |           |                                      |                     |
| 13                   |                           |                                   |                         |                                  |           |                                      |                     |
| 14                   |                           |                                   |                         |                                  |           |                                      |                     |
| <b>Total</b>         |                           |                                   | 1,477,713               |                                  |           |                                      |                     |

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

**Totals:**

Recapture

Enter in 650 on the CT23

Terminal loss

Enter in 650 on the CT23

CCA Claimed

1,477,713

Enter in 650 on the CT23

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

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

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

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



Ontario

Ministry of Finance

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

(For taxation years 2000 and later)

|                          |   |                   |
|--------------------------|---|-------------------|
| Corporation's Legal Name | Ontario Corporations Tax Account No.<br>(MOF) | Taxation Year End |
| ALTON HILLS HYDRO INC.   | 1800262                                       | 2003/12/31        |

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

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

Ontario Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter zero) ..... 1,100,340 A

Add: Cost of eligible capital property acquired during the taxation year ..... + ..... B

Amount transferred on amalgamation or wind-up of subsidiary ..... + ..... C

Other adjustments ..... + ..... D

Total of B + C + D ..... = ..... x 3/4 = ..... E

Subtotal A + E ..... = 1,100,340 F

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year ..... + ..... G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) ..... + ..... H

Other adjustments ..... + ..... I

Total of G + H + I ..... = ..... x 3/4 = ..... J

Ontario Cumulative eligible capital balance F - J ..... = 1,100,340 K

If amount K is negative, enter zero at line M and proceed to Part 2

Current year deduction 1,100,340 K x 7% \* ..... = 77,024 L

\* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum. Enter the amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K - L (if negative, enter zero) ..... = 1,023,316 M

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

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

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

Amount from line K above show as a positive amount. .... N

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 ..... 1

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA ..... 2

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 ..... 3

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 ..... 4

Line 3 deduct line 4 ..... 5

Total lines 1 + 2 + 5 ..... 6

Line T From previous Ontario Schedule 10 for taxation years ending after February 27, 2000 ..... 7

Deduct line 7 from line 6 ..... O

N- O (cannot be negative) ..... P

Amount on line 5 ..... X 1/2 ..... Q

P - Q ..... R

Amount on line R ..... X 2/3 ..... S

Lesser of line N or line O ..... T

Amount to be included in income S + T .....

Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S



Ontario

Ministry of Finance

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

## Corporate Minimum Tax - Associated Corporations

|                          |   |                   |
|--------------------------|---|-------------------|
| Corporation's Legal Name | Ontario Corporations Tax Account No.<br>(MOF) | Taxation Year End |
| HALTON HILLS HYDRO INC.  | 1800262                                       | 2003/12/31        |

| Name of Associated Corporation<br>(Canadian and Foreign) | Corporations Tax<br>Number | Taxation Year<br>End | Total<br>Assets | Total<br>Revenue |
|--|----------------------------|----------------------|-----------------|------------------|
| HALTON HILLS HYDRO INC.                                  | 1800262                    | 2003/12/31           | 40,929,089      | 37,399,891       |
| HALTON HILLS FIBRE OPTICS                                | 1800329                    | 2003/12/31           | 1,752,271       | 418,823          |
| SOUTHWESTERN ENERGY INC.                                 | 1800261                    | 2003/12/31           | 165,282         | 175,219          |
| HALTON HILLS ENERGY INC.                                 | 6094233                    | 2003/12/31           | 1               |                  |
| HALTON HILLS ENERGY SERVIC                               | 8238060                    | 2003/12/31           | 1,076,730       | 601,040          |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |
|  |                            |                      |                 |                  |

Totals 43,923,373 38,594,973

(Transfer to 249 of the CT23) (Transfer to 250 of the CT23)



Ontario

Ministry of Finance

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

## Taxable Capital of Associated Corporations

(Applicable to an associated group that  
has a permanent establishment in Canada)

Schedule CT21

| Corporation's Legal Name | Ontario Corporations Tax Account No.<br>(MOF) | Taxation Year End |
|--------------------------|---|-------------------|
| HALTON HILLS HYDRO INC.  | 1800262                                       | 2003/12/31        |

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

| Name of Associated Corporation<br>(Must have a PE in Canada) | Corporations Tax<br>Account No. (MOF)<br>(if applicable) | Taxation Year<br>End | Taxable capital |
|--|--|----------------------|-----------------|
| HALTON HILLS HYDRO INC.                                      | 1800262  | 2003/12/31           | 32,639,570      |
| HALTON HILLS FIBRE OPTICS                                    | 1800329  | 2003/12/31           | 1,629,407       |
| SOUTHWESTERN ENERGY INC.                                     | 1800261  | 2003/12/31           | 83,638          |
| HALTON HILLS ENERGY INC.                                     | 6094233  | 2003/12/31           | 1               |
| HALTON HILLS ENERGY SERVIC                                   | 8238060  | 2003/12/31           | 470,816         |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |
|  |  |                      |                 |

Aggregate of taxable capital 34,823,432

(Transfer to 540 of the CT23)

# Schedule A: Information on Ontario Corporations

MCBS

(Corporations that are incorporated, continued or amalgamated under the  
Ontario Business Corporations Act)

Schedule A



Page 22 of 24

submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

| Identification  |  |   |  |
|---|--|---|--|
| Corporation's Legal Name (including punctuation)<br><b>HALTON HILLS HYDRO INC.</b>  |  | Ontario Corporation No. (MCBS)<br><b>1349889</b>                        | Date of Incorporation or Amalgamation<br>year month day<br><b>1999/04/13</b> |
| Director/Officer Information  |  |   |  |
| Full Name and Address for Service:  |  |   |  |
| Last Name<br><b>ANDREWS</b>   |  | First Name<br><b>STEVEN</b>   | Middle Name(s)<br><b>P</b>   |
| Street Number and Name<br><b>1 HALTON HILLS DRIVE</b>   |  | Suite   |  |
| City/Town/Village<br><b>GEORGETOWN</b>  |  | Province/State<br><b>ON</b>   | Country<br><b>CA</b>   |
|   |  | Postal/Zip Code<br><b>L7G 5G2</b>                                       |  |
| Director  |  | Officer   |  |
| Are you a Resident Canadian?<br>(Applies to directors of business corporations only)<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |  | Indicate the appointment period for each of the following:              |  |
| Date Elected<br>year month day<br><b>2000/08/19</b>   |  | Other Titles (please specify):  |  |
| Ceased<br>year month day<br><b>2003/07/15</b>   |  | Chair <input type="checkbox"/> Chief Executive Officer                  |  |
|   |  | Chair Person <input type="checkbox"/> Chief Financial Officer           |  |
|   |  | Chairman <input type="checkbox"/> Chief Information Officer             |  |
|   |  | Chairwoman <input type="checkbox"/> Chief Operating Officer             |  |
|   |  | Vice-Chair <input type="checkbox"/> Chief Administrative Officer        |  |
|   |  | Vice-President <input type="checkbox"/> Comptroller                     |  |
|   |  | Assistant Secretary <input type="checkbox"/> Authorized Signing Officer |  |
|   |  | Assistant Treasurer <input type="checkbox"/> Other (untitled)           |  |
|   |  | Chief Manager <input type="checkbox"/>                                  |  |
|   |  | Executive Director <input type="checkbox"/>                             |  |
|   |  | Managing Director <input type="checkbox"/>                              |  |

| Director/Officer Information  |  |   |                            |
|---|--|---|----------------------------|
| Full Name and Address for Service:  |  |   |                            |
| Last Name<br><b>GASTLE</b>  |  | First Name<br><b>KATHLEEN</b>   | Middle Name(s)<br><b>J</b> |
| Street Number and Name<br><b>1 HALTON HILLS DRIVE</b>   |  | Suite   |                            |
| City/Town/Village<br><b>GEORGETOWN</b>  |  | Province/State<br><b>ON</b>   | Country<br><b>CA</b>       |
|   |  | Postal/Zip Code<br><b>L7G 5G2</b>                                       |                            |
| Director  |  | Officer   |                            |
| Are you a Resident Canadian?<br>(Applies to directors of business corporations only)<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |  | Indicate the appointment period for each of the following:              |                            |
| Date Elected<br>year month day<br><b>2000/12/14</b>   |  | Other Titles (please specify):  |                            |
| Ceased<br>year month day<br><b>2003/12/01</b>   |  | Chair <input type="checkbox"/> Chief Executive Officer                  |                            |
|   |  | Chair Person <input type="checkbox"/> Chief Financial Officer           |                            |
|   |  | Chairman <input type="checkbox"/> Chief Information Officer             |                            |
|   |  | Chairwoman <input type="checkbox"/> Chief Operating Officer             |                            |
|   |  | Vice-Chair <input type="checkbox"/> Chief Administrative Officer        |                            |
|   |  | Vice-President <input type="checkbox"/> Comptroller                     |                            |
|   |  | Assistant Secretary <input type="checkbox"/> Authorized Signing Officer |                            |
|   |  | Assistant Treasurer <input type="checkbox"/> Other (untitled)           |                            |
|   |  | Chief Manager <input type="checkbox"/>                                  |                            |
|   |  | Executive Director <input type="checkbox"/>                             |                            |
|   |  | Managing Director <input type="checkbox"/>                              |                            |

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

CANTAX T2, 2003 CT23, version 03.2.307 Approval Code 0101

# Schedule A: Information on Ontario Corporations

MCBS

(Corporations that are incorporated, continued or amalgamated under the  
Ontario Business Corporations Act)

Schedule A



Page 23 of 24

submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

| Identification  |  |  |  |
|---|--|--|--|
| Corporation's Legal Name (including punctuation)<br><b>HALTON HILLS HYDRO INC.</b>  |  | Ontario Corporation No. (MCBS)<br><b>1349889</b>   | Date of Incorporation or Amalgamation<br>year month day<br><b>1999/04/13</b> |
| Director/Officer Information  |  |  |  |
| Full Name and Address for Service:  |  |  |  |
| Last Name<br><b>BONNETTE</b>  |  | First Name<br><b>RICHARD</b>   | Middle Name(s)<br><b>O. J. L.</b>  |
| Street Number and Name<br><b>1 HALTON HILLS DRIVE</b>   |  | Suite  |  |
| City/Town/Village<br><b>GEORGETOWN</b>  |  | Province/State<br><b>ON</b>  | Country<br><b>CA</b>   |
|   |  | Postal/Zip Code<br><b>L7G 5G2</b>  |  |
| Director  |  | Officer  |  |
| Are you a Resident Canadian?<br>(Applies to directors of business corporations only)<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |  | Indicate the appointment period for each of the following:                                       |  |
| Date Elected<br>year month day<br><b>2003/12/02</b>   |  | Other Titles (please specify):   |  |
| Ceased<br>year month day  |  | Chair <input type="checkbox"/> Chief Executive Officer <input type="checkbox"/>                  |  |
|   |  | Chair Person <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/>           |  |
|   |  | Chairman <input type="checkbox"/> Chief Information Officer <input type="checkbox"/>             |  |
|   |  | Chairwoman <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/>             |  |
|   |  | Vice-Chair <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/>        |  |
|   |  | Vice-President <input type="checkbox"/> Comptroller <input type="checkbox"/>                     |  |
|   |  | Assistant Secretary <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> |  |
|   |  | Assistant Treasurer <input type="checkbox"/> Other (untitled) <input type="checkbox"/>           |  |
|   |  | Chief Manager <input type="checkbox"/>   |  |
|   |  | Executive Director <input type="checkbox"/>  |  |
|   |  | Managing Director <input type="checkbox"/>   |  |
|   |  |  |  |

| Director/Officer Information   |  |  |                |
|--|--|--|----------------|
| Full Name and Address for Service:   |  |  |                |
| Last Name  |  | First Name   | Middle Name(s) |
| Street Number and Name   |  | Suite  |                |
| City/Town/Village  |  | Province/State   | Country        |
|  |  | Postal/Zip Code  |                |
| Director   |  | Officer  |                |
| Are you a Resident Canadian?<br>(Applies to directors of business corporations only)<br><input type="checkbox"/> Yes <input type="checkbox"/> No |  | Indicate the appointment period for each of the following:                                       |                |
| Date Elected<br>year month day   |  | Other Titles (please specify):   |                |
| Ceased<br>year month day   |  | Chair <input type="checkbox"/> Chief Executive Officer <input type="checkbox"/>                  |                |
|  |  | Chair Person <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/>           |                |
|  |  | Chairman <input type="checkbox"/> Chief Information Officer <input type="checkbox"/>             |                |
|  |  | Chairwoman <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/>             |                |
|  |  | Vice-Chair <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/>        |                |
|  |  | Vice-President <input type="checkbox"/> Comptroller <input type="checkbox"/>                     |                |
|  |  | Assistant Secretary <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> |                |
|  |  | Assistant Treasurer <input type="checkbox"/> Other (untitled) <input type="checkbox"/>           |                |
|  |  | Chief Manager <input type="checkbox"/>   |                |
|  |  | Executive Director <input type="checkbox"/>  |                |
|  |  | Managing Director <input type="checkbox"/>   |                |
|  |  |  |                |

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

CANTAX T2, 2003 CT23, version 03.2.307 Approval Code 0101



|                         |                   |                         |                      |
|-------------------------|-------------------|-------------------------|----------------------|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year<br>Month<br>Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003/12/31           |

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

T2 SCH 100

Page 1 of 3

|  |             |                   |
|--|-------------|-------------------|
| <b>Assets</b>  |             |                   |
| <b>Current assets</b>  |             |                   |
| Cash .....   | 1001        | 1,300             |
| Deposits in Canadian banks and institutions - Canadian currency .....    | 1002        | 3,479,741         |
| Trade accounts receivable .....  | 1062        | 6,828,346         |
| Allowance for doubtful trade accounts receivable .....                   | 1063        | 56,101            |
| Trade accounts receivable from related parties .....                     | 1064        | 89,581            |
| Inventory parts and supplies .....                                       | 1122        | 854,134           |
| Canadian shares .....  | 1182        | 23,254            |
| Investment in joint venture(s) / partnership(s) .....                    | 1360        | 35,811            |
| Loans / advances due from related parties .....                          | 1403        | 503,818           |
| Prepaid expenses .....   | 1484        | 117,293           |
| <b>Total current assets</b> .....  | <b>1599</b> | <b>11,877,177</b> |
| <b>Capital assets</b>  |             |                   |
| Land improvements .....  | 1601        | 354,871           |
| Manufacturing and processing plant .....                                 | 1682        | 2,559,075         |
| Accumulated amortization of manufacturing and processing plant .....     | 1683        | 163,822           |
| Motor vehicles .....   | 1742        | 1,055,676         |
| Accumulated amortization of motor vehicles .....                         | 1743        | 512,160           |
| Tools and dies .....   | 1744        | 295,240           |
| Accumulated amortization of tools and dies .....                         | 1745        | 115,885           |
| Small tools .....  | 1770        | 51,007            |
| Accumulated amortization of small tools .....                            | 1771        | 18,177            |
| Computer equipment / software .....                                      | 1774        | 1,232,832         |
| Accumulated amortization of computer equipment / software .....          | 1775        | 495,221           |
| Machinery and equipment under construction .....                         | 1782        | 80,846            |
| Other machinery and equipment .....                                      | 1785        | 22,512,580        |
| Accumulated amortization of other machinery and equipment .....          | 1786        | 3,721,393         |
| Furniture and fixtures .....   | 1787        | 159,636           |
| Accumulated amortization of furniture and fixtures .....                 | 1788        | 71,805            |
| <b>Total tangible capital assets</b> .....                               | <b>2008</b> | <b>28,301,763</b> |
| <b>Total accumulated amortization of tangible capital assets</b> .....   | <b>2009</b> | <b>5,098,463</b>  |
| <b>Intangible Capital Assets</b>   |             |                   |
| Goodwill .....   | 2012        | 359,705           |
| Accumulated amortization of goodwill .....                               | 2013        | 6,824             |
| Incorporation costs .....  | 2018        | 336,911           |
| Accumulated amortization of incorporation costs .....                    | 2019        | 46,429            |
| Rights .....   | 2024        | 4,739             |
| <b>Total intangible capital assets</b> .....                             | <b>2178</b> | <b>701,355</b>    |
| <b>Total accumulated amortization of intangible capital assets</b> ..... | <b>2179</b> | <b>53,253</b>     |
| <b>Long Term Assets</b>  |             |                   |
| Due from / investment in Canadian related parties .....                  | 2241        | 865,551           |
| Investment in Canadian related corporations at cost .....                | 2244        | 865,552           |
| Other deferred items / charges .....                                     | 2424        | 3,480,404         |
| <b>Total long term assets</b> .....                                      | <b>2589</b> | <b>5,211,507</b>  |
| Assets held in trust .....   | 2590        |                   |
| <b>Total assets *</b> .....  | <b>2599</b> | <b>40,940,086</b> |

\* Mandatory field

|                         |                   |                         |      |       |     |
|-------------------------|-------------------|-------------------------|------|-------|-----|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year | Month | Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003 | 12    | 31  |

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

**T2 SCH 100**

**Page 2 of 3**

**Liabilities**

**Current liabilities**

|                                   |      |           |
|-----------------------------------|------|-----------|
| Trade payables .....              | 2621 | 5,414,017 |
| Wages payable .....               | 2624 | 95,888    |
| Employee deductions payable ..... | 2627 | 6,108     |
| Interest payable .....            | 2629 | 40,000    |
| Taxes payable .....               | 2680 | 340,000   |
| Deferred income .....             | 2770 | 5,000     |
| Deposits received .....           | 2961 | 237,500   |
| Total current liabilities .....   | 3139 | 6,138,513 |

**Long term liabilities**

|  |      |            |
|--|------|------------|
| Due to corporate shareholder(s) .....                      | 3262 | 16,141,970 |
| Long term obligations / commitments / capital leases ..... | 3321 | 414,000    |
| General provisions / reserves .....                        | 3325 | 679,064    |
| Total long term liabilities .....                          | 3450 | 17,235,034 |

|                                  |             |                   |
|----------------------------------|-------------|-------------------|
| <b>Total liabilities *</b> ..... | <b>3499</b> | <b>23,373,547</b> |
|----------------------------------|-------------|-------------------|

\* Mandatory field

**GIFI**  
**SCHEDULE 141 - NOTES**

Page 1 of 1

**Notes Checklist**

**Involvement of accountant**

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

Choose only one of the following:

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

**Other information**

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

|                         |                   |                         |                      |
|-------------------------|-------------------|-------------------------|----------------------|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year<br>Month<br>Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003/12/31           |

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

**T2 SCH 100**

**Page 3 of 3**

**Shareholder Equity**

|  |      |            |
|--|------|------------|
| Common shares .....                                | 3500 | 16,161,663 |
| Retained earnings / deficit (from Line 3849) ..... | 3600 | 1,404,876  |

|   |             |                   |
|---|-------------|-------------------|
| <b>Total shareholder equity *</b> ..... | <b>3620</b> | <b>17,566,539</b> |
|---|-------------|-------------------|

\* Mandatory field

**Retained Earnings Information**

**Retained earnings / deficit**

|  |      |           |
|--|------|-----------|
| Retained earnings / deficit - start .....                                | 3660 | 233,887   |
| Net income / loss .....  | 3680 | 1,170,989 |
| Retained earnings / deficit - end (enter this amount at Line 3600) ..... | 3849 | 1,404,876 |

|   |             |                   |
|---|-------------|-------------------|
| <b>Total liabilities and shareholder equity</b> ..... | <b>3640</b> | <b>40,940,086</b> |
|---|-------------|-------------------|

|                         |                   |                         |      |       |     |
|-------------------------|-------------------|-------------------------|------|-------|-----|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year | Month | Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003 | 12    | 31  |

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

**T2 SCH 125**

**Page 1 of 7**

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

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

**0003 Sequence Number**

1

**Revenue**

|  |      |            |
|--|------|------------|
| Trade sales of goods and services .....              | 8000 | 36,923,721 |
| Sales of goods and services to related parties ..... | 8020 | 329,776    |
| Total sales of goods and services .....              | 8089 | 37,253,497 |
|  |      |            |
| Interest from other Canadian sources .....           | 8094 | 603        |
| Dividends from Canadian sources .....                | 8096 | 1,080      |
| Securities interest .....                            | 8102 | 1,719      |
| Deposits with banks interest .....                   | 8103 | 94,983     |
| Real estate rental revenue .....                     | 8141 | 10,500     |

**Other Revenue**

|                              |      |            |
|------------------------------|------|------------|
| <b>Total revenue *</b> ..... | 8299 | 37,362,382 |
|------------------------------|------|------------|

\* Mandatory field

|                         |                   |                         |                      |
|-------------------------|-------------------|-------------------------|----------------------|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year<br>Month<br>Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003/12/31           |

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

**T2 SCH 125**

**Page 2 of 7**

**Cost of sales**

|                                      |                 |                      |
|--------------------------------------|-----------------|----------------------|
| Purchases / cost of materials .....  | <b>8320</b>     | <u>28,473,695</u>    |
| <b>Cost of sales</b> .....           | <b>8518</b>     | <u>28,473,695</u>    |
| <br><b>Gross profit / loss</b> ..... | <br><b>8519</b> | <br><u>8,779,802</u> |

|                         |                   |                         |                      |
|-------------------------|-------------------|-------------------------|----------------------|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year<br>Month<br>Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003/12/31           |

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

T2 SCH 125

Page 3 of 7

**Operating expenses**

|   |             |                  |
|---|-------------|------------------|
| Advertising .....                                       | 8521        | 10,961           |
| Meals and entertainment .....                           | 8523        | 15,412           |
| Amortization of intangible assets .....                 | 8570        | 13,204           |
| Bad debt expense .....                                  | 8590        | 52,983           |
| Group insurance benefits .....                          | 8621        | 19,190           |
| Employer's portion of employee benefits .....           | 8622        | 239,438          |
| Amortization of tangible assets .....                   | 8670        | 1,782,655        |
| Insurance .....   | 8690        | 108,326          |
| Interest on long term debt .....                        | 8714        | 1,176,855        |
| Bank charges .....                                      | 8715        | 26,267           |
| Collection and credit costs .....                       | 8717        | 3,679            |
| Interest paid on deposits .....                         | 8741        | 44,746           |
| Memberships .....                                       | 8761        | 30,555           |
| Business taxes .....                                    | 8762        | 133,080          |
| Office stationery and supplies .....                    | 8811        | 68,499           |
| Legal fees .....  | 8861        | 81,217           |
| Accounting fees .....                                   | 8862        | 39,169           |
| Consulting fees .....                                   | 8863        | 3,541            |
| Training expense .....                                  | 8876        | 23,833           |
| Equipment rental .....                                  | 8914        | 21,514           |
| Repairs and maintenance - buildings .....               | 8961        | 32,423           |
| Repairs and maintenance - vehicles .....                | 8962        | 131,978          |
| Repairs and maintenance - machinery and equipment ..... | 8964        | 169,702          |
| Garbage removal .....                                   | 9014        | 7,992            |
| Directors fees .....                                    | 9064        | 33,750           |
| Management salaries .....                               | 9065        | 791,640          |
| Employee salaries .....                                 | 9066        | 1,248,905        |
| Sub-contracts .....                                     | 9110        | 161,096          |
| Small tools .....                                       | 9131        | 36,552           |
| Uniforms .....  | 9133        | 10,635           |
| Laundry .....   | 9134        | 4,662            |
| Internet .....  | 9152        | 9,122            |
| Property taxes .....                                    | 9180        | 98,699           |
| Travel expenses .....                                   | 9200        | 1,936            |
| Meetings and conventions .....                          | 9201        | 20,955           |
| Electricity .....                                       | 9221        | 67,810           |
| Water .....   | 9222        | 5,896            |
| Telephone and telecommunications .....                  | 9225        | 61,326           |
| Delivery, freight and express .....                     | 9275        | 71,444           |
| <b>Total operating expenses .....</b>                   | <b>9367</b> | <b>6,861,647</b> |

|                               |             |                   |
|-------------------------------|-------------|-------------------|
| <b>Total expenses *</b> ..... | <b>9368</b> | <b>35,335,342</b> |
|-------------------------------|-------------|-------------------|

\* Mandatory field

**Net non-farming income .....** **9369** **2,027,040**

|                         |                   |                         |                      |
|-------------------------|-------------------|-------------------------|----------------------|
| Name of Corporation     | Business Number   | Taxation<br>Year<br>End | Year<br>Month<br>Day |
| HALTON HILLS HYDRO INC. | 867429623 RC 0001 |                         | 2003/12/31           |

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

**T2 SCH 125**

**Page 4 of 7**

**Farming Revenue**

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



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

T2 SCH 125

Page 5 of 7

**Farming Revenue (cont'd)**

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

|                                   |                   |
|-----------------------------------|-------------------|
| <b>Total farm revenue *</b> ..... | <b>9659</b> ..... |
|-----------------------------------|-------------------|

\* Mandatory field

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

T2 SCH 125

Page 6 of 7

**Farming Expenses**

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

**Do not file with CCRA. Submit the RSI forms only.**

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

T2 SCH 125

Page 7 of 7

**Farming Expenses (cont'd)**

|  |                 |
|--|-----------------|
| <b>General farm expenses</b>                       | <b>9790</b>     |
| Amortization of tangible assets                    | 9791            |
| Advertising, marketing costs and promotion         | 9792            |
| Bad debt   | 9793            |
| Benefits related to employee salaries              | 9794            |
| Building repairs and maintenance                   | 9795            |
| Clearing, levelling and draining land              | 9796            |
| Crop insurance, GRIP and stabilization premiums    | 9797            |
| Custom or contract work                            | 9798            |
| Electricity  | 9799            |
| Fence repairs and maintenance                      | 9800            |
| Freight and trucking                               | 9801            |
| Heating fuel and curing fuel                       | 9802            |
| Insurance program overpayment recapture            | 9803            |
| Other insurance premiums                           | 9804            |
| Interest and bank charges                          | 9805            |
| Marketing board fees                               | 9806            |
| Memberships / subscription fees                    | 9807            |
| Office expenses                                    | 9808            |
| Professional fees                                  | 9809            |
| Property taxes                                     | 9810            |
| Rent - land and buildings                          | 9811            |
| Rent - machinery                                   | 9812            |
| Other rental expenses                              | 9813            |
| Salaries and wages                                 | 9814            |
| Salaries and wages other than spouse or dependants | 9815            |
| Salaries and wages paid to dependants              | 9816            |
| Selling costs                                      | 9817            |
| Supplies   | 9818            |
| Motor vehicle expenses                             | 9819            |
| Small tools  | 9820            |
| Soil testing                                       | 9821            |
| Storage / drying                                   | 9822            |
| Licences / permits                                 | 9823            |
| Telephone  | 9824            |
| Quota rental (tobacco, dairy)                      | 9825            |
| Gravel   | 9826            |
| Purchases of commodities resold                    | 9827            |
| Salaries and wages paid to spouse                  | 9828            |
| Motor vehicle interest and leasing costs           | 9829            |
| Prepared feed                                      | 9830            |
| Custom feed  | 9831            |
| Amortization of intangible assets                  | 9832            |
| Amortization of milk quota                         | 9833            |
| Travel expenses                                    | 9834            |
| Capital/business taxes                             | 9835            |
| Non-farming expenses                               | 9850            |
| <br><b>Net inventory adjustment</b>                | <br><b>9870</b> |
| <b>Total farm expenses *</b>                       | <b>9898</b>     |
| * Mandatory field                                  |                 |
| <b>Net farm income</b>                             | <b>9899</b>     |

**Do not file with CCRA. Submit the RSI forms only.**

*Non-Consolidated Financial Statements of*

**HALTON HILLS HYDRO INC.**

*December 31, 2003*

## Auditors' Report

To the Directors of  
Halton Hills Hydro Inc.

We have audited the non-consolidated balance sheet of Halton Hills Hydro Inc. as at December 31, 2003 and the non-consolidated statements of income and retained earnings and of cash flows for the year then ended. These financial statements have been prepared on a non-consolidated basis for income tax purposes. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of Halton Hills Hydro Inc. and the federal and provincial income tax authorities, for income tax purposes. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purposes.



Chartered Accountants

March 19, 2004

## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| Non-Consolidated Statement of Income and Retained Earnings | 1           |
| Non-Consolidated Balance Sheet                             | 2           |
| Non-Consolidated Statement of Cash Flows                   | 3           |
| Notes to the Non-Consolidated Financial Statements         | 4-13        |

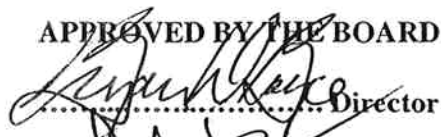
**HALTON HILLS HYDRO INC.****Non-Consolidated Statement of Income and Retained Earnings****Year Ended December 31, 2003****(With comparative figures for the year ended December 31, 2002)**

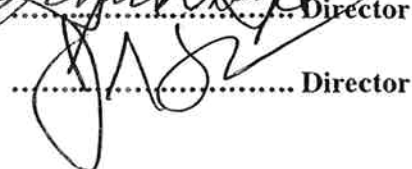
|  | 2003                | 2002              |
|--|---------------------|-------------------|
| REVENUE  |                     |                   |
| Service revenue (Note 13)                          | \$ 36,226,346 ✓     | \$ 39,024,565     |
| Other income                                       | 1,136,036 ✓         | 1,197,549         |
|  | <u>37,362,382</u>   | <u>40,222,114</u> |
| OPERATING EXPENSES                                 |                     |                   |
| Power costs  | 28,473,695 ✓        | 31,847,778        |
| Salaries and benefits                              | ✓ 3,004,752 ✓       | 3,042,942         |
| Material costs                                     | ✓ 1,512,768 ✓       | 1,387,058         |
| Contract services                                  | ✓ 914,377 ✓         | 1,001,342         |
| Property costs                                     | ✓ 498,472           | 479,292           |
| Other expenses                                     | 440,309             | 306,238           |
| Communication costs                                | ✓ 186,462           | 212,403           |
| Allocated to capital                               | (2,846,033)         | (2,508,163)       |
|  | <u>32,184,802</u>   | <u>35,768,890</u> |
| INCOME BEFORE INTEREST, AMORTIZATION AND TAXES     | <u>5,177,580</u>    | <u>4,453,224</u>  |
| AMORTIZATION                                       | 1,795,859 ✓         | 1,768,393         |
| INTEREST EXPENSE                                   | 1,221,601 ✓         | 808,147           |
|  | <u>3,017,460</u>    | <u>2,576,540</u>  |
| INCOME BEFORE TAXES                                | <u>2,160,120</u>    | <u>1,876,684</u>  |
| PROVISION FOR TAXES (Note 14)                      |                     |                   |
| Income taxes                                       | 856,051 ✓           | 305,000           |
| Capital taxes                                      | 133,080 ✓           | 149,400           |
|  | <u>989,131</u>      | <u>454,400</u>    |
| NET INCOME FOR THE YEAR                            | <u>1,170,989</u>    | <u>1,422,284</u>  |
| RETAINED EARNINGS (DEFICIT), BEGINNING OF THE YEAR | 233,887             | (1,188,397)       |
| RETAINED EARNINGS, END OF THE YEAR                 | <u>\$ 1,404,876</u> | <u>\$ 233,887</u> |

**HALTON HILLS HYDRO INC.****Non-Consolidated Balance Sheet****December 31, 2003****(With comparative figures as at December 31, 2002)**

|  | 2003                 | 2002                 |
|--|----------------------|----------------------|
| <b>ASSETS</b>                            |                      |                      |
| <b>CURRENT</b>                           |                      |                      |
| Cash and cash equivalents                | \$ 3,504,295         | \$ 1,869,355         |
| Accounts receivable (Note 3)             | 2,926,291            | 3,389,079            |
| Unbilled revenue                         | 3,935,535            | 5,026,260            |
| Inventory                                | 854,134              | 903,479              |
| Due from related companies (Note 4)      | 503,818              | 547,375              |
| Prepaid expenses and deposits            | 117,293              | 98,646               |
|  | <b>11,841,366</b>    | <b>11,834,194</b>    |
| REGULATORY ASSETS (Note 5)               | 3,480,404            | 1,412,930            |
| LONG-TERM INVESTMENTS (Note 6)           | 901,363              | 855,981              |
| NOTES RECEIVABLE (Note 7)                | 865,551              | 834,801              |
| CAPITAL ASSETS (Note 8)                  | 23,498,521           | 23,568,769           |
| GOODWILL                                 | 352,881              | 352,881              |
|  | <b>\$ 40,940,086</b> | <b>\$ 38,859,556</b> |
| <b>LIABILITIES</b>                       |                      |                      |
| <b>CURRENT</b>                           |                      |                      |
| Accounts payable and accrued liabilities | \$ 5,901,013         | \$ 5,064,909         |
| Current portion of consumer deposits     | 237,500              | 160,000              |
|  | <b>6,138,513</b>     | <b>5,224,909</b>     |
| NOTE PAYABLE TO PARENT (Note 9)          | 16,141,970           | 16,141,970           |
| CONSUMER DEPOSITS                        | 679,064              | 675,027              |
| EMPLOYEE FUTURE BENEFITS (Note 10)       | 414,000              | 422,100              |
|  | <b>23,373,547</b>    | <b>22,464,006</b>    |
| <b>CONTINGENT LIABILITIES (Note 11)</b>  |                      |                      |
| <b>SHAREHOLDER'S EQUITY</b>              |                      |                      |
| SHARE CAPITAL (Note 12)                  | 16,161,663           | 16,161,663           |
| RETAINED EARNINGS                        | 1,404,876            | 233,887              |
|  | <b>17,566,539</b>    | <b>16,395,550</b>    |
|  | <b>\$ 40,940,086</b> | <b>\$ 38,859,556</b> |

**APPROVED BY THE BOARD**

 Director

 Director



**HALTON HILLS HYDRO INC.****Non-Consolidated Statements of Cash Flows****Year Ended December 31, 2003****(With comparative figures for the year ended December 31, 2002)**

|   | <u>2003</u>         | <u>2002</u>         |
|---|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>   |                     |                     |
| Cash flows provided by (used in):                                     |                     |                     |
| Net income  | \$ 1,170,989        | \$ 1,422,284        |
| Items not requiring a cash outlay:                                    |                     |                     |
| Amortization  | 1,795,859           | 1,768,393           |
| Gain on disposal of capital assets                                    | (4,334)             | (18,229)            |
| Difference between employee future benefits expense and amount funded | (8,100)             | 17,521              |
| Equity in income of limited partnership                               | (10,382)            | (2,802)             |
|   | <u>2,944,032</u>    | <u>3,187,167</u>    |
| Change in regulatory assets   | (2,181,054)         | (1,267,739)         |
| Changes in non-cash working capital (Note 15)                         | <u>2,280,155</u>    | <u>(274,449)</u>    |
|   | <u>3,043,133</u>    | <u>1,644,979</u>    |
| <b>FINANCING ACTIVITIES</b>   |                     |                     |
| Consumer and retailer deposits received                               | <u>81,537</u>       | <u>205,590</u>      |
| <b>INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of capital assets  | (1,498,314)         | (1,792,854)         |
| Proceeds on disposal of capital assets                                | 4,334               | 18,230              |
| Deposit repayment   | -                   | 3,600               |
| Note receivable principal repayments received                         | 4,250               | 4,250               |
|   | <u>(1,489,730)</u>  | <u>(1,766,774)</u>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                      | <b>1,634,940</b>    | <b>83,795</b>       |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                   | <b>1,869,355</b>    | <b>1,785,560</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                         | <b>\$ 3,504,295</b> | <b>\$ 1,869,355</b> |
| <b>SUPPLEMENTAL DISCLOSURE</b>  |                     |                     |
| Payments for interest   | \$ 1,181,601        | \$ 808,147          |
| Net payments for income tax   | \$ 743,798          | \$ 322,848          |

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

---

### 1. NATURE OF OPERATIONS

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

The principal activity of the Company is to provide electric power distribution throughout the municipality of Halton Hills.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a non-consolidated basis for income tax purposes and reflect the following significant accounting policies as set forth in the Accounting Procedures Handbook issued by the Ontario Energy Board (OEB) under the authority of the Ontario Energy Board Act, 1998. These financial statements materially differ from Canadian generally accepted accounting principles (GAAP) because they are non-consolidated. Consolidated financial statements have been presented to the shareholder.

#### *Use of estimates*

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

#### *Regulation*

The Company is regulated by the OEB and any rate adjustments require OEB approval.

#### *Revenue recognition*

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

#### *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments, with maturities of 90 days or less at acquisition.

#### *Inventory*

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

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2003**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Regulatory assets*

Regulatory assets result from the provincially approved rate of the Ontario Electricity Board and represent differences between costs incurred and those collected through rates. Regulatory assets on the balance sheet at year-end relate primarily to retail settlement variance accounts, pre-market opening cost of power variances and transition costs. Transition costs consist primarily of qualifying capital and related costs incurred in the preparation of market opening. Regulatory assets will be recognized for rate-setting and financial statement purposes only to the extent allowed by the regulator.

*Long-term investments*

Long-term investments in subsidiary companies are recorded at cost.

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

*Capital assets*

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the useful service life as follows:

|                                 |             |
|---------------------------------|-------------|
| Distribution system             | 25 years    |
| Plant                           | 25-60 years |
| Fleet                           | 5-8 years   |
| Other equipment                 | 10-15 years |
| Computer equipment and software | 5 years     |
| General office                  | 10 years    |
| Stores equipment                | 10 years    |

*Contributed capital*

Contributions in aid of construction consist of third party contributions toward the cost of constructing Company assets. Amortization of contributed capital is on a straight-line basis over 25 years. Capital contributions for the year of \$752,585 (2002 - \$372,504) have been charged as an offset to capital assets.

*Goodwill*

Goodwill is recorded at amortized cost as at December 31, 2001. The carrying value of goodwill is tested against the fair values of the entities which generated the goodwill on an annual basis. Management has reviewed the fair values of the entities and has determined that no impairment of goodwill exists.

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Employee future benefits*

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

#### *Payment in lieu of income taxes*

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

The Company, regulated by the OEB, provides for PILs using the taxes payable method.

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

Future PILs disclosures are included in Note 14.

### 3. ACCOUNTS RECEIVABLE

|                                      | <u>2003</u>         | <u>2002</u>         |
|--------------------------------------|---------------------|---------------------|
| Electric service revenue             | \$ 2,197,080        | \$ 2,762,965        |
| Miscellaneous                        | 720,250             | 625,072             |
| Town of Halton Hills                 | 65,062              | 68,856              |
|                                      | <u>2,982,392</u>    | <u>3,456,893</u>    |
| Less allowance for doubtful accounts | (56,101)            | (67,814)            |
|                                      | <u>\$ 2,926,291</u> | <u>\$ 3,389,079</u> |

The accounts receivable from the Town of Halton Hills arose in the normal course of operations and are due under normal terms of trade.

Miscellaneous accounts receivable includes \$24,519 (2002 - \$Nil) due from related companies. These receivables arose in the normal course of operations and are due under normal terms of trade.

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

### 4. DUE FROM RELATED COMPANIES

The Company performs billing and collecting services, capital asset maintenance, finance functions, as well as certain engineering and information system services for related companies.

Amounts due from (to) related companies at December 31 for transactions in the normal course of operations are as follows:

|                                   | <u>2003</u>       | <u>2002</u>       |
|-----------------------------------|-------------------|-------------------|
| Halton Hills Fibre Optics Inc.    | \$ 287,817        | \$ 304,750        |
| Southwestern Energy Inc.          | (1,401)           | 242,271           |
| Halton Hills Energy Services Inc. | 216,246           | -                 |
| Halton Hills Energy Inc.          | 1,156             | 354               |
|                                   | <u>\$ 503,818</u> | <u>\$ 547,375</u> |

The amounts due from Halton Hills Energy Services Inc. arose on the transfer of certain assets and liabilities from Southwestern Energy Inc. to Halton Hills Energy Services Inc. during the year.

These receivables are unsecured and have no specific interest or repayment terms.

Administrative services provided by the Company to related companies during the year are as follows:

|                                   | <u>2003</u>       | <u>2002</u>       |
|-----------------------------------|-------------------|-------------------|
| Halton Hills Fibre Optics Inc.    | \$ 54,436         | \$ 50,834         |
| Halton Hills Energy Services Inc. | 275,340           | -                 |
| Halton Hills Energy Inc.          | -                 | 280,257           |
|                                   | <u>\$ 329,776</u> | <u>\$ 331,091</u> |

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

### 5. REGULATORY ASSETS

Regulatory assets are as follows:

|                                    | 2003                | 2002                |
|------------------------------------|---------------------|---------------------|
| Pre-market opening energy variance | \$ 287,773          | \$ 287,056          |
| Retail settlement variance         | 2,924,594           | 809,555             |
| Retail cost variance               | 7,979               | 5,263               |
| Transition costs                   | 260,058             | 311,056             |
|                                    | <u>\$ 3,480,404</u> | <u>\$ 1,412,930</u> |

The Ontario Energy Board Amendments Act (Electricity Pricing), 2003, in conjunction with Bill 4, allows for the recovery of regulatory assets in existence at December 31, 2002 through rates beginning April 2004. The 2002 regulatory assets will be recovered over a four-year period. Management expects that regulatory assets attained during 2003 will also be recovered through future rate increases. If in a future decision, the regulator determines that the existing regulatory treatment is no longer applicable, the regulatory assets would be charged to operations.

### 6. LONG-TERM INVESTMENTS

The Company holds the following investments, all of which are wholly-owned, except for the investment in EnerConnect Inc., a limited partnership investment, of which 40,689 units (1.46% share of partnership) are held:

|                                | 2003              | 2002              |
|--------------------------------|-------------------|-------------------|
| Halton Hills Energy Inc.       | \$ 1              | \$ 1              |
| Southwestern Energy Inc.       | 171,853           | 171,853           |
| Halton Hills Fibre Optics Inc. | 693,698           | 658,698           |
| EnerConnect Inc.               | 35,811            | 25,429            |
|                                | <u>\$ 901,363</u> | <u>\$ 855,981</u> |

The investment in EnerConnect includes the proportionate share of the Company's income for the year of \$10,382 (2002 – \$2,802).

During the year, the Company transferred certain assets to Halton Hills Fibre Optics Inc. under the transfer By-Law, in exchange for additional shares in Halton Hills Fibre Optics Inc.

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2003**

**7. NOTES RECEIVABLE**

The Company holds the following notes receivable:

|  | <u>2003</u>       | <u>2002</u>       |
|--|-------------------|-------------------|
| bearing, no fixed terms of repayment, due November 1, 2005   | \$ -              | \$ 171,853        |
| Halton Hills Energy Services Inc., unsecured, non-interest bearing, no fixed terms of repayment, due November 1, 2005                    | 171,853           | -                 |
| Halton Hills Fibre Optics Inc., unsecured, bears interest at prime less 1%, no fixed repayment terms for principal, due November 1, 2005 | 693,698           | 658,698           |
| EnerConnect Inc., unsecured, non-interest bearing, no fixed terms of repayment   | -                 | 4,250             |
|  | <u>\$ 865,551</u> | <u>\$ 834,801</u> |

During the year, Southwestern Energy Inc. transferred certain assets and liabilities, including the note payable to the Company, to its wholly-owned subsidiary, Halton Hills Energy Services Inc.

During the year, the Company transferred certain assets to Halton Hills Fibre Optics Inc. under the transfer By-Law, in exchange for an additional amount in notes receivable from Halton Hills Fibre Optics Inc.

**8. CAPITAL ASSETS**

|                                 | <u>2003</u>          |                             |                      | <u>2002</u>         |
|---------------------------------|----------------------|-----------------------------|----------------------|---------------------|
|                                 | Cost                 | Accumulated<br>Amortization | Net Book<br>Value    | Net Book<br>Value   |
| Distribution system             | \$ 19,887,979        | \$ 3,002,222                | \$ 16,885,757        | \$15,878,959        |
| Plant                           | 7,197,327            | 945,891                     | 6,251,436            | 6,540,466           |
| Fleet                           | 1,055,676            | 512,160                     | 543,516              | 680,039             |
| Other equipment                 | 1,095,129            | 223,553                     | 871,576              | 827,231             |
| Computer equipment and software | 773,905              | 434,657                     | 339,248              | 312,701             |
| General office                  | 159,636              | 71,805                      | 87,831               | 87,635              |
| Stores equipment                | 51,007               | 18,177                      | 32,830               | 38,028              |
| Contributed capital             | (1,577,246)          | (63,573)                    | (1,513,673)          | (796,290)           |
|                                 | <u>\$ 28,643,413</u> | <u>\$ 5,144,892</u>         | <u>\$ 23,498,521</u> | <u>\$23,568,769</u> |

During the year, the company recorded capital asset additions of \$1,612,028 (2002 - \$1,855,515) of which \$207,400 (2002 - \$93,683) were recorded in accounts payable at year-end.

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

---

### 9. NOTE PAYABLE TO PARENT

The note payable is due to the Town of Halton Hills and bears interest at 7.25%. Interest has been phased in over the period from 2000 until fiscal 2003. There are no fixed terms for the repayment of principal.

### 10. EMPLOYEE FUTURE BENEFITS

The Company pays certain medical and life insurance benefits on behalf of its retired employees. The Company recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2003 of \$414,000 (2002 - \$422,100) and the expense for the year then ended was determined by actuarial valuation using a discount rate of 5.5%.

Information regarding the defined benefit plan of the Company is as follows:

|   | <u>2003</u>       | <u>2002</u>       |
|---|-------------------|-------------------|
| Accrued benefit liability at January 1  | \$ 422,100        | \$ 404,579        |
| Expense for the year ended December 31  | 15,448            | 36,264            |
| Settlement gain   | (10,000)          | -                 |
| Benefits paid during the year   | (13,548)          | (18,743)          |
| Project accrued benefit obligation at December 31 as determined by actuarial valuation using a 5.5% discount rate | <u>\$ 414,000</u> | <u>\$ 422,100</u> |

The main actuarial assumptions utilized for the valuation are as follows:

**General Inflation** – future general inflation levels, as measured by the changes in the Consumer Price Index (CPI), were assumed at 2.2% in 2004 and thereafter.

**Discount (Interest) Rate** – the obligation as at December 31, 2003 of the present value of future liabilities and the expense for the year then ended were determined using a discount rate of 5.5%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.3%.

**Salary levels** – future general salary and wage levels were assumed to increase at the CPI rate plus productivity, merit and promotion gains of 1.3% per annum.

**Medical costs** – medical costs were assumed to increase at the CPI rate plus 5.3% decreased by 1% per annum to 2007.

**Dental costs** – dental costs were assumed to increase at the CPI rate plus 2.3%.



# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

### 11. CONTINGENT LIABILITIES

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

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

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company.

The Company has also been named defendant in a legal action alleging wrongful dismissal of a former employee. The action seeks \$345,000 in damages. Legal counsel to the Company is unable to assess the Company's potential liability, if any, resulting from the action. Any settlement above the amount estimated by management and accrued in the current year will be reflected as a charge to income in the year incurred.

### 12. SHARE CAPITAL

|                                       | 2003          | 2002          |
|---------------------------------------|---------------|---------------|
| Authorized                            |               |               |
| Unlimited number of preference shares |               |               |
| Unlimited number of common shares     |               |               |
| Issued                                |               |               |
| 1,152 common shares                   | \$ 16,161,663 | \$ 16,161,663 |

### 13. SERVICE REVENUE

Service revenue consists of:

|               | 2003          | 2002          |
|---------------|---------------|---------------|
| Cost of power | \$ 28,473,695 | \$ 31,847,778 |
| Distribution  | 7,752,651     | 7,176,787     |
|               | \$ 36,226,346 | \$ 39,024,565 |

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

### 14. PROVISION FOR TAXES

For the year ended December 31, 2003, the provision for PILs was \$1,000,000 (2002- \$425,000). The difference between the actual expense of \$989,131 and the current year provision represents the overaccrual of 2003 capital taxes \$1,920 and income taxes of \$8,949.

Future income taxes are not included in the tax provision for the company. If future income taxes were included, a future income tax asset of \$836,400 (2002 - \$677,400) would have been recorded.

### 15. CHANGES IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital components consists of the following:

|  | 2003                | 2002                |
|--|---------------------|---------------------|
| Accounts receivable                      | \$ 462,788          | \$ 247,252          |
| Unbilled revenue                         | 1,090,725           | (1,148,355)         |
| Inventory                                | 49,345              | 102,061             |
| Prepaid expenses and deposits            | (18,647)            | 33,501              |
| Accounts payable and accrued liabilities | 722,387             | 645,834             |
| Due from subsidiaries                    | (26,443)            | (154,742)           |
|  | <u>\$ 2,280,155</u> | <u>\$ (274,449)</u> |

### 16. COMMITMENTS

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

|      |           |
|------|-----------|
| 2004 | \$ 47,800 |
| 2005 | 46,500    |
| 2006 | 18,600    |
| 2007 | 4,900     |

As of May 2002, in order for the Company to obtain the electricity it requires to distribute to its customers, the Company is required to provide security to the Independent Electricity Market Operator based on its estimated usage. The security obtained was a letter of credit from a financial institution that requires a debt-to-equity ratio of less than 1.5 to 1, a working capital ratio not less than 1.25 to 1 and a fixed charge coverage ratio of not less than 1.25 to 1. As at December 31, 2003, the Company is in compliance with these covenants.

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2003

---

### 17. PENSION AGREEMENT

The Company and its employees contribute to the Ontario Municipal Employees' Retirement System (OMERS), a defined benefit pension plan for the employees of Ontario municipalities. The Company's contribution for employees' current service for the year ended December 31, 2003 was \$41,663 (2002 - \$Nil). No premiums were paid by the employer in the prior year due to the approved OMERS premium holiday which ended December 31, 2002.

### 18. FINANCIAL INSTRUMENTS

#### *Credit Risk*

The Company is exposed to credit risk from its customers, however, the concentration of this risk is minimized due to the large number of diverse customers.

#### *Fair Value*

The Company's recognized financial instruments consist of cash and cash equivalents, accounts receivable, due from related companies, long-term investments, notes receivable, accounts payable and accrued liabilities, consumer deposits and note payable to parent. At December 31, 2003, the estimated fair market value of cash and cash equivalents, accounts receivable, due from related companies and accounts payable and accrued liabilities was equal to the book value given the short-term nature of these items. As there is no secondary market for consumer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practicable within the constraint of cost to determine the fair values of the long-term investments, notes receivable and the note payable to parent with sufficient reliability.

### 19. COMPARATIVE FIGURES

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



KPMG LLP  
Chartered Accountants  
Yonge Corporate Centre  
4100 Yonge Street, Suite 200  
Toronto ON M2P 2H3  
Canada

Telephone (416) 228-7000  
Telefax (416) 228-7123  
[www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

To the Limited and General Partners of The ENERconnect Limited Partnership

We have audited the balance sheet of The ENERconnect Limited Partnership as at December 31, 2003 and the statements of earnings, partners' equity and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

Toronto, Canada

February 5, 2004

# THE ENERCONNECT LIMITED PARTNERSHIP

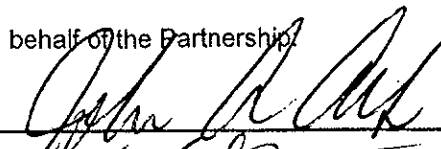
## Balance Sheet

December 31, 2003, with comparative figures for 2002

|   | 2003                  | 2002         |
|---|-----------------------|--------------|
|   | HHH share - 1,546,371 |              |
| <b>Assets</b>   |                       |              |
| Current assets:                                       |                       |              |
| Cash  | \$ 848,992            | \$ 604,123   |
| Accounts receivable (note 3)                          | 328,671               | 360,403      |
| Prepaid expenses                                      | 6,232                 | 598          |
|   | 1,183,895             | 965,124      |
| Equipment and leasehold improvements (note 2)         | 31,961                | 33,285       |
| Option, at cost (note 4)                              | 200,000               | -            |
| Deferred charges                                      | 188,889               | 330,556      |
|   | \$ 1,604,745          | \$ 1,328,965 |
|   | Share: 24,814         |              |
| <b>Liabilities and Partners' Equity</b>               |                       |              |
| Current liabilities:                                  |                       |              |
| Accounts payable and accrued liabilities              | \$ 225,788            | \$ 272,107   |
| Current portion of start-up funding advances (note 5) | 50,000 (1) (2)        | 50,000       |
| Deferred revenue                                      | 90,630                | 90,630       |
| Loans payable   | -                     | 191,186      |
|   | 366,418               | 603,923      |
| Start-up funding advances (note 5)                    | 326,216 (1) (2)       | 361,250      |
| Partners' equity (note 6)                             | 912,111 (2)           | 363,792      |
| Commitments (note 7)                                  |                       |              |
|   | \$ 1,604,745          | \$ 1,328,965 |

See accompanying notes to financial statements.

On behalf of the Partnership

 Director

 Director

Loan share:

Σ (1) = 376,216

1,516,371

5,817

PVC share:

Σ (2) = 1,288,327

x 1.5463

19,921

# THE ENERCONNECT LIMITED PARTNERSHIP

## Statement of Earnings

Year ended December 31, 2003, with comparative figures for 2002

|   | 2003         | 2002         |
|---|--------------|--------------|
| Revenue:                                |              |              |
| Sales (note 3)                          | \$ 3,084,053 | \$ 2,272,138 |
| Other                                   | 13,105       | 33,107       |
|   | 3,097,158    | 2,305,245    |
| Cost of sales                           | 1,963,505    | 1,460,608    |
| Gross profit                            | 1,133,653    | 844,637      |
| Expenses:                               |              |              |
| Salaries and office                     | 277,482      | 267,430      |
| Amortization of deferred charges        | 141,667      | 94,444       |
| Rent and utilities                      | 59,054       | 66,638       |
| Professional fees                       | 55,667       | 39,340       |
| Interest and bank charges               | 21,032       | 34,703       |
| Board                                   | 18,137       | 25,210       |
| Amortization of equipment and leasehold | 10,824       | 13,208       |
| Public relations                        | 1,471        | 4,207        |
| Consultants and contract services       | -            | 13,550       |
|   | 585,334      | 558,730      |
| Net earnings                            | \$ 548,319   | \$ 285,907   |

## Statement of Partners' Equity

Year ended December 31, 2003, with comparative figures for 2002

|                                     | 2003       | 2002       |
|-------------------------------------|------------|------------|
| Partners' equity, beginning of year | \$ 363,792 | \$ 77,885  |
| Net earnings                        | 548,319    | 285,907    |
| Partners' equity, end of year       | \$ 912,111 | \$ 363,792 |

See accompanying notes to financial statements.

# THE ENERCONNECT LIMITED PARTNERSHIP

## Statement of Cash Flows

Year ended December 31, 2003, with comparative figures for 2002

|   | 2003         | 2002         |
|---|--------------|--------------|
| Cash provided by (used in):                       |              |              |
| Cash received for goods and services              | \$ 3,117,385 | \$ 1,864,675 |
| Payments to suppliers                             | (2,427,599)  | (1,717,404)  |
| Interest received                                 | 11,505       | 8,863        |
| Interest paid                                     | (5,736)      | -            |
|   | 695,555      | 156,134      |
| Financing activities:                             |              |              |
| Repayment of start-up funding advances            | (50,000)     | (25,000)     |
| Loans payable                                     | (191,186)    | (182,185)    |
|   | (241,186)    | (207,185)    |
| Investments:                                      |              |              |
| Increase in long term receivable                  | (200,000)    | -            |
| Additions to equipment and leasehold improvements | (9,500)      | -            |
|   | (209,500)    | -            |
| Increase (decrease) in cash                       | 244,869      | (51,051)     |
| Cash, beginning of year                           | 604,123      | 655,174      |
| Cash, end of year                                 | \$ 848,992   | \$ 604,123   |

See accompanying notes to financial statements.

# THE ENERCONNECT LIMITED PARTNERSHIP

## Notes to Financial Statements

Year ended December 31, 2003

The ENERconnect Limited Partnership (the "Partnership") was organized under the provisions of the Limited Partnership Act (Ontario). The Partnership was founded primarily for the purpose of procuring power on behalf of, and providing services relating to power procurement to, its Limited Partners. ENERconnect may also procure power for and provide related services to entities which are not Limited Partners.

### 1. Significant accounting policies:

#### (a) Basis of accounting:

As a limited partnership, the liability of each Limited Partner for the debts, liabilities, obligations and losses of ENERconnect, is limited to the contribution of that Limited Partner plus its pro rata share of the undistributed income of the Partnership. The General Partner, ENERconnect Inc., shall have unlimited liability for all the debts, liabilities, obligations and losses of ENERconnect.

These financial statements do not include all of the assets, liabilities, revenue and expenses of the Partners. No provision for any income taxes that might be determined to be applicable to each Partner's share of any income is provided in these financial statements.

#### (b) Cash and cash equivalents:

Deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less are considered to be cash and cash equivalents.

#### (c) Equipment and leasehold improvements:

Equipment and leasehold improvements are stated at cost. Amortization is provided in the financial statements at the following rates:

| Asset                          | Basis             | Rate                 |
|--------------------------------|-------------------|----------------------|
| Computer equipment             | Declining balance | 33%                  |
| Office furniture and equipment | Declining balance | 20%                  |
| Computer software              | Straight line     | 25%                  |
| Leasehold improvements         | Straight line     | remaining lease term |



# THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2003

## 1. Significant accounting policies (continued):

### (d) Deferred charges:

Deferred charges represent organization and start-up costs. These costs were deferred until commencement of operations in May 2002, at which point such costs began to be amortized on a straight-line basis over a three year period.

### (e) Deferred revenue:

Deferred revenue represents consideration for a contingent liability that was received upon transfer of the Partnership's Electricity Service Agreement to an alternative service provider. Revenue will be recognized as the liability is incurred, or expires.

### (f) Revenue recognition:

Revenue is recognized when services are performed, or obligations to perform services have lapsed.

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of estimates relate to the rate of amortization of deferred charges, and the term over which capital assets will provide future value. Actual results could differ from those estimates.

## 2. Equipment and leasehold improvements:

|                                |            |                             |           | 2003              | 2002              |
|--------------------------------|------------|-----------------------------|-----------|-------------------|-------------------|
|                                | Cost       | Accumulated<br>amortization |           | Net book<br>value | Net book<br>value |
| Computer equipment             | \$ 58,859  | \$ 54,450                   | \$ 4,409  | \$ 6,581          |                   |
| Office furniture and equipment | 57,829     | 42,698                      | 15,131    | 18,913            |                   |
| Computer software              | 9,500      | -                           | 9,500     | -                 |                   |
| Leasehold improvements         | 33,815     | 30,894                      | 2,921     | 7,791             |                   |
|                                | \$ 160,003 | \$ 128,042                  | \$ 31,961 | \$ 33,285         |                   |

# THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2003

---

## 3. Related party transactions:

During the year, sales of \$3,101,908 were made to Limited Partners. Accounts receivable includes \$310,396 owed in respect of fees for November and December by customers that are Limited Partners.

## 4. Option, at cost:

During the year, a non-interest bearing advance was made to the Service Provider, secured by a general security agreement. This advance is to be applied against the cost of purchasing shares or assets of the Service Provider, should the Partnership so elect, under the terms of a letter of agreement dated June 26, 2003. If the Partnership does not elect to purchase the shares or assets of the Service Provider prior to May 1, 2005, the advance shall be immediately forgiven and would be accounted for as an expense in that period.

## 5. Start-up funding advances:

The Electricity Distributors Association (the "EDA") is the sole shareholder of the General Partner, ENERconnect Inc. EDA advanced, by way of direct and indirect expenditures, \$425,000 to support the establishment of ENERconnect. Subject to ENERconnect generating sufficient net earnings, ENERconnect has agreed to repay the \$425,000 to the EDA. ENERconnect has reserved the right to adjust the repayment schedule subject to its ability to make the repayments. During the current fiscal year \$50,000 was repaid and expects to repay \$50,000 in 2004. Interest at the rate of 4% is being added to the outstanding balance, effective May 1, 2002.

# THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2003

## 6. Partners' equity and allocation of income and losses:

Under the provisions of the Limited Partnership Agreement, Ontario Municipal Electric Utilities ("MEU's") were invited to contribute funds and become Limited Partners of ENERconnect. The General Partner made an assignment of points based upon the contribution made by the MEU's and whether a subscription agreement was entered into prior to March 31, 1998 or subsequently. The points so assigned form the basis of each Limited Partners' voting privileges and allocation of ENERconnect's net income or loss.

A number of municipal electric utilities that subscribed to be limited partners were sold or amalgamated. Under provisions of the Limited Partnership Agreement, a limited partner's interest is not assignable, although provisions of the Agreement do allow for a deemed assignment upon amalgamation subject to provisions which may reduce the amalgamated partner's points. As decisions are rendered by the Ontario Energy Board approving applications of sale or amalgamation, adjustments are made to points outstanding.

Changes in outstanding points are as follows:

|   | 2003      | 2002      |
|---|-----------|-----------|
| Opening balance - points                    | 3,021,950 | 3,187,913 |
| Reductions on amalgamation or sale of MEU's | (22,000)  | (165,963) |
| Closing balance - points                    | 2,999,950 | 3,021,950 |

## 7. Commitments:

The Partnership leases its premises and certain office equipment under operating lease agreements. The minimum payments, including expected common area cost contributions, are approximately as follows:

|      |    |        |
|------|----|--------|
| 2004 | \$ | 48,000 |
| 2005 |    | 44,000 |
| 2006 |    | 2,000  |
| 2007 |    | 2,000  |