



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.

arts, 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 *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, refer to the Guide under the heading "Before you start".

055 Do not use this area

Identification

Business Number (BN) 001 867429623 R C 0001

Corporation's name

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

Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒011 43 ALICE STREET
012

To which taxation year does this return apply?

Taxation year start

060 2004/01/01

YYYY MM DD

Taxation year-end

061 2004/12/31

YYYY MM DD

City
015 ACTONProvince, territory, or state
016 ONHas there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒Country (other than Canada)
017Postal code/Zip code
018 L7J2A9

If Yes, provide the date control was acquired 065

YYYY MM DD

Mailing address (if different from head office address)

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

021 c/o

022

023

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

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒Amalgamation? 071 1 Yes ☐ 2 No ☒

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

City

025

Province, territory, or state

026

Country (other than Canada)
027Postal code/Zip code
028Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24.

Location of books and records

Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒031 43 ALICE STREET
032Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒City
035 ACTONProvince, territory, or state
036 ONIs the corporation a resident of Canada? 080 1 Yes ☒ 2 No ☐

If No, give the country of residence on line 081 and complete and attach Schedule 97.

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

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 91.

040 Type of corporation at the end of the taxation year

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

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

YYYY MM DD

085

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

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

Attachments

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

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

Is the corporation related to any other corporations?	150	<input checked="" type="checkbox"/>	9
Does the corporation have any non-resident shareholders?	151	<input type="checkbox"/>	19
Is the corporation an associated Canadian-controlled private corporation?	160	<input checked="" type="checkbox"/>	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161	<input checked="" type="checkbox"/>	49
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	<input checked="" type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	<input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167	<input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168	<input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169	<input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170	<input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171	<input type="checkbox"/>	T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172	<input type="checkbox"/>	—
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	<input checked="" type="checkbox"/>	50
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	<input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province or a territory; or gifts of cultural or ecological property?	202	<input checked="" type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	<input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204	<input type="checkbox"/>	4
Is the corp. claiming a prov. or territorial tax credit or does it have a permanent establishment in more than one jurisdiction? ..	205	<input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206	<input checked="" type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or	207	<input checked="" type="checkbox"/>	7
ii) Is the corporation claiming the refundable portion of Part I tax?	208	<input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible for capital cost allowance?	210	<input checked="" type="checkbox"/>	10
Does the corporation have any property that is eligible capital property?	212	<input type="checkbox"/>	12
Does the corporation have any resource-related deductions?	213	<input type="checkbox"/>	13
Is the corporation claiming reserves of any kind?	216	<input type="checkbox"/>	16
Is the corporation claiming a patronage dividend deduction?	217	<input type="checkbox"/>	17
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	218	<input type="checkbox"/>	18
Is the corporation an investment corporation or a mutual fund corporation?	220	<input type="checkbox"/>	20
Was the corporation carrying on business in Canada as a non-resident corporation?	221	<input type="checkbox"/>	21
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	226	<input type="checkbox"/>	26*
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	227	<input type="checkbox"/>	27
Does the corporation have any Canadian manufacturing and processing profits?	231	<input checked="" type="checkbox"/>	31
Is the corporation claiming an investment tax credit?	232	<input checked="" type="checkbox"/>	T661
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	233	<input type="checkbox"/>	33/34/35
Is the corporation subject to gross Part I.3 tax?	236	<input checked="" type="checkbox"/>	36
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	237	<input type="checkbox"/>	37
Is the corporation claiming a surtax credit?	238	<input type="checkbox"/>	38
Is the corporation subject to gross Part VI tax on capital of financial institutions?	242	<input type="checkbox"/>	42
Is the corp. subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	<input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	<input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254	<input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255	<input type="checkbox"/>	92*

* We do not print these schedules.

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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Attachments - continued from page 2

Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	<input type="checkbox"/>	T1174

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter Yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if Yes was entered at line 281)	282	DISTRIBUTION OF ELECTRICITY	
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	DISTRIBUTION OF ELECTRICITY	
	285	100.00%	
	286		%
	287		%
	288		%
Did the corporation immigrate to Canada during the taxation year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the taxation year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	1,962,548	A
Deduct: Charitable donations from Schedule 2	311	325,000	
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction from Schedule 43*	325		
Non-capital losses of preceding taxation years from Schedule 4	331		
Net capital losses of preceding taxation years from Schedule 4	332		
Restricted farm losses of preceding taxation years from Schedule 4	333		
Farm losses of preceding taxation years from Schedule 4	334		
Limited partnership losses of preceding taxation years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal		325,000	B
Subtotal (amount A minus amount B)(if negative, enter "0")		1,637,548	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	1,637,548	
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		1,637,548	Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

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

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

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

Income from active business carried on in Canada from Schedule 7 **400** 1,941,817 **A**
 Taxable income from line 360 on page 3, minus 10/3 of the amount on line 632* on page 7, minus 3 times the amount on
 line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax **405** 1,637,548 **B**

Calculation of the business limit:

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

Business limit (see notes 1 and 2 below) **410** 250,000 **C**
 Add amounts at line 1, 2, 3, and 3.1 250,000 **4**

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:

Amount C 250,000 x **415 ***** 28,240 **D** = 11,250 627,556 **E**

Reduced business limit (amount C minus amount E) (if negative, enter "0") **425** 188,306 **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

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) * 1,941,817 **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 1,637,548 **C**

Deduct:

Aggregate investment income (amount from line 440 of page 6) 20,731 **D**
 Amount C minus amount D (if negative, enter "0") 1,616,817 **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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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Resource deduction

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

(enter amount F on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3		1,637,548	A
Amount Z from Part 9 of Schedule 27	x 100/7 =		B
Amount QQ from Part 13 of Schedule 27			C
Taxable resource income from line 435 above			D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E
Amount on line 400, 405, 410, or 425 on page 4, whichever is less			F
Aggregate investment income from line 440 of page 6		20,731	G
Amount used to calculate the accelerated tax reduction (amount M of page 4)			H
Total of amounts B, C, D, E, F, G, and H		20,731	I
Amount A minus amount I (if negative, enter "0")		1,616,817	J
Amount N 1,616,817	x Number of days in the taxation year in 2002		X 3% = K
	Number of days in the taxation year	366	
Amount N 1,616,817	x Number of days in the taxation year in 2003		X 5% = L
	Number of days in the taxation year	366	
Amount N 1,616,817	x Number of days in the taxation year after 2003		X 7% = M
	Number of days in the taxation year	366	
General tax reduction for Canadian-controlled private corporations - total of amounts K, L, and M		113,177	N

(enter amount N on line 638 of page 7)

General tax reduction

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			O
Amount Z from Part 9 of Schedule 27	x 100/7 =		P
Amount QQ from Part 13 of Schedule 27			Q
Taxable resource income from line 435 above			R
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			S
Total of amounts P, Q, R, and S			T
Amount O minus amount T (if negative, enter "0")			U
Amount U	x Number of days in the taxation year in 2002		X 3% = V
	Number of days in the taxation year	366	
Amount U	x Number of days in the taxation year in 2003		X 5% = W
	Number of days in the taxation year	366	
Amount U	x Number of days in the taxation year after 2003		X 7% = X
	Number of days in the taxation year	366	
General tax reduction - total of amounts V, W, and X			Y

(enter amount Y on line 639 of page 7)

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

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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Refundable portion of Part I tax
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")

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

Taxable income from line 360 on page 3 1,637,548

Deduct:

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

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*

1,637,548 X 26 2/3 % = 436,679 **D**

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) 314,758

Deduct: Corporate surtax from line 600 of page 7 18,341

Net amount 296,417 **E**

Refundable portion of Part I tax - Amount C, D, or E, whichever is the least **450** 5,528 **F**
For taxation years ending before 2003, "3" is replaced by 10/4.

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year **465** **G**

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 **H**

Refundable dividend tax on hand at the end of the taxation year - Amount G plus amount H **485** 5,528

Dividend refund

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 **I**

Refundable dividend tax on hand at the end of the taxation year from line 485 above 5,528 **J**

Dividend refund - Amount I or J, whichever is less (enter this amount on line 784 of page 8)

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

Base amount of Part I tax -38% of taxable income (line 360 or amount Z, whichever applies) from page 3 **550** 622,268 **A**

Corporate surtax calculation

Base amount from line A above 622,268 **1**

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 163,755 **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 the least:

28% of taxable income from line 360 of page 3 458,513 **a**

28% of taxed capital gains 5,805 **b**

Part I tax otherwise payable
(line A plus lines C and D minus line F) 296,417 **c**

Total of lines 2 to 6 163,755 **7**

Net amount (line 1 minus line 7) 458,513 **8**

Corporate surtax - 4% of the amount on line 8 **600** 18,341 **B**

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** **C**

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

Aggregate investment income from line 440 on page 6 20,731 **i**

Taxable income from line 360 on page 3 1,637,548

Deduct:

Amount on lines 400, 405, 410, or 425 of page 4, whichever is the least

Net amount 1,637,548 **ii**

Refundable tax on CCPC's investment income - 6 2/3 % of whichever is less: amount i or ii **604** 1,382 **D**

Subtotal (add lines A, B, C, and D) 641,991 **E**

Deduct:

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

Federal tax abatement **608** 163,755

Manufacturing and processing profits deduction

from amount BB or amount RR of Schedule 27 **616**

Investment corporation deduction **620**

(taxed capital gains **624**)

Additional deduction - credit unions from Schedule 17 **628**

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

Federal foreign business income tax credit from Schedule 21 **636**

Accelerated tax reduction from amount N of page 4 **637**

Resource deduction from line 438 of page 5 **10**

General tax reduction for CCPCs from amount N of page 5 **638** 113,177

General tax reduction from amount Y of page 5 **639**

Federal logging tax credit from Schedule 21 **640**

Federal political contribution tax credit **644**

Federal political contributions **646**

Federal qualifying environmental trust tax credit **648**

Investment tax credit from Schedule 31 **652** 50,301

Subtotal 327,233 **F**

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 314,758 **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	700	314,758
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		314,758

Add provincial or territorial tax:

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

Total tax payable 770 314,758 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund from Form T1131	796	
Film or video production services tax credit refund from Form T1177	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Royalties deduc. under Syncrude Remis. Order	815	
Tax remitted under Syncrude Remission Order	816	
Tax instalments paid	840	
Total credits	890	334,341 B

missed
updating
tax
paid

s/B 366,099

s/B 51,341

Refund code **894**

Overpayment **19,583**

Balance (line A minus line B)

-19,583

Direct deposit request

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

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

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

Enclosed payment

898

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

1 Yes ☐ 2 No ☒

Certification

I, **950 SKIDMORE** Last name in block letters
951 ARTHUR First name in block letters
954 CHIEF FINANCIAL OFFICER Position, office, or rank
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this 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)

Arthur G. Skidmore
Signature of the authorized signing officer of the corporation

956 (519) 853-3700
Telephone number

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

957 1 Yes ☒ **2 No** ☐

958
Name in block letters

959
Telephone number

Language of correspondence - Langue de correspondance

990 Indicate the language in which you would like to receive correspondence.

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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year 2004	Month 12	Day 31
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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	175,393	*
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	3,274,118	► 3,274,118

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	175,393	
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	491,057	
Total of fields 401 to 499	510	2,301,476	► 2,301,476

Net income (loss) for income tax purposes - enter at line 300 on page 3 of the T2 return 1,962,548

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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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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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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	4,707 *
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)		491,057



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 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
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%		1,471,911 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)		1,471,911 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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2004/12/31
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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

Deduct: Gifts to Canada, a province, or a territory expired after five taxation years **339**

Gifts to Canada, a province, or a territory at the beginning of the taxation year **340** ▶

Add: Gifts to Canada, a province, or a territory transferred on an amalgamation
or the wind-up of a subsidiary **350**

Total current-year gifts made to Canada, a province, or a territory * **310**

Subtotal (line 350 plus line 310) ▶

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) **355**

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

Deduct: Amount applied against taxable income (enter this amount on line 312 on page 3 of the T2 return) **360**

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

Deduct: Gifts of certified cultural property expired after five taxation years **439**

Gifts of certified cultural property at the beginning of the taxation year **440** ▶

Add: Gifts of certified cultural property transferred on an amalgamation
or the wind-up of a subsidiary **450**

Total current-year gifts of certified cultural property **410**

Subtotal (line 450 plus line 410) ▶

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) **455**

Total gifts of certified cultural property available

Deduct: Amount applied against taxable income (enter this amount on line 313 on page 3 of the T2 return) **460**

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

Deduct: Gifts of certified ecologically sensitive land expired after five taxation years **539**

Gifts of certified ecologically sensitive land at the beginning of the taxation year **540** ▶

Add: Gifts of certified ecologically sensitive land transferred on an amalgamation
or the wind-up of a subsidiary **550**

Total current-year gifts of certified ecologically sensitive land **510**

Subtotal (line 550 plus line 510) ▶

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) **555**

Total gifts of certified ecologically sensitive land available

Deduct: Amount applied against taxable income (enter this amount on line 314 on page 3 of the T2 return) **560**

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

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

- 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 *Income Tax Act*
Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)?

050 1 Yes ☐ 2 No ☒ If Yes, attach a statement specifying which properties are subject to such a designation.

1	2	3	4	5	6
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	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>

SCHEDULE 6

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>

SCHEDULE 6

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

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

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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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- 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 Partnership name	B Total income (loss) of partnership from an active business	C Corporation's share of amount in column B
200	300	310
1.		
2.		
3.		
4.		
5.		

D 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)]	E Corporation's income (loss) of the partnership (column C plus column D)	F Number of days in the partnership's fiscal period	G Prorated business limit (column C / column B) x [business limit* x (column F/365)] (if column C is negative, enter "0")**	H Column E minus column G (if negative, enter "0")	I 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	385	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**

Amount at line 385 or line J, whichever is less **390**

Specified partnership income (line 360 plus line 390) 400

* 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 **1,962,548** **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**

Net amount **1,941,817** **R**

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") **1,941,817** **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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year Month Day 2004/12/31
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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*.

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.



CAPITAL COST ALLOWANCE (CCA)

SCHEDULE 8SUM - Federal

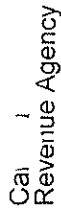
Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*
Is the corporation electing under 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)



RELATED AND ASSOCIATED CORPORATIONS

SCHEDULE 9

Name of Corporation HALTON HILLS HYDRO INC.		Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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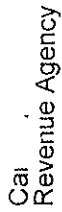
*****This schedule is to be completed by a corporation having one or more of the following:**

- 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.



SCHEDULE 9

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

[illegible]

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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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- For use by a corporation that has eligible capital property. For more information, see the T2 Corporation Income Tax Guide.
 • A separate cumulative eligible capital account must be kept for each business.

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
Deduct: Subtotal (add amounts A, D, and E)	230	1,023,316	F
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 =	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	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 P minus line Q (if negative, enter "0")			Q
Line 5	x 0.50 =		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 HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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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"/>
10.						Yes <input type="checkbox"/> No <input type="checkbox"/>
11.						Yes <input type="checkbox"/> No <input type="checkbox"/>
12.						Yes <input type="checkbox"/> No <input type="checkbox"/>
13.						Yes <input type="checkbox"/> No <input type="checkbox"/>

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

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

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

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 ☐ No ☒

[illegible]

AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000** among the members of the related group. Do not file this agreement if no members of the related group are liable to pay Part 1.3 tax.
- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Date filed (for departmental use only) 010 Year Month Day

Is this an amended agreement? 020 1 Yes ☐ 2 No ☒

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 200	Business Number (if a corporation is not registered, enter 'NR') 300	Allocation of capital deduction for the year \$ 400	Taxation year to which this agreement applies* (YYYY /MM /DD) 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	Month	Day
HALTON HILLS HYDRO INC.	867429623 RC 0001	Year End	2004	12	31

- Use this schedule to allocate the annual expenditure limit among associated Canadian-controlled private corporations (CCPCs), (subsection 127(10.2) of the Income Tax Act), in order to calculate the investment tax credit eligible for the 35% rate on qualifying scientific research and experimental development expenditures.
- An associated CCPC that has more than one taxation year ending in a calendar year is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including CCPCs and non-CCPCs.

Column 2: Provide the Business Number for each corporation in column 1 (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies for each corporation identified in columns 1 and 2:

1 - CCPC
2 - Non-CCPC

Column 4: Enter the amount of the expenditure limit allocated to each corporation that has a type of corporation code 1 in column 3. The rules for determining the total expenditure limit that can be allocated, (subsection 127(10.2) of the Income Tax Act), are explained below.

[illegible]



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

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

The total expenditure limit is calculated as follows:

(\$5,000,000** minus 10A) x B divided by C where,

A = the greater of:

- \$300,000**; and
- the total of all taxable incomes (prior to any loss carry-backs applied) of all associated corporations identified in columns 1 and 2 for their last taxation years*** ending in the preceding calendar year;

B = the total of the reduced business limits for the year*** from line 425 in the small business deduction area of the T2 return for each of the associated CCPC's; and

C = the total of all business limits allocated to each associated corporations identified in columns 1 and 2 above (amount A from Schedule 23).

Amount A **425** 2,139,406 Amount B **450** Amount C **475** 250,000

* If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the expenditure limit for the second (and subsequent) taxation year(s) will be equal to the expenditure limit allocated for the first taxation year ending in the calendar year.

** If your taxation year immediately follows a taxation year that ended before 2003, the references to \$5,000,000 and \$300,000 in the above calculation, should be \$4,000,000 and \$200,000 respectively.

***If any of the taxation years referred to in A or B above are less than 51 weeks, gross up the taxable incomes and the business limits for those taxation years by the ratio that 365 is of the number of days in those taxation years. Use these grossed up amounts when applying the formula above.



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

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

Name of shareholder 100	Business number 200	Social Insurance Number 300	Percentage common shares 400	Percentage preferred shares 500
TOWN OF HALTON HILLS	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	20,731	20,731

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
 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

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



T7B-1

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

Name of Corporation HALTON HILLS HYDRO INC.		Business Number 867429623 RC 0001		Taxation Year End 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		
		336,099		
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)	336,099	

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 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. Enerconnect LP 18,916

2. _____

3. _____

Corporation's share of gross revenue:

to (362) 18,916

Corporation's own gross revenue

39,903,507

ADD:

1. Enerconnect LP 46,796

2. _____ 0

3. _____ 0

Total gross revenue of corporation & partnerships

to (480) 39,950,303

ELIGIBLE INVESTMENTS:

Term deposits & trust company investment certificates:

1. _____

2. _____

3. _____

to (400)

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

1. _____

2. _____

3. _____

to (401)

Bonds & debentures of other corporations:

1. _____

2. _____

3. _____

to (402)

Mortgages due from other corporations:

1. _____

2. _____

3. _____

to (403)

Shares in other corporations:

1. Subsidiary companies 865,552

2. EnerConnect LP 40,518

3. _____

to (404) 906,070

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. Subsidiary companies 865,551

2. _____

3. _____

to (406) 865,551

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

1. Enerconnect LP

2. _____

3. _____

to (407)

LOANS AND ADVANCES:

From corporations or government 16,146,274

From shareholders or related persons

From Customer deposits 765,002

From _____

to (353) 16,911,276



CLAIM FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) CARRIED OUT IN CANADA

- Use this form to claim SR&ED carried out in Canada during the year. File it with your return of income.
If you are filing a T2 corporation return of income, place this form on top of the return so that we can identify your SR&ED claim quickly.
- Use a separate form to support SR&ED expenditures incurred by each partnership of which you are a partner.
- Use Guide T4088, *Claiming Scientific Research and Experimental Development Expenditures*, to help you fill out this form. You can also consult our Web site at www.cra.gc.ca/sred/ for an online help guide.
- If the SR&ED was performed in the province of Newfoundland and Labrador, Nova Scotia, New Brunswick, Québec, Ontario, Manitoba, Saskatchewan, or British Columbia, or in the Yukon Territory, you may be entitled to a provincial or territorial tax credit.
- Complete schedules A, B, C, D, and E, if they apply to your situation.
- Prepare and retain schedules to support the breakdown for each expenditure claimed in this form and on the required attachments.
- On this form, references to the Act are to the *Income Tax Act*. References to the Regulations are to the *Income Tax Act Regulations*.
- All the information requested in this form and in the documents supporting your prescribed expenditures is prescribed information. You have to file the information that applies to your claim, along with Schedule T2SCH31 or Form T2038(IND), within 12 months of the filing due date of your return of income for the year you incurred the expenditures. If you do not meet this reporting deadline, we may reject your claim.

Part 1 - General Information (please print)

Name of claimant HALTON HILLS HYDRO INC.		Claimant's business address and postal code Claimant's Web site (if available) http://www.	
Business Number, social insurance number, or partnership identification number 867429623 RC 0001		Return for tax year from: 2004/01/01 to: 2004/12/31	
100 Name of contact person ARTHUR SKIDMORE		142 Is the claim filed for a partnership? 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
105 Telephone number/extension (519) 853-3700	110 Fax number _____	145 If yes, what is the name of the partnership? _____ _____ _____	
130 Is this the first time you are claiming for SR&ED? 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>		150 Percentage of SR&ED Investment tax credits allocated from the partnership _____ %	
132 If not, when was the last claim Year _____		155 Name of the person or firm who prepared this form HALTON HILLS HYDRO	

Certification and Election

I certify that I have examined the information provided on this form, and on the related schedules and attachments and it is true, correct, and complete.		
I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this year. I understand that my election (choice) is irrevocable for this year.		
160 I elect to use the proxy method under clause 37(8)(a)(ii)(B)	1 Yes <input checked="" type="checkbox"/>	
162 I choose to use the traditional method	1 Yes <input type="checkbox"/>	
165 ARTHUR SKIDMORE Name of authorized signing officer of the corporation, authorized partner, or individual		 Signature
		1702005/06/30 Date
For Canada Revenue Agency use only		
490 _____	491 _____	492 _____

T661 E (04)

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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Part 2 - Scientific or Technological Project Information

Provide the information requested in Step 1 on separate sheets of paper for each project, and attach them to this form. In Step 2, provide the information requested on this form and complete Schedule E. For more information, see Guide T4088, *Claiming Scientific Research and Experimental Development*.

Step 1 - Detailed project description

Identify each of the projects you are claiming and use questions A to E below to help you provide the information we need to process your claim. Answer the parts of the questions that apply to your project, and give enough information to show how your project work meets the requirements of the SR&ED Program.

We recommend that you read Guide T4088 before you answer questions A to E. This will help you understand the type of information the CRA needs to process your claim and will reduce or eliminate the need for you to submit more information. It will also help you avoid preparing unnecessary information. Most projects can be described in four pages or less. It would be helpful to take into account whether your project involved experimental development work or scientific research work, because the eligibility requirements for these are different. In general, **experimental development** work is done either in or outside a laboratory in order to achieve a technological advancement for creating new, or improving existing materials, devices, products, or processes. **Scientific research** work is done mostly in a laboratory setting to obtain new scientific knowledge.

- A. Scientific or technological objectives** - What is the scientific or technological objective of your project? Does this project involve scientific research or experimental development? (You can use the information you provided last year if you are continuing your project from last year and have not changed or achieved its objectives.)
- B. Technology or knowledge base or level** - If your project work is mostly experimental development, what were the technological limitations of your products or processes before you started your project? If your project work is mostly scientific research, give a perspective in terms of the scientific knowledge that you were seeking before you started the work.
- C. Scientific or technological advancement** - What advancement in technology is being sought? What were the problems or challenges that you could not solve using commonly available experience and required you to seek an advance in the underlying technology to achieve the objective in A above, or what was the new scientific knowledge sought in your work? In what field of science or technology does your project take place?
- D. Description of work in this tax year** - Describe the work, including experiments and analyses, that you did in this tax year to achieve the technological or scientific objectives above. If all or part of the work that you are claiming was performed by contractors, describe what work was performed by contractors and include a copy of the statement of work from the contract.
- E. Supporting information** - What technical records or documents generated over the course of the work, such as records of trials, test results, progress and final reports, minutes of meetings, employee activity records, prototypes and new products, are available to support your claim?

Step 2 - Project summary information

Total number of projects you are claiming in this tax year. **200** 2

If you received an amount under the Industrial Research Assistance Program (IRAP) for SR&ED type work, please indicate the amount you received. **206**

Complete Schedule E to provide a list of all your SR&ED projects that you are claiming expenditures for this year regardless of whether you are providing project descriptions only for the 20 largest in term of their dollar value.

Part 3 - Summary of SR&ED Expenditures (nearest dollar)

Step 1 - Allowable SR&ED expenditures for SR&ED carried out in Canada

SR&ED portion of salaries or wages of employees directly engaged in SR&ED:

• employees other than specified employees	300	117,093
• specified employees (do not include bonuses or remuneration based on profits)(see guide)	305	
Amounts deemed incurred in the year under subsection 78(4) (salaries or wages)	310	
Unpaid amounts deemed not incurred in the year under subsection 78(4)	315	
Cost of materials consumed in the prosecution of SR&ED	320	
Cost of materials transformed in the prosecution of SR&ED	325	
SR&ED contracts performed on your behalf (use the table in the guide and attach to Form T661):		
• arm's length contracts	340	58,300
• non-arm's length contracts	345	
Lease costs of equipment used:		
• all or substantially all (90% of the time or more) for SR&ED	350	
• primarily (more than 50% but less than 90% of the time) for SR&ED. Enter only 50% of the lease costs if you use the proxy method. If you use the traditional method, enter "0".	355	
Overhead or other expenditures (enter "0" if you use the proxy method)	360	
Subtotal (add lines 300 to 360; do not add line 315)	365	175,393
Third-party payments (complete Schedule A)	370	
Total current SR&ED expenditures (add lines 365 and 370)	380	175,393
Capital expenditures (for ASA equipment, see guide)	390	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	175,393

Step 2 - Pool of deductible SR&ED expenditures

Amount from line 400		175,393
less		
• government and non-government assistance for expenditures included on line 400	430	
• previous year's ITC claimed for SR&ED (other than ITC on shared-use equipment)	435	
• sale of SR&ED capital assets (see guide) and other deductions	440	
add		
• previous year's ending balance in the pool of deductible SR&ED expenditures	450	
• amount of ITC recaptured in the preceding tax year	453	
• adjustments to the pool of deductible expenditures (complete Schedule B, Section 1)	454	
Amount available for deduction (If the amount is negative, enter "0" and add to income in the year)	455	175,393
Deduction claimed in the year	460	175,393
Current year's balance of deductible SR&ED expenditures applicable to future years (line 455 minus line 460)	470	

Step 3 - Qualified SR&ED expenditures for ITC purposes

Enter the breakdown between current and capital expenditures for ITC purposes.

Enter the breakdown between current and capital expenditures for ITC purposes.		Current Expenditures	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	175,393	496
add			
• unpaid amounts (other than salaries or wages) from previous years that were paid in the year under subsection 127(26)	500		
• prescribed proxy amount (complete Schedule D); enter "0" if you use the traditional method	502	76,110	
• expenditures on shared-use equipment (25% of the capital cost of the equipment)			504
• qualified expenditures transferred to you (from Form T1146)	508		510
less			
• government and non-government assistance, and contract payments	534		536
• amounts from lines 552 and 554 of Schedule B, Section 2	552		554
• amounts from lines 555 and 556 of Schedule C	555		556
Subtotal	557	251,503	558
SR&ED qualified expenditure pool (add lines 557 and 558)			559
add			251,503
• Repayments (of assistance and contract payments) made in the year			560
Total SR&ED expenditures that qualify for ITC purposes (add lines 559 and 560)*			570
* To claim ITC, you must have a qualified expenditure pool of at least \$10,000.			251,503

* To claim an ITC on this amount, you must complete Schedule T2SCH31 - Investment Tax Credit - Corporation, or Form T2038(IND), Investment Tax Credit (Individuals), whichever applies.

Part 4 - Background information

This information is used to administer the SR&ED program.

Expenditures for SR&ED performed by you (line 400 minus line 340, 345, and 370)

605 117,093

A. Sources of funds for SR&ED

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

	Canadian (%)	Foreign (%)
Internal	600 <u>100.00</u>	
Parent companies, subsidiaries, and affiliated companies	602	604
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606	
Federal contracts	608	
Provincial funding	610	
SR&ED contract work performed for other companies on their behalf	612	614
Other funding (e.g. universities, foreign governments)	616	618

B. Business personnel

Total number of employees

630 41

SR&ED personnel (full time SR&ED staff, plus full-time equivalent for staff engaged part-time in this activity):

Scientists and engineers	632 <u>6</u>	Technologists and technicians	634
Managers and administrators	636	Other technical supporting staff	638

C. Nature of SR&ED work

From the total you entered on line 605, estimate the approximate distribution of your SR&ED effort:

Basic research (no specific application in view)	650	Applied research (specific practical application in view)	652
Development of new: product	654 <u>100.00</u>	process	656
Improvement to existing: product	660	process	662
		technical services	658
		technical services	664

D. Specialized field of research

Indicate, if applicable, the percentage of the amount on line 605 attributed to the following fields of research:

Software development	670	Biotechnology	672	Environmental protection	674
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Complete Claim Checklist

To speed up the processing of your claim, make sure you have:

1. Used the current version of Form T661 if you are filing a current-year claim ☒
2. Signed the "Certification and Election" section in Part 1 of Form T661 ☒
3. Indicated the method you have chosen for reporting your SR&ED expenditures in fields 160 or 162 in Part 1 ☒
4. Attached a list of contracts (arm's length and non-arm's length) for which the amounts paid exceed \$30,000 as required on lines 340 and 345 of Form T661 (see table format in the guide) ☒
5. Provided a summary of information for each project, with a breakdown of expenditures (labour, materials, and contracts) as per Schedule E. ☒
6. Submitted a detailed project description of your 20 largest projects in terms of their dollar value ☒
7. Retained documents prepared to support the SR&ED expenditures claimed in Part 3. If you forget to claim an expenditure, you have up to 12 months after the filing-due date of your tax return for the year to submit an amended Form T661 ☒
8. Completed Part 4 - Background Information ☒
9. Completed schedules A, B, C, D, and E, if they apply to your situation, and attached to form T661 ☒
10. Filed a completed Schedule T2SCH31, *Investment Tax Credit - Corporations*, or Form T2038(IND), *Investment Tax Credit (Individuals)*, to claim ITCs on your qualified SR&ED expenditures ☒

All the information requested in this form and in the documents to support your claim is prescribed information. You have to file the information that applies to your claim, along with Schedule T2SCH31 or Form T2038(IND), within 12 months of the filing-due date of your income tax return for the year you incurred the expenditures. If you do not meet this reporting deadline, your claim may be rejected.

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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Schedule B - Special Situations (attach to Form T661)

Section 1 - Adjustments to the pool of deductible SR&ED expenditures incurred in Canada

- Repayments of government and non-government assistance (include only the repayments of assistance that previously reduced the deductible SR&ED expenditure pool) **445**
- SR&ED expenditure pool transfer from amalgamation or wind-up **452**
- Total (add lines 445 and 452)** **454**

Report on line 454 in Part 3, Step 2 of Form T661

Section 2 - Adjustments to the qualified SR&ED expenditures for ITC purposes

	Current Expenditures	Capital Expenditures
• Unpaid amounts (other than salaries or wages on line 315) deemed not to be incurred in the year under subsection 127(26) 520		
• Current expenditures for SR&ED contract paid or payable to, or for the benefit of a person or partnership that is not a taxable supplier in respect of the expenditures 528		
• Prescribed expenditures (Section 2902 of the <i>Regulations</i>) 530		532
• Other deductions (see guide) 548		550
Total (add lines 520, 528, 530, and 548, also add lines 532 and 550) 552		554

Report on lines 552 and 554 respectively in Part 3, Step 3 of Form T661

Expenditures for SR&ED Contracts

Section 1 - Number of contractors for whom you have to report:	Arm's length contractors 700 Complete section B	Non-arm's length contractors 710 Complete section C
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Section 2- Complete this section for each arm's length contractor on line 700.

720	722	724	726	728	730
Name of contractor	Contractor's Business No. or GST Registration No.	Number of Contracts One More	Total dollar amount of the contract (s)	Project code for expenditures claimed in the year	Contract expenditures incurred in the year (see note 2)
SIEMENS CANADA	868220450RC0001	<input checked="" type="checkbox"/> <input type="checkbox"/>	58,300	CONTROLS R	58,300
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
Total of contract expenditures incurred in the year					58,300
Total contract expenditures to report on line 340					736 58,300

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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Schedule C - Non-Arm's Length Transactions (attach to Form T661)

Adjustments to the qualified SR&ED expenditures for ITC purposes

	Current Expenditures	Capital Expenditures
• Purchases of goods and services from non-arm's length suppliers (except for shared-use equipment) (see notes 1 and 2)	522	524
• Expenditures for non-arm's length SR&ED contracts (from line 345)	526	
• Assistance allocated to you (from Form T1145)	538	540
• Qualified expenditures you transferred (from Form T1146)	544	546
Total (add lines 522, 526, 538, and 544, also add lines 524, 540, 546)	555	556

Report on lines 555 and 556 respectively in Part 3, Step 3 of Form T661

Note 1: The expenditure is deemed to be 1/4 of the capital cost of the equipment, after the application of subsection 127(11.6), if the equipment was purchased from a non-arm's length supplier.

Note 2: Subsections 127(11.6) to (11.8) provide rules for determining a taxpayer's expenditures to services rendered by, or property acquired from, a non-arm's length supplier. On line 522, enter the difference, if any, between the amount included in your SR&ED expenditure pool for the purchases of goods and services from non-arm's length suppliers and the expenditure's deemed amount under subsection 127(11.6). (read the Guide)

Expenditures for SR&ED Contracts

760	762	764	766	768	770
Name of contractor	Contractor's Business No. or GST Registration No.	Number of Contracts One More	Total dollar amount of the contract (s)	Project code for expenditures claimed in the year	Contract expenditures incurred in the year (see note 2)
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
		<input checked="" type="checkbox"/> <input type="checkbox"/>			
Total of contract expenditures incurred in the year					
Total contract expenditures to report on line 345					776

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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Schedule D - Calculation of the Salary Base and the Prescribed Proxy Amount

If you are using the proxy method, complete this calculation table and attach it to Form T661

This table will help you to calculate the prescribed proxy amount (PPA) to enter on line 502 of Form T661. You can only claim a PPA if you elected in Part 1 of Form T661 (line 160) to use the proxy method for the year.

The PPA is 65% of the salary base determined in Section A. The salary base is the total of salaries or wages paid to and incurred for the employees directly engaged in SR&ED in Canada during the year.

Special rules apply for specified employees. Calculate your salary base in Section A, the PPA in Section B, and the salaries or wages of specified employees eligible to be included in the salary base in Section C.

Section A - Salary Base

Salaries or wages of employees directly engaged in SR&ED, other than specified employees (from line 300)	810	117,093
Less:		
Remuneration based on profits, bonuses, and taxable benefits under sections 6 and 7 of the Act, and an amount deemed incurred in the year under subsection 78(4) of the Act, included on line 810 above	812	
Subtotal (line 810 minus line 812)	814	117,093
Plus:		
Total salaries or wages of specified employees directly engaged in SR&ED (from Section C of column 6 amounts below)	816	
Salary base (total of lines 814 and 816)	818	117,093

Section B - Prescribed Proxy Amount

Calculate 65% of the salary base per line 818	820	76,110
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Report the PPA on line 502 of Part 3, Step 3 of Form T661.

In certain situations, an overall cap on the PPA may limit the amount otherwise determined (see Table 7 in the guide).

Section C - Determining the salaries or wages of specified employees

Special rules apply to restrict the amount of salaries or wages of specified employees that you can include in the salary base. Use the chart below to calculate this amount.

850 Column 1	852 Column 2	854 Column 3	856 Column 4	858 Column 5**	860 Column 6
Name of specified employee	Total salaries or wages for the year (SR&ED and non-SR&ED)*	% of time spent on SR&ED in Canada (Maximum 75%)	Amount in column 2 multiplied by % in column 3	$2.5 \times A \times B / 365$	Amount in column 4 or 5, whichever amount is less

Total (enter total of column 6 amounts on line 816 in Section A above).

* Do not include taxable benefits under sections 6 and 7, (bonuses, remuneration based on profits), or an amount deemed incurred in the year under subsection 78(4) of the *Income Tax Act*.

** A is the year's maximum pensionable earnings (section 18 of the *Canada Pension Plan*) for the calendar year in which your tax year ends.

The year's maximum pensionable earnings for 2006 are \$42,100 (total $\$42,100 \times 2.5 = \$105,250$), for 2005 they are \$41,100 (total $\$41,100 \times 2.5 = \$102,750$) and for 2004 they are \$40,500 (total $\$40,500 \times 2.5 = \$101,250$).

B is the number of days in the taxation year that you employ the individual.

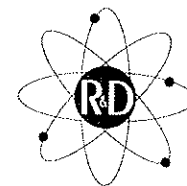
Name of Corporation	Business Number	Taxation Year End	Year Month Day
HALTON HILLS HYDRO INC.	867429623 RC 0001		2004/12/31

Schedule E - List of all SR&ED projects claimed (attach to Form T661)

For each project you are claiming, provide the following information using the table below. Expenditures should be recorded and allocated on a project basis.

210 Project identification: code or name	212 Start date (yyyy/mm/dd)	214 Finish date (yyyy/mm/dd) Actual or expected	216 Total labour expenditures in tax year	218 Total expenditures of materials in tax year	220 Total contract expenditures in tax year
1. CO-GEN	2003/01/01	2004/12/31	106,836		
2. CONTROLS RELAYS	2004/09/10	2005/07/30	10,257		58,300
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File copies of this schedule if you have more than 40 projects and attach them to Form T661 or to the RSI 32.



RESDEV
TAX CONSULTANTS INC.

**Detailed
Scientific or Technological Project Information
Required in
T 661 E (04) Part 2, Step 1
Claim for SR&ED carried out in Canada
By**

**Halton Hills Hydro Incorporated
43 Alice Street
Acton, ON, Canada
L7J 2A9**

Taxation Year End 2004-12-31

This report is relevant to the 2 projects claimed in FYE 2004

**Report Dated
June 18th, 2006**

Introduction

Available information shows that as early as 1888, Mr. John R. Barber had a turbine generator, rated at 100 H.P., installed at a location on the Credit River near Georgetown, to supply power to his paper mill. At that time he constructed a transmission line two miles long from his plant to the mill; which is stated to be "The first case of practical long distance power transmission in the world."

Original electrical supply to Georgetown came from the Georgetown Electric Light and Power Company. First overtures for Hydro power commenced on April 18, 1912, when a resolution was passed by the Municipal Council asking for estimates on the cost of power and the cost of a distribution system. By the end of July 1913, all work was practically completed and Georgetown received its first supply of Niagara power.

Records indicate that in 1931 there had been a Georgetown Hydro Electric Commission established and administered by the Commission up to 1980. On April 1st, 1980 Government Bill # 119 went into effect dissolving the present Acton and Georgetown Hydro Electric Commissions, and established the present Halton Hills Hydro Commission. The new area consisted of Acton, Georgetown, and Esquesing Township, which was Ontario Hydro Rural.

This SR&ED claim is the **first** one filed by Halton Hills Hydro Incorporation since its founding.

List of SR&ED Projects Claimed in FYE 2004
with
Start Dates
and
Completion or Anticipated Completion Dates

<u>Project #</u>	<u>Corporate Title</u>	<u>SR&ED Project Title</u>	<u>Start & Completion Dates SR&ED yr/mn/dy</u>
P1	Control Relays	Attempt to Develop a Systematic Methodology to Characterise Legacy Distribution Stations	2004/09/10 to 2005/07/30
P2	Neilson Cogeneration	Attempt to Develop a Systematic Approach to Determining Cogeneration Requirements and Constraints for Semi-Automatic Plant Configuration	2003/01/01 to 2004/12/31

Project P1

Attempt to Develop a Systematic Methodology to Characterise Legacy Distribution Stations

Preamble – Project P1

Halton Hills Hydro (HHH) prior to 2004 became concerned about a number of legacy distribution stations, stations that had been built in the 60s and 70s, about which the utility had very little technical knowledge. The personnel who had been employees at the time that the stations had been designed and built had moved on, manuals and control drawings that covered the designs and maintenance had been lost. Many relays in the protection panels in the stations were unmarked and uncharacterised. The equipment used in the substations was generally obsolete and could no longer be purchased. Inspections showed that the stations were ripe for failure.

The goal in this project was to develop a systematic approach to characterising a distribution station and develop a systematic protocol for redesigning the station based on using state-of-the-art protection technology.

This project is the SR&ED component of the corporate **Halton Hills Hydro Inc** development activities. The corporate project is titled “**Project Control Relay**”. The **Experimental Development (ED)** portion of this project officially commenced on September 10th, 2004 and the ED work was completed by July 30th, 2005.

A. Scientific or Technological Objectives - Project P1

What is the scientific or technological objective of your project?

The technological objective in this project was to develop a systematic approach to characterising a legacy “undocumented” distribution station and develop a systematic protocol for redesigning the station based on using state-of-the-art protection technology.

Does this project involve Scientific Research or Experimental Development?

This project employs Experimental Development (ED) in its attempt to achieve Technological Advancement.

B. Technology or knowledge base or level- Project P1

Halton Hills Hydro Inc is a small, public utilities corporation. The company is not in the business of characterising legacy distribution stations. This was a totally new challenge for the corporation as all personnel familiar with these stations had moved on and there was no body of knowledge in-house. HHH was prepared to undertake experimentation in order to advance its core knowledge and understanding of the issues and challenges in modernising these legacy stations. This attempt started with “a clean slate”; the company had no previous in-house technological base in this area.

C. Scientific or technological advancement- Project P1

What advancements in technology are being sought?

As was mentioned in the preamble, the advancement in technology attempted was the technical knowledge that would allow the systematic characterisation of legacy, undocumented, distribution stations. A methodology which would provide the core specifications for the station’s systematic redesign to employ modern protection technology and SCADA.

What were the problems or challenges that you could not solve using commonly available experience and required you to seek an advance in the underlying technology to achieve the objective in A above.

The major challenge underpinning this work was the vacuum of knowledge both in documented form as well as in personnel experience base about these legacy distribution stations. Traditionally the approach that would be taken to keeping these stations operational would be to replace defective components with an off-the-shelf equivalent. There was not the in-house knowledge on how to characterise the entire substation from scratch and reengineer it using modern protection technology. This knowledge would have to be gained by systematic experimentation in the field and from this field based characterisation it was hoped that a systematic approach to addressing the needs of all the legacy stations could be developed. It was known that there was “nothing in common” between the different distribution stations; there were each unique.

In what field of science or technology does your project take place?

The fields of science or engineering involved are: - **Electrical and Instrumentation Engineering.**

D. Description of work in the tax year- Project P1

FYE 2004 – January 1st, 2004 to December 31st, 2004

Work in the current year.

The manager in charge of the entire project was **Mr Michael Maroschak, C.E.T.**, the engineering supervisor at HHH while the field work was largely undertaken by **Mr Matthew Wright**. HHH retained the services of Siemens to assist in the characterisation work due to the dearth of experience and specialised equipment in this regard. Siemens also assisted with the installation of the new technology at the completion of the project and in its commissioning. HHH's technology base and technical competence was also advanced by this technology transfer gained "in the field".

The starting point was an examination of the existing line and control drawings for the sample of stations to be studied. If adequate documentation did not exist it would have to be created by reverse engineering. Many relays were not marked as to their function. Tap and time dial settings were not well documented and may have been changed over the years. For the sample of stations all the equipment in the station was systematically characterised by measurements or settings when these were available. From this field data, analysis was performed to understand the range of requirements and demands on the station and from this a standardized station specification was drafted. Once a template had been established, modern control technology was analysed to understand how it could be adapted to cover the broad spectrum of station demands established by field work and its analysis. Coupling these demands and abilities, the team selected what their analysis showed to be the best fit of modern electronic relay controls to the station demand spectrum.

The next step was to procure the control technology, install, evaluate and commission it and from field measurements determine if it met and exceeded the previous legacy performance requirements. Relays tested via secondary current injection to operate circuit breakers under simulated fault conditions. Protection coordination plots were created to compare old versus new settings. With the knowledge gained from the first few installations in 2004, HHH project team felt that they had developed a systematic approach to dealing with all their legacy distribution stations. Standard test switch and isolation blocks were incorporated into each feeder cell door for commissioning. The same test switches would be utilized for future maintenance on the electronic relays. Standardized circuit breaker cell door layout and local controls for operations and substation personnel were able to be established. The in house technology base of HHH had been dramatically advanced.

E. Supporting Information- Project P1

Brief Resumes of those persons involved in the SR&ED project

Due to time constraints, the claimant apologises that it was not able to provide mini CVs for all the personnel directing, conducting or participating in the technical work. However the CVs for all personnel are on file with Halton Hills Hydro and the company would be happy to provide them when requested.

Although Mr Dan Guatto did not log any time on this particular experimental development project, as president of the holding company he did take a keen interest in the work undertaken in this project and was the person who provided the high-level authorisation and direction for any significant activities.

Mr Dan Guatto ~ President

Dan Guatto, P. Eng., is President of Halton Hills Hydro Inc. and is responsible for ensuring the profitability of the company. Dan also serves as President of Halton Hills Hydro Inc. and its other affiliated company, SouthWestern Energy Inc.

Dan joined Halton Hills Hydro as Engineering Supervisory in 1989 and shortly thereafter was promoted to Manager of Engineering. In 1998, Dan became General Manager of the electricity distribution company. From 1998 to 2000, Dan was instrumental in starting up and incorporating both Halton Hills Hydro Inc. and SouthWestern Energy Inc.

Previously, Dan was part of the management team of Ontario Hydro where he acted in a variety of technical roles including as a technical advisor during critical-path maintenance for 500MW generating units.

Dan holds a diploma in Electronics Engineering Technology from St. Clair College of Applied Arts and Sciences, and a Bachelor of Applied Science in Electrical Engineering from the University of Windsor.

Supporting Documentation

Technical Documentation on file at the claimant for the project

The technical notebooks, design notes, characterisation measurements, analyses, engineering designs, field measurements and commissioning reports are on file with the company.

.....

Project P2

Attempt to Develop a Systematic Approach to Determining Cogeneration Requirements and Constraints for Semi-Automatic Plant Configuration

Preamble – Project P2

Cogeneration is an intriguing concept, the recapturing of excess and waste exhaust heat from electrical generation for other industrial purposes, such as food processing or manufacturing processes. But it has numerous critics who point out that it is rarely cost effective. And this is true because there are a number of severe constraints to be faced for a technically and financially successful cogeneration installation. Nevertheless, HHH set up its subsidiary **SouthWestern Energy (SWE)** with a mandate that included developing cogeneration technology not only for new plants but also for retrofit. The aspect of the technology that the company was particularly interested in was the ability to match the customer requirements with available technology subject to the particular site constraints and be able to provide a complete installation to the customer with a guaranteed return on investment. As the cogeneration field is still in its infancy, this project was designed to develop a systematic approach to cogeneration retrofit projects. The approach would enable the company to quickly address the requirements and constraints and configure an optimal cogeneration system almost automatically. From essentially a zero technological base on this topic, HHH expected that through the experience gained in this project it would advance its cogeneration technological capability to one of the highest in the province. The technological capability gained would enable HHH to rapidly, and cost effectively, respond knowledgeably and competently to any potential cogeneration opportunity with a complete proposal for supplying the cogeneration plant.

This project was undertaken by **SouthWestern Energy (SWE)** a wholly owned subsidiary of Halton Hills Hydro. This project is the SR&ED component of the corporate **Halton Hills Hydro Inc** development activities. The corporate project is titled “**Project Neilson CoGeneration**”. The **Experimental Development (ED)** portion of this project officially commenced on January 1st, 2003 and the ED work was completed by December 31st, 2004.

A. Scientific or Technological Objectives - Project P2

What is the scientific or technological objective of your project?

The technological objective in this project was to develop a systematic approach to designing a complete cogeneration facility for both new and retrofit applications subject to the site constraints and requirements, yet taking advantage of all aspects of current cogeneration technology. With this technological capability, the company was confident it would be able to respond quickly, in a fraction of the time currently required at the time the project started, to the potential cogeneration opportunity provided by a customer.

Does this project involve Scientific Research or Experimental Development?

This project employs **Experimental Development (ED)** in its attempt to achieve Technological Advancement.

B. Technology or knowledge base or level- Project P2

Halton Hills Hydro Inc and SWE are small, public utilities corporations. This project represented a new venture for HHH; it had never before engaged itself in cogeneration technology. Yet, the company was convinced that there were opportunities in Ontario to improve manufacturing efficiency through cogeneration. Hence it was prepared to risk the expenditure required in this project in order to advance its core technology; its understanding of the capabilities and limitations and constraints associated with current cogeneration technology.

C. Scientific or technological advancement- Project P2

What advancements in technology are being sought?

As was mentioned in the preamble, the advancement in technology attempted was to develop a systematic approach to determining an effective cogeneration solution, if one existed, to either a new plant application or the retrofit of an existing industrial plant. At the present time the companies base technology only allowed it to react to a cogeneration potential in an ad hoc, tortuous study basis.

What were the problems or challenges that you could not solve using commonly available experience and required you to seek an advance in the underlying technology to achieve the objective in A above.

The major challenge underpinning this work was the ability to analyse a potential customers requirements, identify the constraints under which the technology would have to operate, and partially automate a systematic process that would identify the cogeneration system configuration. The current approach used by suppliers of cogeneration systems with which SWE was competing was very much on an ad hoc basis. At the time that this work started, there was no systematic approach to addressing the requirements and constraints in a cogeneration application, in the public domain. The company would have to advance its in-house technological base by analysis, research, field studies, and by attempting to develop an approach which would enable them to automate or attempt to automate a complex process.

In what field of science or technology does your project take place?

The fields of science or engineering involved are: - **Electrical and Mechanical Engineering.**

D. Description of work in the tax year- Project P2

FYE 2004 – January 1st, 2004 to December 31st, 2004

Work in the current year.

The person in charge of project strategy was **Mr Dan Guatto, P.Eng., President**, who took a keen and personal interest in this project. Project technical lead was conducted by **Mr Gary Ebersberger, P.Eng., Vice President** and **Mr Mike Maroschak, C.E.T., Engineering Supervisor**. Personnel from finance and business development also provided inputs with regard to the implications of cost constraints on the technical solutions contemplated. Additional technical support was provided by Mr Chris Hale.

The development team undertook to build its technological capability in this field through the analysis of real-life practical customer demands, requirements and constraints. In 2004 the prime field laboratory was Nielson's Dairy where there was an interest in recapturing wasted heat from a potential retrofit cogeneration unit, for milk manufacturing processes, such as pasteurisation. In 2003 a heat load study had been conducted for the dairy, and the analysis in 2004 suggested that a one engine, with heat recovery, solution. But this approach generated too much heat so for the analysis suggested the use of two generators using heat recovery from only one of them, while retaining the potential to recover the heat from the second unit. The project was also reconfigured to incorporate the clients demand for greater focus on peak load shaving.

While the analysis from the Nielson Project was ongoing other members of the team were exploring what available cogeneration technology there was in the marketplace, its specifications, and its limitations with particular emphasis on issues such as emissions, noise, physical size and of course cost.

The company's knowledge base was rounded out by visits to other existing cogeneration facilities to learn first hand about the limitations of the technology from real-life applications.

With this knowledge base the company was able to populate a database and from this attempt to develop software which would assist the cogeneration plant designer in the design of the cogeneration system.

E. Supporting Information- Project P2

Brief Resumes of those persons involved in the SR&ED project

Due to time constraints, the claimant apologises that it was not able to provide mini CVs for all the personnel directing, conducting or participating in the technical work. However the CVs for all personnel are on file with Halton Hills Hydro and the company would be happy to provide them when requested.

Mr Dan Guatto ~ President

Dan Guatto, P. Eng., is President of Halton Hills Hydro Inc. and is responsible for ensuring the profitability of the company. Dan also serves as President of Halton Hills Hydro Inc. and its other affiliated company, SouthWestern Energy Inc.

Dan joined Halton Hills Hydro as Engineering Supervisory in 1989 and shortly thereafter was promoted to Manager of Engineering. In 1998, Dan became General Manager of the electricity distribution company. From 1998 to 2000, Dan was instrumental in starting up and incorporating both Halton Hills Hydro Inc. and SouthWestern Energy Inc.

Previously, Dan was part of the management team of Ontario Hydro where he acted in a variety of technical roles including as a technical advisor during critical-path maintenance for 500MW generating units.

Dan holds a diploma in Electronics Engineering Technology from St. Clair College of Applied Arts and Sciences, and a Bachelor of Applied Science in Electrical Engineering from the University of Windsor.

Supporting Documentation

Technical Documentation on file at the claimant for the project

The technical notebooks, design notes, engineering designs, field data, analyses, software engineering design notes and experiments are on file with the company.

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The End



INVESTMENT TAX CREDIT - CORPORATIONS

SCHEDULE 31

Code 0501

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

General information

- For use by a corporation that during a taxation year:
 - earned an investment tax credit (ITC);
 - is claiming a deduction against their Part I tax payable;
 - is claiming a refund of credit earned during the current taxation year;
 - is claiming a carryforward of credit from preceding taxation years;
 - is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*;
 - is requesting a credit carry-back; or
 - is subject to a recapture of ITC.
- References to parts, sections, and subsections on this schedule are from the federal *Income Tax Act* and the federal *Income Tax Regulations*. References to interpretation bulletins and information circulars are to the latest versions.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned) and a ten-year carryforward.
- Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal *Income Tax Regulations*, that earn the ITC are:
 - qualified property;
 - certified property;
 - qualified expenditures that are part of the SR&ED qualified expenditure pool. Complete and file Form T661, *Claim for Scientific Research and Experimental Development Expenditures Carried on in Canada*; and
 - pre-production mining expenditures.
- Attach a completed copy of this schedule with the *T2 Corporation Income Tax Return*.
- For more information on ITCs, see the section called "Investment Tax Credit" in the *T2 Corporation-Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release. Also, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*.
- For information on SR&ED, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*, Information Circular IC 86-4, *Scientific Research and Experimental Development*, Guide T4052, *An Introduction to the Scientific Research and Experimental Development Program*, and Guide T4088, *Claiming Scientific Research and Experimental Development* (guide to Form T661).

Detailed information

- For the purpose of this schedule, "investment" means:

The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government assistance or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a taxation year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next taxation year. It also reduces the undepreciated capital cost of that class in the next taxation year. An ITC for SR&ED deducted or refunded in a taxation year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next taxation year. An ITC from pre-production mining expenditures deducted in a taxation year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next taxation year.
- Property acquired has to be "available for use" before a claim can be made for an ITC.
- Qualified expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the taxation year in which the expenditures or capital costs were incurred.
- Partnership allocations - Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITC of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. For more information, see Interpretation Bulletin IT-151.
- For SR&ED expenditures made after February 22, 2005, the expression "in Canada" includes the "exclusive economic zone" (as defined in the Oceans Act to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil in respect of that zone. For SR&ED expenditures made prior to February 23, 2005, the expression "in Canada" generally includes the 12 nautical mile territorial sea.

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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Part 1 - Investments or expenditures, percentages, and codes

Investments	Specified percentage	Code
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region	10%	14
Expenditures		
If you are a Canadian-controlled private corporation (CCPC) throughout the taxation year, code 11B may apply to you on the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10 on page 4)	35%	11B
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit, (see Part 10 on page 4), the excess is eligible for an ITC calculated at the 20% rate.		
If you are a corporation that is not a CCPC throughout the current taxation year that incurred qualified expenditures for SR&ED in any area in Canada after 1995	20%	3B
If you are a taxable Canadian corporation that incurred pre-production mining expenditures:		
- in 2003	5%	—
- in 2004	7%	—
- after 2004	10%	—

Part 2 - Determination of a qualifying corporation

Is the corporation a qualifying corporation? **101** 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC throughout the current taxation year and the taxable income (before any loss carrybacks) for its preceding year cannot be more than its business limit for that preceding year. If the corporation is associated with any other corporations during the taxation year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last taxation year ending in the preceding calendar year, cannot be more than the total of the business limits for the last year.

Note: A CCPC calculating a refundable ITC for taxation years ending before March 23, 2004, is considered to be associated with another corporation, if it meets any of the conditions in subsection 256(1). For taxation years ending after March 22, 2004, the association rule remains the same except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a qualifying corporation, you will earn a 100% refund on your share of any ITCs earned at the 35% rate on qualified current expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

Some CCPCs that are not qualifying corporations may also earn a 100% refund on their share of any ITCs earned at the 35% rate on qualified current expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10 on page 4. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever), or is related to:

- one or more persons exempt from Part I tax under section 149;
- Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
- any combination of persons referred to in a) or b) above.

Part 3 - Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? **102** 1 Yes ☐ 2 No ☒

If Yes, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see the *Guide to the General Index of Financial Information (GIFI) for Corporations*.

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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Part 4 - Eligible investments for qualified property from the current taxation year - code 14 only

CCA* class number	ITC Code	Description of investment	Date available for use	Location used (province)	Amount of investment
105		110	115	120	125
*CCA: capital cost allowance					
Total investment - enter in formula on line 240 in Part 5					

Part 5 - Calculation of current-year credit and account balances - ITC from investments in qualified property

ITC at the end of the preceding taxation year			
Deduct:			
Credit deemed as a remittance of co-op corporations	210		
Credit expired after 10 taxation years	215		
	Subtotal	▶	
ITC at the beginning of the taxation year			220
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	230		
ITC from repayment of assistance	235		
Total current-year credit: total of column 125	x 10% = 240		
Credit allocated from a partnership	250		
	Subtotal	▶	
Total credit available			
Deduct:			
Credit deducted from Part I tax (enter on line FFF in Part 19)	260		
Credit carried back to the preceding year(s) (from Part 6)			A
Credit transferred to offset Part VII tax liability	280		
	Subtotal	▶	
Credit balance before refund			B
Deduct:			
Refund of credit claimed on investments from qualified property (from Part 7)	310		
ITC closing balance of investments from qualified property	320		

Part 6 - Request for carryback of credit from investments in qualified property

	Year	Month	Day	
1st preceding taxation year	<u>2003</u>	<u>12</u>	<u>31</u>	Credit to be applied 901
2nd preceding taxation year	<u>2002</u>	<u>12</u>	<u>31</u>	Credit to be applied 902
3rd preceding taxation year	<u>2001</u>	<u>12</u>	<u>31</u>	Credit to be applied 903
Total (enter on line A in Part 5)				

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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Part 7 - Calculation of refund for qualifying corporations on investments from qualified property

Current-year ITCs (total of lines 240 and 250 in Part 5) **C**

Credit balance before refund (amount B from part 5) **D**

Refund (40% of amount C or D, whichever is less) **E**

Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund.)

Part 8 - Qualified expenditures for SR&ED

Current expenditures	350	251,503
Capital expenditures	360	
Repayments made in the year (from line 560 on Form T661)	370	
Total (this must equal the amount from line 570 on Form T661)	380	251,503

Part 9 - Components of the SR&ED expenditure limit calculation

Note: A CCPC that calculates SR&ED expenditure limit for taxation years ending before March 23, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1). This also applies for taxation years ending after March 22, 2004, except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes ☒ 2 No ☐

Complete lines 390 and 395 if you answered *No* to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49). Part 9 only applies if the corporation was a CCPC throughout the current taxation year.

a) Enter your taxable income for the preceding taxation year * **390**

b) Enter your reduced business limit ** for the current taxation year * (this amount cannot be more than the amount at line 4 on page 4 of the T2 return) **395**

* If either of the taxation years referred to at line 390 or 395 is less than 51 weeks, prorate the taxable income or the business limit by the number of days in these taxation years divided by 365. For details on the expression "Reduced business limit," see line 652 of the *T2 Corporation-Income Tax Guide*.

**If the corporation is claiming only a portion of the business limit from line 4 on page 4 of the T2 return because of its association with other corporations, calculate your reduced business limit as if the corporation was not associated in the current taxation year. Enter the result at line 395.

Part 10 - Calculation of SR&ED expenditure limit for CCPC throughout the current taxation year

For stand-alone corporations:

Subtract: line 390 from Part 9 or \$300,000*, whichever is more **\$5,000,000***

Excess (if negative, enter "0") **x 10 =**

Line F **x** Line 395 **=** ****G**

Line 4 on page 4 of the T2 return

For associated corporations:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 **400** ****H**

Where the taxation year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Line G or H **x** Number of days in the taxation year **365** **=** **I**

365

Your SR&ED expenditure limit for the year (enter the amount from line G, H, or I, whichever applies) **410**

* If your taxation year immediately follows a taxation year that ended before 2003, the references to \$5,000,000 and \$300,000 should be \$4,000,000 and \$200,000 respectively.

Amount G or H cannot be more than \$2,000,000.

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End 2004/12/31
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Part 11 - Calculation of investment tax credits on SR&ED expenditures

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)*

Line 350 minus line 410 (if negative, enter "0")	420	x 35% =	J
Line 410 minus line 350 (if negative, enter "0")	430 251,503	x 20% =	K 50,301
Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above *	440	L	M
Line 360 minus line L (if negative, enter "0")	450	x 35% =	N
		x 20% =	

Repayments (amount from line 370 in Part 8)

If a corporation makes a repayment of any government assistance, non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount.	460	x 35% =	
	470	x 30% =	
	480	x 20% =	
Total			O

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) **50,301**

* For corporations that are not CCPCs throughout the year, enter "0" on lines J and M.

Part 12 - Calculation of current-year credit and account balances - ITC from SR&ED expenditures

ITC at the end of the preceding taxation year

Deduct:

Credit deemed as a remittance of co-op corporations	510	
Credit expired after 10 taxation years	515	
Subtotal		

ITC at the beginning of the taxation year

Add:

Credit transferred on amalgamation or wind-up of subsidiary	530	
Total current-year credit	540 50,301	
Credit allocated from a partnership	550	
Subtotal	50,301	

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line GGG in Part 19)	560 50,301	
Credit carried back to the preceding year(s) (from Part 13)		P
Credit transferred to offset Part VII tax liability	580	
Subtotal	50,301	

Credit balance before refund

Deduct:

Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies)	610	
ITC closing balance on SR&ED	620	

Part 13 - Request for carryback of credit from SR&ED expenditures

	Year	Month	Day	
1st preceding taxation year	2003	12	31	Credit to be applied 911
2nd preceding taxation year	2002	12	31	Credit to be applied 912
3rd preceding taxation year	2001	12	31	Credit to be applied 913
Total (enter on line P in Part 12)				

Part 14 - Calculation of refund of ITC for qualifying corporations - SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101 on page 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? **650** 1 Yes ☐ 2 No ☒

Credit balance before refund (amount Q from Part 12)	AA	
Current-year ITC (lines 540 plus 550 from Part 12 minus line O from Part 11)	BB	
Refundable credits (amount AA or BB, whichever is less) *		CC
Amount J from Part 11	DD	
Subtract: Amount CC or DD, whichever is less		EE
Net amount (if negative, enter "0")		FF
Amount FF x 40 %		GG
Add: Amount EE		HH
Refund of ITC (amounts GG plus HH - enter this, or a lesser amount, on line 610 in Part 12)		II

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation (as defined in subsection 127.1(2)), this amount should be multiplied by 40%.
Claim this, or a lesser amount, as your refund of ITC on line II.

Part 15 - Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations - SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Section 2 on page 2.

Credit balance before refund (amount Q from Part 12)		JJ
Amount J from Part 11	KK	
Subtract: Amount JJ or KK, whichever is less		LL
Net amount (if negative, enter "0")		MM
Amount M from Part 11		NN
Amount MM or NN, whichever is less x 40%		OO
Add: Amount LL above		PP
Refund of ITC (amounts OO plus PP)		QQ

Enter QQ, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Part 16 - Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

column 800, list all minerals for which pre-production mining expenditures have taken place in the taxation year and after 2002. Attach additional schedules if more space is required.

	List of minerals 800
1.	
2.	
3.	
4.	

For each of the minerals reported in column 800 above, identify each project, mineral title, and mining division where title is registered. If there were no mineral title, identify the project and mining division only. Attach additional schedules if more space is required.

	Project name 805	Mineral title 806	Mining division 807
1.			
2.			
3.			
4.			

Pre-production mining expenditures *

Pre-production mining expenditures that the corporation incurred in the taxation year and after 2002, for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	RR
Geological, geophysical, or geochemical surveys	811	SS
Drilling by rotary, diamond, percussion, or other methods	812	TT
Trenching, digging test pits, and preliminary sampling	813	UU

Pre-production mining expenditures incurred in the taxation year and after 2002 for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	VV
Sinking a mine shaft, constructing an adit, or other underground entry	821	WW

Other pre-production mining expenditures incurred in the taxation year and after 2002 (attach additional schedules if more space is required):

	Description 825	Amount 826
1.		
2.		
3.		
4.		

Add amounts at column 826 XX

Total pre-production mining expenditures (add amounts RR to XX) **830**

Deduct: Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above **832**

Excess (line 830 minus line 832)(if negative, enter "0") YY

Add: Repayments of government and non-government assistance **835** ZZ

Pre-production mining expenditures (amount YY plus amount ZZ) AAA

* A pre-production mining expenditure is defined under subsection 127(9) which does not include an amount renounced under subsection 66(12.6).

Name of Corporation

HALTON HILLS HYDRO INC.

Business Number

867429623 RC 0001

Taxation
Year
EndYear Month Day
2004/12/31**Part 17 - Calculation of current-year credit and account balances - ITC from pre-production mining expenditures**

ITC at the end of the preceding taxation year

Deduct:

Credit deemed as a remittance of co-op corporations 841

Credit expired after 10 taxation years 845

Subtotal ▶

ITC at the beginning of the taxation year 850

Add:

Credit transferred on amalgamation or wind-up of subsidiary 860

Expenditures from line AAA, Part 16, incurred in 2003 865 x 5% = BBB

Expenditures from line AAA, Part 16, incurred in 2004 867 x 7% = CCC

Expenditures from line AAA, Part 16, incurred after 2004 870 x 10% = DDD

Total current-year credit (add amounts BBB, CCC, and DDD) 880 ▶

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line HHH in Part 19) 885

Credit carried back to the preceding year(s) (from Part 18) EEE

Subtotal ▶

ITC closing balance from pre-production mining expenditures 890

Part 18 - Request for carryback of credit from pre-production mining expenditures

1st preceding taxation year

Year Month Day
2003/12/31

2nd preceding taxation year

2002/12/31

3rd preceding taxation year

2001/12/31

Credit to be applied 921

Credit to be applied 922

Credit to be applied 923

Total (enter on line EEE in Part 17)

Part 19 - Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) FFF

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) 50,301 GGG

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 17) HHH

Total ITC deducted from Part I tax (add lines FFF, GGG, and HHH) 50,301 III
(Enter amount III at line 652 on page 7 of the T2 return.)

Part 20 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED

You will have a recapture of ITC in a year when all of the following conditions are met:

- you acquired a particular property in the current year or in any of the 10 preceding taxation years;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in computing your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

Note

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following taxation year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 - If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's-length party, as described in the note above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's-length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less
1.		
2.		
3.		
4.		
5.		

Subtotal (enter this amount on line MMM in Part 21)

JJJ

Calculation 2 - Only if you acquired all or a part of the qualified expenditure from another person under an agreement described in subsection 127(13); otherwise, enter nil at line KKK in Part 20 on page 10.

A The rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B The proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C The amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740
1.		
2.		
3.		
4.		
5.		

Calculation 2 is continued on page 10.

Name of Corporation HALTON HILLS HYDRO INC.	Business Number 867429623 RC 0001	Taxation Year End	Year 2004	Month 12	Day 31
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Part 20 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED (continued)

Calculation 2 (continued) - Only if you acquired all or a part of the qualified expenditure from another person under an agreement described in subsection 127(13); otherwise, enter nil on line KKK below.

D	E	F
The amount determined by the formula (A x B) - C (using the columns on page 9)	The ITC earned by the transferee in respect of the qualified expenditures which were transferred	Amount from column D or E, whichever is less
	750	
1		
2		
3		
4		
5		

Subtotal (enter this amount on line NNN in Part 21)

KKK

Calculation 3

As a member of the partnership, you will report your share of the ITC of the partnership after the ITC has been reduced by the amount of the recapture. If this amount is a positive amount you will report it on line 550 in Part 12 on page 5. However, if the partnership does not have sufficient ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line LLL below.

Corporate partner's share of the excess of ITC (amount to be reported on line OOO in Part 21) **760**

LLL

Part 21 - Total recapture of investment tax credit

Recaptured ITC for calculation 1 from line JJJ in Part 20 on page 9	MMM
Recaptured ITC for calculation 2 from line KKK in Part 20 above	NNN
Recaptured ITC for calculation 3 from line LLL in Part 20 above	OOO
Total recapture of investment tax credit - Add lines MMM, NNN, and OOO (Enter amount PPP at line 602 on page 7 of the T2 return.)	PPP



Name of Corporation

HALTON HILLS HYDRO INC.

Business Number

867429623 RC 0001

Taxation
Year
End

Year Month Day
2004/12/31

Year-End	Class 49	ITC CARRIED FORWARD OR ACQUIRED - Start of year				
		Class	Class	Class	Class	Class
1994/12/31						
1995/12/31						
1996/12/31						
1997/12/31						
1998/12/31						
1999/12/31						
2000/12/31						
2001/12/31						
2002/12/31						
2003/12/31						
Prior ITC Carry Forward						
Adjustments						
Current Year's ITC	50,301					
ITC Available to reduce						
current tax	50,301					
ITC Refunded						
ITC Carried Back:						
1st preceding yr						
2nd preceding yr						
3rd preceding yr						
ITC Expired						
ITC Used to reduce						
Part I tax	50,301					
ITC deemed as a						
remittance						
ITC Used to reduce						
Part VII tax						
ITC to be carried forward						

Year-End	Class 49	ITC CARRIED FORWARD OR ACQUIRED - End of year				
		Class	Class	Class	Class	Class
1995/12/31						
1996/12/31						
1997/12/31						
1998/12/31						
1999/12/31						
2000/12/31						
2001/12/31						
2002/12/31						
2003/12/31						
2004/12/31						
Carry forward						

ITCs USED TO REDUCE UCC/EXPENDITURE/PRE-PROD.MINING CLAIM						
Class 49	Class	Class	Class	Class	Class	Class
ITC this year (A)	50,301					
ITC claimed in immediately prior						
taxation year (B)						
ITC reducing this year's						
UCC/Exp./Mining . (C)						
ITC reducing subsequent year's						
UCC/Exp. claim . . (D)	50,301					
NOTE: Class 50 = Pre-Production Mining Expenditures, Class 48 = R&D Capital Expenditures, Class 49 = R&D Current Expenditures						



Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa, ON L1H 8E92004/
2005CT23 Corporations Tax and
Annual ReturnFor taxation years commencing
after December 31, 2002
Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)

AMENDED

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) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Page 1 of 20														
Corporation's Legal Name (including punctuation) HALTON HILLS HYDRO INC.		Ontario Corporations Tax Account No. (MOF) 1800262												
Mailing Address 43 ALICE STREET ACTON ON L7J2A9		This Return covers the Taxation Year Start <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2004</td><td>01</td><td>01</td></tr></table> End <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2004</td><td>12</td><td>31</td></tr></table>	year	month	day	2004	01	01	year	month	day	2004	12	31
year	month	day												
2004	01	01												
year	month	day												
2004	12	31												
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Date of Change	Date of Incorporation or Amalgamation <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>1999</td><td>04</td><td>13</td></tr></table>	year	month	day	1999	04	13						
year	month	day												
1999	04	13												
Registered/Head Office Address 43 ALICE STREET ACTON ON L7J2A9		Ontario Corporation No. (MCBS) 1349889												
Location of Books and Records 43 ALICE STREET ACTON ON L7J2A9		Canada Customs and Revenue Agency Business No. If applicable, enter 867429623 RC 0001												
Name of person to contact regarding this CT23 Return	Telephone No. (519) 853-3700	Fax No.												
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)		Jurisdiction Incorporated ONTARIO												
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MCBS)		If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr></table> Ceased <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr></table> <input checked="" type="checkbox"/> Not Applicable	year	month	day	year	month	day						
year	month	day												
year	month	day												
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). 1 If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS). No Change		Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French 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 <table border="1"><tr><td>D</td><td>O</td><td>P</td></tr><tr><td><input type="checkbox"/> Director</td><td><input checked="" type="checkbox"/> Officer</td><td><input type="checkbox"/> Other individuals having knowledge of the Corporation's business activities</td></tr></table>			D	O	P	<input type="checkbox"/> Director	<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other individuals having knowledge of the Corporation's business activities						
D	O	P												
<input type="checkbox"/> Director	<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> 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.														

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

☐ 1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which 50%
or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))

☐ 2 Other Private

☐ 3 Public

☐ 4 Non-share Capital

☐ 5 Other (specify) ▶

Share Capital with full voting
rights owned by Canadian
Residents (nearest percent)
100 %

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

☐ 1 Family Farm Corporation s.1(2)

☐ 2 Family Fishing Corporation s.1(2)

☐ 3 Mortgage Investment Corp. s.47

☐ 4 Credit Union s.51

☐ 5 Bank Mortgage Subsidiary s.61(4)

☐ 6 Bank s.1(2)

☐ 7 Loan and Trust Corporation s.61(4)

☐ 8 Non-resident Corporation s.2(2)(a)
or (b)

☐ 9 Non-resident Corporation s.2(2)(c)

☐ 10 Mutual Fund Corporation s.48

☐ 11 Non-resident owned investment
Corporation s.49

☐ 12 Non-resident ship or aircraft under
reciprocal agreement with Canada s.28(b)

☐ 14 Bare Trustee Corporation

☐ 15 Branch of Non-resident s.63(1)

☐ 16 Financial institution
prescribed by Regulation only

☐ 17 Investment Dealer

☐ 18 Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale

☒ 19 Hydro successor, Municipal Electrical Utility
or subsidiary of either

☐ 20 Producer and seller of steam for uses other
than for the generation of electricity

☐ 21 Insurance Exchange s.74.4

☐ 22 Farm Feeder Finance Co-operative
Corporation

☐ 23 Professional Corporation
(Incorporated professionals only)

Please check (x) box(es) if applicable

☐ First Year of Filing

☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Amended Return

☐ Final Taxation Year before Amalgamation

☐ Acquisition of Control fed s.249(4)

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency approval required

☐ Floating Fiscal Year End

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Yes No
☐ ☒

Has the corporation's Federal T2 Return been filed
with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

Are you requesting a refund due to: the Carry-back of a Loss?

☐ ☒

an Overpayment?

☒ ☐

a Specified Refundable Tax Credit?

☐ ☒

Are you a Member of a Partnership or Joint Venture?

☐ ☒

Income Tax

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

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15) - - - - -	± From	690	1,962,548
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 - - - - -	From	704	
Net capital losses From 715 (page 16) - - - - -	• X inclusion rate	50.000000%	
Farm losses - - - - -	From	714	
Restricted farm losses - - - - -	From	724	
Limited partnership losses - - - - -	From	734	
	From	754	
Taxable Income (Non-capital loss) - - - - -	=	10	1,637,548
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	1,637,548

Taxable Income

From 10 (or 20 if applicable)	Ontario Allocation	Number of Days in Taxation Year	
1,637,548 • X 30	100.0000	% X 12.5% X	
1,637,548 • X 30	100.0000	% X 14.0% X	
Income Tax Payable (before deduction of tax credits)		29 + 32	40 229,257

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	1,941,817
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) - - - - -	+	51 1,637,548
Add: Losses of other years deducted for federal purposes (fed.s.111) - - - - -	+	52
Subtract: Losses of other years deducted for Ontario purposes (s.34) - - - - -	-	53
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1) - - - - -	=	54 1,637,548
	55	250,000

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	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)
1800262

Taxation Year End
2004/12/31

CT23 Page 5 of 20

DOLLARS ONLY

Income Tax continued from Page 4

Number of Days in Taxation Year

Calculation of IDSBC Rate

7.0% X

Days after
Dec 31, 2002 and
before Jan 1, 2004
31 ÷ 73 = 366

Total Days

366

= + 89

8.5% X

Days after
Dec 31, 2003
34 ÷ 73 = 366

Total Days

366

= + 90

IDSBC Rate for Taxation Year

89 + 90

= + 78

8.5000

Claim

From 60

400,000

X

From 78 8.5000 %

= + 70

34,000

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

Surtax on Canadian-controlled Private Corporations (s.41.1)

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

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

*Taxable Income of the corporation

From 10 (or 20 if applicable)

+ 80

1,637,548

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

Name of associated corporation (Canadian & foreign)
(If insufficient space, attach schedule)

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

Taxation Year End

*Taxable Income
(if loss, enter nil)

+ 82

+ 83

+ 84

Aggregate Taxable Income

80 + 82 + 83 + 84 , etc

= 85

1,637,548

Number of Days in Taxation Year

320,000 X

Days after
Dec 31, 2002 and
before Jan 1, 2004
31 ÷ 73 = 366

Total Days

366

= + 115

400,000 X

Days after
Dec 31, 2003
34 ÷ 73 = 366

Total Days

366

= + 116

400,000

115 + 116

=

400,000

(If negative, enter nil)

= 114

400,000

= 86

1,237,548

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax

4.667% X

Days after
Dec 31, 2002
38 ÷ 73 = 366

Total Days

366

= + 97

4.6670

From 86 1,237,548

X

From 97 4.6670 %

= + 87

57,756

From 87 57,756

X

From 60 400,000

÷

From 114 400,000

= + 88

57,756

Surtax Lesser of

70 or 88

= 100

34,000

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

continued on Page 6

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800262

Taxation Year End
2004/12/31

CT23 Page 6 of 20

Income Tax continued from Page 5

DOLLARS ONLY

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

110

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

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

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

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

Eligible Canadian Profits

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 121 400,000
120 - 56 + 122 = 130

Taxable Income

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From 10 1,637,548

Add: Adjustments for Surtax on Canadian-controlled private corporations - From 56 400,000

Subtract: Taxable Income 10 X Allocation % to jurisdictions outside Canada - From 122 400,000

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses - 140

10 - 56 + 122 - 140 - 141 = 142 1,616,817

Claim

Number of Days in Taxation Year

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

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

143 Lesser of 130 or 142 X From 30 100.0000 % X 2.0% X 34 ÷ 73 = 156

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 = 190 229,257

continued on Page 7

Corporation's Legal Name
HALTON HILLS HYDRO INC.Ontario Corporations Tax Account No. (MOF) 1800262
Taxation Year End 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 204

Eligible 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)*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.*

No. of Graduates From 6596

Eligible 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 6900 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)*Applies to employment of eligible apprentices.*

No. of Apprentices From 5896

Eligible 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) - - - = 230 225,555To 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)
1800262Taxation Year End
2004/12/31

Corporate Minimum Tax (CMT)

DOLLARS ONLY

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 [2136] 1,402,468 X From [30] 100.0000 % X 4% = [276] 56,099
 if negative, enter zero Ontario Allocation
 Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - - - - - [277]
 Subtract: Income Tax - - - - - From [190] 229,257
 Net CMT Payable (if negative, enter Nil on Page 17.) - - - - - = [280] -173,158

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] 229,257
 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 - - - - - = [280] 56,099
 [300] 173,158

B. Income Tax (after deduction of specified credits) - - - - - + From [230] 225,555
 Subtract: CMT credit used to reduce income taxes - - - - - [310]
 Income Tax - - - - - = [320] 225,555

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.

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

1800262

2004/12/31

CT23 Page 9 of 20

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

DOLLARS ONLY

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	
able loans and advances to related corporations (certain restrictions apply) (Refer to Guide) - - - - -	+	406	865,551
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule) - - - - -	+	407	
Total Eligible Investments - - - - -	=	410	1,771,621

continued on Page 10

Corporation's Legal Name
HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800262

Taxation Year End
2004/12/31

CT23 Page 11 of 20

DOLLARS ONLY

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

+ 531 2,320,864

+ 532

+ 533

Aggregate Taxable Capital 470 + 531 + 532 + 533 etc - - - - - = 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 × 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

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 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 1,962,548.
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 $\frac{5}{112.5} \times$

Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days
33	73

 366 = + 633 •

612 • X $\frac{5}{114.0} \times$

Days after Dec. 31, 2003	Total Days
34	73

 366 = + 634 •

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

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661
excluding any negative amount in 473 from Ont. CT23 schedule 161 - - - - - + 615 175,393 •

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 = 1,786,683 • 640 1,786,683.
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 •
Transfer to Page 15

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**

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1 - - - - - From \pm 600 1,962,548.
Total of Additions on Page 14 - - - - - From = 640 1,786,683.
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	X	From 662	=	663
	30				
	100.0000				
	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 - - - - - + 679 175,393.

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) - - - - - + 684

Total of Deductions

681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 684 - - - - - = 1,786,683. 680 1,786,683.

Net income (loss) for Ontario Purposes 600 + 640 - 680 - - - - - = 690 1,962,548.

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

CT23 Page 16 of 20

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, 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	911	921	931	941
ii) 2nd preceding 902 2002/12/31	912	922	932	942
iii) 1st preceding 903 2003/12/31	913	923	933	943
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax - - - - + From 230 or 320 225,555

Corporate Minimum Tax - - - - + From 280

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

Premium Tax - - - - - + From 590

Total Tax Payable - - - - - = 950 315,000

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 -659

If payment due - - - - - Enclosed* 990

If overpayment: Refund(Refer to Guide) = 975 659
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

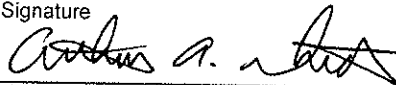
43 ALICE STREET

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 <div></div>	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> <div>Other Titles (please specify) <table border="0"><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><input type="checkbox"/> Other (untitled)</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></td></tr></table></div>				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"/> Other (untitled)	<input type="checkbox"/> Chief Manager		<input type="checkbox"/> Executive Director		<input type="checkbox"/> Managing Director	
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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 05.2.307 Approval Code 060B

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

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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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) - - - - - + [2109] ●

Subtotal - - - - - X 3 - - - - - = [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] ●

* CMT losses applied cannot exceed adjusted net income or increase a loss
- - - - - = [2135] ●

tain 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

Page 2 of 3

Corporation's Legal Name

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

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 Yes Wind-up (X) 2206 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.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2213 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

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

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 190 229,257

Subtotal (If negative, enter NIL)

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

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
2	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 8E9Ontario Charitable Donations and Gifts
Schedule 2 page 1 of 3

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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- 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% = 1,471,911 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		
Subtotal J + K + P	+	P
25% X	=	Q
Maximum deduction allowable I + R	=	1,471,911 R
Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes)	=	325,000 S

Enter in 1 of the CT23 T

Part 3 - Gifts to Her Majesty in right of Ontario

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 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

1. 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 1,637,548 U

2a. Ontario Net Income for the taxation year 1,962,548 v

2b. 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

Maximum deduction allowable the lesser of U and X Transfer to 2 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 <i>(Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date).</i>		
Subtotal	+	
Deduct: Amount applied against taxable income	=	
Gifts to Canada or a province other than Ontario closing balance	=	

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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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>

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

2004/12/31

Charitable Donations

SCHEDULE 2 - Ontario Supplement

[illegible]

Carry Forwards

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>
Total		325,000	325,000		<NIL>

Current year's donations	325,000
Donations carried forward from prior years	

Donations carried forward from prior years	325,000
--	---------

Total Donations	325,000
------------------------	----------------

Income Limitation:

75% of net income	1,471,911
Add: taxable capital gains from gifts of property	

Add: taxable capital gains from gifts of property 1,471,911
Y 25%

X 25%

Total 1,471,911

Allowable Claim	325,000
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Eligible for carry forward	<NIL>
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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

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

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
						%		
						%		
						%		
						%		
						%		

Ontario Summary of Dispositions

Schedule 6 page 2 of 5

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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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

Schedule 6 page 3 of 5

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 2: Bonds						

[illegible]

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

[illegible]

Part 5 - Personal-use property

[illegible]

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

Ontario Summary of Dispositions of Capital Property

Schedule 6 page 4 of 5

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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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

Deduct: Unapplied listed personal property losses from other years	Total	<NIL>
<i>Note: Net listed personal property losses may only be applied against personal property gains.</i>	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)
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

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

Ontario Summary of Dispositions of Capital Property

Schedule 6 page 5 of 5

Corporation's Legal Name

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

2004/12/31

Determining capital gains and capital losses

Total of A to F (Do not include F if it is a loss)

Add: Amount (if any) of capital gain reserve opening balance from Ontario Schedule 13

Capital gain dividend received in the year

Subtotal

Deduct: Amount (if any) of capital gain reserve closing balance from Ontario Schedule 13

Gain or Loss (excluding Allowable Business Investment Losses)

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

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

Gains or losses realized after October 17, 2000

Total of A3 to G3

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

Deduct: Portion of capital gains reserve closing balance applicable to dispositions after October 17, 2000

Gains or Losses

Calculate Inclusion Rate

	Gains or losses	Inclusion Rate	Net capital gain / capital loss
	H X	75%	=
	I X	66 2/3 %	=
Subtotal	M X	%	=
	J X	50%	=
Subtotal	O X	50.0000 %	=
Inclusion rate P divided by O (expressed as a percentage)			
			=

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 % = 678 of the CT23

Determining taxable capital gains

Gain or Loss (excluding Allowable Business Investment Losses)

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.)

on donation of ecologically sensitive land after October 17, 2000

Gains or Loss

Include 100% of the losses in box 711 of the CT23

Taxable capital gains

41,462 R X Inclusion Rate 50.0000 %

= 20,731 S

Transfer to 603 of the CT23

CANTAX T2, version 05.2.307

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

Is the corporation electing under regulation 1101(5q)? **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 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	8,927			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 Equi	108,870	98,132			207,002	49,066	157,936	20.0	31,587	175,415
8	Stores Equi	31,822				31,822		31,822	20.0	6,364	25,458
10	Computer Ha	298,983	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(5a)? 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 minus column 5) 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	27,519,253	1,188,118	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).
Enter in boxes 650 650 650 on the CT23.

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

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

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



Ontario

Ministry of Finance

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

Corporation's Legal Name

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

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

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No. (MOF)	Taxation Year End
--	-------------------

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)

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 SERVIC	8238060	2004/12/31	487,538
Aggregate of taxable capital			36,820,814

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



Ontario

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

Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161

Page 1 of 5

Corporation's Legal Name

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

2004/12/31

This schedule is used to calculate Ontario Scientific Research and Experimental Development Expenditures (SR & ED). The rules used in the calculation of Ontario SR & ED follow the federal rules with the exception of the new Ontario measure introduced in the 2001 Ontario Budget and implemented in Bill 127 which received Royal Assent on December 5, 2001.

This schedule must be completed by all corporations performing qualified Ontario SR & ED in a "specified taxation year" or in the taxation year immediately preceding the first specified taxation year of the corporation and filed with the current CT23 or CT8. Other corporations may use this schedule, if they have claimed or are claiming a different SR & ED amount for Ontario than for federal income tax purposes.

• **"Specified Taxation Year" (STY)** is the taxation year of the corporation that begins after February 29, 2000 and ends after December 31, 2000.

• **"Investment Tax Credit Amount" (ITC)** means, in respect of a corporation for a taxation year, an amount deducted by the corporation for a preceding taxation year under subsection 127(5) or (6) of the *Income Tax Act* (Canada) (ITA).

• **"Qualified Ontario SR & ED Expenditure" (QORD)** means,

A. A qualified expenditure within the meaning of subsection 12(1) of the *Corporations Tax Act* (CTA) that is made or incurred by a corporation in a STY or in the taxation year immediately preceding the first STY of corporation, or

B. An expenditure made or incurred by a partnership in a fiscal period that ends in a STY of a corporation if,

- the corporation is member of the partnership at any time in the STY, and
- the expenditure would be a qualified expenditure within the meaning of subsection 12(1) of the CTA if it were made by a corporation.

• **"Ontario Allocation Factor" (OAF)** has the meaning given to that expression by subsection 12(1) of the CTA.

• If a corporation includes a federal ITC amount in determining the amount of the Ontario pool of deductible SR & ED expenditures for a STY, the following amounts are adjusted by the OAF:

- Amount of recaptured federal ITC relating to QORD for property disposed of in the preceding taxation year in 442 on page 2.
- Amount of federal ITC relating to QORD claimed federally in the preceding taxation year(s) in 462 on page 2.
- Amount of federal ITC relating to QORD allocated from partnerships in the current taxation year in 465 on page 2.

• Federal ITCs earned on shared-use equipment (SUE) reduce the capital cost of the property acquired for federal and Ontario income tax purposes in the taxation year after the taxation year in which the ITC is claimed federally. The amount of the federal ITC that relates to QORD on SUE is added to the SR & ED pool for Ontario purposes in the taxation year after the taxation year in which the ITC is claimed federally.

Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161

Page 2 of 5

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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Ontario Pool of Deductible SR & ED Expenditures for the current taxation year

Total allowable SR & ED expenditures (capital and current)

(From line 400 federal T661 (T2 SCH32)) - - - - - + 400 175,393

Less: Government and non-government assistance

(Form line 430 federal T661 (T2 SCH32)) - - - - - - 430

Preceding year's amount of federal ITC claimed for SR & ED

(From line 435 federal T661 (T2 SCH32)) - - - - - - 435

Sale of SR & ED capital assets and other deductions

(From line 440 federal T661 (T2 SCH32)) - - - - - - 440

Amount of recaptured federal ITC (From line 453 federal T661 (T2 SCH32))
relating to QORD for property disposed of in the preceding taxation year

442

Gross-up for Ontario allocation factor

From 442 + 100.0000 % = 444
(From 30 of the CT23 or CT8)

Subtotal: 400 - 430 - 435 - 440 - 444 - - - - - = 445 175,393

Add: Repayments of government and non-government assistance

(From line 445 federal T661 (T2 SCH32)) - - - - - + 446

SR & ED expenditure pool transferred on amalgamation or wind-up

(From line 452 federal T661 (T2 SCH32)) - - - - - + 452

Amount of federal ITC recaptured in the preceding taxation year

(From line 453 federal T661 (T2 SCH32)) - - - - - + 453

Preceding year's balance in pool of deductible Ontario SR & ED expenditures

(From 480 of the preceding taxation year) - - - - - + 460

Federal ITC relating to QORD claimed federally in the preceding taxation year(s) + 462
(From 575 on Page 3)

Amount of federal ITC relating to QORD allocated from partnerships
in the current taxation year - - - - - + 465

Subtotal 462 + 465 - - - - - = 468

Gross-up for Ontario allocation factor

From 468 ÷ 100.0000 % = 470
(From 30 of the CT23 or CT8)

Subtotal 445 + 446 + 452 + 453 + 460 + 470

(If the amount in 473 is negative, enter zero, in 475, 477 and add 473 to 615 of the 2002 CT23 or CT8,
or 616 of the 2003 or later CT23 or CT8.

If the amount in 473 is positive, enter the amount in 475) - - - - - = 473 175,393

Amount available for deduction - - - - - = 475 175,393

Deduction claimed in the taxation year for Ontario

(Enter the SR & ED expenditure pool deduction claimed in the taxation year in 679 of the CT23 or CT8) - - - - - - 477 175,393

Ontario current taxation year closing balance

in pool of deductible SR & ED expenditures 475 - 477 - - - - - = 480

(Transfer this amount to 460 as the carry
forward amount for the next taxation year.)

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

Page 3 of 5

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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Calculation of Preceding Taxation Year Amount and Account Balances - Federal ITC from SR & ED Expenditures relating to QORD.

- This page is used to calculate the amount of the federal ITC that relates to SR & ED performed in Ontario for certain taxation years and is used to increase the amount of the Ontario SR & ED pool on page 2.
- All amounts on this page are based on the preceding taxation year since the amount of the federal ITC that relates to QORD can only be used to increase the Ontario pool for SR & ED in the current taxation year if there was a federal ITC claimed for federal purposes in the preceding taxation year that related to QORD.
- Do not include amounts of federal ITCs that relate to QORD that were allocated from a partnership. These amounts are added to your SR & ED pool for Ontario in the taxation year that they are allocated from a partnership to a corporation, not in the year after they are claimed federally.

Opening Balance:

(Enter amount from Schedule 161 of the preceding taxation year, if any) - - - - - +

Add: Amount of federal ITC earned, relating to QORD
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Amount of federal ITC earned, relating to QORD, transferred on amalgamation or wind-up
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Subtotal: + + - - - - - =

Deduct: Amount of federal ITC, relating to QORD, claimed federally
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Amount of federal ITC, relating to QORD, carried back federally to a preceding taxation year(s)
(QORD portion of line P federal T2 SCH31 for the preceding taxation year) - - - - - +

A refund of federal ITC, relating to QORD, claimed federally
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Amount of federal ITC, relating to QORD, deemed as a remittance of co-op corporations
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Subtotal: + + + - - - - - =
(Transfer this amount to on page 2)

Deduct: Amount of federal ITC, relating to QORD, expired per the ITA after 10 taxation years
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - -

Closing Balance: - - - - - - - =
(Transfer this amount to as the opening balance for the next taxation year.)

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

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

Continuity Schedule for Federal ITC relating to SR & ED Expenditures for the Preceding Taxation Year

- All amounts on this page are based on the preceding taxation year.
- Amounts on this page should tie into Part 11 of federal T2 SCH31 completed for the preceding taxation year.

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions (other than amounts that were allocated from a partnership)	Deductions (only amounts that were allocated from a partnership)	Closing Balance
1994/12/31					
1995/12/31					
1996/12/31					
1997/12/31					
1998/12/31					
1999/12/31					
2000/12/31					
2001/12/31					
2002/12/31					
2003/12/31					
totals (See note 1, 2 and 3)	725	740	755	770	785

Notes:

1. The amount in 725 should equal the amount of the investment tax credit at the end of the preceding taxation year less line 515 in Part 11 of the federal T2 SCH31 for the preceding taxation year.
2. The amount in 785 should equal the closing balance in line 620 in Part 11 of the federal T2 SCH31 for the preceding taxation year.
3. It is important that the amounts in the deductions columns on this page correctly reflect the year of origin of the federal ITC claimed because only amounts relating to QORD can be used to increase the Ontario SR & ED pool.

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

**Continuity Schedule for the Amount of Federal ITC from SR & ED Expenditures relating to QORD for
the Preceding Taxation Year**

- This page is required to record the amount of the ITC that relates to QORD by year of origin.
- All amounts on this page are based on the preceding taxation year.
- Do not include amounts of federal ITCs that relate to QORD that were allocated from a partnership (see text at the top of page 3).

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions	Closing Balance
1994/12/31				
1995/12/31				
1996/12/31				
1997/12/31				
1998/12/31				
1999/12/31				
2000/12/31				
2001/12/31				
2002/12/31				
2003/12/31				
Totals (See note 1 - 6)	825	840	855	870

Notes:

1. The amount in 825 should equal 500 on page 3.
2. The amount in 840 should equal the total of 510 and 520 on page 3.
3. The amount in 855 should equal 575 on page 3.
4. The amount in 870 should equal 590 on page 3.
5. Any deductions that are recorded in the deduction column on this page must be taken out of the same year of origin as indicated in the deduction column on page 4. These deductions must be related to QORD and must not have been allocated from a partnership.
6. The amount of federal ITC relating to QORD will expire if the federal ITC it relates to expires before it is claimed federally.



Ontario

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

Apprenticeship Training Tax Credit (ATTC) CT23 Schedule 114 Page 1 of 1

Corporation's Legal Name

HALTON HILLS HYDRO INC.

Ontario Corporations Tax Account No.
(MOF)

1800262

Taxation Year End

2004/12/31

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 JASON SIN			From 2004/07/30 To 2004/12/31	5850 15,972	5876 2,117
434a	Power Lin	Name WOOD CHAD SIN			From 2004/09/07 To 2004/12/31	5851 10,464	5877 1,585
		Name SIN			From To	5852 5878	 5898
Totals						5874 26,436	5898 3,702

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

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

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