



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.

1s, 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 center. 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

012

City 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

022

023

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

Location of books and records (item 15)

Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒

031 43 ALICE STREET

032

City 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 corporation2 ☐ 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 2004/01/01

YYYY MM DD

Taxation year-end

061 2004/12/31

YYYY MM DD

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

If Yes, give the date control was acquired 065 YYYY MM DD

Is 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 24.

Is this the final taxation year before amalgamation? (item 22) 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? (item 23) 078 1 Yes ☐ 2 No ☒Is the corporation a resident of Canada? (item 24)
080 1 Yes ☒ 2 No ☐ If No, give the country of residence.

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

No longer required by the CRA. Submit the RSI forms only.

Attachments

* We do not print these schedules.

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

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

Guide item

		Yes	Schedule
27	Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	9
28	Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	19
29	Is the corporation an associated Canadian-controlled private corporation?	<input checked="" type="checkbox"/>	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	<input 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"/>	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"/>	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input 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"/>	22
41	Did the corporation have any foreign affiliates during the year?	<input 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"/>	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	<input type="checkbox"/>	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	<input 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"/>	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"/>	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 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"/>	3
69-76	Is the corporation claiming any type of losses?	<input type="checkbox"/>	4
132	Is the corp. claiming a prov. or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<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 checked="" type="checkbox"/>	7
57	Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
58	Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
59	Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
60	Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	13
61	Is the corporation claiming a patronage dividend deduction?	<input 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"/>	17
150	Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	<input 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"/>	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	26*
111	Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
121	Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	<input type="checkbox"/>	T661
124	Is the corporation subject to gross Part I.3 tax?	<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 I.3 tax?	<input checked="" type="checkbox"/>	36
124	Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
128	Is the corporation claiming a Part I tax credit?	<input 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"/>	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
125	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<input 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"/>	39
152	Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131
153	Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
130	Is the corporation subject to Part XIII.1 tax?	<input type="checkbox"/>	92*

Attachments - continued from page 2
Guide item

		Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
44	Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	<input 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"/>	T1142
--	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
--	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
--	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174

Additional information

Is the corporation inactive? (item 48) **280** 1 Yes ☐ 2 No ☒

Has the major business activity changed since the last return was filed? (enter Yes for first-time filers) (item 49) **281** 1 Yes ☐ 2 No ☒

What is the corporation's major business activity? (item 50) **282** DISTRIBUTION OF ELECTRICITY
(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) **283** 1 Wholesale ☐ 2 Retail ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents. (item 52)

284 DISTRIBUTION OF ELECTRICITY	285 100.00%
286	287 %
288	289 %

Did the corporation immigrate to Canada during the taxation year? (item 53) **291** 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the taxation year? (item 54) **292** 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL (item 77) **300** 1,967,255 A

Deduct: Charitable donations from Schedule 2 (item 78) **311** 325,000

Gifts to Canada, a province, or a territory from Schedule 2 (item 79) **312**

Cultural gifts from Schedule 2 (item 80) **313**

Ecological gifts from Schedule 2 (item 81) **314**

Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82) **320**

Part VI.1 tax deduction from Schedule 43 (item 83)* **325**

Non-capital losses of preceding taxation years from Schedule 4 (item 84) **331**

Net capital losses of preceding taxation years from Schedule 4 (item 85) **332**

Restricted farm losses of preceding taxation years from Schedule 4 (item 86) **333**

Farm losses of preceding taxation years from Schedule 4 (item 87) **334**

Limited partnership losses of preceding taxation years from Schedule 4 (item 88) . **335**

Taxable capital gains or taxable dividends allocated from a central credit union (item 89) **340**

Prospector's and grubstaker's shares (item 90) **350**

Subtotal **325,000** ▶ **325,000** B

Subtotal (amount A minus amount B) (if negative, enter "0") **1,642,255** C

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91) **355** D

Taxable income (amount C plus amount D) (item 92) **360** 1,642,255

Income exempt under paragraph 149(1)(t) (item 93) **370**

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94) **1,642,255** 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		2004	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	1,946,524	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	1,642,255	B

Calculation of the business limit: (item 97)

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

250,000 x	Number of days in the taxation year in 2004	=	366	250,000	3
	Number of days in the taxation year		366		
	Add amounts at line 1, 2, 3, and 3.1			250,000	4
Business limit (see note 1 and 2 below)				250,000	410 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	250,000	x	415 ***	28,240	D	=	627,556	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 of page 7)

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

** Calculate the amount of foreign business income tax credit deductible 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 I.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 I.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 corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the 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	300,000	=		A
		line 4 above			
Net active business income (amount from line 400) *				1,946,524	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)				1,642,255	C
Deduct:					
Aggregate investment income (amount from line 440 of page 6)		20,731	D		
Amount C minus amount D (if negative, enter "0")		1,621,524		1,621,524	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		
Total 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	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

Resource deduction (item 100)

Taxable resource income [as defined in subsection 125.11(1)]		435	A
Amount A	x Number of days in the taxation year in 2003	X 1% =	B
	Number of days in the taxation year	366	
Amount A	x Number of days in the taxation year in 2004	X 2% =	C
	Number of days in the taxation year	366	
Amount A	x Number of days in the taxation year in 2005	X 3% =	C.1
	Number of days in the taxation year	366	
Amount A	x Number of days in the taxation year in 2006	X 5% =	C.2
	Number of days in the taxation year	366	
Resource deduction - total of amounts B, C, C.1, and C.2		438	D
(enter amount D on line 10 of page 7)			

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		1,642,255	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 of page 6		20,731	K
Amount used to calculate the accelerated tax reduction (amount M of page 4)			L
Total of amounts F, G, H, I, J, K, and L		20,731	M
Amount E minus amount M (if negative, enter "0")		1,621,524	N
Amount N	1,621,524 x Number of days in the taxation year in 2002	X 3% =	O
	Number of days in the taxation year	366	
Amount N	1,621,524 x Number of days in the taxation year in 2003	X 5% =	P
	Number of days in the taxation year	366	
Amount N	1,621,524 x Number of days in the taxation year after 2003	X 7% =	Q
	Number of days in the taxation year	366	
General tax reduction for Canadian-controlled private corporations - total of amounts O, P, and Q		113,507	R
(enter amount R on line 638 of page 7)			

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	366	
Amount Y	x Number of days in the taxation year in 2003	X 5% =	AA
	Number of days in the taxation year	366	
Amount Y	x Number of days in the taxation year after 2003	X 7% =	BB
	Number of days in the taxation year	366	
General tax reduction - total of amounts Z, AA, and BB			CC
(enter amount CC on line 639 of page 7)			

No longer required by the CRA. Submit the RSI forms only.

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

Refundable portion of Part I tax (item 103)

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income 440 20,731 X 26 2/3 % = 5,528 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 % =
(amount O from Part 1 of Schedule 7) (if negative, enter "0") ▶ B

Amount A minus amount B (if negative, enter "0") 5,528 C

Taxable income from line 360 on page 3 1,642,255

Deduct:

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

Foreign non-business income tax

credit from line 632 of page 7 X 25/9

Foreign business income tax

credit from line 636 of page 7 X 3* ▶

1,642,255 X 26 2/3 % = 437,935 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) 366,099

Deduct: Corporate surtax from line 600 of page 7 18,393

Net amount 347,706 ▶ 347,706 E

Refundable portion of Part I tax - Amount C, D, or E, whichever is less 450 5,528 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 5,528

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

5,528 ▶ 5,528 B

Refundable dividend tax on hand at the end of the taxation year - Amount A plus amount B 485 5,528

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 5,528 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		2004	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** 624,057 **A**

Corporate surtax calculation (item 107)

Base amount from line A above 624,057 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 164,226 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 of page 3 459,831 a

28% of taxed capital gains 5,805 b

Part I tax otherwise payable (line A plus lines C and D minus line F) 347,706 c

Total of lines 2 to 6 164,226 7

Net amount (line 1 minus line 7) 459,831 8

Corporate surtax - 4% of the amount on line 8 **600** 18,393 **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 the 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 20,731 i

Taxable income from line 360 on page 3 1,642,255

Deduct:

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

Net amount 1,642,255 1,642,255 ii

Refundable tax on CCPC's investment income - 6 2/3 % of the lesser of amounts i or ii **604** 1,382 **D**

Subtotal (add lines A, B, C, and D) 643,832 **E**

Deduct:

Small business deduction from line 430 of page 4 9

Federal tax abatement (item 110) **608** 164,226

Manufacturing and processing profits deduction

from amount BB or amount RR of Schedule 27 (item 111) **616**

Investment corporation deduction (item 112) **620**

(taxed capital gains **624**)

Additional deduction - credit unions from Schedule 17 (item 113) **628**

Federal foreign non-business income tax credit from Schedule 21 (item 114) **632**

Federal foreign business income tax credit from Schedule 21 (item 115) **636**

Accelerated tax reduction from amount N of page 4 (item 116) **637**

Resource deduction from line 438 of page 5 10

General tax reduction for CCPCs from amount R of page 5 (item 117) **638** 113,507

General tax reduction from amount CC of page 5 (item 117) **639**

Federal logging tax credit from Schedule 21 (item 118) **640**

Federal political contribution tax credit (item 119) **644**

Federal political contributions **646**

Federal qualifying environmental trust tax credit (item 120) **648**

Investment tax credit from Schedule 31 (item 121) **652**

Subtotal 277,733 277,733 **F**

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) (item 122) 366,099 **G**

No longer required by the CRA. Submit the RSI forms only.

Summary of tax and credits

Federal tax

Part I tax payable from page 7 (item 123)	700	366,099
Part I.3 tax payable from Schedule 33, 34, or 35 (item 124)	704	
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	
Total federal tax		366,099

Add provincial or territorial tax:

Provincial or territorial jurisdiction (item 132) **750 Ontario**
 (if more than one jurisdiction, enter "multiple" and complete Schedule 5)
 Net provincial or 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 770 366,099 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
Total payments on which tax has been withheld (item 154) 801	
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) 815	
Tax remitted under Syncrude Remission Order (item 158)	816
Tax instalments paid (item 159)	840
Total credits 890 334,341	

Balance (line A minus line B) 31,758

Refund code
(item 160) **894**

Overpayment
(item 163)

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 \$2 or less.

Balance unpaid (item 163) 31,758

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 OFFICER
 Position, office, or rank

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

955 2005/06/30
 Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 (519) 853-3700
 Telephone number

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

957 1 Yes ☒ 2 No ☐

958
 Name in block letters

959
 Telephone number

Language of correspondence - Langue de correspondance (item 166)

990 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

SCHEDULE 1

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

Net income (loss) after taxes and extraordinary items per financial statements 989,906 A

Add:

Provision for income taxes - current	101	412,562 ✓	
Provision for income taxes - deferred	102		
Interest and penalties on taxes	103		
Amortization of tangible assets	104	2,242,454 ✓	
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	325,000 ✓	
Taxable capital gains from Schedule 6	113	20,731 ✓	
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	5,413 ✓	
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	79,361 ✓	
Total of fields 101 to 199	500	3,098,725	3,098,725

Deduct:

Gain on disposal of assets per financial statements	401	44,467	
Dividends not taxable under section 83 from Schedule 3	402		
Capital cost allowance from Schedule 8	403	1,518,927 ✓	
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	71,632 ✓	
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	486,350 ✓	
Total of fields 401 to 499	510	2,121,376	2,121,376

Net income (loss) for income tax purposes - enter at line 300 on page 3 of the T2 return 1,967,255

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	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, rental, etc.		
- Non-deductible crown payments		
- Taxable portion of Alberta royalty tax credit and other rebates 12(1)(x.2)		
- Other		
Total	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		
- for resource loss		
- others		
Total	230	
Recapture of SR&ED expenditures - Form T661	231	
Resource amounts deducted	232	
Restricted farm losses - current year - Schedule 4	233	
Sales tax assessments	234	
Share issue expense	235	
Write-down of capital property	236	
Amounts received in respect of qualifying environmental trust		
per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years - previous year	238	
Other additions:		
600 Employee future benefit costs accrued	290	40,768
601 Provision for bad debts	291	38,593
602	292	
603	293	
604	294	

Total of fields 201 to 294 (enter this amount at line 199 on page 1) 79,361

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004/12/31

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	24,694 ✓
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	20,269 ✓
701 Reg asset amort incl in tang asset amort	391	441,387 ✓
702	392	
703	393	
704	394	
Total of fields 300 to 394 (enter this amount at line 499 on page 1)		486,350



Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

For use by corporations to claim any of the following:

- charitable donations;
 - gifts to Canada, a province or a territory;
 - gifts of certified cultural property;
 - gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five-year carryforward.
 - Use this schedule to show a credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*.
 - For donations and gifts made after March 22, 2004, proposed subsection 110.1(1.2) of the *Income Tax Act* provides as follows:
 - where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the change of control;
 - if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
 - File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
 - For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 - Charitable donations

Charitable donations at the end of the preceding taxation year			
Deduct: Charitable donations expired after five taxation years	239		
Charitable donations at the beginning of taxation year	240		
Add:			
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250		
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	210	325,000	
Subtotal (line 250 plus line 210)		325,000	325,000
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available			325,000 A
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 on page 3 of the T2 return)	260	325,000	
Charitable donations closing balance	280		

Part 2 - Calculation of the maximum allowable deduction for charitable donations

Net income for tax purposes * multiplied by 75%			1,475,441 B
Taxable capital gains arising in respect of gifts of capital property	225		C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)	227		D
The amount of the recapture of capital cost allowance in respect of charitable gifts	230		
Proceeds of dispositions, less outlays and expenses		E	
Capital cost		F	
Amount E or F, whichever is less	235		
Amount on line 230 or 235, whichever is less			G
Subtotal (add amount C, D, and G)			H
Amount H multiplied by 25%			I
Subtotal (amount B plus amount I)			1,475,441 J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)			325,000 K

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

Part 3 - Gifts to Canada, a province, or a territory

Gifts to Canada, a province, or a territory at the end of the preceding taxation year 339

Deduct: Gifts to Canada, a province, or a territory expired after five taxation years 340

Gifts to Canada, a province, or a territory at the beginning of the taxation year 350

Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the wind-up of a subsidiary 310

Total current-year gifts made to Canada, a province, or a territory * Subtotal (line 350 plus line 310) 355

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) 360

Total gifts to Canada, a province, or a territory available 380

Deduct: Amount applied against taxable income (enter this amount on line 312 on page 3 of the T2 return) 380

Gifts to Canada, a province, or a territory closing balance 380

Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount on line 210 and complete Part 2.

Part 4 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year 439

Deduct: Gifts of certified cultural property expired after five taxation years 440

Gifts of certified cultural property at the beginning of the taxation year 450

Add: Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary 410

Total current-year gifts of certified cultural property Subtotal (line 450 plus line 410) 455

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) 460

Total gifts of certified cultural property available 480

Deduct: Amount applied against taxable income (enter this amount on line 313 on page 3 of the T2 return) 480

Gifts of certified cultural property closing balance 480

Part 5 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year 539

Deduct: Gifts of certified ecologically sensitive land expired after five taxation years 540

Gifts of certified ecologically sensitive land at the beginning of the taxation year 550

Add: Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary 510

Total current-year gifts of certified ecologically sensitive land Subtotal (line 550 plus line 510) 555

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) 560

Total gifts of certified ecologically sensitive land available 580

Deduct: Amount applied against taxable income (enter this amount on line 314 on page 3 of the T2 return) 580

Gifts of certified ecologically sensitive land closing balance 580

Part 6 - Amount available for carryforward by year of origin

You can complete this part to show all the donations and gifts from previous years available for carryforward by year of origin. This will help you determine the amount that could expire in following years.

Year of origin YYYY/MM/DD	Charitable donations available for carryforward	Gifts to Canada, a province or a territory available for carryforward	Gifts of certified cultural property available for carryforward	Gifts of certified ecologically sensitive land available for carryforward
2000/12/31				
2001/12/31				
2002/12/31				
2003/12/31				
2004/12/31				

Totals

--	--	--	--	--

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

Part 7 - Carry forwards of charitable donations

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31				<NIL>	
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31		325,000	325,000		<NIL>
Totals		325,000	325,000		<NIL>

Part 8 - Carry forwards of gifts to Canada, a province, or a territory

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Totals					<NIL>

Part 9 - Carry forwards of gifts of certified cultural property

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Totals					<NIL>

Part 10 - Carry forwards of certified ecologically sensitive land

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Totals					<NIL>

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2004/12/31
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- For use by corporations that have disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
Use this schedule to make a designation under paragraph 111(4)(e) of the federal *Income Tax Act*, if the control of the corporation has been acquired by a person or group of persons.
- If more space is needed, attach additional schedules.

For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in the *T2 Corporation Income Tax Guide*.

Designation under paragraph 111(4)(e) of the <i>Income Tax Act</i> Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)? 050 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> If Yes, attach a statement specifying which properties are subject to such a designation.	
---	--

1 Types of capital property	2 Date of acquisition YYYY/MM/DD	3 Proceeds of disposition	4 Adjusted cost base	5 Outlays and expenses (dispositions)	6 Gain (or loss) (col. 3 less cols. 4 and 5)
--------------------------------	--	---------------------------------	----------------------------	---	--

Part 1 - Shares

No. of shares 100	Name of corporation 105	Class of shares 106	110	120	130	140	Gain (or loss) 150
1,661	SUN LIFE FINA	COMMON	2001/12/01	64,716	23,254		41,462
Totals				64,716	23,254	<NIL>	41,462

Part 2 - Real estate - Do not include losses on depreciable property

Municipal address 200	210	220	230	240	Gain (or loss) 250
Totals		<NIL>	<NIL>	<NIL>	<NIL>

Part 3 - Bonds

Face value 300	Maturity date 305	Name of issuer 307	310	320	330	340	Gain (or loss) 350
Totals				<NIL>	<NIL>	<NIL>	<NIL>

Name of Corporation HALTON HILLS HYDRO INC.		Business Number 867429623 RC 0001		Taxation Year End	Year 2004	Month 12	Day 31
1 Types of capital property	2 Date of acquisition YYYY/MM/DD	3 Proceeds of disposition	4 Adjusted cost base	5 Outlays and expenses (dispositions)	6 Gain (or loss) (col. 3 less cols. 4 and 5)		

Part 4 - Other properties - Do not include losses on depreciable property

Description 400	410	420	430	440	Gain (or loss) 450
Totals					<NIL>

Part 5 - Personal-use property

Description 500	510	520	530	540	Gain only 550
Totals					<NIL>

Note: Losses are not deductible.

Part 6 - Listed personal property

Description 600	610	620	630	640	Gain (or loss) 650
Totals					<NIL>

Note: Net listed personal property losses may only be applied against listed personal property gains.

Subtract: Unapplied listed personal property losses from other years **655**

Amount from line 655 is from line 530 in Part 5 of Schedule 4

Net gains (or losses)

<NIL>

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004/12/31

Part 7 - Determining allowable business investment losses

Property qualifying for and resulting in an allowable business investment loss

Name of small business corporation	Shares, enter 1 debt, enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	(Loss)(col.920 less cols. 930 and 940)
900	905	910	920	930	940	950

Note : Properties listed in Part 7 should not be included in any other parts of Schedule 6.

Totals

G

Allowable business investment losses Amount G x 1/2 = **H**
Enter amount H on line 406 of Schedule 1.

Part 8 - Determining capital gains or losses

Total of amounts A to F (do not include amount F, if the amount is a loss) **41,462 I**

Add:

Capital gains dividend received in the year **875 J**

Capital gains reserve opening balance (from Schedule 13) **880 K**

Subtotal (add amounts I, J, and K) **41,462 L**

Deduct:

Capital gains reserve closing balance (from Schedule 13) **885 M**

Capital gains or losses (amount L minus amount M) **890 41,462**

Part 9 - Determining taxable capital gains and total capital losses

Capital gains or losses (amount from line 890 above) **41,462 N**

Deduct the following gains that are included in the amount N:

Gain on donation of a share, debt obligation, or right listed on
a prescribed stock exchange and other amounts under paragraph

38(a.1) of the *Income Tax Act* X 1/2 = **895**

Gain on donation of ecologically sensitive land X 1/2 = **896**

Subtotal (line 895 plus line 896) **O**

Amount N minus amount O **41,462 P**

Total capital losses: If amount P is a loss, enter it on line 210 of Schedule 4.

Taxable capital gains: If amount P is a gain, enter it on this line **41,462 x 1/2 = 20,731 Q**

Enter amount Q on line 113 of Schedule 1.

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

name of Corporation	Business Number	Taxation Year End	Year Month Day
ALTON HILLS HYDRO INC.	867429623 RC 0001		2004/12/31

- This schedule is for the use of Canadian-controlled private corporations to calculate:
 - foreign investment income and aggregate investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the *Income Tax Act*;
 - income from an active business carried on in Canada for the small business deduction; and
 - specified partnership income for members of one or more partnership(s) (complete page 2.)
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part 1 Tax" in the *T2 Corporation Income Tax Guide*.

Part 1 - Foreign and aggregate investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income	
The eligible portion of taxable capital gains included in income for the year	20,731	001	002 20,731	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		009	012	B
Net capital losses of other years claimed on line 332 on the T2 return			022	C
Total of amounts B and C				D
Amount A minus amount D (if negative, enter "0")	20,731		20,731	E
Total income from property (in box 32 include income from a specified investment business carried on in Canada other than income from a source outside Canada)		019	032	F
Exempt income		029	042	G
Amounts received from NISA Fund No. 2 that were included in computing the corporation's income for the year			052	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)		049	062	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)		059	072	J
Total of amounts G, H, I, and J				K
Amount F minus amount K				L
Total of amount E plus amount L	20,731		20,731	M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)		069	082	N
Amount M minus amount N (if negative, enter "0")	20,731	079 O 0	092 P 20,731	
Note: The aggregate investment income is the aggregate world source income. Enter amount O, foreign investment income, on line 445 of the T2 return. Enter amount P, aggregate investment income, on line 440 of the T2 return.				

Part 2 - Specified partnership income

A		B	C
Partnership name		Total income (loss) of partnership from an active business	Corporation's share of amount in column B
200		300	310
1.			
2.			
3.			
4.			
5.			

D	E	F	G	H	I
Adjustments [add prior-year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / column B) x [business limit* x (column F/365)] (if column C is negative, enter "0")**	Column E minus column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330		340
1.			0		0
2.			0		0
3.			0		0
4.			0		0
5.			0		0
Total		350	Total		360

Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) - enter as a positive amount **370**

Specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E) **380**

Total of lines 370 and 380 **750** J
 amount at line 385 or line J, whichever is less **390** 0
Specified partnership income (line 360 plus line 390) **400** J

* Use one of the following business limits to calculate column G, whichever applies:

- \$225,000 if the corporation's taxation year ends in 2003;
- \$250,000 if the corporation's taxation year ends in 2004; or
- \$300,000 if the corporation's taxation year ends in 2005 or after.

** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income.

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses - from line 350 above (if the net amount is negative, enter "0" on line O)		K
Add: Specified partnership loss (from line 380 above)		L
	Subtotal	M
Deduct: Specified partnership income (from line 400 above)		N
Partnership income* (enter on line S below)	450	O

* If the amount on line 450 is positive, complete Schedule 70.

Part 4 - Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return	1,967,255	P
Deduct: Foreign business income after deducting related expenses*	500	
Taxable capital gains minus allowable capital loss- amount A minus amount B* (page 1)**	20,731	
Net property income = amount F minus amounts G, H, and N* (page 1)		Q
Personal services business income after deducting related expenses*	520	
	20,731	
	Net amount	1,946,524
Deduct: Partnership income (line 450 above)		S
Income from active business carried on in Canada (enter on line 400 of the T2 return - if negative, enter "0")	1,946,524	T

* If negative, enter amount in brackets, and **add** instead of **subtracting**.

** This amount may only be negative to the extent of any allowable business investment losses.

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

Total income from property

	Canadian	Foreign
Net rental income before CCA		
Less: Capital cost allowance		
Subtotal		
Interest income		
Less: Related expenses		
Subtotal		
Dividends under section 112 & 113		
Less: Related expenses		
Subtotal		
Other dividends		
Less: Related expenses		
Subtotal		
Property income from an interest in a trust		
Less: Related expenses		
Subtotal		
Other investment income		

Total Property Income <NIL>

<NIL>

Total Property Losses <NIL>

<NIL>

CAPITAL COST ALLOWANCE (CCA)

SCHEDULE 8 - Federal

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

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

1 Class no.	Description	2 Undepreciated capital cost at the beginning of the year (column 11 from last year's T2S(8))	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5)	7 50% rule (deduct 1/2 the amount, if any, by which the net cost of acquisitions exceeds col. 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Capital cost allowance (column 8 multiplied by column 9; or a lower amount) See note 3 below	11 Undepreciated capital cost at the end of the year (column 6 minus column 10)
200		201	203	205	207		211		212	217	220
1	Dist'n System	21,493,316	1,671,907			23,165,223	835,954	22,329,269	4.0	893,171	22,272,052
1	Buildings & fixtures	2,217,525	8,827			2,226,352	4,414	2,221,938	4.0	88,878	2,137,474
8	Major Tools	187,885	56,273			244,158	28,137	216,021	20.0	43,204	200,954
8	Office Equipment	108,870	98,132			207,002	49,066	157,936	20.0	31,587	175,415
8	Stores Equipment	31,822				31,822		31,822	20.0	6,364	25,458
10	Computer Hardware	298,883	20,323		469	318,737	9,927	308,810	30.0	92,643	226,094
10	Fleet	528,435	295,195		2,700	820,930	146,248	674,682	30.0	202,405	618,525
12	Computer Software	32,037	121,969			154,006	60,985	93,021	100.	93,021	60,985
8	Scada comm equipment	240,249	9,368			249,617	4,684	244,933	20.0	48,987	200,630
46	Scada comm equipment		43,316			43,316	21,658	21,658	30.0	6,497	36,819
45	Computer hardware		54,090			54,090	27,045	27,045	45.0	12,170	41,920
	Totals	25,139,022	2,379,400		3,169	27,515,253	1,188,118	26,327,135		1,518,927	25,996,326

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.

2005 - cl. 1.1 for dist'n system assets acq'd after Feb 22/05

(87)

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		2004/12/31

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

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

1 Yes ☐

2 No ☒

1 Class number 200	2 UCC start of year 201	3 Additions during the year 203	4 Net adjustments 205	5 Proceeds of dispositions 207	6 Adjusted UCC	7 50% rule on net acquisitions 211	8 Reduced UCC
reg	25139.022	2.379.400		3.169	27515.253	1.188.118	26327.135
10.1							
13							
14							
	10 Recapture of CCA 213	11 Terminal Loss loss 215	12 CCA 217	13 UCC at end of year 220			
reg			1.518.927	25996.326			
10.1							
13							
14							
Totals			1.518.927				

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

Totals:

Recapture _____ (Schedule 1 Line 107)
Terminal loss _____ (Schedule 1 Line 404)
CCA Claimed 1.518.927 (Schedule 1 Line 403)



Name of Corporation HALTON HILLS HYDRO INC.		Business Number 867429623 RC 0001	Taxation Year Month Day	
			2004/12/31	

This schedule is to be completed by a corporation having one or more of the following:

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

[illegible]

Note 1: Enter "NR" if a corporation is not registered.

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		2004	12	31

[illegible]

Note 1: Enter "NR" if a corporation is not registered.

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		2004	12	31

or use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
A separate cumulative eligible capital account must be kept for each business.

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	1,023,316	A
Add: Cost of eligible capital property acquired during the taxation year	222		
Other adjustments	226		
Subtotal (line 222 plus line 226)		x 0.75 =	B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 0.50 =	C
amount B minus amount C (if negative, enter "0")			D
Amount transferred on amalgamation or wind-up subsidiary	224		E
Subtotal (add amounts A, D, and E)	230	1,023,316	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 0.75 = 248	J
Cumulative eligible capital balance (amount F minus amount J) (if amount K is negative, enter "0" at line M and proceed to Part 2)		1,023,316	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K		1,023,316	
less amount from line 249			
Current year deduction		1,023,316 x 7.00 = 250	71,632
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		71,632	71,632 L
Cumulative eligible capital - Closing balance (amount K minus amount L) (if negative, enter "0")	300	951,684	M

Note: You can claim any amount up to the maximum deduction of 7%. 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 (show as a positive amount)			N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80 (7)	401	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3	
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408	4	
Line 3 minus line 4 (if negative, enter "0")		5	
Total of lines 1, 2, and 5		6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7	
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8	
Subtotal (line 7 plus line 8)	409	9	
Line 6 minus line 9 (if negative, enter "0")			O
Line N minus line O (if negative, enter "0")			P
Line 5		x 0.50 =	Q
Line P minus line Q (if negative, enter "0")			R
Amount R		x 0.67 =	S
Amount N or amount O, whichever is less			T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410		

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		2004	12	31

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

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

	Relationship code (see note 1) 100	Payments \$ 200	Reimbursement \$ 300	Loans \$ 400	Assets sold or purchased \$ 500	Does section 85 apply to assets sold or purchased? 550
1.	1			16,141,970		Yes <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"/>
						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

SCHEDULE 23

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

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

Allocation of the business limit			Year	Month	Day
Date filed (do not use this area)	025				
Enter the calendar year to which the agreement applies	050	Year 2004			
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>		

[illegible]

AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
ALTON HILLS HYDRO INC.	867429623 RC 0001		2004	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	2004	

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.	867429623RC 0001	45,995,000	
2.	HALTON HILLS FIBRE OPTICS INC.	886270727RC 0001	2,500,000	
3.	SOUTHWESTERN ENERGY INC.	870971181RC 0001	500,000	
4.	HALTON HILLS ENERGY INC.	873074876RC 0001	5,000	
5.	HALTON HILLS ENERGY SERVICES I	862448453RC 0001	1,000,000	
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
Total (not to exceed \$10,000,000**)			50,000,000	

* 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		2004	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	108126897RC0001		100.0	

CONTINUITY OF CAPITAL DIVIDEND ACCOUNT AS AT:

2004/12/31 (see note 1)

CDA

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

CAPITAL GAINS

Non-taxable portion of capital gains realized in prior years
 Non-taxable portion of capital gains for the current year (see note 2) 20,731 20,731

Note 2: A manual adjustment will be required to eliminate the Capital gains reported from Schedule 6 representing gains allocated by a trust in the "Capital gains" section of the CDA. Another manual adjustment will be required to transfer the non-taxable portion of the capital gains allocated by a trust in the new section "Capital gains paid out by a trust" of the CDA.

CAPITAL LOSSES

Non-deductible portion of capital losses incurred in prior years
 Non-deductible portion of capital losses for the current year
 Non-deductible portion of capital business investment losses
 Excess of non-taxable portion of gains over losses 20,731

CAPITAL DIVIDENDS RECEIVED

Aggregate of dividends received in prior years
 Dividends received during the year

ELIGIBLE CAPITAL PROPERTY

Non-taxable portion of net proceeds on sale of E.C.P. - Balance from prior years.

Disposition incurred during the taxation year ending after October 17, 2000

Amount to be included under subsection 14(1)(b).

Amount from line S on Schedule 10 for the taxation years
 ending after October 17, 2000 - for the current year

Less:

Appropriate portion of amount deducted as a credit loss
 (paragraph 20(4.2)) or capital losses (paragraph 24(4.3))
 for taxations year ending after October 17, 2000
 - for the current year

Non-taxable portion of net proceeds on sale of E.C.P.

Note 1: The period for which the CDA applies, commences on the first day of the first taxation year ending after 1971 and after the corporation last became a private corporation, and ends immediately before the balance in the capital dividend account is to be determined.

CONTINUITY OF CAPITAL DIVIDEND ACCOUNT AS AT:

2004/12/31 (see note 1)

CDA

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004/12/31

LIFE INSURANCE POLICIES

Proceeds from life insurance policies received in prior years

Proceeds from life insurance policies received in year

Less:

Adjusted cost base of life insurance policies disposed of in prior years

Less:

Adjusted cost base of life insurance policies disposed of in year

CAPITAL GAINS PAID OUT BY A TRUST

Non-taxable portion of capital gains paid out by a trust

- Balance from prior years

Non-taxable portion of capital gains paid out by a trust

- for the current year (see note 2).

Non-taxable dividends earned from CDA and paid out by a trust

- Balance from prior years

Non-taxable dividends earned from CDA and paid out by a trust

- for the current year.

Note 2: A manual adjustment will be required to eliminate the Capital gains reported from Schedule 6 representing gains allocated by a trust in the "Capital gains" section of the CDA. Another manual adjustment will be required to transfer the non-taxable portion of the capital gains allocated by a trust in the new section "Capital gains paid out by a trust" of the CDA.

Capital dividend account balance before capital dividends paid or payable. .
20,731
CAPITAL DIVIDENDS PAID OR PAYABLE

Aggregate of dividends - prior years.

Dividends paid or payable for year.

Capital dividend account balance
20,731

- 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.
- ¹Use the statements of account balance (Part 2 of Form T9) received from the department to prepare this schedule.

Name of Corporation HALTON HILLS HYDRO INC.		Business Number 867429623 RC 0001		Taxation Year End	Year Month Day 2004/12/31
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			334,341	
Total Amount of Instalments claimed (Enter on line 840 on the front of T2 Return)				(A)	334,341
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	31/12/2004

CAPITAL TAX SUPPORTING SCHEDULE

PARTNERSHIPS / JOINT VENTURES INFORMATION:

Corporation's share of paid-up capital:

1. <u>Enerconnect LP</u>	<u>18,916</u>		
2. _____	_____		
3. _____	_____	to (362)	<u>18,916</u>

Corporation's share of gross revenue:

Corporation's own gross revenue	<u>39,903,507</u>		
---------------------------------	-------------------	--	--

ADD:

1. <u>Enerconnect LP</u>	<u>46,796</u>		
2. _____	<u>0</u>		
3. _____	<u>0</u>		

Total gross revenue of corporation & partnerships		to (480)	<u>39,950,303</u>
---	--	----------	-------------------

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. <u>Subsidiary companies</u>	<u>865,552</u>		
2. <u>EnerConnect LP</u>	<u>40,518</u>		
3. _____	_____	to (404)	<u>906,070</u>

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. _____	_____		
2. _____	_____		
3. _____	_____	to (405)	_____

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

1. <u>Subsidiary companies</u>	<u>865,551</u>		
2. _____	_____		
3. _____	_____	to (406)	<u>865,551</u>

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

1. <u>Enerconnect LP</u>	_____		
2. _____	_____		
3. _____	_____	to (407)	_____

LOANS AND ADVANCES:

From corporations or government	<u>16,146,274</u>		
From shareholders or related persons	_____		
From <u>Customer deposits</u>	<u>765,002</u>		
From _____	_____	to (353)	<u>16,911,276</u>



Ontario

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

2004/
2005

CT23 Corporations Tax and Annual Return

For taxation years commencing
after December 31, 2002

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

This form is a combination of the Ministry of Finance (MOF) **CT23 Corporations Tax Return** and the Ministry of Consumer and Business Services (MCBS) **Annual Return**. Page 1 is a common page required for both Returns. For tax purposes, 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. 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 MCBS Schedule A on pages 18 and 19, and Schedule K on page 20) 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 20

Corporation's Legal Name (including punctuation)
HALTON HILLS HYDRO INC.

Mailing Address
43 ALICE STREET

ACTON ON
L7J2A9

Has the mailing address changed since last filed CT23 Return? ☐ Yes

Date of Change

Registered/Head Office Address
43 ALICE STREET

ACTON ON
L7J2A9

Location of Books and Records
43 ALICE STREET

ACTON ON
L7J2A9

Name of person to contact regarding this CT23 Return Telephone No. Fax No.
ARTHUR SKIDMORE (519) 853-3700

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

Former Corporation Name (Extra-Provincial Corporations only) ☒ Not Applicable (MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). ►

No. of Schedules(s)

1

If there is **no change** to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check ☒ this box. Schedule(s) A and K are not required (MCBS).

► ☐ No Change

Ontario Corporations Tax Account No. (MOF)

1800262

This Return covers the Taxation Year

Start year month day
2004/01/01

End year month day
2004/12/31

Date of Incorporation or Amalgamation

year month day
1999/04/13

Ontario
Corporation No.
(MCBS)

1349889

Canada Customs and Revenue Agency
Business No.

If applicable, enter
867429623 RC 0001

Jurisdiction
Incorporated

ONTARIO

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

Commenced year month day

Ceased year month day

☒ Not Applicable

Preferred Language / Langue de préférence

☒ English ☐ French
anglais français

Ministry
Use

Certification (MCBS)

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

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

ARTHUR SKIDMORE

Title ☐ Director ☒ Officer ☐ Other individuals having knowledge of the Corporation's business activities

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

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800262

Taxation Year End
2004/12/31

CT23 Page 3 of 20

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> Canadian-controlled Private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))	
<input type="checkbox"/> 2	<input type="checkbox"/> Other Private	Share Capital with full voting rights owned by Canadian Residents (nearest percent) <input type="text" value="100"/> %
<input type="checkbox"/> 3	<input type="checkbox"/> Public	
<input type="checkbox"/> 4	<input type="checkbox"/> Non-share Capital	
<input type="checkbox"/> 5	<input type="checkbox"/> Other (specify) ▶	

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

<input type="checkbox"/> First Year of Filing	<input type="checkbox"/> Final Taxation Year up to Dissolution (wind-up) (Note: For discontinued businesses, see Guide.)	<input type="checkbox"/> Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
<input type="checkbox"/> Amended Return	<input type="checkbox"/> Final Taxation Year before Amalgamation	<input type="checkbox"/> Acquisition of Control fed s.249(4)
<input type="checkbox"/> Taxation Year End has changed - Canada Customs and Revenue Agency approval required	<input type="checkbox"/> 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

caution - 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	1,967,255	•
Subtract: Charitable donations - - - - -	-	1	325,000	•
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 Schedule 3 - - - - -	-	3		•
Subtract: Ontario political contributions (Attach schedule 2A)(Int.B.3002R) - - - - -	-	4		•
Subtract: Federal Part VI.1 tax - - - - -	-	5		•
Subtract: Prior years' losses applied - - - - -	-			•
Non-capital losses - - - - -	-	704		•
Net capital losses From 715 (page 16) • X inclusion rate 50.000000% = - - - - -	-	714		•
Farm losses - - - - -	-	724		•
Restricted farm losses - - - - -	-	734		•
Limited partnership losses - - - - -	-	754		•
Taxable Income (Non-capital loss) - - - - -	=	10	1,642,255	•
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	1,642,255	•

Taxable Income

From 10 (or 20 if applicable)	Ontario Allocation	Number of Days in Taxation Year		
1,642,255 • X 30 100.0000 % X 12.5% X		Days after Dec. 31, 2002 and before Jan 1, 2004 33 ÷ 73 366	= +	29
1,642,255 • X 30 100.0000 % X 14.0% X		Days after Dec 31, 2003 34 366 ÷ 73 366	= +	32 229,916
Income Tax Payable (before deduction of tax credits)	29 + 32		= +	40 229,916

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	1,946,524	•
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) - - - - -	+ 51	1,642,255	•
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		•
	=	1,642,255	•
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1) - - - - -	55	250,000	•
	54	1,642,255	•

Ontario Business Limit Calculation

320,000 X	Days after Dec 31, 2002 and before Jan 1, 2004 31 ÷ ** 366	= +	46	•			
400,000 X	Days after Dec 31, 2003 34 366 ÷ ** 366	= +	47	400,000 •			
Business Limit for Ontario purposes	46 + 47 - - =	44	400,000 • X	Percentage of Federal Business Limit (from T2 Sch.23). Enter 100% if not associated. 48 100.0000 %	=	45	400,000 •

Income eligible for the IDSBC - - - - - From 30 100.0000 % X 56 400,000 • = 60 400,000 •

*** Ontario Allocation

Least of 50 54 or 45

• Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to guide)

** Note: Adjust accordingly for floating taxation year and use 366 for a leap year.

*** 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
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Income Tax continued from Page 5**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 56 400,000

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 34,000 ÷ From 30 100.0000 % ÷ From 78 8.5000 % = 121 400,000

*Ontario Allocation

Lesser of 56 or 121 - - - - - + 122 400,000

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

Taxable Income - - - - - + From 10 1,642,255

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 400,000

Add: Adjustments for Surtax on Canadian-controlled private corporations - - - - - + From 122 400,000

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 20,731

10 - 56 + 122 - 140 - 141 - - - - - = 142 1,621,524

Claim**Number of Days in Taxation Year**

Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days
33	÷	73 366
Days after Dec 31, 2003		Total Days
34	÷	73 366

143 Lesser of 130 or 142 • X From 30 100.0000 % X 1.5% X 154

*Ontario Allocation

143 Lesser of 130 or 142 • X From 30 100.0000 % X 2.0% X 156

*Ontario Allocation

M&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 (Int.B.3001R) (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

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190 229,916

continued on Page 7

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Income Tax *continued from Page 6*

DOLLARS ONLY

Specified Tax Credits *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to scientific research and experimental development in Ontario.*Eligible Credit From 5620 OITC Claim Form (Attach original Claim Form) - - - - - + 191**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*Eligible Credit From 5798 CT23 Schedule 113 (Attach Schedule 113) - - - - - + 192**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.* Name of Production 204Eligible Credit From 5850 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + 193**Graduate Transitions Tax Credit (GTTC) (s.43.6)**No. of Graduates From 6596*Applies to employment of eligible unemployed post secondary graduate, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.* 194Eligible Credit From 6598 CT23 Schedule 115 (Attach Schedule 115) - - - - - + 195**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.*Eligible Credit From 6800 OBPTC Claim Form (Attach both the original Claim Form and the Certificate of Eligibility) - - - - - + 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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + 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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + 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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + 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 Certificate of Eligibility) - - - - - + 201**Apprenticeship Training Tax Credit (ATTC) (s.43.13)**No. of Apprentices From 5896*Applies to employment of eligible apprentices.* 202 2Eligible Credit From 5898 CT23 Schedule 114 (Attach Schedule 14) - - - - - + 203 3,702**Total Specified Tax Credits** 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 = 220 3,702**Specified Tax Credits Applied to reduce Income Tax** - - - - - = 225 3,702**Income Tax** 190 - 225 OR Enter NIL if reporting Non-Capital loss (amount cannot be negative) - - - = 230 226,214To 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.

OR

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

Corporation's Legal Name
HALTON HILLS HYDRO INC.Ontario Corporations Tax Account No. (MOF)
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Corporate Minimum Tax (CMT)

Total Assets of the corporation - - - - - + [240] 43,019,567.
 Total Revenue of the corporation - - - - - + [241] 39,950,303.

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

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] 3,655,206	+ [244] 1,316,167
			+ [245]	+ [246]
			+ [247]	+ [248]
Aggregate Total Assets	[240] + [243] + [245] + [247], etc		= [249] 46,674,773	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc			= [250] 41,266,470

Determination of Applicability

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

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.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedule 101**.

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable - - - - -	CMT Base From Sch. 101 [2136] 1,402,468	X From [30] 100.0000	% X 4% =	[276] 56,099
	if negative, enter zero			
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - - - - -		Ontario Allocation		[277]
Subtract: Income Tax - - - - -			From [190]	229,916
Net CMT Payable (if negative, enter Nil on Page 17.) - - - - -			=	[280] -173,817

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 Part 4 of

Schedule 101: Continuity of CMT Credit Carryovers.

CMT Credit Carryover available from Schedule 101 - - - - - From [2333]

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) - - - - -	+ From [190]	229,916
Gross CMT Payable - - - - -	+ From [276]	56,099
Subtract: Foreign Tax Credit for CMT purposes - - - - -	- From [277]	
If [276] - [277] is negative, enter NIL in [290] =		56,099
Income Tax eligible for CMT Credit - - - - -	=	[300] 173,817
B. Income Tax (after deduction of specified credits) - - - - -	+ From [230]	226,214
Subtract: CMT credit used to reduce income taxes - - - - -	- [310]	
Income Tax - - - - -	=	[320] 226,214

If A & B apply, [310] cannot exceed the lesser of [230], [300] and your CMT credit carryover available [2333].

If only B applies, [310] cannot exceed the lesser of [230] and your CMT credit carryover available [2333].

Transfer to page 17

Corporation's Legal Name
HALTON HILLS HYDRO INC.

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1800262

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

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 the Gross Revenue and Total Assets as calculated on page 10 in 480 and 430 are both \$3,000,000 or less, your corporation is exempt from Capital Tax for the taxation year, except for a branch of a non-resident corporation. 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.3017R).

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.3012R and 3015R) - - - - -	+	350	16,161,663.
Retained earnings (if deficit, deduct)(Int.B. 3012R) - - - - -	±	351	2,394,782.
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R) - - - - -	+	352	.
Loans and advances (Attach schedule)(Int.B.3013R) - - - - -	+	353	16,911,276.
Bank loans (Int.B.3013R) - - - - -	+	354	.
Bankers acceptances (Int.B.3013R) - - - - -	+	355	.
Bonds and debentures payable (Int.B.3013R) - - - - -	+	356	.
Mortgages payable (Int.B.3013R) - - - - -	+	357	.
Lien notes payable (Int.B.3013R) - - - - -	+	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.3013R) - - - - -	+	359	.
Contingent, investment, inventory and similar reserves (Int.B.3012R) - - - - -	+	360	.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)(Int.B.3012R) - - - - -	+	361	.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))(Int.B.3017R) - - - - -	+	362	18,916.
Subtotal - - - - -	=	370	35,486,637.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)(Int.B.3012R) - - - - -	-	371	-478,125.
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes(Int.B.3015R) - - - - -	-	372	.
Total Paid-up Capital - - - - -	=	380	35,964,762.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))(Int.B.3015R) - - - - -	-	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	.
Net Paid-up Capital - - - - -	=	390	35,964,762.

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

Attach computations and list of corporation names and investment amounts. Short-term investments (bankers acceptances, commercial paper, 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	906,070.
Loans and advances to unrelated corporations - - - - -	+	405	.
Eligible 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	.
Total Eligible Investments - - - - -	=	410	1,771,621.

continued on Page 10

Capital Tax *continued from Page 9***Total Assets** (Int.B.3015R)

Total Assets per balance sheet	- - - - -	+	[420]	43,032,481	.
Mortgages or other liabilities deducted from assets	- - - - -	+	[421]		.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+	[422]	27,604	.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	-	[423]	40,518	.
Total Assets as adjusted	- - - - -	=	[430]	43,019,567	.
Amounts in [360] and [361] (if deducted from assets)	- - - - -	+	[440]		.
Subtract: Amounts in [371], [372] and [381]	- - - - -	-	[441]	-478,125	.
Subtract: Appraisal surplus if booked	- - - - -	-	[442]		.
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	±	[443]		.
Total Assets	- - - - -	=	[450]	43,497,692	.

Investment Allowance ([410] ÷ [450]) X [390] - - - - - **Not to exceed** [410] = [460] 1,464,812 .

Taxable Capital [390] - [460] - - - - - = [470] 34,499,950 .

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)- [480] 39,950,303 .

Total Assets (as adjusted) - - - - - From [430] 43,019,567 .

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002.

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, complete **Section B below**, then review only the Capital Tax calculations in **Section C below**, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.
- OR** If the corporation is a member of an associated group and/or partnership, complete **Section B below** and **section D** on page 11, and if applicable, complete **Section E or Section F on page 12**. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 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

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

		Days before Jan. 1, 2005	Total Days		
5,000,000	X	[35] 366 ÷ [73] 366		= +	[500] 5,000,000 .
		Days after Dec 31, 2004 and before Jan. 1, 2005	Total Days		
7,500,000	X	[36] ÷ [73] 366		= +	[501] .
		Days after Dec 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	X	[37] ÷ [73] 366		= +	[502] .
Taxable Capital Deduction (TCD)		[500] + [501] + [502]		=	[503] 5,000,000 .

Section C

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

- C1.** If [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.
- C2.** If Taxable Capital in [470] is equal to or less than the TCD in [503], enter NIL in [550] on page 12 and complete the return from that point.
- C3.** If Taxable Capital in [470] exceeds the TCD in [503], complete the following calculation and transfer the amount from [523] to [543] on page 12, and complete the return from that point.

+ From [470]	34,499,950	.							
- From [503]		.							
=	[471]	.	X From [30]	100.0000	% X 0.3% X [555] 366	- -	= +	[523]	.
Ontario Allocation									
365 (366 if leap year) If floating taxation year, refer to Guide									
Transfer to [543] on page 12 and complete the return from that point									

continued on Page 11

Corporation's Legal Name
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Capital Tax Calculation *continued from page 10*

SECTION D

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 E or Section F.

D1. ☐ 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 equal or less than the TCD ☐ 503 on page 10, enter NIL in ☐ 550 on page 12 and complete the return from that point.

If Taxable Capital ☐ 470 on page 10 exceeds the TCD ☐ 503 on page 10, proceed to **Section E**, enter the TCD amount in ☐ 542 in Section E, and complete Section E and the return from that point.

D2. ☒ 524 (X if applicable) One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD 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 capital tax effect relating to the TCD 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 corporate 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 34,499,950 ●

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

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) 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			+	<input type="checkbox"/> 531	2,320,864 ●
			+	<input type="checkbox"/> 532	●
			+	<input type="checkbox"/> 533	●
Aggregate Taxable Capital <input type="checkbox"/> 470 + <input type="checkbox"/> 531 + <input type="checkbox"/> 532 + <input type="checkbox"/> 533, etc	- - - - -		=	<input type="checkbox"/> 540	36,820,814 ●

If ☐ 540 above is equal to or less than TCD ☐ 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in ☐ 523 in section E on page 12, as applicable.

If ☐ 540 above is greater than the TCD ☐ 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From ☐ 470 34,499,950 ● ÷ From ☐ 540 36,820,814 ● X From ☐ 503 5,000,000 ● = ☐ 541 4,684,843 ●

Transfer to ☐ 542 in Section E on page 12.

Ss.69(2.1) Election filed

☐ 591 (X if applicable)

Election filed. Attach a copy of Schedule 591 with this CT23 Return.
Proceed to **Section F** 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
2004/12/31

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DOLLARS ONLY

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1. Credit Unions Only

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

1.2. 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 366 ÷ *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 366 ÷ *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 2) + - - - - - =

* If floating taxation year, refer to Guide.

2. 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
2004/12/31

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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 Schedule 1 - - - - - ± 600 1,967,255

Transfer to Page 15

Add:

Federal capital cost allowance - - - - -	+	601	1,518,927	•
Federal cumulative eligible capital deduction - - - - -	+	602	71,632	•
Ontario taxable capital gain - - - - -	+	603	20,731	•
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 (Refer to Guide) - - - - -	+	609		•
Federal depletion allowance - - - - -	+	610		•
Federal foreign exploration and development expenses - - - - -	+	611		•
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide) - -	+	617		•
Management fees, rents, royalties and similar payments to non-arm's length non-residents ▼				

Number of Days in Taxation Year

612	•	X	$\frac{5}{12.5} \times$	<table><tr><td>Days after Dec. 31, 2002 and before Jan. 1, 2004</td><td>Total Days</td></tr><tr><td>33</td><td>73 3.66</td></tr></table>	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	33	73 3.66	= +	633	•
Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days										
33	73 3.66										

612	•	X	$\frac{5}{14.0} \times$	<table><tr><td>Days after Dec. 31, 2003</td><td>Total Days</td></tr><tr><td>34 3.66</td><td>73 3.66</td></tr></table>	Days after Dec. 31, 2003	Total Days	34 3.66	73 3.66	= +	634	•
Days after Dec. 31, 2003	Total Days										
34 3.66	73 3.66										

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 + 617 + 613 + 615 + 616 + 620 + 614 = 1,611,290 640 1,611,290

Transfer to Page 15

Deduct:

Ontario capital cost allowance(excludes amounts deducted under 675) - - - - -	+	650	1,518,927	•
Ontario cumulative eligible capital deduction - - - - -	+	651	71,632	•
Federal taxable capital gain - - - - -	+	652	20,731	•
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 (Refer to Guide) - - - - -	+	659		•
Ontario current cost adjustment (Attach schedule) - - - - -	+	661		•
CCA on assets used to generate electricity from natural gas, alternative or renewable resources - - - - -	+	675		•

Subtotal of deductions for this page 650 to 659 + 661 + 675 = 681 1,611,290

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continued on Page 15

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800262

Taxation Year End
2004/12/31

CT23 Page 15 of 20

DOLLARS ONLY

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

ntinued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1 - - - - - From ± 600 1,967,255.
Total of Additions on Page 14 - - - - - From = 640 1,611,290.
Sub Total of deductions on page 14 - - - - - From = 681 1,611,290.

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 - - 662

ONTTI Gross-up deduction calculation:

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

Workplace Child Care Tax Incentive (WCCT)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

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

Workplace Accessibility Tax Incentive (WATI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

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

Number of
Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

(Applies to the eligible acquisition of school
buses purchased after May 4, 1999 and before January 1, 2006.)(Refer to Guide).

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

Educational Technology Tax Incentive (ETTI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

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

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

Ontario Scientific Research Expenses claimed in year in 477
from Ont. CT23 Schedule 161 - - - - - + 679

Amount added to income federally for an amount that was negative on federal
form T661, Line 454 or 455 (if filed after June 30, 2003) - - - - - + 677

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

Total of Deductions

681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 - - - - - = 1,611,290. 680 1,611,290.

Net income (loss) for Ontario Purposes 600 + 640 - 680 - - - - - = 690 1,967,255.

Transfer to Page 4

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800262

Taxation Year End
2004/12/31

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DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	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 (2)	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>

Analysis of Balance at End of Year 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	Farm Losses	Restricted Farm Losses
800 1995/12/31	817 (9)	860 (9)		850	870
801 1996/12/31	818 (9)	861 (9)		851	871
802 1997/12/31	819 (9)	862 (9)		852	872
803 1998/12/31	820	830	840	853	873
804 1999/12/31	821	831	841	854	874
805 2000/12/31	822	832	842	855	875
806 2001/12/31	823	833	843	856	876
807 2002/12/31	824	834	844	857	877
808 2003/12/31	825	835	845	858	878
809 2004/12/31	826	836	846	859	879
Total	829 <NIL>	839 <NIL>	849 <NIL>	869 <NIL>	889

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.

- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)

1800262

Taxation Year End

2004/12/31

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
Deduct: 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				
i) 3rd preceding	901 2001/12/31	921	931	941
ii) 2nd preceding	902 2002/12/31	922	932	942
iii) 1st preceding	903 2003/12/31	923	933	943
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax - - - - + From 230 or 320 226,214

Corporate Minimum Tax - - - - + From 280

Capital Tax - - - - - - + From 550 89,445

Premium Tax - - - - - - + From 590

Total Tax Payable - - - - - = 950 315,659

Subtract: Payments - - - - - - 960 315,659

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 the 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

30/06/2005

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

Schedule A: Information on Ontario Corporations

MCBS

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

Schedule A

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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) HALTON HILLS HYDRO INC.		Ontario Corporation No. (MCBS) 1349889	Date of Incorporation or Amalgamation year month day 1999/04/13																																																																							
Director/Officer Information																																																																										
Full Name and Address for Service																																																																										
Last Name AUSTIN		First Name ROBERT	Middle Name(s) C																																																																							
Street Number and Name 24 KNOX STREET		Suite																																																																								
City/Town/Village ACTON		Province/State ON	Country CA																																																																							
		Postal/Zip Code L7J1C7																																																																								
Director Are you a Resident Canadian? (Applies to directors of business corporations only) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date Elected year month day 2004/02/19 Date Ceased year month day 	Officer State the appointment period for each of the following <table border="1"><thead><tr><th></th><th colspan="3">Date Appointed</th><th colspan="3">Date Ceased</th></tr><tr><th></th><th>Year</th><th>Month</th><th>Day</th><th>Year</th><th>Month</th><th>Day</th></tr></thead><tbody><tr><td>President</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Secretary</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Treasurer</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>General Manager</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Other (specify)</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table> Other Titles (please specify) <table border="1"><tbody><tr><td><input type="checkbox"/> Chair</td><td><input type="checkbox"/> Chief Executive Officer</td></tr><tr><td><input type="checkbox"/> Chair Person</td><td><input type="checkbox"/> Chief Financial Officer</td></tr><tr><td><input type="checkbox"/> Chairman</td><td><input type="checkbox"/> Chief Information Officer</td></tr><tr><td><input type="checkbox"/> Chairwoman</td><td><input type="checkbox"/> Chief Operating Officer</td></tr><tr><td><input type="checkbox"/> Vice-Chair</td><td><input type="checkbox"/> Chief Administrative Officer</td></tr><tr><td><input type="checkbox"/> Vice-President</td><td><input type="checkbox"/> Comptroller</td></tr><tr><td><input type="checkbox"/> Assistant Secretary</td><td><input type="checkbox"/> Authorized Signing Officer</td></tr><tr><td><input type="checkbox"/> Assistant Treasurer</td><td></td></tr><tr><td><input type="checkbox"/> Chief Manager</td><td></td></tr><tr><td><input type="checkbox"/> Executive Director</td><td></td></tr><tr><td><input type="checkbox"/> Managing Director</td><td><input type="checkbox"/> Other (unfilled)</td></tr></tbody></table>				Date Appointed			Date Ceased				Year	Month	Day	Year	Month	Day	President							Secretary							Treasurer							General Manager							Other (specify)							<input type="checkbox"/> 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"/> Chief Manager		<input type="checkbox"/> Executive Director		<input type="checkbox"/> Managing Director	<input type="checkbox"/> Other (unfilled)
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Director/Officer Information																																																																										
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Street Number and Name		Suite																																																																								
City/Town/Village		Province/State	Country																																																																							
		Postal/Zip Code																																																																								
Director Are you a Resident Canadian? (Applies to directors of business corporations only) <input type="checkbox"/> Yes <input type="checkbox"/> No Date Elected year month day Date Ceased year month day 	Officer State the appointment period for each of the following <table border="1"><thead><tr><th></th><th colspan="3">Date Appointed</th><th colspan="3">Date Ceased</th></tr><tr><th></th><th>Year</th><th>Month</th><th>Day</th><th>Year</th><th>Month</th><th>Day</th></tr></thead><tbody><tr><td>President</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Secretary</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Treasurer</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>General Manager</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Other (specify)</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table> Other Titles (please specify) <table border="1"><tbody><tr><td><input type="checkbox"/> Chair</td><td><input type="checkbox"/> Chief Executive Officer</td></tr><tr><td><input type="checkbox"/> Chair Person</td><td><input type="checkbox"/> Chief Financial Officer</td></tr><tr><td><input type="checkbox"/> Chairman</td><td><input type="checkbox"/> Chief Information Officer</td></tr><tr><td><input type="checkbox"/> Chairwoman</td><td><input type="checkbox"/> Chief Operating Officer</td></tr><tr><td><input type="checkbox"/> Vice-Chair</td><td><input type="checkbox"/> Chief Administrative Officer</td></tr><tr><td><input type="checkbox"/> Vice-President</td><td><input type="checkbox"/> Comptroller</td></tr><tr><td><input type="checkbox"/> Assistant Secretary</td><td><input type="checkbox"/> Authorized Signing Officer</td></tr><tr><td><input type="checkbox"/> Assistant Treasurer</td><td></td></tr><tr><td><input type="checkbox"/> Chief Manager</td><td></td></tr><tr><td><input type="checkbox"/> Executive Director</td><td></td></tr><tr><td><input type="checkbox"/> Managing Director</td><td><input type="checkbox"/> Other (unfilled)</td></tr></tbody></table>				Date Appointed			Date Ceased				Year	Month	Day	Year	Month	Day	President							Secretary							Treasurer							General Manager							Other (specify)							<input type="checkbox"/> 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"/> Chief Manager		<input type="checkbox"/> Executive Director		<input type="checkbox"/> Managing Director	<input type="checkbox"/> Other (unfilled)
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Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

CANTAX T2, 2004-2005 CT23, version 05.1.307 Approval Code 060B

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 1: 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.

Life Insurance corporations - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 989,906

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

Provision for recovery of income taxes / benefit of current income taxes - + 2101
Provision for deferred income taxes (credits) / benefit of future income 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 under fed.s.83(2) - - - - - + 2107
Dividends received/receivable deductible under fed.s.138(6) - - - - - + 2108
Federal Part VI.1 tax paid on dividends declared and paid,
under fed.s.191.1(1) X 3 - + 2109

Subtotal - - - - - = 2110

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

Provision for current taxes / cost of current incomes taxes - - - - - + 2111 412,562
Provision for deferred income taxes (debits) / cost of future income taxes - - + 2112
Equity losses from corporations - - - - - + 2113
Share of partnership(s)/joint venture(s) losses - - - - - + 2114
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)) - - - - - + 2115

Subtotal - - - - - = 412,562 + 2116 412,562

Add/Subtract:

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

** Fed. s.85 - - - - - + 2117 or - 2118
** Fed. s.85.1 - - - - - + 2119 or - 2120
** Fed. s.97 - - - - - + 2121 or - 2122
** Amounts relating to amalgamations (fed.s.87) as
prescribed in regulations for current/prior years + 2123 or - 2124
** Amounts relating to wind-ups (fed.s.88) as
prescribed in regulations for current/prior years + 2125 or - 2126
** Amounts relating to s.57.10 election/regulations
for replacement re fed.s.13(4), 14(6) and 44
for current/prior years - - - - - + 2127 or - 2128
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) - - - - - = + 2129

Subtotal (Subtractions) - - - - - = 2130

** Other adjustments - - - - - ± 2131

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 = 2132 1,402,468

** Share of partnership(s)/joint venture(s) adjusted net income/loss - - - - - ± 2133

Adjusted net income (loss) (if loss, transfer to 2202 in Part 2: Continuity of CMT Losses Carried Forward.) = 2134 1,402,468

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

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

= 2135

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

Retain calculations. Do not submit with this schedule.

CMT Base - - - - - = 2136 1,402,468

Transfer to CMT Base, Page 8 of the CT23 or Page 6 of the CT8

**Corporate Minimum Tax (CMT)
CT23 Schedule 101**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 2: Continuity of CMT Losses Carried Forward

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

Notes:

- | | |
|---|--|
| (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss. | (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9)) |
| (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7)) | (4) CMT losses must be used to the extent of the lesser of the adjusted net income [2134] and CMT losses available [2209]. |
| | (5) Amount in [2214] must equal sum of [2270] + [2290]. |

Part 3: Analysis of CMT Losses Year End Balance by Year of Origin

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

Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
[2240] 1995/12/31	[2260]	[2280]
[2241] 1996/12/31	[2261]	[2281]
[2242] 1997/12/31	[2262]	[2282]
[2243] 1998/12/31	[2263]	[2283]
[2244] 1999/12/31	[2264]	[2284]
[2245] 2000/12/31	[2265]	[2285]
[2246] 2001/12/31	[2266]	[2286]
[2247] 2002/12/31	[2267]	[2287]
[2248] 2003/12/31	[2268]	[2288]
[2249] 2004/12/31	[2269]	[2289]
Totals	[2270]	[2290]

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

Corporate Minimum Tax (CMT) CT23 Schedule 101

Page 3 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) - - - - - + [2301] _____

Add: Current year's CMT credit ([280] on page 8 of the CT23 or [347] on page 6 of the CT8. If negative, enter NIL) - - - + From [280] or [347] _____

Gross Special Additional Tax NOTE (2) [312] on page 5 of CT8.
(Life Insurance corporations only. Others enter NIL.) + From [312] _____

Subtract Income Tax
([190] on page 6 of the CT23 or page 4 of the CT8) - From [190] 229,916 _____

Subtotal (If negative, enter NIL) - - - - - = [2305] _____

Current year's CMT credit (if negative, enter NIL) [280] or [347] - [2305] - - - - - = [2310] _____

CMT Credit Carryovers from predecessor corporations NOTE (3) - - - - - + [2325] _____

Amalgamation (X) [2315] ☐ Yes Wind-up (X) [2320] ☐ Yes

Subtotal [2301] + [2310] + [2325] - - - - - = [2330] _____

Adjustments (Attach schedule) - - - - - + [2332] _____

CMT Credit Carryover available [2330] + [2332] - - - - - = [2333] _____
Transfer to Page 8 of the CT23 or Page 6 of the CT8

Subtract: CMT Credit utilized during the year to reduce income tax
([310] on page 8 of the CT23 or [351] on page 6 of the CT8.) + From [310] or [351] _____

CMT Credit expired during the year - - - - - + [2334] _____

Subtotal - - - - - = [2335] _____

Balance at End of Year NOTE (4) [2333] - [2335] - - - - - = [2336] _____

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in [2336] must equal sum of [2370] + [2390] .

Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) YYYY MM DD	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
[2340]	1995/12/31	[2360]	[2380]
[2341]	1996/12/31	[2361]	[2381]
[2342]	1997/12/31	[2362]	[2382]
[2343]	1998/12/31	[2363]	[2383]
[2344]	1999/12/31	[2364]	[2384]
[2345]	2000/12/31	[2365]	[2385]
[2346]	2001/12/31	[2366]	[2386]
[2347]	2002/12/31	[2367]	[2387]
	2003/12/31	[2368]	[2388]
[2349]	2004/12/31	[2369]	[2389]
Totals		[2370]	[2390]

The sum of amounts [2370] + [2390]
must equal amount in [2336] .



Ontario

Ministry of Finance

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

Ontario Charitable Donations and Gifts
Schedule 2 page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
ALTON HILLS HYDRO INC.	1800262	2004/12/31

- For use by a corporation to claim any of the following:
 - Charitable donations;
 - Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).
- File one completed copy of this schedule with your CT23.

Part 1 - Charitable Donations

Charitable donations at end of preceding taxation year	+		A
Deduct: Donations expired after 5 taxation years	-		B
Charitable donations at beginning of taxation year	=		C
Add:			
Donations transferred on amalgamation or wind-up of subsidiary	+		D
Total current year charitable donations made	+	325,000	E
Subtotal D + E	=	325,000	F
Total donations available C + F	= +	325,000	G
Deduct: Amount applied against taxable income (amount T)	-	325,000	T
Charitable donations closing balance	=		H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75% = 1,475,441 I

Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Ontario taxable capital gains arising in respect of gifts of capital property	+		J
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	+		K

Add the lesser of:

1. The amount of the recapture of capital cost allowance in respect of charitable gifts		L
2. The lesser of:		
2a. Proceeds of dispositions less outlays and expenses		M
2b. The capital cost		N
The lesser of M and N	►	O
The lesser of L and O	+	P
Subtotal J + K + P	=	Q
25% X		Q
Maximum deduction allowable I + R	=	1,475,441 S
Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes)		325,000 T

Enter in 1 of the CT23

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 3 - Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Crown Foundation at the end of the preceding taxation year	+	
Deduct: Gifts expired after 5 years	-	
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	=	
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	+	
Total current year gifts	+	
Subtotal	=	
Deduct: Amount applied against taxable income <input type="text" value="2"/> of the CT23	-	
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	=	

Foundation Name	Date of Donation	Amount \$
Total gifts to Her Majesty in right of Ontario		=

Part 4 - Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

- Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario 1,642,255 U
- Lesser of:
 - Ontario Net Income for the taxation year 1,967,255 V
 - Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation

The lesser of V and W W

Maximum deduction allowable the lesser of U and X X

Y

Transfer to of the CT23

Part 5 - Gifts to Canada or province other than Ontario

Gifts to Canada or a province other than Ontario at the end of the preceding year	+	
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	-	
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	=	
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	+	
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date).	+	
Subtotal	=	
Deduct: Amount applied against taxable income	-	
Gifts to Canada or a province other than Ontario closing balance	=	

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 6 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year	+	
Deduct: Gifts of certified cultural property expired after five years	-	
Gifts of certified cultural property at the beginning of the taxation year	=	
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	+	
Total current year gifts of certified cultural property	+	
Subtotal	=	
Deduct: Amount applied against taxable income	-	
Gifts of certified cultural property closing balance	=	

Part 7 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	+	
Deduct: Gifts of certified ecologically sensitive land expired after five years	-	
Gifts of certified ecologically sensitive land at the beginning of the taxation year	=	
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	+	
Total current year gifts of certified ecologically sensitive land	+	
Subtotal	=	
Deduct: Amount applied against taxable income	-	
Gifts of certified ecologically sensitive land closing balance	=	

Part 8 - Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2000/12/31					
2001/12/31					
2002/12/31					
2003/12/31					
2004/12/31					
Totals					

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 9 - Carry forwards of charitable donations

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31				<NIL>	
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31		325,000	325,000		<NIL>
Totals		325,000	325,000		<NIL>

Part 10 - Carry forwards of gifts to Canada or a province

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Totals					<NIL>

Part 11 - Carry forwards of gifts of certified cultural property

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Totals					<NIL>

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Part 12 - Carry forwards of certified ecologically sensitive land

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Total					<NIL>

Part 13 - Carry forwards of Gifts to Her Majesty in right of Ontario

Year-end of Origin	Prior Year Carry forward	Current Year Donations	Applied	Expired	Carry-forward
1999/12/31					
2000/12/31					<NIL>
2001/12/31					<NIL>
2002/12/31					<NIL>
2003/12/31					<NIL>
2004/12/31					<NIL>
Total					<NIL>



Ontario

Ministry of Finance

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

Ontario Summary of Dispositions
of Capital Property
Schedule 6 page 1 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
ALTON HILLS HYDRO INC.	1800262	2004/12/31

- For a corporation that has disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
- This schedule may be used to make a designation under section 34(10) of the *Corporations Tax Act* provided the corporation has made a designation under paragraph 111(4)(e) of the *Income Tax Act* (Canada), if control of the corporation has been acquired by a person or group of persons.

Part A: Designation under section 34(10) of the *Corporations Tax Act*

Complete part A if there are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e) of the *Income Tax Act* (Canada) or section 34(10) of the *Corporations Tax Act*.

Property	Class #	Date of Disposition YYYY/MM/DD	Proceeds of Disposition	Adjusted Cost Base	Other Adjustments	Designated Amount	Gain or Loss

Part B: Inter-provincial asset transfers

Complete Part B if there was any disposition shown on the schedule as a result of a federal election under section 85 of the *Income Tax Act* (Canada) that transferred assets to a non-arm's length corporation with a permanent establishment in another Canadian jurisdiction.

Property	Class #	Corporation Name of Transferee/or	Date of Disposition YYYY/MM/DD	Cost of Asset in Other Jurisd.	Name of Other Jurisdictions	Allocation Ratio to other Jurisdictions	Ontario Elected Amount	Gain or Loss
						%		
						%		
						%		
						%		
						%		

Corporation's Legal Name HALTON HILLS HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800262	Taxation Year End 2004/12/31
--	---	--

1 Types of capital property	2 Date of aquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 Proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario gain or (loss) (col. 4 less cols. 5 & 6)
--------------------------------	--	---	---------------------------------	------------------------------------	------------------------------	--

Part 1 - Shares

No. of shares	Name of corporation	Class of shares	2	3	4	5	6	7
1,661	SUN LIFE FIN	COMMON	2001/12/01	2004/11/25	64,716	23,254		41,462
Totals								41,462 A
Before February 28, 2000								<NIL> A1
After February 27, 2000 and before October 18, 2000								<NIL> A2
After October 17, 2000								41,462 A3

Part 2 - Real Estate (Do not include losses on depreciable property)

Municipal address	2	3	4	5	6	7
Totals						<NIL> B
Before February 28, 2000						<NIL> B1
After February 27, 2000 and before October 18, 2000						<NIL> B2
After October 17, 2000						<NIL> B3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

1 Types of capital property	2 Date of acquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 Proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario gain or (loss) (col. 4 less cols. 5 & 6)
--------------------------------	---	---	---------------------------------	------------------------------------	------------------------------	--

Part 3 - Bonds

[illegible]

	Totals	<NIL>	C
	Before February 28, 2000	<NIL>	C1
	After February 27, 2000 and before October 18, 2000	<NIL>	C2
	After October 17, 2000	<NIL>	C3

Part 4 - Other properties (Do not include losses on depreciable property)

Description	2	3	4	5	6	7

	Totals	<NIL> D
	Before February 28, 2000	<NIL> D1
After February 27, 2000 and before October 18, 2000		<NIL> D2
	After October 17, 2000	<NIL> D3

Part 5 - Personal-use property

Description of capital property	2	3	4	5	6	7

Note: Losses are not deductible

Net gain or (loss)	<NIL> E
Before February 28, 2000	<NIL> E1
After February 27, 2000 and before October 18, 2000	<NIL> E2
After October 17, 2000	<NIL> E3

Corporation's Legal Name HALTON HILLS HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800262	Taxation Year End 2004/12/31
--	---	--

1 Types of capital property	2 Date of acquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 Proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario gain or (loss) (col. 4 less cols. 5 & 6)
--------------------------------	---	---	---------------------------------	------------------------------------	------------------------------	--

Part 6 - Listed personal property

Description	2	3	4	5	6	7

	Total	<NIL>
Deduct: Unapplied listed personal property losses from other years - - - - -	-	
Note: Net listed personal property losses may only be applied against personal property gains.	Net gain or (loss)	<NIL> F

LPP gains or losses realized before February 28, 2000

Gain or loss on dispositions before February 28, 2000 - - - - -	±	
Less: Portion of unapplied LPP losses from other years applicable to gain before February 28, 2000 - - - - -	-	
Net gain (loss) on dispositions before February 28, 2000 - - - - -	=	F1

LPP gains or losses realized after February 27, 2000 and before October 18, 2000

Gain or loss on dispositions after February 27, 2000 and before October 18, 2000 - - - - -	±	
Less: Portion of unapplied LPP losses from other years applicable to gain after February 27, 2000 and before October 18, 2000 - - - - -	-	
Net gain (loss) on dispositions after February 27, 2000 and before October 18, 2000 - - - - -	=	F2

LPP gains or losses realized after October 17, 2000

Gain or loss on dispositions after October 17, 2000 - - - - -	±	
Less: Portion of unapplied LPP losses from other years applicable to gain after October 17, 2000 - - - - -	-	
Net gain (loss) on dispositions after October 17, 2000 - - - - -	=	F3

Part 7 - Property qualifying for and resulting in an allowable business investment loss

1 Name of small business corporation	Shares- enter 1 Debt- enter 2	2 Date of acquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario loss (col. 4 less cols. 5 & 6)

Note: Properties listed in Part 7 should not be included in any other Part of Schedule 6.	Totals	<NIL>
	Net Loss	<NIL> G
	Before February 28, 2000	<NIL> G1
	After February 27, 2000 and before October 18, 2000	<NIL> G2
	After October 17, 2000	<NIL> G3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

termining capital gains and capital losses

Total of A to F (Do not include F if it is a loss)		41,462	
Add: Amount (if any) of capital gain reserve opening balance from Ontario Schedule 13			+
Capital gain dividend received in the year			+
Subtotal		41,462	
Deduct: Amount (if any) of capital gain reserve closing balance from Ontario Schedule 13			-
Gain or Loss (excluding Allowable Business Investment Losses)		41,462	Z

Determining the inclusion rate**Gains or losses realized before February 28, 2000**

Total of A1 to G1			
Add: Capital gains dividend attributable to period before February 28, 2000			+
Capital gain reserve opening balance (only if taxation year commenced before February 28, 2000)			+
Subtotal			=
Deduct: Portion of capital gains reserve closing balance applicable to dispositions before February 28, 2000			-
Gains or Losses			= H

Gains or losses realized after February 27, 2000 and before October 18, 2000

Total of A2 to G2			
Add: Capital gains dividend attributable to period after February 27, 2000 and before October 18, 2000			+
Capital gain reserve opening balance (only if taxation year commenced after February 27, 2000 and before October 18, 2000)			+
Subtotal			=
Deduct: Portion of capital gains reserve closing balance applicable to dispositions after Feb. 27, 2000 and before Oct. 18, 2000			-
Gains or Losses			= I

Gains or losses realized after October 17, 2000

Total of A3 to G3		41,462	
Add: Capital gains dividend attributable to period after October 17, 2000			+
Capital gain reserve opening balance (only if taxation year commenced after October 17, 2000)			+
Subtotal		41,462	=
Deduct: Portion of capital gains reserve closing balance applicable to dispositions after October 17, 2000			-
Gains or Losses		41,462	J

Calculate Inclusion Rate

Gains or losses	Inclusion Rate	Net capital gain / capital loss
H X 75%		= K
I X 66 2/3 %		= L
Subtotal M X %		= AA
41,462 J X 50%		= 20,731 N
Subtotal 41,462 O X 50.0000 %		= 20,731 P
Inclusion rate P divided by O (expressed as a percentage)		50.0000 Q %

Note: (1) Mutual fund corporations may treat their capital gains and losses as if they were earned on an equal basis throughout the year for the purposes of determining net capital gains or losses attributable to a particular period within the year.

(2) If either lines H or I are positive and the other one is negative, enter the difference on the subtotal line M. Use the inclusion rate from which the larger amount originates and calculate the net gain or net loss based on that rate. If either line J or M are positive and the other is negative enter the difference on line O and use the inclusion rate where the higher amount originated.

Allowable business investment loss G1+G2+G3 - - - X Inclusion Rate 50.0000 Q % = G4
Transfer to 678 of the CT23

Determining taxable capital gains

Gain or Loss (excluding Allowable Business Investment Losses)		41,462	Z
Deduct: Gain on donations (made to charities other than private foundations) of securities listed on a prescribed stock exchange divided by 2 (for donations made after February 18, 1997 and before the year 2002.)			-
in on donation of ecologically sensitive land after October 17, 2000			-
Gains or Loss		41,462	R
Include 100% of the losses in box 711 of the CT23			
Taxable capital gains 41,462 R X Inclusion Rate 50.0000 Q %		= 20,731	S

Transfer to 603 of the CT23

CAPITAL COST ALLOWANCE (CCA)

SCHEDULE 8 - Ontario

Corporation's Legal Name HALTON HILLS HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800262	Taxation Year End 2004/12/31
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Is the corporation electing under regulation 1101(5a)? **101** 1 Yes ☐ 2 No ☒

1 Class no.	Description	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	11 Ontario undepreciated capital cost at the end of the year (column 6 minus column 10)
1	Dist'n Syst	21,493,316	1,671,907			23,165,223	835,954	22,329,269	4.0	893,171	22,272,052
1	Buildings &	2,217,525	8,827			2,226,352	4,414	2,221,938	4.0	88,878	2,137,474
8	Major Tools	187,885	56,273			244,158	28,137	216,021	20.0	43,204	200,954
8	Office Equip	108,870	98,132			207,002	49,066	157,936	20.0	31,587	175,415
8	Stores Equip	31,822				31,822		31,822	20.0	6,364	25,458
10	Computer Ha	298,883	20,323		469	318,737	9,927	308,810	30.0	92,643	226,094
10	Fleet	528,435	295,195		2,700	820,930	146,248	674,682	30.0	202,405	618,525
12	Computer So	32,037	121,969			154,006	60,985	93,021	100.	93,021	60,985
8	Scada comm	240,249	9,368			249,617	4,684	244,933	20.0	48,987	200,630
46	Scada comm		43,316			43,316	21,658	21,658	30.0	6,497	36,819
45	Computer ha		54,090			54,090	27,045	27,045	45.0	12,170	41,920
	Totals	25,139,022	2,379,400		3,169	27,515,253	1,188,118	26,327,135		1,518,927	25,996,326

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

CAPITAL COST ALLOWANCE (CCA)

SCHEDULE 8SUM, Ontario

Corporation's Legal Name HALTON HILLS HYDRO INC.		Ontario Corporations Tax Account No. (MOF) 1800262	Taxation Year End 2004/12/31
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Is the corporation electing under regulation 1101(5q)? 1 Yes ☐ 2 No ☒

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 plus or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 10)
reg	25,139,022	2,379,400		3,169	27,515,253	1,168,118	26,327,135				1,518,927	25,996,326
10.1												
13												
14												
24												
27												
29												
34												
Rental												
Totals											1,518,927	

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.

Enter in boxes 650 650 650 on the CT23.



Ontario

Ministry of Finance

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
ALTON HILLS HYDRO INC.	1800262	2004/12/31

- 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) 1,023,316 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 = 1,023,316 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 = 1,023,316 K

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

Current year deduction 1,023,316 K x 7% * = 71,632 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) = 951,684 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

Corporate Minimum Tax - Associated Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Total Assets	Total Revenue
HALTON HILLS HYDRO INC.	1800262	2004/12/31	43,019,567	39,950,303
HALTON HILLS FIBRE OPTICS	1800329	2004/12/31	2,181,859	477,205
SOUTHWESTERN ENERGY INC.	1800261	2004/12/31	282,098	201,593
HALTON HILLS ENERGY INC.	6094233	2004/12/31	1,986	
HALTON HILLS ENERGY SERVIC	8238060	2004/12/31	1,189,263	637,369
Totals			46,674,773	41,266,470

(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. (MOF)	Taxation Year End
HALTON HILLS HYDRO INC.	1800262	2004/12/31

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 (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable capital
HALTON HILLS HYDRO INC.	1800262	2004/12/31	34,499,950
HALTON HILLS FIBRE OPTICS	1800329	2004/12/31	1,714,494
SOUTHWESTERN ENERGY INC.	1800261	2004/12/31	116,846
HALTON HILLS ENERGY INC.	6094233	2004/12/31	1,986
HALTON HILLS ENERGY SERVICE	8238060	2004/12/31	487,538

Aggregate of taxable capital 36,820,814
(Transfer to 540 of the CT23)



Corporation's Legal Name ALTON HILLS HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800262	Taxation Year End 2004/12/31
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Instructions for completing the ATTC Claim Form

- Complete the section below, if claiming this credit.
- Enter the relevant details for each eligible apprentice, including the amount of tax credit.
- Your total tax credit for the taxation year is equal to the sum of the tax credits for each eligible apprentice.
- Enter the total tax credit claimed on line **203**, page 7 of the CT23 or page 4 of the CT8.
- Enter the total number of apprentice hired on line **202**, page 7 of the CT23 or page 4 of the CT8.
- Corporations are eligible for 25% (30% in the case of corporations with payroll not exceeding \$400,000) refundable tax credit on wages and salaries paid after May 18, 2004 to eligible apprentices during the first 36 months of an apprenticeship.
- The maximum amount of credit that can be claimed in respect of each eligible apprentice is \$5,000 per year to a maximum of \$15,000 over the first 36 months of the apprenticeship. The maximum annual tax credit of \$5,000 is pro-rated for the number of days the apprentice was employed during the taxation year.
- The credit is *considered government assistance* and is therefore *to be included in income* in the year the credit is claimed.

Summary of Apprenticeship Training Tax Credit Claimed

Complete a separate entry for each eligible apprentice that is in a qualifying skilled trade and hired before January 1, 2008. This credit applies to **salaries and wages paid after May 18, 2004 and before January 1, 2011** to eligible apprentices during the first 36 months of an apprenticeship.

Example: A taxpayer, with a December 31, 2004 taxation year end, hires an otherwise eligible apprentice on June 1, 2004 at a salary of \$3,500 per month. The taxpayer's salaries and wages in the preceding taxation year were \$700,000. The credit claimed is the lesser of **(1)** 25% of salaries paid to the apprentice during the period of employment ($25\% \times \$3,500 \times 7 = \$6,125$), and **(2)** \$5,000 multiplied by the number of days in the apprentice was employed during the taxation year, divided by the total number of days in the calendar year ($\$5,000 \times 214/366 = \$2,923$). Hence, the credit claimed in the 2004 taxation year is \$2,923.

Eligible Apprenticeship

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social Insurance No.(SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (See notes below)
434a	Power Lin	Name GRAVES			From 2004/07/30	5850	5876
		To 2004/12/31			15,972	2,117	
		SIN					
434a	Power Lin	Name WOOD			From 2004/09/07	5851	5877
		To 2004/12/31			10,464	1,585	
		SIN					
		Name			From	5852	5878
					To		
		SIN					
						5874	5898
Totals						26,436	3,702

Corporation's salaries & wages paid in the preceding taxation year **A** \$ **2,500,000**

Transfer to **203** Page 7 of the CT23 or Page 4 of the CT8

- If **A** is \$600,000 or greater use 25%.
- If **A** is \$400,000 or less use 30%.
- If **A** is over \$400,000 but less than \$600,000 use the following formula to calculate the specified percentage:

$$\text{Specified percentage} = .30 - [.05 (\text{From } \mathbf{A} \quad \mathbf{2,500,000} - \$400,000) \div \$200,000]$$

Indicated specified percentage used **25.00** %

* Credit claimed equals lesser of:

- (1) EE multiplied by the specified percentage, and
- (2) \$5,000 x number of days the apprentice was employed in the taxation year
365 (366 if leap year)

Total number of Apprentice = **5896** **2**

Transfer to **202** Page 7 of the CT23 or Page 4 of the CT8

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2004/12/31
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General Index of Financial Information (GIFI)
Balance Sheet Information

T2 SCH 100

Page 1 of 3

Assets

Current assets

Cash	1001	1,300
Deposits in Canadian banks and institutions - Canadian currency	1002	1,590,680
Trade accounts receivable	1062	7,488,929
Allowance for doubtful trade accounts receivable	1063	70,000
Trade accounts receivable from related parties	1064	128,892
Interest receivable	1067	7,527
Accounts receivable from employees	1071	10,908
Inventory parts and supplies	1122	886,963
Canadian term deposits	1181	1,525,826
Investment in joint venture(s)/partnership(s)	1360	40,518
Loans/advances due from related parties	1403	1,098,854
Prepaid expenses	1484	246,264
Total current assets	1599	12,956,661

Capital assets

Land improvements	1601	354,871
Manufacturing and processing plant	1682	2,567,902
Accumulated amortization of manufacturing and processing plant	1683	226,703
Motor vehicles	1742	1,317,735
Accumulated amortization of motor vehicles	1743	650,256
Tools and dies	1744	351,513
Accumulated amortization of tools and dies	1745	147,699
Small tools	1770	51,007
Accumulated amortization of small tools	1771	22,663
Computer equipment/software	1774	1,481,898
Accumulated amortization of computer equipment/software	1775	714,791
Machinery and equipment under construction	1782	45,007
Other machinery and equipment	1785	24,184,487
Accumulated amortization of other machinery and equipment	1786	5,009,959
Furniture and fixtures	1787	257,768
Accumulated amortization of furniture and fixtures	1788	99,894
Total tangible capital assets	2008	30,612,188
Total accumulated amortization of tangible capital assets	2009	6,871,965

Intangible Capital Assets

Goodwill	2012	359,705
Accumulated amortization of goodwill	2013	6,824
Incorporation costs	2018	336,911
Accumulated amortization of incorporation costs	2019	59,633
Rights	2024	4,739
Total intangible capital assets	2178	701,355
Total accumulated amortization of intangible capital assets	2179	66,457

Long-Term Assets

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	3,969,596
Total long-term assets	2589	5,700,699

Assets held in trust	2590	
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Total assets *	2599	43,032,481
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* Mandatory field

Do not file with CRA. Submit the RSI forms only.

CT12

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

General Index of Financial Information (GIFI)
Balance Sheet Information

T2 SCH 100

Page 2 of 3

Liabilities

Current liabilities

Trade payables	2621	6,750,660
Wages payable	2624	77,415
Bonuses payable	2626	50,000
Employee deductions payable	2627	18,221
Withholding taxes payable	2628	6,035
Taxes payable	2680	47,378
Deferred income	2770	5,000
Deposits received	2961	500,000
Total current liabilities	3139	7,454,709

Long-term liabilities

Due to corporate shareholder(s)	3262	16,141,970
Long-term obligations/commitments/capital leases	3321	879,357
Total long-term liabilities	3450	17,021,327

Total liabilities *	3499	24,476,036
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* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	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 Item 3849)	3600	2,394,782

Total shareholder equity *	3620	18,556,445
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* Mandatory field

Retained Earnings Information

Retained earnings/deficit

Retained earnings/deficit - start	3660	1,404,876
Net income/loss	3680	989,906
Retained earnings/deficit - end (enter this amount at Item 3600)	3849	2,394,782

Total liabilities and shareholder equity	3640	43,032,481
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Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	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	39,261,803
Sales of goods and services to related parties	8020	320,439
Total sales of goods and services	8089	39,582,242
Interest from other Canadian sources	8094	167,178
Dividends from Canadian sources	8096	349
Deposits with banks interest	8103	91,964
Real estate rental revenue	8141	12,600
Realized gains/losses on sale of investments	8211	44,467

Other Revenue

Income/loss of partnerships	8235	4,707
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Total revenue *	8299	39,903,507
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* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

General Index of Financial Information (GIFI)
Income Statement Information

T2 SCH 125

Page 2 of 7

Cost of sales

Purchases/cost of materials	8320	30,697,106
Cost of sales	8518	30,697,106
 Gross profit/loss	 8519	 8,885,136

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

General Index of Financial Information (GIFI)
Income Statement Information

T2 SCH 125

Page 3 of 7

Operating expenses

Advertising	8521	14,774
Donations	8522	325,000
Meals and entertainment	8523	16,524
Amortization of intangible assets	8570	13,204
Bad debt expense	8590	38,593
Group insurance benefits	8621	19,276
Employer's portion of employee benefits	8622	170,880
Contributions to deferred income plans	8623	160,450
Amortization of tangible assets	8670	2,242,454
Insurance	8690	106,123
Interest on short-term debt	8711	18,761
Interest on long-term debt	8714	1,176,855
Bank charges	8715	19,684
Collection and credit costs	8717	5,183
Interest paid on deposits	8741	-5,912
Memberships	8761	28,303
Business taxes	8762	80,169
Office stationery and supplies	8811	56,550
Legal fees	8861	114,078
Accounting fees	8862	29,453
Consulting fees	8863	13,324
Training expense	8876	43,149
Equipment rental	8914	22,617
Repairs and maintenance - buildings	8961	75,831
Repairs and maintenance - vehicles	8962	115,445
Repairs and maintenance - machinery and equipment	8964	155,336
Garbage removal	9014	3,785
Bonuses	9063	55,151
Directors fees	9064	59,750
Management salaries	9065	799,196
Employee salaries	9066	1,228,195
Sub-contracts	9110	182,306
Small tools	9131	64,711
Uniforms	9133	12,563
Internet	9152	9,108
Property taxes	9180	80,408
Travel expenses	9200	3,475
Meetings and conventions	9201	28,149
Electricity	9221	67,922
Water	9222	5,906
Telephone and telecommunications	9225	63,517
Delivery, freight and express	9275	74,103
General and administrative expenses	9284	9,584
Total operating expenses	9367	7,803,933

Total expenses *	9368	38,501,039
-------------------------------	-------------	-------------------

* Mandatory field

Net non-farming income **9369** **1,402,468**

Do not file with CRA. Submit the RSI forms only.

CT12

Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004/12/31

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

T2 SCH 125

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Farming Revenue

Grains and oilseeds	9370
Wheat	9371
Oats	9372
Barley	9373
Mixed grains	9374
Corn	9375
Canola	9376
Flaxseed	9377
Soya beans	9378
Wheat board payments	9379
 Other crop revenues	 9420
Fruit	9421
Potatoes	9422
Vegetables	9423
Tobacco	9424
Greenhouse and nursery products	9425
Forage crops	9426
 Livestock and animal products revenue	 9470
Cattle	9471
Swine	9472
Poultry	9473
Sheep and lambs	9474
Pregnant mare urine (PMU)	9475
Milk and cream (excluding dairy subsidies)	9476
Eggs for consumption	9477
Hatching Eggs	9478
Aquaculture (hatching and raising)	9479
Horses (breeding and meat)	9480
 Other commodities	 9520
Maple products	9521
Artificial insemination	9522
Semen production	9523
Embryo production	9524
 Program payment revenues	 9540
Dairy subsidies	9541
Crop insurance	9542
NISA payments (CAIS)	9543
Disaster Assistance Program payments	9544
NISA benefit (CAIS)	9545
Production insurance premium benefit	9546

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

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

T2 SCH 125

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Farming Revenue (cont'd)

Rebates	9570
Rebates - fuel	9571
Rebates - interest	9572
Rebates - property taxes	9573
Resales, rebates, GST for NISA eligible expenses (CAIS)	9574
Rebates, GST for NISA non-eligible expenses (CAIS)	9575
 Other farm revenues/losses	 9600
Custom or contract work	9601
Wood sales	9602
Horse racing	9603
Insurance proceeds	9604
Patronage dividends	9605
Rental income	9606
Interest income	9607
Dividend income	9608
Gains/losses on disposal of assets	9609
Gravel	9610
Trucking	9611
Resale of commodities purchased	9612
Leases (gas, oil, well, surface, etc.)	9613
Machine rentals	9614
Farming partnership income/loss	9615
Farming joint venture income/loss	9616
Custom feeding	9617
Non-farming income	9650

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

* Mandatory field

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

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

T2 SCH 125

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Farming Expenses

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

Name of Corporation	Business Number	Taxation Year End	Year	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004	12	31

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

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Farming Expenses (cont'd)

General farm expenses	9790
Amortization of tangible assets	9791
Advertising, marketing costs, and promotion	9792
Bad debt	9793
Benefits related to employee salaries	9794
Building repairs and maintenance	9795
Clearing, levelling, and draining land	9796
Crop insurance, Revenue Protection Program, 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
Commissions and levies	9836
Non-farming expenses	9850
Net inventory adjustment	9870
Total farm expenses *	9898
Net farm income	9899

* Mandatory field

Do not file with CRA. Submit the RSI forms only.

CT12

NOTES CHECKLIST

SCHEDULE 141

Name of Corporation ALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2004/12/31
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- This schedule should be completed from the perspective of the person who prepared or reported on the **financial statements**. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations* and T4012, *T2 Corporation - Income Tax Guide*.
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

Part 1 - Accounting practitioner information

Does the accounting practitioner have a professional designation? **095** 1 Yes ☒ 2 No ☐

Is the accounting practitioner connected* with the corporation? **097** 1 Yes ☐ 2 No ☒

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note

If the accounting practitioner does not have a professional designation or is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

Part 2 - Type of involvement

Choose the option that represents the highest level of involvement of the accounting practitioner:

198

Completed an auditor's report **1** ☒

Completed a review engagement report **2** ☐

Conducted a compilation engagement **3** ☐
Part 3 - Reservations

you selected option "1" or "2" under **Type of involvement** above, answer the following question:

Has the accounting practitioner expressed a reservation? **099** 1 Yes ☐ 2 No ☒
Part 4 - Other information

Were notes to the financial statements prepared? **101** 1 Yes ☒ 2 No ☐

If Yes, complete lines 102 to 107 below:

Are any values presented at other than cost? **102** 1 Yes ☐ 2 No ☒

Has there been a change in accounting policies since the last return? **103** 1 Yes ☐ 2 No ☒

Are subsequent events mentioned in the notes? **104** 1 Yes ☐ 2 No ☒

Is re-evaluation of asset information mentioned in the notes? **105** 1 Yes ☐ 2 No ☒

Is contingent liability information mentioned in the notes? **106** 1 Yes ☒ 2 No ☐

Is information regarding commitments mentioned in the notes? **107** 1 Yes ☐ 2 No ☒

Does the corporation have investments in joint venture(s) or partnership(s)? **108** 1 Yes ☐ 2 No ☒

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? **109** 1 Yes ☐ 2 No ☐

T2 SCH 141 (05)

Non-Consolidated Financial Statements of

HALTON HILLS HYDRO INC.

December 31, 2004

Auditors' Report

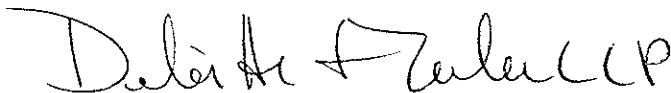
To the Directors of
Halton Hills Hydro Inc.

We have audited the non-consolidated balance sheet of Halton Hills Hydro Inc. as at December 31, 2004 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, 2004 and the results of its operations and its cash flows for the year then ended 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 purpose.



Chartered Accountants

April 7, 2005

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Non-Consolidated Balance Sheet	2
Non-Consolidated Statement of Cash Flows	3
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HALTON HILLS HYDRO INC.**Non-Consolidated Statement of Income and Retained Earnings****Year Ended December 31, 2004****(With comparative figures for the year ended December 31, 2003)**

	2004	2003
REVENUE		
Service revenue (Note 13)	\$ 38,757,079	\$ 36,226,346
Other income	1,146,428	1,136,036
	<u>39,903,507</u>	<u>37,362,382</u>
OPERATING EXPENSES		
Power costs	30,683,803	28,473,695
Salaries and benefits	3,250,453	3,004,752
Material costs	1,763,694	1,512,768
Contract services	1,231,776	914,377
Property costs	491,253	498,472
Other expenses	692,462	440,309
Communication costs	233,744	186,462
Capital taxes	80,169	133,080
Allocated to capital	(3,352,915)	(2,846,033)
	<u>35,074,439</u>	<u>32,317,882</u>
INCOME BEFORE THE UNDERNOTED	4,829,068	5,044,500
RECOVERY OF REGULATORY ASSETS	441,387	113,580
AMORTIZATION	1,814,270	1,682,279
INTEREST EXPENSE	1,170,943	1,221,601
	<u>3,426,600</u>	<u>3,017,460</u>
INCOME BEFORE TAXES	1,402,468	2,027,040
PROVISION FOR TAXES (Note 14)		
Income taxes	412,562	856,051
NET INCOME	989,906	1,170,989
RETAINED EARNINGS, BEGINNING OF THE YEAR	1,404,876	233,887
RETAINED EARNINGS, END OF THE YEAR	<u>\$ 2,394,782</u>	<u>\$ 1,404,876</u>

HALTON HILLS HYDRO INC.**Non-Consolidated Balance Sheet**

December 31, 2004

(With comparative figures as at December 31, 2003)

	2004	2003
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 3,117,806	\$ 3,504,295
Accounts receivable (Note 3)	3,151,770	2,926,291
Unbilled revenue	4,414,486	3,935,535
Inventory	886,963	854,134
Due from related companies (Note 4)	1,098,854	503,818
Prepaid expenses and deposits	246,264	117,293
	12,916,143	11,841,366
NOTES RECEIVABLE (Note 5)	865,551	865,551
REGULATORY ASSETS (Note 6)	3,969,596	3,480,404
LONG-TERM INVESTMENTS (Note 7)	906,070	901,363
CAPITAL ASSETS (Note 8)	24,022,240	23,498,521
GOODWILL	352,881	352,881
	\$ 43,032,481	\$ 40,940,086
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,954,709	\$ 5,901,013
Current portion of consumer deposits	500,000	237,500
	7,454,709	6,138,513
NOTE PAYABLE TO PARENT (Note 9)	16,141,970 ①	16,141,970
CONSUMER DEPOSITS	444,857	679,064
EMPLOYEE FUTURE BENEFITS (Note 10)	434,500	414,000
	24,476,036	23,373,547
CONTINGENT LIABILITIES (Note 11)		
SHAREHOLDER'S EQUITY		
Capital stock (Note 12)	16,161,663	16,161,663
Retained earnings	2,394,782	1,404,876
	18,556,445	17,566,539
	\$ 43,032,481	\$ 40,940,086

APPROVED BY THE BOARD

..... Director
 Director

Loans & advances:

11111 ① 16,141,970

Environnet LP
portion

4,3011

16,146,271

Deposits:

YE: 944,857

 Repaid during
 2004 (199,855)
 (49,464)

Net 0% 2014 765,992

Total: 16,911,216

HALTON HILLS HYDRO INC.**Non-Consolidated Statement of Cash Flows**

Year Ended December 31, 2004

(With comparative figures for the year ended December 31, 2003)

	2004	2003
OPERATING ACTIVITIES		
Cash flows provided by (used in):		
Net income	\$ 989,906	\$ 1,170,989
Items not requiring a cash outlay		
Amortization	1,814,270	1,682,279
Gain on disposal of capital assets	(3,005)	(4,334)
Difference between employee future benefits expense and amount funded	20,500	(8,100)
Equity in income of limited partnership	(4,707)	(10,382)
	2,816,964	2,830,452
Change in regulatory assets	(489,192)	(2,067,474)
Changes in non-cash working capital (Note 15)	(1,004,951)	2,280,155
	1,322,821	3,043,133
FINANCING ACTIVITY		
Net consumer deposits received	28,293	81,537
INVESTING ACTIVITIES		
Purchase of capital assets	(1,740,752)	(1,498,314)
Proceeds on disposal of capital assets	3,149	4,334
Note receivable principal repayments received	-	4,250
	(1,737,603)	(1,489,730)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(386,489)	1,634,940
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,504,295	1,869,355
CASH AND EQUIVALENTS, END OF YEAR	\$ 3,117,806	\$ 3,504,295
SUPPLEMENTAL DISCLOSURE		
Payments for interest	\$ 1,211,383	\$ 1,181,601
Net payments for income tax	\$ 655,731	\$ 743,798

HALTON HILLS HYDRO INC.
Notes to the Non-Consolidated Financial Statements
December 31, 2004

1. NATURE OF OPERATIONS

Halton Hills Hydro Inc., the 'Company', is a wholly-owned corporation 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

Basis of accounting

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 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, balances with banks, and investments in money market instruments, with maturities of 90 days or less at acquisition. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the Statement of Cash Flows and disclosed separately.

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, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	1 - 5 years
General office	10 years
Stores equipment	10 years

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Contributions in aid of construction

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 \$708,453 (2003 - \$752,585) have been charged as an offset to capital assets.

Regulatory assets

Regulatory assets result from the provincially approved rate of the OEB 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.

The regulatory assets are recovered from the incremental amounts charged to the consumers as approved by the OEB which are included in service revenue. The related reduction of the regulatory assets is disclosed separately on the Statement of Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Asset retirement obligations

The Company recognizes the liability for an asset retirement that results from acquisition, construction, development or normal operations. The liability for an asset retirement is initially recorded at its fair value in the year in which it is incurred and when a reasonable estimate of fair value can be made. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings.

HALTON HILLS HYDRO INC.
Notes to the Non-Consolidated Financial Statements
December 31, 2004

3. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
Electric service revenue	\$ 2,241,105	\$ 2,197,080
Miscellaneous	866,428	720,250
Town of Halton Hills	114,237	65,062
	<u>3,221,770</u>	<u>2,982,392</u>
Less allowance for doubtful accounts	(70,000)	(56,101)
	<u>\$ 3,151,770</u>	<u>\$ 2,926,291</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 \$14,655 (2003 - \$24,519) due from related companies. These receivables arose in the normal course of operations and are due under normal terms of trade.

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 31st for transactions in the normal course of operations are as follows:

	<u>2004</u>	<u>2003</u>
Halton Hills Fibre Optics Inc.	\$ 824,191	\$ 287,817
Southwestern Energy Inc.	6,422	(1,401)
Halton Hills Energy Services Inc.	264,815	216,246
Halton Hills Energy Inc.	3,426	1,156
	<u>\$ 1,098,854</u>	<u>\$ 503,818</u>

Amounts advanced to Halton Hills Fibre Optics Inc. included \$500,000 for capital initiatives. This amount is unsecured, bears interest at the prime rate less ½ % and has no specific repayment terms.

Other than the above, 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 follows:

	<u>2004</u>	<u>2003</u>
Halton Hills Fibre Optics Inc.	\$ 54,436	\$ 54,436
Halton Hills Energy Services Inc.	266,003	275,340
	<u>\$ 320,439</u>	<u>\$ 329,776</u>

HALTON HILLS HYDRO INC.
Notes to the Non-Consolidated Financial Statements
December 31, 2004

5. NOTES RECEIVABLE

The Company holds the following notes receivable:

	<u>2004</u>	<u>2003</u>
Halton Hills Energy Services Inc., unsecured, non-interest bearing, no fixed terms of repayment, due November 1, 2005	\$ 171,853	\$ 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	693,698
	<u>\$ 865,551</u>	<u>\$ 865,551</u>

Although the notes receivable are due within the next year, the Company intends to renew the notes receivable upon maturity for a five year term.

6. REGULATORY ASSETS

Regulatory assets are as follows:

	<u>2004</u>	<u>2003</u>
Pre-market opening energy variance	\$ 265,377	\$ 287,773
Retail settlement variance	3,425,996	2,924,594
Retail cost variance	6,466	7,979
Transition costs	271,757	260,058
	<u>\$ 3,969,596</u>	<u>\$ 3,480,404</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 and 2004 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.

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2004

7. 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 46,389 units (1.55% share of partnership) are held:

	2004	2003
Halton Hills Energy Inc.	\$ 1	\$ 1
Southwestern Energy Inc.	171,853	171,583
Halton Hills Fibre Optics Inc.	693,698	693,698
EnerConnect Inc.	40,518	35,811
	<u>\$ 906,070</u>	<u>\$ 901,093</u>

The investment in EnerConnect includes the proportionate share of the company's income for the year (2004 - \$4,707; 2003 - \$10,382).

8. CAPITAL ASSETS

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Distribution system	\$ 21,964,706	\$ 4,098,656	\$ 17,866,050	\$ 16,885,757
Plant	7,473,948	1,259,659	6,214,289	6,251,436
Fleet	1,317,735	650,256	667,479	543,516
Other equipment	1,204,086	304,140	899,946	871,576
Computer equipment and software	970,287	619,468	350,819	339,248
General office	257,768	99,894	157,874	87,831
Stores equipment	51,007	22,663	28,344	32,830
Contributed capital	(2,285,699)	(123,138)	(2,162,561)	(1,513,673)
	<u>\$ 30,953,838</u>	<u>\$ 6,931,598</u>	<u>\$ 24,022,240</u>	<u>\$ 23,498,521</u>

During the year, the Company recorded capital asset additions of \$2,343,561 (2003 - \$1,612,028), of which \$597,381 (2003 - \$207,400) were recorded in accounts payable at year-end.

9. NOTE PAYABLE

The note payable is due to the Town of Halton Hills, bears interest at 7.25% and is due November 1, 2005. There are no fixed terms for the repayment of principal. Pending council approval, it is the intention of the Town of Halton Hills to renew the note payable for a five year term.

HALTON HILLS HYDRO INC.
Notes to the Non-Consolidated Financial Statements
December 31, 2004

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, 2004 of \$434,500 (2003 - \$414,000) 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:

	2004	2003
Accrued benefit liability at January 1	\$ 414,000	\$ 422,100
Expense for the year ended December 31	40,768	15,448
Settlement gain	-	(10,000)
Benefits paid during the year	(20,268)	(13,548)
Projected accrued benefit obligation at December 31 determined by actuarial valuation using a 5.5% discount rate	\$ 434,500	\$ 414,000

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 2005 and thereafter.

Discount (Interest) Rate – the obligation as at December 31, 2004 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 a further increase of 2.3% in 2005 and thereafter.

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

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.

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2004

11. CONTINGENT LIABILITIES (continued)

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. CAPITAL STOCK

	<u>2004</u>	<u>2003</u>
Authorized		
Unlimited number of preference shares		
Unlimited number of common shares		
Issued		
1152 common shares	\$ 16,161,663	\$ 16,161,663

13. SERVICE REVENUE

Service revenue consists of:

	<u>2004</u>	<u>2003</u>
Cost of power	\$ 30,666,572	\$ 28,473,695
Distribution	8,090,507	7,752,651
	<u>\$ 38,757,079</u>	<u>\$ 36,226,346</u>

14. PROVISION FOR TAXES

For the year ended December 31, 2004, the provision for PILs was \$545,000 (2003 - \$865,000). The difference between the actual expense of \$412,562 and the current year provision represents the reassessment of taxation years 2002 and 2003, amounting to a total income tax refund of \$90,460, as well as an over accrual of 2003 income taxes of \$41,978.

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 \$860,000 (2003 - \$836,400) would have been recorded.

HALTON HILLS HYDRO INC.

Notes to the Non-Consolidated Financial Statements

December 31, 2004

15. CHANGES IN NON-CASH WORKING CAPITAL

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

	<u>2004</u>	<u>2003</u>
Accounts receivable	\$ (225,480)	\$ 462,788
Unbilled revenue	(478,951)	1,090,725
Inventory	(32,828)	49,345
Prepaid expenses and deposits	(128,971)	(18,647)
Accounts payable and accrued liabilities	456,315	722,387
Due from related companies	(595,036)	(26,443)
	<u>\$ (1,004,951)</u>	<u>\$ 2,280,155</u>

16. COMMITMENTS

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

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 System 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, 2004, the Company is in compliance with these covenants.

17. PENSION AGREEMENT

The Company and its employees contribute to the Ontario Municipal Employee's Retirement System (OMERS), a defined benefit pension plan for the employees of Ontario municipalities. As the Company is only liable for the contributions, defined contribution plan accounting is used by the Company. The Company's contribution for employees' current service for the year ended December 31, 2004 was \$160,450 (2003 – \$41,663).

HALTON HILLS HYDRO INC.
Notes to the Non-Consolidated Financial Statements
December 31, 2004

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, accounts receivable, accounts payable, customer deposits and note payable to parent. At December 31, 2004, the estimated fair market value of cash, accounts receivable and accounts payable was equal to the book value given the short-term nature of these items. As there is no secondary market for customer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practicable within the constraint of cost to determine the fair value of the note payable to parent with sufficient reliability.

19. CHANGES IN ACCOUNTING POLICIES

Impairment of long-lived assets

The Company prospectively adopted the recommendations of CICA Handbook Section 3063 "Impairment of long-lived assets" as of January 1, 2004. These recommendations require that an impairment loss on long-lived assets to be held and used be recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. The adoption of these recommendations had no impact on the results of operations for the current year.

Asset retirement obligations

On January 1, 2004, the Company adopted the recommendations of CICA Handbook Section 3110 "Asset retirement obligations". The standard provides guidance for the recognition, measurement and disclosure of liabilities for asset retirement obligations. Basically, the liability represents the fair value of the obligations. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life.

The adoption of this new recommendation did not have a material effect on the Company's financial statements.

20. COMPARATIVE FIGURES

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

Financial Statements of

THE ENERCONNECT LIMITED PARTNERSHIP

Year ended December 31, 2004

* HHH holds 1.5651 % share of
Enerconnect LP per TS013
= 46,389 units held.



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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, 2004 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, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

February 2, 2005

THE ENERCONNECT LIMITED PARTNERSHIP

Balance Sheet

December 31, 2004, with comparative figures for 2003


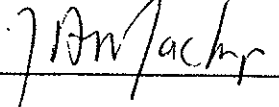
	2004	2003
<i>MAN share = 1,5651 %</i>		
Assets		
Current assets:		
Cash	\$ 598,997	\$ 848,992
Certificates of deposit	401,615	-
Accounts receivable (note 3)	375,328	328,671
Prepaid expenses	5,484	6,232
	1,381,424	1,183,895
Capital assets (note 4)	135,054	31,961
Option, at cost (note 5)	200,000	200,000
Deferred charges	47,223	188,889
	\$ 1,763,701	\$ 1,604,745

Liabilities and Partners' Equity

<i>Asset share = 27,604</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 195,126	\$ 225,789
Current portion of start-up funding advances (note 6)	275,000 ①	50,000
Deferred revenue	84,990	90,630
	555,116	366,419
Start-up funding advances (note 6)	-	326,216
Partners' equity (note 7)	1,208,585 ②	912,110
Nature of operations (note 1)		
Commitments (note 8)		
Subsequent event (note 9)		
	\$ 1,763,701	\$ 1,604,745

See accompanying notes to financial statements.

On behalf of the Partnership:


 _____ Director

 _____ Director

Loan share ① x 1.5651% = 4,304

PUC share ② x " = 18,916

THE ENERCONNECT LIMITED PARTNERSHIP

Statement of Earnings

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Sales (note 3)	\$ 2,961,482	\$ 3,084,053
Other	28,459	13,105
	1,565,566 ← 2,989,941	3,097,158
	- 46,796	
Cost of sales	2,031,235	1,963,505
Gross profit	958,706	1,133,653
Expenses:		
Management, consultants and administrative	306,411	284,983
Amortization of deferred charges	141,666	141,667
Board	35,322	10,637
Rent and utilities	66,489	59,054
Professional fees	53,319	55,667
Amortization of equipment and leasehold	47,234	10,824
Public relations	42,833	1,471
Interest and bank charges	8,446	21,032
Advertising	16,544	-
	718,264	585,335
Earnings before the undernoted	240,442	548,318
Settlement discount on extinguishment of debt (note 6)	56,033	-
Net earnings	\$ 296,475	\$ 548,318

Statement of Partners' Equity

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Partners' equity, beginning of year	\$ 912,110	\$ 363,792
Net earnings	296,475	548,318
Partners' equity, end of year	\$ 1,208,585	\$ 912,110

See accompanying notes to financial statements.

THE ENERCONNECT LIMITED PARTNERSHIP

Statement of Cash Flows

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Cash provided by (used in):		
Operations:		
Cash received for goods and services	\$ 2,926,129	\$ 3,117,385
Cash paid to suppliers and employees	(2,585,697)	(2,427,599)
Interest received	11,515	11,505
Interest paid	-	(5,736)
	351,947	695,555
Financing:		
Repayment on start-up funding advances	(50,000)	(50,000)
Repayments on loans payable	-	(191,186)
	(50,000)	(241,186)
Investments:		
Certificates of deposit	(401,615)	-
Option	-	(200,000)
Expenditure for capital assets	(150,327)	(9,500)
	(551,942)	(209,500)
Increase (decrease) in cash	(249,995)	244,869
Cash, beginning of year	848,992	604,123
Cash, end of year	\$ 598,997	\$ 848,992

See accompanying notes to financial statements.

THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements

Year ended December 31, 2004

1. Nature of operations:

The ENERconnect Limited Partnership ("ENERconnect" or 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.

For each of the three years ended December 31, 2002, 2003 and 2004, the Partnership has primarily derived all its revenue from the sale of settlement service to its Limited Partners. Substantially all of the contracts initial term of three years have or will expire on or before May 2005. The market for providing settlement services to Ontario's local electricity distribution companies continues to develop. Competitors have entered the market and offer settlement services at rates significantly lower than the Partnership's historical contract rates. The Partnership's exposure to economic risk associated with the lower rates for settlement services offered by competitors could impact the future profitability of the Partnership.

The Partnership intends to actively secure additional contracts with current and prospective customers. However, the Partnership cannot predict the timing, scale or certainty of revenue that may be derived from these sources.

2. 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 money market investments with original maturities of three months or less are considered to be cash and cash equivalents. Investments in certificates of deposit and money market investments with a maturity greater than three months are carried at the lower of cost and market.

THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2004

2. Significant accounting policies (continued):

(c) Capital assets:

Capital assets 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	Over the lease term

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(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 in the period in which services are provided, or obligations to perform services have lapsed.

THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2004

2. Significant accounting policies (continued):

(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.

3. Related party transactions:

During the year, sales of \$2,961,482 (2003 - \$3,101,908) were made to Limited Partners. Accounts receivable includes \$366,661 (2003 - \$310,396) owed in respect of fees for November and December by customers that are Limited Partners.

4. Capital assets:

			2004		2003	
	Cost	Accumulated amortization	Net book value		Net book value	
Computer equipment	\$ 60,335	\$ 56,148	\$ 4,187	\$	4,409	
Office furniture and equipment	57,829	45,724	12,105		15,131	
Computer software	158,350	39,588	118,762		9,500	
Leasehold improvements	33,815	33,815	-		2,921	
	\$ 310,329	\$ 175,275	\$ 135,054	\$	31,961	

THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2004

5. Option, at cost:

In fiscal 2003, a non-interest bearing advance in the amount of \$200,000 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. During the year the Partnership exercised the option to purchase the shares of the Service Provider on May 1, 2005, for a purchase price of \$350,000. Subject to compliance with the terms of the transaction, the non-interest bearing advance of \$200,000 is to be applied against the purchase price and the remaining amount \$150,000 is to be paid in three equal instalments of \$50,000, with the first instalment payable on closing, May 1, 2005, the second instalment payable November 1, 2005 and the third instalment payable May 1, 2006. This acquisition will be accounted for using the purchase method with the results of operations included in the Partnership's financial statements from the date of acquisition.

6. 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. Initially ENERconnect agreed to repay the \$425,000, subject to generating sufficient net earnings. In fiscal 2002, ENERconnect repaid \$25,000. Further, in fiscal 2003, ENERconnect agreed to repay the remaining \$400,000 in four instalments as follows: May 1, 2003 - \$50,000; May 1, 2004 - \$50,000; May 1, 2005 - \$100,000; and May 1, 2006 - \$200,000. ENERconnect also agreed to pay interest at an annual rate of 4%. During the year ENERconnect paid the scheduled instalment of \$50,000 due May 1, 2004. Subsequent to May 1, 2004, ENERconnect negotiated an agreement with EDA to extinguish the balance payable prior to maturity through the payment of a lump sum of \$275,000 on January 1, 2005. ENERconnect paid the \$275,000 on January 1, 2005. The difference of \$56,033 between the balance payable of \$331,033 as at December 31, 2004 including accrued interest of \$31,033 and the \$275,000 paid on January 1, 2005 has been recorded as settlement discount on extinguishment of debt in the statement of earnings.

Interest on the start-up funding advances of \$4,817 (2003 - \$14,966) is included in interest and bank charges expense.

THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2004

7. 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:

	2004	2003
Opening balance - points	2,999,950	3,021,950
Reductions on amalgamation or sale of MEU's	(36,000)	(22,000)
Closing balance - points	2,963,950	2,999,950

8. 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:

2005	\$	44,000
2006		2,000
2007		2,000

THE ENERCONNECT LIMITED PARTNERSHIP

Notes to Financial Statements (continued)

Year ended December 31, 2004

9. Subsequent event:

On January 1, 2005, as disclosed in note 6, the Partnership paid \$275,000 to extinguish a payable of \$331,033 to the EDA.