



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

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5 - 2003  
Schedule J2  
Filed: 2012 June 1  
(25 pages)

# CT23 Corporations Tax and Annual Return

For taxation years commencing after September 30, 2001  
Corporations Tax Act - Ministry of Finance (MOF)  
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)  
(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for 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, together with the applicable schedules on pages 18-21. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

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

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

Page 1 of 24

Corporation's Legal Name (including punctuation)			Ontario Corporations Tax Account No. (MOF)		
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED			1800235		
Mailing Address			This CT23 Return covers the Taxation Year		
14 CARLTON ST.			Start		
TORONTO			year month day		
ON CA M5B-1K5			2003-01-01		
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes			Date of Incorporation or Amalgamation		
Date of Change			year month day		
Registered/Head Office Address			1999-06-23		
14 CARLTON ST.			Ontario Corporation No. (MCBS)		
TORONTO			1362834		
ON CA M5B-1K5			Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.		
Location of Books and Records			If applicable, enter		
14 CARLTON ST.			896718327RC001		
TORONTO			Jurisdiction Incorporated		
ON CA M5B-1K5			ONTARIO		
Name of person to contact regarding this CT23 Return		Telephone No.	Fax No.		
ALEX SCHIAPPA		416-542-2826	416-542-2808		
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:		
ON CA -			Commenced		
			year month day		
Former Corporation Name (Extra-Provincial Corporations only) (MCBS)			Ceased		
<input checked="" type="checkbox"/> Not Applicable			year month day		
			<input checked="" type="checkbox"/> Not Applicable		
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).			Preferred Language/Langue de préférence		
			<input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français		
No. of Schedule(s)			Ministry use		
0					
If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS).			<input checked="" type="checkbox"/> No change		

## Certification (MCBS)

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

of Authorized Person (Print clearly or type in full)

WANDA LYCZYK

Title:  Director  Officer  Other individual having knowledge of the affairs of the Corporation

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

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2003-12-31

# CT23 Corporations Tax Return

Information continued (for CT23 filers only)

## Type of Corporation - Please "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)

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

if applicable, enter

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

if applicable, enter

Specify major business activity

### ENERGY DISTRIBUTION

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>2 <input type="checkbox"/> Family Farm Corporation s.1 (2)</li> <li>3 <input type="checkbox"/> Family Fishing Corporation s.1 (2)</li> <li>4 <input type="checkbox"/> Mortgage Investment Corporation s.47</li> <li>5 <input type="checkbox"/> Credit Union s.51</li> <li>6 <input type="checkbox"/> Bank Mortgage Subsidiary s.61 (2)</li> <li>7 <input type="checkbox"/> Bank s.1 (2)</li> <li>8 <input type="checkbox"/> Loan and Trust Corporation s.61 (4)</li> <li>9 <input type="checkbox"/> Non-resident Corporation s.2(2)(a) or (b)</li> <li>10 <input type="checkbox"/> Non-resident Corporation s.2(2)(c)</li> <li>11 <input type="checkbox"/> Mutual Fund Corporation s.48</li> <li>12 <input type="checkbox"/> Non-resident owned investment Corporation s.49</li> <li>13 <input type="checkbox"/> Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)</li> </ul> | <ul style="list-style-type: none"> <li>14 <input type="checkbox"/> Bare Trustee Corporation</li> <li>15 <input type="checkbox"/> Branch of Non-resident s.63(1)</li> <li>16 <input type="checkbox"/> Financial institution prescribed by Regulation only</li> <li>17 <input type="checkbox"/> Investment Dealer</li> <li>18 <input type="checkbox"/> Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale</li> <li>19 <input checked="" type="checkbox"/> Hydro successor, Municipal Electrical Utility or subsidiary of either</li> <li>20 <input type="checkbox"/> Producer and seller of steam for uses other than for the generation of electricity</li> <li>21 <input type="checkbox"/> Insurance Exchange s.74.4</li> <li>22 <input type="checkbox"/> Farm Feeder Finance Co-operative Corporation</li> <li>23 <input type="checkbox"/> Professional Corporation (incorporated professionals only)</li> </ul> |
|---|---|

### Please "X" box(es) if applicable:

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> First Year of Filing  | <input type="checkbox"/> Final Taxation Year up to Dissolution (wind-up)<br>(Note: For discontinued businesses, see Guide.) | <input type="checkbox"/> Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario |
| <input type="checkbox"/> Amended Return  | <input type="checkbox"/> Final Taxation Year before Amalgamation  | <input type="checkbox"/> Acquisition of Control fed s.249(4)   |
| <input type="checkbox"/> Taxation Year End has changed - Canada Customs and Revenue Agency (formerly Revenue Canada) approval required | <input type="checkbox"/> Floating Fiscal Year End   | Date Control was acquired<br><input style="width: 100%; text-align: center;" type="text" value="year month day"/>                          |

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

**Income Tax**

**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

Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From 690	90,422,072.
act: Charitable donations	-	1	316.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	-	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-	3	0.
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002)	-	4	0.
Subtract: Federal Part VI.1 tax 0. X 9/3	-	5	0.
Subtract: Prior years' losses applied - Non-capital losses	-	From 704	17,936,899.
Net capital losses From 715 (page 16) 0. X inclusion rate 50.000000% = -	-	714	0.
Farm losses	-	From 724	0.
Restricted farm losses	-	From 734	0.
Limited partnership losses	-	From 754	0.
<b>Taxable Income (Non-capital loss)</b>	=	10	<b>72,484,857.</b>
Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	0.
<b>Adjusted Taxable Income</b> 10 + 11 (if 10 is negative, enter 11)	=	20	<b>72,484,857.</b>

<b>Taxable Income</b>		<b>Number of Days in Taxation Year</b>	
From 10 (or 20 if applicable)	72,484,857. X 30 100.0000% X 12.5000% X	Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days
	Ontario Allocation	33 365 + 73 365	= + 29 9,060,607.
From 10 (or 20 if applicable)	72,484,857. X 30 100.0000% X 14.0000% X	Days after Dec. 31, 2003	Total Days
	Ontario Allocation	34 0 + 73 365	= + 32 0.
<b>Income Tax Payable</b> (before deduction of tax credits)	29 + 32		= 40 <b>9,060,607.</b>

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

(If this section is not completed, the 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	90,422,072.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	72,484,857.
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	17,936,899.
Subtract: Losses of other years deducted for Ontario purposes (s.34)	- 53	17,936,899.
	=	72,484,857. 54 72,484,857.
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	55	225,000.

**Ontario Business Limit Calculation**

280,000 X	Days after Sept. 30, 2001 and before Jan. 1, 2003	28 0 + ** 365	= + 43 0.
320,000 X	Days after Dec. 31, 2002 and before Jan. 1, 2004	31 365 + ** 365	= + 46 320,000.
400,000 X	Days after Dec. 31, 2003	34 0 + ** 365	= + 47 0.
Business Limit for Ontario purposes	43 + 46 + 47	= 44 320,000 X	48 100.0000% = 45 320,000.
Income eligible for the IDSBC	From 30	100.0000% X	56 320,000. = 60 320,000.
	**** 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 a floating taxation year and use 366 for a leap year.

\*\*\* Note: For a taxation year ending before Jan. 1, 2003, use your proportion of the associated group business limit.

\*\*\*\* 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

**Income Tax** continued from Page 4

		Number of Days in Taxation Year			
		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days		
Calculation of IDSBC Rate	6.50%	28	0 + 73 = 365	= +	79
					.0000
	7.00%	31	365 + 73 = 365	= +	89
					7.0000
	8.50%	34	0 + 73 = 365	= +	90
					.0000
IDSBC Rate for Taxation Year		79 + 89 + 90		=	78
					7.0000
Claim	From 60	320,000.	X From 78	7.0000%	= 70
					22,400.

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

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

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

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

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

\*\* Taxable Income of the corporation From 10 (or 20 if applicable) + 80 72,484,857.

If you are a member of an associated group (X) 81 [X] (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)
See attached			+ 82 25,494,647.
			+ 83
			+ 84
Aggregate Taxable Income	80 + 82 + 83 + 84, etc.		= 85 97,979,504.

Number of Days in Taxation Year

Subtract: 280,000	x	28	0 + 73 = 365	= +	113	0.
320,000	x	31	365 + 73 = 365	= +	115	320,000.
400,000	x	34	0 + 73 = 365	= +	116	0.
		113 + 115 + 116 =			320,000.	- 114 320,000.
(If negative, enter nil)						= 86 97,659,504.

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax	4.3330%	x	28	0 + 73 = 365	= +	95	.0000
	4.6670%	x	31	365 + 73 = 365	= +	96	4.6670
	4.6670%	x	34	0 + 73 = 365	= +	97	.0000
Specified rate of surtax for Taxation Year	95 + 96 + 97				=	94	4.6670
	From 86	97,659,504.	x	From 94	4.6670%	=	87 4,557,769.
	From 87	4,557,769.	x	From 60	320,000. +	From 114	320,000. = 88 4,557,769.
Surtax Lesser of	70 or 88			=	100	22,400	

continued on Page 6



**Income Tax** *continued from Page 5*

**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17) ..... **110** 0.

**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	+	<b>120</b>	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	-	From <b>56</b>	320,000.
Add: Adjustment for Surtax on Canadian-controlled private corporations			
From <b>100</b> 22,400. + From <b>30</b> 100.0000% + From <b>78</b> 7.0000%	=	<b>121</b>	320,000.
Lesser of <b>56</b> or <b>121</b>	+	<b>122</b>	320,000.
<b>120</b> - <b>56</b> + <b>122</b>	=	<b>130</b>	0.
<b>Taxable Income</b>	+	From <b>10</b>	72,484,857.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	-	From <b>56</b>	320,000.
Add: Adjustments for Surtax on Canadian-controlled private corporations	+	From <b>122</b>	320,000.
Subtract: Taxable Income <b>10</b> 72,484,857. X Allocation % to jurisdictions outside Canada .0000%	-	<b>140</b>	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	-	<b>141</b>	0.
<b>10</b> - <b>56</b> + <b>122</b> - <b>140</b> - <b>141</b>	=	<b>142</b>	72,484,857.

**Claim**

**Number of Days in Taxation Year**

<b>143</b> 0. X From <b>30</b> 100.0000% X 1.5000% X	* Ontario Allocation	Days after Sept. 30, 2001 and before Jan. 1, 2004		Total Days	= + <b>154</b> 0.
		<b>33</b>	0		

<b>143</b> 0. X From <b>30</b> 100.0000% X 2.0000% X	* Ontario Allocation	Days after Dec. 31, 2003		Total Days	= + <b>156</b> 0.
		<b>34</b>	0		

M&P claim for taxation year **154** + **156** ..... = **160** 0.

\* 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** 0.

**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** ..... = **162** 0.

**Credit for Foreign Taxes Paid (s.40)**

**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001) (Attach schedule). ..... **170** 0.

**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** 0. Credit Claimed **180** 0.

**Subtotal of Income Tax** **40** - **70** + **100** - **110** - **160** - **161** - **162** - **170** - **180** ..... = **190** 9,060,607.

*continued on Page 7*

**Income Tax** continued from Page 6  
**Specified Tax Credits** (Refer to Guide)

<b>Ontario Innovation Tax Credit (OITC) (s.43.3)</b> <i>Applies</i> to research and development in Ontario. Eligible Credit From <input type="text" value="5620"/> OITC Claim Form (Attach original Claim Form) .....	+ <input type="text" value="191"/> _____	0.	
<b>Co-operative Education Tax Credit (CETC) (s.43.4)</b> <i>Applies</i> to employment of eligible students. Eligible Credit From <input type="text" value="5798"/> Summary Schedule F .....	+ <input type="text" value="192"/> _____	0.	
<b>Ontario Film &amp; Television Tax Credit (OFTTC) (s.43.5)</b> <i>Applies</i> to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Eligible Credit From <input type="text" value="5899"/> either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable. (Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.) .....	+ <input type="text" value="193"/> _____	0.	
<b>Graduate Transitions Tax Credit (GTTC) (s.43.6)</b> <i>Applies</i> to employment of eligible unemployed post secondary graduate. Eligible Credit From <input type="text" value="6598"/> Summary Schedule G .....	No. of Graduates From <input type="text" value="6596"/> <input type="text" value="194"/> _____ 0	+ <input type="text" value="195"/> _____	0.
<b>Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)</b> <i>Applies</i> to qualifying expenditures in respect of eligible literary works by eligible Canadian authors. Eligible Credit From <input type="text" value="6900"/> OBPTC Claim Form (Attach both the original Claim Form and the Certification Form) .....	+ <input type="text" value="196"/> _____	0.	
<b>Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)</b> <i>Applies</i> to labour relating to computer animation and special effects on an eligible production. Eligible Credit From <input type="text" value="6700"/> Claim Form Certified by Ontario Media Development Corporation (Attach the original Claim/Certification Form with the CT23 Tax Return.) .....	+ <input type="text" value="197"/> _____	0.	
<b>Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)</b> <i>Applies</i> to qualifying R&D expenditures under an eligible research institute contract. Eligible Credit From <input type="text" value="7100"/> OBRITC Claim Form (Attach original Claim Form) .....	+ <input type="text" value="198"/> _____	0.	
<b>Ontario Production Services Tax Credit (OPSTC) (s.43.10)</b> <i>Applies</i> to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed. Eligible Credit From <input type="text" value="7300"/> either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable. (Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.) .....	+ <input type="text" value="199"/> _____	0.	
<b>Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)</b> <i>Applies</i> to qualifying labour expenditures of eligible products for the taxation year. Eligible Credit From <input type="text" value="7400"/> Claim Form certified by Ontario Media Development Corporation (Attach original Claim/Certification Form.) .....	+ <input type="text" value="200"/> _____	0.	
<b>Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)</b> <i>Applies</i> to qualifying expenditures in respect of eligible Canadian sound recordings. Eligible Credit From <input type="text" value="7500"/> OSRTC Claim Form (Attach both the original Claim Form and the Certification Form) .....	+ <input type="text" value="201"/> _____	0.	
<b>Other</b> (specify) _____ .....	+ 201.1 _____	0.	
<b>Total Specified Tax Credits</b> <input type="text" value="191"/> + <input type="text" value="192"/> + <input type="text" value="193"/> + <input type="text" value="195"/> + <input type="text" value="196"/> + <input type="text" value="197"/> + <input type="text" value="198"/> + <input type="text" value="199"/> + <input type="text" value="200"/> + <input type="text" value="201"/> + 201.1 = <input type="text" value="220"/>	_____	0.	
<b>Specified Tax Credits Applied to reduce Income Tax</b> .....	= <input type="text" value="225"/>	0.	
<b>Income Tax</b> <input type="text" value="190"/> - <input type="text" value="225"/> OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) .....	= <input type="text" value="230"/>	9,060,607.	

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on Page 8. If CMT is not applicable, transfer amount in  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.

**Corporate Minimum Tax (CMT)**

**Termination of Applicability**

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

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

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

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

\* Total Assets of the corporation ..... + [240] **2277751000.**  
 \* Total Revenue of the corporation ..... + [241] **2411983000.**

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			+ [243] <b>2159864819.</b>	+ [244] <b>464,658,689.</b>
			+ [245] .....	+ [246] .....
			+ [247] .....	+ [248] .....
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.		= [249] <b>4437615819.</b>	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.			= [250] <b>2876641689.</b>

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

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

CMT Payable ..... CMT Base From [2135] **107,449,000.** X From [30] **100.0000%** X 4.0000% = [276] **4,297,960.**  
 If negative, enter zero Ontario Allocation  
 Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) ..... - [277] **0.**  
 Subtract: Income Tax ..... - From [190] **9,060,607.**  
**Net CMT Payable** (If negative, enter Nil on Page 17.) ..... = [280] **0.**

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

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

If [280] is greater than or equal to zero, transfer [230] to Page 17 and transfer [280] to Page 17, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 20.

**CMT Credit Carryover available** ..... From [2307] **690,244.**

**Application of CMT Credit Carryovers**

**A.** Income Tax (before deduction of specified credits) ..... + From [190] **9,060,607.**  
 Gross CMT Payable ..... + From [276] **4,297,960.**  
 Subtract: Foreign Tax Credit for CMT purposes ..... - From [277] **0.**  
 If [276] - [277] is negative, enter NIL in [290] ..... = **4,297,960.** - [290] **4,297,960.**  
**Income Tax eligible for CMT Credit** ..... = [300] **4,762,647.**

**B.** Income Tax (after deduction of specified credits) ..... + From [230] **9,060,607.**  
 Subtract: CMT credit used to reduce income taxes ..... - [310] **690,244.**  
**Income Tax** ..... = [320] **8,370,363.**

Transfer to page 17

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

If only B applies, [310] cannot exceed the lesser of [230] and your CMT credit carryover available [2307].

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2003-12-31

DOLLARS ONLY

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

If your corporation is a Financial Institution (s.58(2)), complete lines 30 on page 10 then proceed to page 13.  
 If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

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

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

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

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

**Paid-up Capital**

Paid-up capital stock (Int.B. 3012 and 3015)	+	350	0.
Retained earnings (if deficit, deduct) (Int.B. 3012)	+	351	138,148,000.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012)	+	352	539,208,000.
Loans and advances (Attach schedule) (Int.B. 3013)	+	353	1222239000.
Bank loans (Int.B. 3013)	+	354	0.
Bankers acceptances (Int.B. 3013)	+	355	0.
Bonds and debentures payable (Int.B. 3013)	+	356	0.
Mortgages payable (Int.B. 3013)	+	357	0.
Lien notes payable (Int.B. 3013)	+	358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)	+	359	0.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	+	360	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012)	+	361	123,167,791.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)	+	362	0.
<b>Subtotal</b>	=	370	2022762791.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012)	-	371	76,108,993.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	-	372	0.
<b>Total Paid-up Capital</b>	=	380	1946653798.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	-	381	0.
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	0.
<b>Net Paid-up Capital</b>	=	390	1946653798.

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

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial 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	0.
Mortgages due from other corporations	+	403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+	404	0.
Loans and advances to unrelated corporations	+	405	0.
Loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+	406	6,991,000.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	407	0.
<b>Total Eligible Investments</b>	=	410	6,991,000.

continued on Page 10







**Capital Tax** *continued from Page 9*

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

Assets per balance sheet	.....	+ 420	2,277,751,000.
Mortgages or other liabilities deducted from assets	.....	+ 421	0.
Share of partnership(s)/joint venture(s) total assets ( <i>Attach schedule</i> )	.....	+ 422	0.
Subtract: Investment in partnership(s)/joint venture(s)	.....	- 423	0.
<b>Total Assets as adjusted</b>	.....	= 430	2,277,751,000.
Amounts in 360 and 361 (if deducted from assets)	.....	+ 440	0.
Subtract: Amounts in 371, 372 and 381	.....	- 441	76,108,993.
Subtract: Appraisal surplus if booked	.....	- 442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	.....	+ 443	0.
<b>Total Assets</b>	.....	= 450	2,201,642,007.

<b>Investment Allowance</b>	( 410 + 450 ) × 390	.....	Not to exceed 410	= 460	6,181,321.
<b>Taxable Capital</b>	390 - 460	.....		= 470	1940472477.

<b>Gross Revenue</b> (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	.....	480	2,411,983,000.
<b>Total Assets</b> (as adjusted)	.....	From 430	2,277,751,000.

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

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

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

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

**SECTION A**

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

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

**SECTION B**

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

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

+ From 470	0.				
-	0.				
=	471	0.	× From 30	100.0000%	× .3000% × 555 365
				Ontario Allocation	** 365
					..... = + 523
					0.

*Transfer to 543 on page 12 and complete the return from that point*

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

continued on Page 11



TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2003-12-31

DOLLARS ONLY

Capital Tax Calculation continued from Page 10

SECTION C

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

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

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

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

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

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

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

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

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset 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 1940472477.

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) or related partners having a permanent establishment in Canada (if insufficient space, attach schedule)

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

Taxation Year End

Taxable Capital

Table with 4 columns: Name, MOF No., Taxation Year End, Taxable Capital. Row 1: See attached, 531, 118,746,291. Row 2: 532. Row 3: 533. Row 4: Aggregate Taxable Capital 470 + 531 + 532 + 533, etc. = 540 2059218768.

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

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

From 470 1940472477. + From 540 2059218768. x 5,000,000 = 541 4,711,672.

Transfer to 542 in Section D on page 12

s.69(2.1) Election Filed

591 (X if applicable) Election filed. Attach a copy of the election with this CT23 Return. Proceed to Section E on page 12.

**Capital Tax Calculation** *continued from Page 11*

**SECTION D**

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital, **540** on page 11, exceeds \$5,000,000.

Complete the following calculation and transfer the amount From **523** to **543**, and complete the return from that point.

<p>+ From <b>470</b> 1940472477.</p> <p>- <b>542</b> 4,711,672.</p> <p>= <b>471</b> 1935760805.</p>	<p>x From <b>30</b> 100.0000% Ontario Allocation</p>	<p>x .3000%</p>	<p>x <b>555</b> 365 Days in taxation year ** 365 (366 if leap year)</p>	<p>..... = + <b>523</b> 5,807,282.</p>	<p>Total Capital Tax for the taxation year Transfer to <b>543</b> and complete the return from that point</p>
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**SECTION E**

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

<p>+ From <b>470</b> 0.</p>	<p>x From <b>30</b> 100.0000% Ontario Allocation</p>	<p>x .3000%</p>	<p>..... = + <b>561</b> 0.</p>
<p>- Capital tax deduction From <b>995</b> relating to your corporation's capital tax deduction, on ss.69(2.1) election form</p>	<p>..... - From <b>995</b> 0.</p>	<p>= <b>562</b> 0.</p>	<p>.....</p>
<p>Capital Tax <b>562</b> 0.</p>	<p>x</p>	<p><b>555</b> 365 Days in taxation year ** 365 (366 if leap year)</p>	<p>..... = <b>563</b> 0. Transfer to <b>543</b> and complete the return from that point</p>

*During taxation year, refer to Guide.*

<p>Capital Tax before application of specified credits .....</p> <p>Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide) .....</p> <p>Capital Tax <b>543</b> - <b>546</b> (amount cannot be negative) .....</p>	<p>= <b>543</b> 5,807,282.</p> <p>- <b>546</b> 0.</p> <p>= <b>550</b> 5,807,282.</p>	<p>Transfer to Page 17</p>
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Capital Tax continued from Page 12

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions only

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 12, and complete the return from that point.

I.2. Other than Credit Unions

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

565 0. x 0.6% x From 30 Ontario Allocation % x 555 0 + 0 (366 if leap year) = 569 0.

570 0. x 571 0.00 % X From 30 Ontario Allocation % x 555 0 + 0 (366 if leap year) = 574 0.

Capital Tax for Financial Institutions - other than Credit Unions (before Section II) 569 + 574 = 575 0.

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

Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments ..... - 585 0.

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) Yes

Capital Tax - Financial Institutions 575 - 585 = 586 0. Transfer to 543 on Page 12

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

(1) Uninsured Benefits Arrangements 587 0. x 2% = 588 0. Applies to Ontario-related uninsured benefits arrangements.

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

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) ..... - 589 0.

Premium Tax 588 - 589 = 590 0. Transfer to page 17

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

**Net Income (loss) for federal income tax purposes, per federal T2 SCH 1** ..... + **600** 90,422,072.

Transfer to Page 15

**Add:**

Federal capital cost allowance	+	<b>601</b>	<u>133,999,465.</u>
Federal cumulative eligible capital deduction	+	<b>602</b>	<u>1,296,285.</u>
Ontario taxable capital gain	+	<b>603</b>	<u>0.</u>
Federal non-allowable reserves. Balance beginning of year	+	<b>604</b>	<u>119,132,936.</u>
Federal allowable reserves. Balance end of year	+	<b>605</b>	<u>0.</u>
Ontario non-allowable reserves. Balance end of year	+	<b>606</b>	<u>123,167,791.</u>
Ontario allowable reserves. Balance beginning of year	+	<b>607</b>	<u>0.</u>
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+	<b>608</b>	<u>0.</u>
Federal resource allowance	+	<b>609</b>	<u>0.</u>
Federal depletion allowance	+	<b>610</b>	<u>0.</u>
Federal foreign exploration and development expenses	+	<b>611</b>	<u>0.</u>

Management fees, rents, royalties and similar payments to non-arm's length non-residents

**Number of Days in Taxation Year**

Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days
<b>612</b> 0. x 5 + 12.5000 x <b>33</b> 365 + <b>73</b> 365	= + <b>633</b> 0.

Days after Dec. 31, 2003	Total Days
<b>612</b> 0. x 5 + 14.0000 x <b>34</b> 0 + <b>73</b> 365	= + <b>634</b> 0.

total add-back amount for Management fees, etc. **633** + **634** ..... = 0. + **613** 0.

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** 655,621.

Add any negative amount in **473** from Ont. CT23 Schedule 161 ..... + **616** 0.

Federal allowable business investment loss ..... + **620** 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) ..... + **614** 0.

**Total of Additions** **601** to **611** + **613** + **615** + **616** + **620** + **614** ..... = 378,252,098. **640** 378,252,098.

Transfer to Page 15

**Deduct:**

Ontario capital cost allowance (excludes amounts deducted under <b>675</b> )	+	<b>650</b>	<u>133,999,465.</u>
Ontario cumulative eligible capital deduction	+	<b>651</b>	<u>1,296,285.</u>
Federal taxable capital gain	+	<b>652</b>	<u>0.</u>
Ontario non-allowable reserves. Balance beginning of year	+	<b>653</b>	<u>119,132,936.</u>
Ontario allowable reserves. Balance end of year	+	<b>654</b>	<u>0.</u>
Federal non-allowable reserves. Balance end of year	+	<b>655</b>	<u>123,167,791.</u>
Federal allowable reserves. Balance beginning of year	+	<b>656</b>	<u>0.</u>
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+	<b>657</b>	<u>0.</u>
Ontario depletion allowance	+	<b>658</b>	<u>0.</u>
Ontario resource allowance	+	<b>659</b>	<u>0.</u>
Ontario current cost adjustment (Attach schedule)	+	<b>661</b>	<u>0.</u>
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.)	+	<b>674</b>	<u>0.</u>
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+	<b>675</b>	<u>0.</u>

**Subtotal of deductions for this page** **650** to **659** + **661** + **674** + **675** ..... **681** 377,596,477.

Transfer to Page 15

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

*Continued from Page 14*

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1	From	±	600	90,422,072.
Total of Additions	From	=	640	378,252,098.
Sub Total of deductions on page 14	From	=	681	377,596,477.

**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

From 662 0.

**ONTTI Gross-up deduction calculation:**

$$\left[ \begin{array}{l} \text{From} \\ 662 \end{array} \right] \begin{array}{l} \text{Gross-up of CCA} \\ 0. \end{array} \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \left[ \begin{array}{l} 100.0000 \\ \text{Ontario Allocation} \end{array} \right] - \text{From } 662 \begin{array}{l} 0. \\ \end{array} = 663 \begin{array}{l} 0. \\ \end{array}$$

**Workplace Child Care Tax Incentive**

$$\text{Qualifying expenditures: } \left[ \begin{array}{l} 665 \\ 0. \end{array} \right] \times 30.00\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \left[ \begin{array}{l} 100.0000 \\ \text{Ontario Allocation} \end{array} \right] = 666 \begin{array}{l} 0. \\ \end{array}$$

**Workplace Accessibility Tax Incentive**

$$\text{Qualifying expenditures: } \left[ \begin{array}{l} 667 \\ 0. \end{array} \right] \times 100.00\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \left[ \begin{array}{l} 100.0000 \\ \text{Ontario Allocation} \end{array} \right] = 668 \begin{array}{l} 0. \\ \end{array}$$

Number of Employees accommodated 669 0.

**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)**

$$\text{Qualifying expenditures: } \left[ \begin{array}{l} 670 \\ 0. \end{array} \right] \times 30.00\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \left[ \begin{array}{l} 100.0000 \\ \text{Ontario Allocation} \end{array} \right] = 671 \begin{array}{l} 0. \\ \end{array}$$

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

$$\text{Qualifying expenditures: } \left[ \begin{array}{l} 672 \\ 0. \end{array} \right] \times 15.00\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \left[ \begin{array}{l} 100.0000 \\ \text{Ontario Allocation} \end{array} \right] = 673 \begin{array}{l} 0. \\ \end{array}$$

Ontario allowable business investment loss + 678 0.

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679 655,621.

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 0.

Total of other deductions allowed by Ontario (Attach schedule) + 664 0.

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 378,252,098. 680 378,252,098.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 90,422,072.

*Transfer to Page 4*

**Continuity of Losses Carried Forward**

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
<b>Balance at Beginning of Year</b>	700 (2) 17,936,899	710 (2) 6,988	720 (2) 0	730 0	740 0	750 0
<b>Add:</b>						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
<b>Subtotal</b>	703 0	713 0	723 0	733 0	743 0	753 0
<b>Subtract:</b>						
Utilized during the year to reduce taxable income	704 (2) 17,936,899	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
<b>Subtotal</b>	707 17,936,899	717 0	727 0	737 0	747 0	757 0
<b>Balance at End of Year</b>	709 (8) 0	719 6,988	729 0	739 0	749 0	759 0

**Notes:**

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

**Analysis of Balance 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 (9) (10)	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1995-09-30				850	870
801 8th preceding taxation year 1996-09-30				851	871
802 7th preceding taxation year 1997-09-30				852	872
803 6th preceding taxation year 1998-09-30	820	830	840	853	873
804 5th preceding taxation year 1999-09-30	821	831	841	854	874
805 4th preceding taxation year 2000-09-30	822	832	842	855	875
806 3rd preceding taxation year 2001-09-30	823	833	843	856	876
807 2nd preceding taxation year 2001-12-31	824	834	844	857	877
808 1st preceding taxation year 2002-12-31	825	835	845	858	878
Current taxation year 2003-12-31	826	836	846	859	879
<b>Total</b>	829	839	849	869	889

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

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

... 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
<b>Total amount of loss</b>	910 0	920 0	930 0	940 0
<b>Deduct:</b> Loss to be carried back to preceding taxation years and applied to reduce taxable income				
<b>Predecessor Ontario Corporation's Tax Account No. (MOF)</b>				
<b>Taxation Year Ending</b>				
	911	921	931	941
i) 3rd preceding	901 0	0	0	0
ii) 2nd preceding	902 0	0	0	0
iii) 1st preceding	903 0	0	0	0
<b>Total loss to be carried back</b>	From 706 0	From 716 0	From 726 0	From 736 0
<b>Balance of loss available for carry-forward</b>	919 0	929 0	939 0	949 0

**Summary**

Income tax	+ From 230 or 320	8,370,363.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	5,807,282.
Premium Tax	+ From 590	0.
<b>Total Tax Payable</b>	= 950	<b>14,177,645.</b>
<b>Subtract: Payments</b>	- 960	<b>14,682,394.</b>
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify)	-	0.
<b>Balance</b>	= 970	<b>-504,749.</b>
<b>If payment due</b>	Enclosed * 990	0.
<b>If overpayment: Refund (Refer to Guide)</b>	= 975	<b>504,749.</b>
	year month day	
<b>Apply to</b>	980	0.

(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 Ontario Corporation's Tax Account No. (MOF) on the back of 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)

WANDA LYCZYK

Title

SR VP & CFO

Full Residence Address

Signature

Date

2004-06-25

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









**Corporate Minimum Tax - Schedule A:**

**Calculation of CMT Base**

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ..... ± [2100] 72,959,000.

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

Provision for recovery of income taxes / benefit of current income taxes	..... +	[2101]	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	..... +	[2102]	0.
Equity income from corporations	..... +	[2103]	0.
Share of partnership(s)/joint venture(s) income	..... +	[2104]	0.
Dividends received/receivable deductible under fed.s.112	..... +	[2105]	0.
Dividends received/receivable deductible under fed.s.113	..... +	[2106]	0.
Dividends received/receivable deductible under fed.s.83(2)	..... +	[2107]	0.
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1)	..... +	[2108]	0.
			0. x 9/3

**Subtotal** ..... = 0. [2109] 0.

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

Provision for current taxes / cost of current income taxes	..... +	[2110]	34,490,000.
Provision for deferred income taxes (debits) / cost of future income taxes	..... +	[2111]	0.
Equity losses from corporations	..... +	[2112]	0.
Share of partnership(s)/joint venture(s) losses	..... +	[2113]	0.
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	..... +	[2114]	0.

**Subtotal** ..... = 34,490,000. [2115] 34,490,000.

**Add/Subtract:**

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

** Fed.s.85	..... +	[2116]	0.	or -	[2117]	0.
** Fed.s.85.1	..... +	[2118]	0.	or -	[2119]	0.
** Fed.s.97	..... +	[2120]	0.	or -	[2121]	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	..... +	[2122]	0.	or -	[2123]	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	..... +	[2124]	0.	or -	[2125]	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	..... +	[2126]	0.	or -	[2127]	0.
Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	..... -	[2150]	0.			

**Subtotal (Additions)** ..... = 0. [2128] 0.

**Subtotal (Subtractions)** ..... = 0. [2129] 0.

\*\* Other adjustments ..... ± [2130] 0.

**Subtotal** ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] ..... = [2131] 107,449,000.

\*\* Share of partnership(s)/joint venture(s) adjusted net income/loss ..... ± [2132] 0.

**Adjusted net income (loss)** (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) ..... = [2133] 107,449,000.

Deduct: * CMT losses: pre-1994 Loss	..... +	From [2210]	0.
* CMT losses: other eligible losses	..... +	[2211]	0.
			0.

AT losses applied cannot exceed adjusted net income or increase a loss

..... = 0. [2134] 0.

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

**CMT Base** ..... = [2135] 107,449,000.

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2) ..... +  ..... 0.

Add: Current year's losses ..... +  ..... 0.  
 Losses from predecessor corporations on amalgamation (3) ..... +  ..... 0.  
 Losses from predecessor corporations on wind-up (3) ..... +  ..... 0.  
 Amalgamation (x)  Yes    Wind-up (x)  Yes

Subtotal ..... = ..... 0. +  ..... 0.

Adjustments (attach schedule) ..... ±  ..... 0.

CMT losses available  +  ±  ..... =  ..... 0.

Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income ..... +  ..... 0.  
 Other eligible losses utilized during the year to reduce adjusted net income (4) .. +  ..... 0.  
 Losses expired during the year ..... +  ..... 0.

Subtotal ..... = ..... 0. -  ..... 0.

Balances at End of Year (5)  -  ..... =  ..... 0.

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  and CMT losses available .
- (5) Amount in  must equal sum of  + .

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
<input type="text" value="2240"/>	9th preceding taxation year 1995-09-30	<input type="text" value="2260"/> 0	<input type="text" value="2280"/> 0
<input type="text" value="2241"/>	8th preceding taxation year 1996-09-30	<input type="text" value="2261"/> 0	<input type="text" value="2281"/> 0
<input type="text" value="2242"/>	7th preceding taxation year 1997-09-30	<input type="text" value="2262"/> 0	<input type="text" value="2282"/> 0
<input type="text" value="2243"/>	6th preceding taxation year 1998-09-30	<input type="text" value="2263"/> 0	<input type="text" value="2283"/> 0
<input type="text" value="2244"/>	5th preceding taxation year 1999-09-30	<input type="text" value="2264"/> 0	<input type="text" value="2284"/> 0
<input type="text" value="2245"/>	4th preceding taxation year 2000-09-30	<input type="text" value="2265"/> 0	<input type="text" value="2285"/> 0
<input type="text" value="2246"/>	3rd preceding taxation year 2001-09-30	<input type="text" value="2266"/> 0	<input type="text" value="2286"/> 0
<input type="text" value="2247"/>	2nd preceding taxation year 2001-12-31	<input type="text" value="2267"/> 0	<input type="text" value="2287"/> 0
<input type="text" value="2248"/>	1st preceding taxation year 2002-12-31	<input type="text" value="2268"/> 0	<input type="text" value="2288"/> 0
	Current taxation year 2003-12-31	<input type="text" value="2269"/> 0	<input type="text" value="2289"/> 0
<b>Totals</b>		<input type="text" value="2270"/> 0	<input type="text" value="2290"/> 0

The sum of amounts  +   
 must equal amount in .



**Corporate Minimum Tax (CMT)**

**Schedule D: Continuity of CMT Credit Carryovers**

<b>Balance at Beginning of year (1)</b>	.....	+	<b>2301</b>	.....	<b>690,244.</b>
<b>Add:</b> Current year's CMT Credit ( <b>280</b> on page 8. If negative, enter NIL)	.....	+	From <b>280</b>	.....	<b>0.</b>
CMT Credit Carryovers from predecessor corporations (2)	.....	+	<b>2302</b>	.....	<b>0.</b>
Amalgamation (x) <b>2303</b> <input type="checkbox"/> Yes					
Wind-up (x) <b>2304</b> <input type="checkbox"/> Yes					
<b>Subtotal</b>	.....	=		.....	<b>0.</b>
<b>Adjustments (Attach schedule)</b>	.....	±	<b>2306</b>	.....	<b>0.</b>
<b>CMT credit carryover available</b>	<b>2301</b> + <b>2305</b> ± <b>2306</b>			.....	<b>690,244.</b>
		=	<b>2307</b>	.....	<b>690,244.</b>
					<i>Transfer to Page 8</i>
<b>Subtract:</b> CMT Credit utilized during the year to reduce income tax (Page 8)	.....	+	From <b>310</b>	.....	<b>690,244.</b>
CMT Credit expired during the year	.....	+	<b>2308</b>	.....	<b>0.</b>
<b>Subtotal</b>	.....	=		.....	<b>690,244.</b>
				.....	<b>690,244.</b>
<b>Balance at End of Year (3)</b>	<b>2307</b> - <b>2309</b>			.....	<b>0.</b>
		=	<b>2310</b>	.....	<b>0.</b>

**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) 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))
- Amount in **2310** must equal sum of **2370** + **2390**.

**Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin**

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
<b>2340</b>	9th preceding taxation year 1995-09-30	<b>2360</b>	<b>2380</b>
		0	0
<b>2341</b>	8th preceding taxation year 1996-09-30	<b>2361</b>	<b>2381</b>
		0	0
<b>2342</b>	7th preceding taxation year 1997-09-30	<b>2362</b>	<b>2382</b>
		0	0
<b>2343</b>	6th preceding taxation year 1998-09-30	<b>2363</b>	<b>2383</b>
		0	0
<b>2344</b>	5th preceding taxation year 1999-09-30	<b>2364</b>	<b>2384</b>
		0	0
<b>2345</b>	4th preceding taxation year 2000-09-30	<b>2365</b>	<b>2385</b>
		0	0
<b>2346</b>	3rd preceding taxation year 2001-09-30	<b>2366</b>	<b>2386</b>
		0	0
<b>2347</b>	2nd preceding taxation year 2001-12-31	<b>2367</b>	<b>2387</b>
		0	0
<b>2348</b>	1st preceding taxation year 2002-12-31	<b>2368</b>	<b>2388</b>
		0	0
	Current taxation year 2003-12-31	<b>2369</b>	<b>2389</b>
		0	0
<b>Totals</b>		<b>2370</b>	<b>2390</b>
		0	0

The sum of amounts **2370** + **2390**  
 must equal amount in **2310**.



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

Account No.  
**1800235**

**35**  
PX5003

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
**ALEX SCHIAPPA**  
**14 CARLTON ST**

**TORONTO**  
**M5B 1K5**

**ON**

# Remittance Advice - Payment-in-Lieu (PIL)

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

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

**Total Payment Enclosed:** \$

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule J3  
Filed: 2012 June 1  
(1 page)

Keep this portion for your records.

## Notice of Assessment

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



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

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Account No. **1800235**      Assessment Date **2004/08/18**      Page **1 of 1**  
(year, month, day)

ASSESSMENT NO. 45

Tax: Federal and Provincial PIL  
Assessment Interest  
Total Assessment Liability

**34,823,911.00**  
**34,894.21**  
**34,858,805.21**

### SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers  
Sub-Total  
TAXATION YEAR BALANCE DUE \*\*

**34,823,911.00CR**  
**34,823,911.00CI**  
**34,894.21**

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

Total tax assessed as per company estimate

\*\*Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEF) The current interest rate is 0.0191780%.



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

**Remittance Advice - Payment-in-Lieu (PIL)**

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

Account No.  
**1800235**

**35**  
PX5005

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD) **2 0 0 3 1 2 3 1**

Payment Amount: \$

**Total Payment Enclosed:** \$

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
C/O BARRY PARKER  
14 CARLTON ST

**TORONTO ON**  
M5B 1K5

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule J4  
Filed: 2012 June 1  
(1 page)

Keep this portion for your records.

**Notice of Reassessment**

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



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

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**

Account No.	Reassessment Date (year, month, day)	Page
<b>1800235</b>	<b>2008/07/24</b>	<b>1 of 1</b>

REASSESSMENT NO. 181 REPLACING ASSESSMENT DATED: 2004/08/18

Tax: Federal and Provincial PIL	<b>21,333,511.00</b>
Assessment Interest	<u><b>1,708,727.93CR</b></u>
<b>Total Reassessment Liability</b>	<b>19,624,783.07</b>

**SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS**

Payments/Transfers	<b>37,367,724.05CR</b>	
Small Balance Adjustment	<b>0.76CR</b>	
Sub-Total		<u><b>37,367,724.81CR</b></u>
<b>CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR</b>		<u><b>17,742,941.74CR</b></u>

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

Statement of Adjustments sent under separate cover.

**Ministry of Revenue**

Tax Compliance Branch,  
Central Region  
Toronto Tax Office  
5 Park Home Avenue, 2<sup>nd</sup> Floor  
Toronto ON M2N 6W8  
Tel: (416) 218-xxxx  
Facsimile: (416) 218-xxxx

**Ministère du Revenu**

Direction de l'observation fiscale  
Bureau fiscal - Toronto  
5 avenue Park Home, 2<sup>ième</sup> étages  
Toronto ON M2N 6W8  
Tel: (416) 218-xxxx  
Télécopieur: (416) 218-xxxx



**(416) 730-5548**

**July 28, 2008**

**Mr. Barry Parker, C.A.**  
**Manager, Taxation**  
**Toronto Hydro**  
**14 Carlton St.**  
**Toronto, Ont. M5B 1K5**

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule J5  
Filed: 2012 June 1  
(4 pages)

Dear Mr. Parker,

**Re: Toronto Hydro-Electric System Limited**  
**Account Numbers: 1800235**  
**Years: 2003**

Our review of the tax return for the year noted above is now complete.

Attached please find Statement of Adjustment reflecting the changes to your company's tax liability.

Yours truly,

A handwritten signature in black ink, appearing to be "Christina Chen".

**Christina Chen, CGA.**  
**Field Audit Section**





# Ontario

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

## Statement of Adjustments re Taxes Assessed Relevé des redressements de cotisations

Ministry of Revenue  
 Ministère du Revenu

Tax Compliance Branch , Electricity Act  
 Direction de l' observation fiscale , Loi sur l'électricité

Account No. / N° de compte 1800235	
Name of Corporation / Raison sociale de la compagnie TORONTO HYDRE-ELECTRIC SYSTEM LIMITED	Taxation Year End / Fin de l'année d'imposition 31 December 2003

### INCOME TAX

Taxable Income (Loss) as previously assessed	\$72,484,857
Add:	
Increase in amort. Due to aro restatement	103,189
Aro 2003 accretion expense disallowed	192,602
Increase in income due to meter error	10,061,000
Reversal of environmental provision	4,132,505
Reverse T2S(1) deduction re: meter error	3,348,539
Deduct:	
CCA	21,566,789
T2S(13) As filed \$123,167,791	
Revised 108,930,550	14,237,241
Capital tax adjustment in line with 2002 reassessment	15,553
2002 audit bad debt reversal re: Cavanaugh	1,038,000
Aro cash payments allowed	511,000
Non-capital loss applied	<u>23,741,576</u>
Revised Taxable Income for Federal & Ontario Purposes	<u>\$29,212,533</u>
Ontario Tax thereon @12.5%	\$3,651,567
IDSBC	(22,400)
SURTAX	<u>22,400</u>
Ontario income tax payable	<u>\$3,651,567</u>
 FEDERAL PART 1 TAX	
Federal part 1 tax payable	6,507,825
 CORPORATION MINIMUM TAX	646,393

#### \*\*\*DESIGNATED ASSESSMENT\*\*

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

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

#### \*\*\*COTISATION DESIGNEE\*\*

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

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

Ministry of Revenue  
Ministère du RevenuTax Compliance Branch , Electricity Act  
Direction de l' observation fiscale , Loi sur l'électricité

Page 2

**CAPITAL TAX****Ontario**

Net paid –up capital	\$2,074,945,227	
Deduct : Investment allowance	( 6,335,598)	
Capital exemption	( 4,728,562)	
Revised taxable capital	<u>\$2,063,881,067</u>	
Tax thereon @ 0.3%		\$6,191,643

**FEDERAL PART 1.3 TAX**

Capital	\$2,089,552,704	
Deduct : Eligible investments	( 6,991,366)	
Capital exemption	( 10,000,000)	
Revised taxable capital	<u>\$2,072,561,338</u>	
Tax thereon @0.225%	4,663,263	
Deduct : Surtax \$29,212,533 x 1.12%	<u>327,180</u>	<u>\$4,336,083</u>

**TOTAL PAYMENTS-IN-LIEU OF TAXES PAYABLE** \$21,333,511**\*\*\*DESIGNATED ASSESSMENT\*\***

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

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

**\*\*\*COTISATION DESIGNEE\*\***

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

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



Ontario

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

Statement of Adjustments re Taxes Assessed  
Relevé des redressements de cotisations

Ministry of Revenue  
Ministère du Revenu

Tax Compliance Branch , Electricity Act  
Direction de l' observation fiscale , Loi sur l'électricité

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED  
ACCOUNT: 1800235  
REVISED NON-CAPITAL LOSS SCHEDULE

Revised Non-capital Loss as of December 31, 2002	\$41,678,474
Non-capital loss applied in fiscal 2003	<u>(41,678,474)</u>
Closing Balance as of December 31, 2003	<u><u>NIL</u></u>

**\*\*\*DESIGNATED ASSESSMENT\*\***

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

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

**\*\*\*COTISATION DESIGNEE\*\***

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

## Financial Statements

# **Toronto Hydro-Electric System Limited**

DECEMBER 31, 2003

Financial Statements

**Toronto Hydro-Electric System Limited**  
DECEMBER 31, 2003

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<b>Contents</b>	<b>Page</b>
Auditors' Report	1
Balance Sheet	2
Statement of Retained Earnings	3
Statement of Income	4
Statement of Cash Flows	5

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## AUDITORS' REPORT

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To the Shareholder of  
**Toronto Hydro-Electric System Limited**

We have audited the balance sheet of **Toronto Hydro-Electric System Limited** [the "**Corporation**"] as at December 31, 2003 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Toronto, Canada,  
February 18, 2004 [except as to note 25  
which is as of February 27, 2004].

*Ernst & Young LLP*

Chartered Accountants

# Toronto Hydro-Electric System Limited

## BALANCE SHEET

[in thousands of dollars]

As at December 31

	2003	2002
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	206,158	30,936
Accounts receivable, net of allowance for doubtful accounts <i>[note 18]</i>	149,454	173,697
Unbilled revenue <i>[note 18]</i>	210,373	232,593
Inventories	22,491	20,232
Notes receivable from related parties <i>[note 18]</i>	-	71,729
Prepaid expenses	271	862
<b>Total current assets</b>	<b>588,747</b>	<b>530,049</b>
Long-term loan receivable from related party <i>[note 18]</i>	6,991	20,065
Property, plant and equipment, net <i>[note 5]</i>	1,533,233	1,546,588
Intangible assets, net <i>[note 6]</i>	51,500	52,873
Regulatory assets <i>[note 7]</i>	92,662	81,502
Other assets <i>[note 8]</i>	4,618	3,213
<b>Total assets</b>	<b>2,277,751</b>	<b>2,234,290</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current</b>		
Bank indebtedness and bankers' acceptance <i>[note 9]</i>	-	210,000
Accounts payable and accrued liabilities <i>[note 18]</i>	269,800	270,214
Termination accrual <i>[note 14]</i>	238	2,720
Promissory note payable <i>[note 11]</i>	980,231	980,231
Current portion of other long-term liabilities <i>[note 10]</i>	14,820	12,574
<b>Total current liabilities</b>	<b>1,265,089</b>	<b>1,475,739</b>
<b>Long-term liabilities</b>		
Long-term note payable to related party <i>[note 18]</i>	180,000	-
Post-employment benefits <i>[note 12]</i>	103,677	103,795
Customers' advance deposits and other deposits	42,522	36,567
Provision for environmental costs <i>[note 13]</i>	4,441	3,333
Other long-term liabilities <i>[note 15]</i>	4,666	5,459
<b>Total long-term liabilities</b>	<b>335,306</b>	<b>149,154</b>
<b>Total liabilities</b>	<b>1,600,395</b>	<b>1,624,893</b>
<b>Commitments and contingencies <i>[notes 19, 21 and 22]</i></b>		
<b>Shareholder's equity</b>		
Share capital <i>[note 16]</i>	527,817	527,817
Retained earnings	138,148	70,189
Contributed surplus	11,391	11,391
<b>Total shareholder's equity</b>	<b>677,356</b>	<b>609,397</b>
<b>Total liabilities and shareholder's equity</b>	<b>2,277,751</b>	<b>2,234,290</b>

# Toronto Hydro-Electric System Limited

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## STATEMENT OF RETAINED EARNINGS

[in thousands of dollars]

Year ended December 31	2003	2002
	\$	\$
Retained earnings, beginning of year	70,189	7,339
Net income for the year	72,959	62,850
Dividends <i>[notes 16 and 25]</i>	(5,000)	-
<b>Retained earnings, end of year</b>	<b>138,148</b>	<b>70,189</b>



# Toronto Hydro-Electric System Limited

## STATEMENT OF INCOME

[in thousands of dollars]

Year ended December 31

	2003	2002
	\$	\$
<b>Revenues</b> <i>[note 18]</i>		
Sale of electricity	2,389,949	2,389,886
Other income	22,034	4,822
	<b>2,411,983</b>	<b>2,394,708</b>
<b>Costs</b> <i>[note 18]</i>		
Purchased power	1,957,184	1,974,923
Operating expenses	160,995	159,322
Depreciation and amortization	117,579	121,994
	<b>2,235,758</b>	<b>2,256,239</b>
<b>Income before interest, termination costs and provision for payments in lieu of corporate income taxes and LCT</b>		
	<b>176,225</b>	<b>138,469</b>
Interest income	11,364	1,280
Interest expense		
Long-term notes <i>[note 18]</i>	(67,091)	(66,656)
Other interest	(13,049)	(4,520)
Termination costs <i>[note 14]</i>	-	(1,453)
	<b>107,449</b>	<b>67,120</b>
<b>Income before provision for payments in lieu of corporate income taxes and LCT</b>		
	<b>34,490</b>	<b>4,270</b>
Provision for payments in lieu of corporate income taxes and LCT <i>[note 17]</i>	34,490	4,270
<b>Net income for the year</b>	<b>72,959</b>	<b>62,850</b>

# Toronto Hydro-Electric System Limited

## STATEMENT OF CASH FLOWS

[in thousands of dollars]

	2003	2002
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net income for the year	72,959	62,850
Adjustments for non-cash items		
Depreciation and amortization	117,579	121,994
Net change in other liabilities and assets	197	(3,557)
Loss (gain) on disposal of property, plant and equipment	(397)	236
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	24,243	(36,579)
Decrease (increase) in unbilled revenue	22,220	(68,167)
Decrease (increase) in inventories	(2,259)	3,989
Decrease (increase) in prepaid expenses	591	(435)
Increase (decrease) in accounts payable and accrued liabilities	(414)	34,848
Decrease in termination accrual	(2,482)	(10,204)
Increase (decrease) in current portion of long-term liabilities	1,711	1,673
<b>Cash provided by operating activities</b>	<b>233,948</b>	<b>106,648</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(96,143)	(103,794)
Purchase of intangible assets	(4,727)	(12,049)
Increase in regulatory assets	(11,160)	(50,469)
(Increase) decrease in notes receivable from related parties	71,729	(71,729)
Decrease in long-term loan receivable from related party	13,074	-
Proceeds on disposal of property, plant and equipment	476	4,982
<b>Cash used in investing activities</b>	<b>(26,751)</b>	<b>(233,059)</b>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) bank indebtedness and bankers' acceptances	(210,000)	151,455
Increase in long-term note payable with related party	180,000	-
Increase in customers' advance deposits	7,788	7,160
Increase in deferred debt issue costs	(2,988)	-
Repayment of capital lease liability	(1,775)	(1,268)
Dividend paid <i>[note 16]</i>	(5,000)	-
<b>Cash provided by (used in) financing activities</b>	<b>(31,975)</b>	<b>157,347</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>175,222</b>	<b>30,936</b>
Cash and cash equivalents, beginning of the year	30,936	-
<b>Cash and cash equivalents, end of year</b>	<b>206,158</b>	<b>30,936</b>
<b>Supplementary cash flow information</b>		
Total interest paid	75,486	71,731
Payments in lieu of corporate income tax and LCT	5,253	3,808

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### I. INCORPORATION

On June 23, 1999, Toronto Hydro Corporation ["THC" or the "Corporation"] was incorporated under the Business Corporations Act (Ontario) ["BCA"] along with two wholly-owned subsidiary companies, Toronto Hydro-Electric System Limited ["THESL" or "LDC"] and Toronto Hydro Energy Services Inc. ["THESI"]. The incorporation was required in accordance with the provincial government's Electricity Act, 1998.

Under the terms of By-law No. 374-1999 of the City of Toronto ["Transfer By-law"] made under section 145 of the Electricity Act, 1998 and in accordance with continuity of interest accounting, the former Toronto Hydro-Electric Commission and the City of Toronto transferred, at book value, their assets and liabilities [effective July 1, 1999] and employees [effective January 1, 2000] associated with:

- [a] electricity distribution to THESL in consideration for the issuance of equity securities of LDC and long-term notes payable to the City of Toronto; and
- [b] electricity generation, co-generation and energy services to THESI in consideration for the issuance of equity securities of THESI.

The equity securities of THESL and THESI were subsequently transferred by the City of Toronto to the Corporation in consideration for the issuance of equity securities of the Corporation to the City of Toronto.

Certain surplus real property assets and cash funds were excluded from the transfer and were retained by the City of Toronto. In addition, the long-term debt incurred by the City of Toronto on behalf of the former Toronto Hydro-Electric Commission was excluded from the liabilities transferred and was retained by the City of Toronto.

The book value of the assets transferred at July 1, 1999 was \$1,548,047,955. The principal amount of the long-term notes payable to the City of Toronto was \$980,230,955 and the value of the common shares of the Corporation received by the City of Toronto was \$567,817,000.

THC supervises the operations of, and provides corporate and management services and strategic direction to, its subsidiary companies [each of which is listed below, incorporated under the BCA and wholly-owned, directly or indirectly, by the Corporation]:

- [a] THESL [incorporated June 23, 1999] – distributes electricity to customers located in the City of Toronto.
- [b] THESI [incorporated June 23, 1999] – manages an existing portfolio of electricity contracts and is engaged in the development and sale of energy efficiency products and services to

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

commercial customers located throughout Ontario. 1512830 Ontario Inc. [incorporated January 29, 2002] is a wholly-owned subsidiary of THESI and holds a 50% interest in the assets relating to a wind turbine business, a joint venture with Toronto Renewable Energy Co-operative.

- [c] Toronto Hydro Telecom Inc. ["THTI"] [incorporated September 26, 2000] – provides "dark" fibre optic capacity and "lit" data communications services to telecommunications carriers, business customers and large institutions located in the City of Toronto.
- [d] 1455948 Ontario Inc. [incorporated December 21, 2000] – owns a 50% interest in EBT Express Partnership ["EBT Express"], a joint venture with a wholly-owned subsidiary of Ontario Power Generation Inc. EBT Express owns a 66⅔% controlling interest in The SPi Group ["SPi"], a corporation formed to provide, among other things, centralized electronic data management and transaction services to energy industry participants.
- [e] Toronto Hydro Street Lighting Inc. ["THSLI"] [incorporated December 28, 2001] – provides street lighting and maintenance services to customers including the City of Toronto.

## 2. REGULATION

The Energy Competition Act, 1998 [the "Act"] was given Royal Assent on October 30, 1998. The Act provides for a competitive market in the sale of electricity and the regulation of the monopoly electricity delivery system in the Province of Ontario [the "Province"] by the Ontario Energy Board ["OEB"]. Electricity retailers began competing for customers as of March 1, 2000. On May 1, 2002, with the electricity market opening, or "Open Access", electricity retailers, including THESI, began to sell electricity.

The OEB has regulatory oversight of electricity matters in the Province of Ontario. The Act sets out the OEB's powers to issue a distribution licence which must be obtained by any person owning or operating a distribution system under the Ontario Energy Board Act, 1998. The OEB may prescribe licence requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing/process requirements for rate-setting purposes.

The Ontario Energy Board Act, 1998 gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

In December 2002, the Province passed the Electricity Pricing, Conservation and Supply Act, 2002 ["Bill 210"] which among other things:

- [a] fixed the price of electricity paid by low volume and designated consumers at 4.3 cents per kWh (retroactive to May 1, 2002); and
- [b] capped distribution rates at current levels and deferred further rate increases and certain cost recoveries by distributors.

The price freeze and rate caps were originally expected to continue until at least May 1, 2006.

In November 2003, the Province announced its intention to increase (effective April 1, 2004) the price of electricity payable by low volume and designated customers from 4.3 cents to 4.7 cents per kWh on the first 750 kWh consumed during a month and 5.5 cents thereafter and directed the OEB to develop new pricing mechanisms (to take effect no later than May 1, 2005) for setting the price of electricity payable by low volume and designated customers.

The Province also announced its intention in November 2003 to permit electricity distributors to make rate applications to the OEB earlier than had been contemplated under Bill 210 with respect to the:

- [a] recovery of "regulatory assets" (based on year-end balances at December 31, 2002) to be phased in over a four-year period effective March 1, 2004; and
- [b] third adjustment necessary to achieve a market based rate of return (subject to a one-time investment in conservation and demand management initiatives equal to one year of additional revenue resulting from such rate increase) effective March 1, 2005.

In December 2003, the OEB issued filing guidelines with respect to the recovery of regulatory assets. The OEB's filing guidelines provided that:

- [a] distributors will be permitted to recover 25% of regulatory assets in rate adjustments to become effective March 1, 2004;
- [b] the 2004 rate adjustment will be implemented on April 1, 2004 (with a gross-up added to the recovered amount to allow recovery over eleven months);
- [c] the OEB will provide additional instructions with respect to the filing of evidence to facilitate the OEB's review of the balance of the regulatory assets; and
- [d] permitted recoveries will be phased in over a three-year period (2005, 2006 and 2007).

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2003

On January 23, 2004, THESL filed a rate application requesting OEB authorization with respect to an increase in distribution rates to allow for the recovery of additional annual revenue of \$21,600,000 (representing approximately 25% of THESL's regulatory assets as at December 31, 2002).

During the period that the price freeze is in effect, it is expected that distributors and retailers will be compensated by the Ontario Electricity Financial Corporation:

- [a] in the case of distributors, for amounts by which the price paid by distributors for electricity purchased by them in the wholesale market on behalf of low volume and designated consumers is greater than the fixed price per kWh; and
- [b] in the case of retailers, for amounts by which the retail contract price between retailers and low volume and designated consumers is greater than the fixed price per kWh.

Consumers other than designated consumers who annually utilize more than 250,000 kWh continue to be eligible to receive Business Protection Plan ["BPP"] rebates (formerly received under the Market Power Mitigation Agreement) from Ontario Power Generation Inc. ["OPG"] to the extent that electricity prices exceed certain prescribed thresholds.

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and future possible consultations between the OEB and interested stakeholders, may affect the distribution rates, including PILs collected from customers, that LDC may charge and the costs that LDC may recover, including the balance of its regulatory assets.

#### ***Toronto Hydro-Electric System Limited ["LDC"] - For-Profit Entity***

Bill 210 also required municipal councils to confirm their original decision to commercialize their respective distribution companies on or before March 9, 2003. The City of Toronto passed the required council resolutions in February 2003 with respect to THESL.

#### ***Ontario Energy Board Consumer Protection and Governance Act***

In June 2003, the Province passed the Ontario Energy Board Consumer Protection and Governance Act ["Bill 23"]. Among other things, Bill 23 will require the OEB to order whether and how amounts recorded in deferral or variance accounts by electricity distributors will be reflected in rates. This provision will not take effect until after the price freeze and rate caps under Bill 210 have ended.

#### ***Distribution Licence***

On October 17, 2003, the OEB renewed LDC's distribution licence for a 20-year period.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of THESL have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"], including accounting principles prescribed by the OEB in the handbook "Accounting Procedures Handbook for Electric Distribution Utilities" [AP Handbook], and reflect the significant accounting policies summarized below.

#### *a) Regulation*

The following regulatory treatments have resulted in accounting treatments which differ from GAAP for enterprises operating in a non-regulated environment:

##### *Regulatory assets*

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets" and are reflected in LDC's balance sheet until the manner and timing of disposition is determined by the OEB. In November 2003, the Province announced its intention to permit electricity distributors to make applications to the OEB earlier than had been contemplated under Bill 210 with respect to recovery of "regulatory assets" (based on year-end balances as at December 31, 2002) to be phased in over a four-year period effective March 1, 2004.

The principal regulatory assets of THESL are comprised of transition costs, a pre-market opening energy variance and settlement variances.

##### [i] Transition costs:

Costs incurred to align systems and practices with the requirements of the future competitive electricity market in Ontario in accordance with the Act ["Transition costs" or "Market Ready costs"] have been deferred in accordance with the criteria set out in the OEB's Electricity Distribution Rate Handbook and the AP Handbook. Under such regulation, certain costs are allowed to be deferred that would be expensed when incurred under GAAP for unregulated business [note 7].

Effective January 1, 2003, transition costs are increased for the capitalized OEB prescribed rate of return and calculated and recorded using simple interest on the carrying value, in accordance with criteria set out in the handbook AP Handbook. The offsetting credit is recorded as interest income.

##### [ii] Pre-market Opening Electricity variance:

At December 31, 2003, THESL recognized the pre-market opening electricity variance for the period January 1, 2001 to April 30, 2002, the date of market opening, in accordance with the

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

AP Handbook [note 7]. The pre-market opening variance represents the difference between the utility's cost of power purchased based upon time-of-use ["TOU"] rates, and the amounts billed for the cost of power to non-TOU customers at an average rate for the same period.

[iii] Settlement variances:

THESL has recognized settlement variances for the period May 1, 2002 to December 31, 2003 in accordance with criteria set out in the AP Handbook. The settlement variances relate primarily to service charges, non-competitive electricity charges and imported power charges [note 7]. The nature of the settlement variances is such that the balance will fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB.

Settlement variances costs are increased for capitalized carrying costs, calculated and recorded using simple interest on the carrying value, in accordance with criteria set out in the AP Handbook. The offsetting credit is recorded as interest income.

THESL continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made. If a future recovery decision was made by the OEB or the Minister of Energy to allow recovery of the regulatory assets, the recovery would be account for based upon the nature of the regulatory assets and the accounting treatment applied to initially recognize such regulatory assets.

#### ***Business Protection Plan ["BPP"] Rebate***

Consumers other than designated consumers who annually utilize more than 250,000 kWh continue to be eligible to receive BPP rebates from IMO to the extent that electricity prices exceed certain prescribed thresholds.

THESL and other electricity distributors are required to pass these rebates through to eligible consumers and other market participants (including retailers). THESL includes amounts from IMO in accounts receivable and includes amounts due to eligible consumers and market participants in accounts payable and accrued liabilities.

Depending on the terms of its retail contracts with eligible consumers and other market participants, THESI either passes the rebate received from THESL and other electricity distributors through to its eligible consumers and other market participants, or retains the rebates to reduce the cost of purchased power.

During the period ended December 31, 2003, THESL and THESI received BPP rebates for the 15-month period from May 1, 2002 to July 31, 2003. BPP rebates are currently scheduled to be



## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

distributed in quarterly instalments with the next rebate scheduled for February 2004, covering the period August 1, 2003 to October 31, 2003.

#### *Payments in lieu of corporate income taxes and large corporations tax ["LCT"]*

The current tax-exempt status of THESL under the Income Tax Act (Canada) and the Corporations Tax Act reflects the fact that THESL is wholly-owned by a municipality. This tax-exempt status might be lost in a number of circumstances, including if the municipality ceases to own 90% or more of the shares or capital of THESL, or if a non-government entity has rights immediately or in the future, either absolutely or contingently, to acquire more than 10% of the shares of THESL.

Commencing October 1, 2001, THESL is required, under the Electricity Act, 1998, to make payments in lieu of corporate taxes to Ontario Electricity Financial Corporation ["OEFC"]. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act as modified by the Electricity Act, 1998, and related regulations.

The PILs regime came into effect on October 1, 2001, at which time the Corporation and each of its subsidiaries were deemed to have commenced a new taxation year for purposes of determining the respective liabilities for PILs. Accordingly, the Corporation and its subsidiaries were deemed to have disposed of their assets at their then fair market value and to have reacquired such assets at the same amount.

THESL provides for PILs relating to its regulated business using the taxes payable method as allowed by the Canadian Institute of Chartered Accountants ["CICA"] and OEB. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of THESL at that time.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs by LDC through annual distribution rate adjustments as permitted by the OEB. Effective on March 1, 2002, the OEB authorized THESL to adjust distribution rates for permitted recoveries relating to PILs for the period October 1 to December 31, 2001 and for 2002 on an annualized basis (approximately \$60,000,000). The 2002 permitted recoveries relating to PILs (approximately \$55,000,000) will be used by the OEB for purposes of permitted recoveries related to PILs for 2004.

The OEB approved distribution rate for PILs recoveries was based on estimated consumption volumes. The difference between actual billings that relate to the recovery of PILs and the Board

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

approved PILs amount is tracked by the Corporation as a deferred tax amount in accordance with OEB guidelines for regulatory assets and with criteria set out in the AP Handbook.

#### *Contributions in aid of construction*

Capital contributions are required contributions received from outside sources used to finance additions to property, plant and equipment assets. Capital contributions received are treated as a "credit" contra account and are included in property, plant and equipment. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense at an equivalent rate to that used for the depreciation of the related property, plant and equipment.

#### *Spare transformers and meters*

Effective January 1, 2002, THESL adopted the change in accounting policy for spare transformers and meters, as prescribed by the AP Handbook. Spare transformers and meters are items that are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired and are held and dedicated for the specific purpose of backing up plant in service as opposed to assets available for other uses. Effective January 1, 2002, spare transformers and meters are treated as capital assets. At December 31, 2003, spare transformers and meters with carrying amounts of \$5,408,000 and \$1,111,000, respectively [2002- \$5,071,000 and \$995,000, respectively], are included in Property, plant and equipment.

#### *b) Cash and cash equivalents*

Cash equivalents are highly liquid investments, with terms to maturity of three months or less from their date of acquisition.

#### *c) Inventories*

Inventories consist primarily of maintenance and construction materials and are stated at the lower of cost and replacement cost, with cost determined on a standard cost basis net of the provision for obsolescence.

#### *d) Deferred Debt Issue Costs*

During 2003, THESL incurred debt issue costs arising from the issuance of long-term notes payable to THC, with the funds raised through THC's debenture Offering [Note 8]. Deferred debt issue costs are included in "Other assets" and represent the unamortized amounts of debt costs arising from the issuance of debt, and other related costs. Deferred debt issue costs are amortized over the period to maturity of the debt on a straight-line basis.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### *e) Property, plant and equipment and depreciation*

Effective January 1, 2002, THESL adopted the change in accounting policy for intangible assets, as prescribed by the new CICA Handbook Section 3062, "Goodwill and other intangibles".

Property, plant and equipment assets are stated at cost and are removed from the accounts at the end of their estimated average service lives, except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses at retirement or disposition of such assets are credited or charged to other income.

Effective January 1, 2002, THESL prospectively adopted the recommendations of the CICA Handbook Section 3063, "Impairment of long-lived assets". In the event that facts and circumstances indicate that property, plant and equipment may be impaired, an evaluation of recoverability is performed. For purposes of such an evaluation, the estimated future undiscounted cash flows associated with the asset are compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Depreciation is provided on a straight-line basis over the estimated service lives at the following annual rates:

Buildings	1.7% to 10.0%
Distribution stations	2.9% to 5.0%
Distribution lines - overhead and underground	2.5% to 4.0%
Distribution transformers	3.3% to 4.0%
Distribution meters	2.9% to 4.0%
Other capital assets	6.7% to 12.5%
Communications	10% to 20.0%
Computer hardware	20.0% to 25.0%
Rolling stock	12.5% to 20.0%
Equipment and tools	10.0%

Construction in progress includes assets not currently in use which are not depreciated.

#### *f) Intangible assets*

Effective January 1, 2002, THESL adopted the change in accounting policy for intangible assets, as prescribed by the new CICA Handbook Section 3062, "Goodwill and other intangibles".

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

Intangible assets, assets which lack physical substance, are stated at cost. Amortization is provided on a straight-line basis over the useful service lives, at the following annual rates:

Land rights	2.0%
Computer software	14.0% to 33.0%

Software in development includes assets not currently in use which are not amortized.

#### ***g) Workplace Safety and Insurance Act***

Until December 31, 2001, THESL was self-insured for workers' compensation under the Workplace Safety and Insurance Act ["WSIA"]. The costs were charged to income as incurred by THESL. For periods prior to 2001, THESL recognized in its financial statements the actuarial value of the employees' permanent disability liability. Effective January 1, 2002, THESL was required to alter its coverage status under the WSIA from a Schedule 2 to a Schedule 1 employer. As a Schedule 1 employer, THESL is required to pay annual premiums into an insurance fund established under the WSIA and will recognize expenses based on funding requirements.

#### ***h) Provision for environmental costs***

THESL will incur future costs associated with the disposal of contaminated waste and site restoration for certain of its properties. Although these costs cannot be reasonably determined for some of the properties at this time, a contingent liability exists. When reasonably determinable, THESL has provided for future costs, net of expected recoveries, by charges to income. Actual costs are charged to the provision for environmental costs as incurred *[note 13]*.

#### ***i) Revenue recognition***

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

#### ***j) Employee future benefits***

##### ***Pension plan***

THESL provides a pension plan for its full-time employees through the Ontario Municipal Employees Retirement System ["OMERS"]. OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. THESL recognizes the expense related to this plan as contributions are made.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### *Employee future benefits other than pension plan*

Employee future benefits other than pension provided by THESL include medical and life insurance benefits, accumulated sick leave credits and voluntary exit incentive program liability. These plans provide benefits to certain employees when they are no longer providing active service.

Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.

Effective January 1, 2002, THESL transferred employees associated with THC, THTI and THSLI and transferred their proportionate share of the accrued benefit obligation of \$2,190,000 [THC, \$1,694,000; THTI, \$23,000; THSLI, \$473,000] [note 12]. The proportionate share was determined based on active employee data used for the current actuarial valuation.

Effective January 1, 2003, THESL transferred employees additional employees associated with THC and transferred their proportionate share of the accrued benefit obligation of \$4,756,000 [note 12]. The proportionate share was determined based on active employee data used for the current actuarial valuation.

The accrued benefit obligations and current service cost are calculated using the projected benefit method pro rated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized into expense on a straight-line basis over the average remaining service period of active employees to full eligibility. The effects of a curtailment gain or loss are recognized in income in the year of the event giving rise to the curtailment. The effects of a settlement gain or loss are recognized in income for the period in which a settlement occurs.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### *k) Customers' advance deposits*

Customers' advance deposits are cash collections from customers to guarantee the payment of energy bills. The customer advance deposit liability includes interest credited to the customers' deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

#### *l) Use of estimates*

The preparation of THESL financial statements in accordance with GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

#### **4. BUSINESS PROTECTION PLAN REBATE**

At December 31, 2003, THESL had received \$212,444,000 from IMO in connection with the BPP rebates for the period starting May 1, 2002 and ending July 31, 2003. From this balance, \$161,304,000 was allocated to customers, retailers and wholesale suppliers. The remaining \$51,140,000 represents the portion allocated to THESI.

For the period from August 1, 2003 to December 31, 2003, THESL accrued \$26,313,000 in receivables from IMO regarding the BPP rebates. From this balance, \$15,937,000 was recorded as payable to customers, retailers and wholesale suppliers. The remaining \$10,376,000 represents the portion allocated to THESI.

**Toronto Hydro-Electric System Limited**

**NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2003

**5. PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment consist of the following:

	2003			2002		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Land	5,871	—	5,871	5,871	—	5,871
Buildings	140,658	37,648	103,010	139,967	34,451	105,516
Distribution stations	170,039	82,757	87,282	166,991	77,294	89,697
Distribution lines - overhead and underground	1,814,975	798,006	1,016,969	1,731,633	731,407	1,000,226
Distribution transformers	430,004	215,205	214,799	387,009	200,490	186,519
Distribution meters	119,086	67,524	51,562	120,776	63,278	57,498
Other capital assets	32,389	26,003	6,386	32,197	24,613	7,584
Communications	23,677	18,804	4,873	23,283	16,204	7,079
Computer hardware	32,998	29,142	3,856	40,248	26,112	14,136
Rolling stock	48,969	36,761	12,208	49,509	40,300	9,209
Equipment and tools	23,542	20,293	3,249	22,896	19,463	3,433
Construction in progress	23,168	—	23,168	59,820	—	59,820
	<b>2,865,376</b>	<b>1,332,143</b>	<b>1,533,233</b>	<b>2,780,200</b>	<b>1,233,612</b>	<b>1,546,588</b>

**6. INTANGIBLE ASSETS, NET**

Intangible assets consist of the following:

	2003			2002		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land rights	9,884	1,417	8,467	9,884	1,219	8,665
Computer software	84,357	41,805	42,552	73,127	29,395	43,732
Software in development	481	—	481	476	—	476
	<b>94,722</b>	<b>43,222</b>	<b>51,500</b>	<b>83,487</b>	<b>30,614</b>	<b>52,873</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### 7. REGULATORY ASSETS

Regulatory assets consist of the following [note 3(a), Regulation]:

	2003	2002
	\$	\$
Transition costs	35,077	32,843
Pre-market opening energy variance	18,202	18,202
Settlement variances	39,383	30,457
	<u>92,662</u>	<u>81,502</u>

Included in the balances above are \$2,233,000 in interest for transition costs and \$2,322,000 in interest for settlement variances.

#### 8. OTHER ASSETS

Other assets consist of the following:

	2003	2002
	\$	\$
Deferred debt issue costs, net of accumulated amortization of \$194,000; [December 31, 2002 - \$nil]	2,795	—
Long-term advances and deposits	1,378	2,360
Other	445	853
	<u>4,618</u>	<u>3,213</u>

#### 9. BANK INDEBTEDNESS AND BANKERS' ACCEPTANCES

Until April 19, 2002, THESL was party to an unsecured short-term credit facility with a Canadian chartered bank pursuant to which the Corporation could borrow up to \$150,000,000 in the form of Bankers' Acceptances ("BAs"), prime rate loans in Canadian dollars and current account overdrafts. The amount drawn under the credit facility as at December 31, 2001 was \$58,545,000 consisting of \$25,000,000 in BAs and \$33,545,000 in current account overdrafts. Amounts outstanding under the credit facility bore interest at the bank's posted rate for BAs [December 31, 2001 - 2.47%] and at interest rates ranging from Schedule I chartered banks' posted one-month BA rate of 2.25% plus 25 basis points to the prime rate [December 31, 2001 - 4%].

THESL's \$150,000,000 unsecured credit facility was restructured under the terms of a revolving credit facility on April 19, 2002 ["THESL Revolving Credit Facility"], with a syndicate of



## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

Canadian Schedule I chartered banks, with amounts outstanding under the old credit facility assumed under the new credit facility. Under the terms of the THESL Revolving Credit Facility, THESL could borrow up to \$400,000,000 of which:

- [a] \$300,000,000 was available for general corporate purposes in the form of prime rate loans in Canadian dollars and Bankers' Acceptances ["Tranche A"]; and
- [b] \$100,000,000 was available in the form of letters of credit to support the prudential requirements of THESL, THESI and 1455948 Ontario Inc. ["Tranche B"]. The amount available under Tranche B to support the prudential requirements of THESI alone was limited to \$50,000,000.

Effective August 29, 2002, the THESL Revolving Credit Facility was amended with the borrowing limit for Tranche A decreased to \$260,000,000 and the borrowing limit for Tranche B increased to \$140,000,000.

As at December 31, 2002, the amount drawn under Tranche A was \$212,516,000 [consisting of \$210,000,000 in Bankers' Acceptances and \$2,516,000 in prime rate loans] and letters of credit in the amount of \$135,138,000 had been issued under Tranche B.

The rate of interest payable on prime rate loans at December 31, 2002 was 4.5%. The fee payable for Bankers' Acceptances and letters of credit was based on a margin determined by reference to the Corporation's debt rating. A commitment fee was paid on any unused portion of the LDC Revolving Credit Facility with a step-up fee of 5 basis points added in circumstances where more than one-third of the THESL Revolving Credit Facility was drawn.

Effective January 16, 2003, the THESL Revolving Credit Facility was amended with the borrowing limit for Tranche A increased to \$290,000,000 and the borrowing limit for Tranche B decreased to \$110,000,000.

Effective March 19, 2003, the expiry date of the THESL Revolving Credit Facility of April 18, 2003 was extended for a 90-day period until July 18, 2003 to facilitate the restructuring of this facility concurrent with the closing of the THC debenture offering .

#### **THC Revolving Credit Facility**

Effective May 7, 2003, the THESL Revolving Credit Facility was refinanced and replaced with a new syndicated bank facility of the Corporation. (the "THC Revolving Credit Facility") pursuant to which THC may borrow up to \$500,000,000, of which:

- [a] \$500,000,000 is available for working capital purposes in the form of prime rate loans in Canadian dollars and bankers' acceptances; and

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

[b] within the \$500,000,000 facility, up to \$175,000,000 is available in the form of letters of credit to support the prudential requirements of THESL and THESI, and general credit requirements of THC and its subsidiaries. For each letter of credit issued, there is a commensurate reduction in the amount available for working capital purposes.

The fee payable for Bankers' Acceptances and letters of credit is based on a margin determined by reference to the Corporation's credit rating. A commitment fee is paid on any unused portion of the THC Revolving Credit Facility with a step-up fee of 5 basis points added in circumstances where more than one-third of the THC Revolving Credit Facility is drawn.

The THC Revolving Credit Facility has an initial term of 364 days, subject to extension with the consent of the lenders for additional terms, not to exceed 364 days. The THC Revolving Credit Facility also contains a negative pledge, customary covenants, events of default and a covenant to maintain a debt-rating as provided by Dominion Bond Rating Systems ["DBRS"] and Standard and Poor's ["S&P"] of no less than BBB. As at December 31, 2003, the Corporation's debt ratings were A (low) [DBRS] and A- [S&P].

As at December 31, 2003, \$104,817,000 had been issued by way of letters of credit, to support the prudential requirements of the THESL [\$80,000,000] and THESI [\$23,557,000] and to support general credit requirements of THTI [\$1,260,000]. As at December 31, 2003, no draws for working capital were outstanding under the THC Revolving Credit Facility.

#### 10. CURRENT PORTION OF OTHER LONG-TERM LIABILITIES

	2003	2002
	\$	\$
Current portion of obligations under capital leases <i>[note 19[b]]</i>	2,328	1,914
Customers' advance deposits	11,692	9,860
Provision for environmental costs	800	800
	<b>14,820</b>	<b>12,574</b>

During 2003, \$1,044,000 was charged to interest expense for the interest credited to the customers' deposit accounts [2002 - \$180,000].

#### 11. PROMISSORY NOTE PAYABLE

THESL issued a promissory note to the City of Toronto on July 1, 1999 ["Initial Note"] in the principal amount of \$947,000,000 in partial consideration for the assets in respect of the electricity distribution system transferred by the Toronto Hydro-Electric Commission and the City of Toronto

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

to THESL effective July 1, 1999. The Initial Note was non-interest bearing until December 31, 1999 and interest bearing thereafter at the rate of 6% per annum. Pursuant to the Transfer By-law, the principal amount of the Initial Note was adjusted effective January 1, 2000 to \$980,230,955 to reflect the deemed debt/common equity structure of THESL [65:35] permitted by the OEB. At the same time, the Initial Note was replaced by a promissory note ["Replacement Note"] issued by THESL, which was interest bearing at the rate of 6.8% per annum. At December 31, 2002, the Replacement Note was payable on the earlier of demand and December 31, 2003. The Replacement Note was classified as a current liability for 2002.

In 2002, THESL made interest payments of \$66,656,000 at the rate prescribed under the Replacement Note [see note 18].

Concurrent with the closing of THC's debenture offering on May 7, 2003, the City of Toronto transferred the Replacement Note to THC in consideration for the issue by THC to the City of Toronto of a new promissory note ["the City Note"].

On May 7, 2003, the terms of the Replacement Note, between THESL and THC, were restructured to payable on demand and interest bearing at the Debt Cost Rate ["DCR"] plus 5 basis points. The DCR is a rate of interest per annum that at all times is equal to the debt cost rate prescribed from time to time by the OEB in the OEB Electricity Distribution Rate Handbook for utilities in the same rate class as THESL, which is currently 6.8% per annum. Interest is calculated and payable quarterly in arrears on the last day of March, June, September and December of each year and commenced on June 30, 2003.

## 12. EMPLOYEE FUTURE BENEFITS

### Pension

For the year-ended December 31, 2003, THESL current service pension costs were \$1,898,000 [2002 - \$nil]. Because of a surplus under the plan, a contribution holiday had been in effect from August 1998 to December 2002. Current service pension cost contributions recommenced in January 2003 at one third of the full contribution rates. Beginning January 1, 2004, THESL has returned to full contribution rates and THESL estimates that its annual participating employer contributions during 2004 will be \$5,783,000.

### Employee future benefits other than pension

THESL has a number of unfunded benefit plans providing retirement and post-employment benefits [excluding pension] to most of its employees.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### [a] Medical and life insurance benefits

THESL pays certain medical and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees.

#### [b] Accumulated sick leave credits

THESL pays accumulated sick leave credits, up to certain established limits based on service, in the event of retirement, termination, or death of certain employees.

#### [c] Voluntary exit incentive program liability

In October 1994, the former Toronto Hydro-Electric Commission introduced the voluntary exit incentive program for eligible employees. Certain employees receive a retirement supplement payment over the term of their retirement and the life of any surviving spouse.

Information about THESL's defined benefit plans is as follows:

	2003	2002
	\$	\$
<b>Change in accrued benefit obligation</b>		
Balance, beginning of year	103,795	103,550
January 1, 2002 transfer of employees to Toronto Hydro Corporation, Toronto Hydro Telecom Inc. and Toronto Hydro Street Lighting Inc.	—	(2,190)
January 1, 2003 transfer of employees to Toronto Hydro Corporation	(4,756)	—
Current service cost	1,428	1,366
Interest cost	7,057	5,917
Plan amendments	745	(100)
Benefits paid	(4,592)	(4,748)
<b>Accrued benefit obligation, end of year</b>	<b>103,677</b>	<b>103,795</b>
<b>Projected accrued benefit obligation, end of year</b>	<b>113,188</b>	<b>94,454</b>
<b>Unamortized actuarial gain (loss)</b>	<b>(9,511)</b>	<b>9,341</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

	2003	2002
	\$	\$
<b>Components of net periodic benefit cost</b>		
Service cost	1,428	1,366
Interest cost	7,057	5,917
Amortization of July 1, 2000 amendment	(275)	(290)
Amortization of January 1, 2001 amendment	180	190
Amortization of January 1, 2003 amendment	840	—
<b>Net periodic benefit cost</b>	<b>9,230</b>	<b>7,183</b>
Capitalized as part of property, plant and equipment	3,046	2,299
<b>Charged to operations</b>	<b>6,184</b>	<b>4,884</b>
<b>Effect of 1% increase in health care cost trends on:</b>		
Accrued benefit obligation, December 31	13,278	7,846
Net periodic benefit cost	414	177
<b>Effect of 1% decrease in health care cost trends on:</b>		
Accrued benefit obligation, December 31	(10,143)	(6,402)
Net periodic benefit cost	(295)	(145)
	2003	2002
	%	%
<b>Significant assumptions:</b>		
i) <b>Weighted-average discount rate</b>	6.5	6.5
ii) <b>Rate of compensation scale escalation</b>	3.3	4.0
iii) <b>Rate of increase in dental costs</b>	4.5	4.5

For December 31, 2003 medical costs are assumed to increase at 10.5% graded down by 1.0% annual decrements to 4.5% in 2009 and thereafter. For December 31, 2002 medical costs were assumed to increase at 12% per year graded down by 1.6% annual decrements to 4.0% in 2007 and thereafter.

### 13. PROVISION FOR ENVIRONMENTAL COSTS

THESL has provided for future costs by charges to income. For the year ended December 31, 2003, the amount charged to income was \$1,618,000 [2002 - \$1,066,000].

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### 14. TERMINATION COSTS

In June 2001, THC introduced an employee-downsizing program for eligible employees involving a voluntary separation and retirement program [the "program"]. The program's total expense was recognized at December 31, 2001. In 2002, THESL incurred a termination expense of \$1,453,000 relating to additional downsizing. At December 31, 2003, the unpaid portion relating to terminations amounted to \$238,000 [2002 - \$2,720,000].

#### 15. OTHER LONG-TERM LIABILITIES

	2003	2002
	\$	\$
Obligations under capital leases <i>[note 19[b]]</i>	4,299	4,431
Other	367	1,028
	<b>4,666</b>	<b>5,459</b>

During 2003, THESL acquired "Property, plant and equipment" through capital lease transactions totaling \$2,061,000 [2002 - \$4,079,000]. These non-cash transactions have been excluded from the Statement of Cash Flows.

#### 16. SHARE CAPITAL

Share capital consists of the following as at December 31:

	2003	2002
	\$	\$
<b>Authorized</b>		
The authorized share capital consists of an unlimited number of common shares. Any invitation to the public to subscribe for securities of THESL is prohibited		
<b>Issued and outstanding</b>		
1,000 common shares	527,817	527,817

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### *Dividends*

Subject to applicable law, THESL is required to pay dividends to the Corporation each year, who in turn pays the dividends to the City of Toronto, commencing January 1, 2002 equal to the greater of \$20,000,000 and 40% of THESL's net income for the year. The dividends are not cumulative. The Corporation's board of directors will use its best efforts to ensure that THC and its subsidiaries meet certain financial performance standards, including those relating to dividends. No dividends were declared or paid to the Corporation or the City of Toronto in 1999, 2000, 2001 or 2002. At its meeting held on November 27, 2003, the board of directors of THESL declared a dividend of \$5,000,000 in respect of the third calendar quarter of the year payable November 28, 2003 to THC. In turn, at its meeting held on November 27, 2003, the board of directors of the Corporation declared a dividend of \$5,000,000 in respect of the third calendar quarter of the year which was paid on November 28, 2003 to the City of Toronto

The sum of the dividends of \$5,000,000 paid to the Corporation on November 28, 2003 and \$24,200,000 payable to the Corporation on March 8, 2004 [note 25[a]], is equal to 40% of the THESL's net income for 2003.

#### 17. CORPORATE INCOME TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

#### Statement of income

	2003	2002
	\$	\$
<b>Rate reconciliation</b>		
Income from continuing operations before PILs	107,449	67,120
Statutory Canadian federal and provincial income tax rate	36.62%	38.62%
Expected taxes on income	39,348	25,922
Increase (decrease) in income taxes resulting from		
Large corporations tax net of surtax	3,850	4,270
Utilization of non-capital loss previously not benefited	(8,144)	—
Utilization of temporary differences previously not benefited	(3,898)	(8,905)
Previously unrecognized temporary differences	—	(10,702)
Effect of rate changes on temporary differences	(236)	(6,345)
Other	3,570	30
<b>Provision for PILs</b>	<b>34,490</b>	<b>4,270</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

	2003 \$	2002 \$
<b>Effective tax rate</b>	<b>32.10%</b>	6.36%
<b>Components of income tax expense</b>		
Current tax expense	34,490	4,270
<b>Provision for PILs</b>	<b>34,490</b>	<b>4,270</b>

#### Balance sheet

Future income taxes relating to the regulated businesses have not been recorded in the accounts as they are expected to be recovered through future revenues. As at December 31, 2003, future income tax assets of \$232,212,438 [2002 - \$210,443,000], based on substantively enacted income tax rates, have not been recorded.

As December 31, 2003, the Corporation has accumulated a deferred payments in lieu of taxes amount, representing the difference between actual billings that relate to the recovery of PILs and the OEB-approved PILs, totaling an under-recovery of \$14,792,496 [2002 - \$11,601,560]. Cumulative interest included in the amount, which was calculated at a rate of 6.8%, the rate prescribed by the OEB in the OEB Electricity Distribution Rate Handbook for utilities in the same rate class, totaled \$1,657,441 [2002 - \$857,079].

#### 18. RELATED PARTIES

	2003 \$	2002 \$
<b>Notes receivable from related parties</b>		
From THC	—	23,729
From THESI	—	48,000
	—	71,729

During 2003 the notes receivable from related parties were repaid to THESL.

<b>Long-term loans receivable from related parties</b>		
From THC	—	20,065
From THSLI	6,991	—
	6,991	20,065



## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

The long-term loan receivable from THSLI bears interest at a rate of 6.16% per annum, with a maturity date of May 7, 2013, extendable upon mutual consent. At December 31, 2003, the fair value of the long-term loan receivable is \$6,453,000, which has been calculated by discounting the future cash flow of the long-term note receivable at the estimated yield to maturity of a similar financial instrument.

<b>Long-term note payable to THC</b>	<b>180,000</b>	—
--------------------------------------	----------------	---

The long-term note payable to THC bears interest at a rate of 6.16% per annum, with a maturity date of May 6, 2013, extendable upon mutual consent. At December 31, 2003, the fair value of the long-term note payable is \$185,593,000, which has been calculated by discounting the future cash flow of the long-term note payable at the estimated yield to maturity of a similar debt instrument. THESL incurred total debt issue costs of \$2,989,000, all incurred in 2003 [note 8].

Included in "Accounts receivable, net of allowance for doubtful accounts" are amounts due from related parties, as follows:

	2003	2002
	\$	\$
Due from THTI	428	2,756
Due from 1455948 Ontario Inc.	—	16
Due from THSLI	431	5,232
Due from THC	—	—
Due from THESI	5,900	—
<b>6,759</b>		<b>8,004</b>

Included in "Accounts payable and accrued liabilities" are amounts due to related parties, as follows:

	2003	2002
	\$	\$
Due to THC	4,118	17,013
Due to 1455948 Ontario Inc.	2	—
Due to THESI	—	17,053
<b>4,120</b>		<b>34,066</b>

For the year ended December 31, 2003, streetlighting electricity was provided to the City of Toronto in the amounts of \$11,139,000, [2002 - \$10,023,000]. THESL purchases certain services from the City of Toronto in the normal course of business at commercial rates.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

At December 31, 2003, the promissory note in the amount of \$980,230,955 was payable to the THC [December 31, 2002 – \$980,230,955 was payable to the City of Toronto] [see note 11]. For the year ended December 31, 2003, interest expense was paid to the City of Toronto and to THC, in the amounts of \$23,208,000 and \$43,676,000, respectively, on the promissory note. [2002 – interest expense of \$66,656,000 was paid to the City of Toronto].

During 2003, THESL purchased corporate and management services from THC totaling \$75,876,000 [2002 - \$32,052,000] in the ordinary course of business, with these services charged to operating expenses and measured at their exchange amounts.

During 2002, THESL provided information technology, telecommunication and facilities services to related companies, THC, THESI and THTI respectively, totaling \$4,900,000, \$1,000,000 and \$1,100,000, respectively, in the ordinary course of business, with the recovery of these services charged to operating expenses and measured at their exchange amounts. During 2003, THC became the provider of these services, under THC's provision of corporate and management services, and consequently THESL was no longer the provider of these services.

During 2003, THESL provided water heater services to THESI totaling \$4,241,000 [2002 - \$3,451,000], with the recovery of these services charged to operating expenses and measured at their exchange amounts.

For the year ended December 31, 2003, THESL incurred property taxes payable to the City of Toronto of \$8,485,000 [2001 - \$7,458,000].

For the year ended December 31, 2003, THESL billed THTI pole attachment and duct rental services totaling \$4,605,000 [2002 - \$7,668,000], at prevailing market prices and normal trade terms. Included in the 2002 billings of \$7,668,000, were amounts for additional fiscal 2001 and 2000 billings of \$2,675,000 and \$580,000, respectively, to retroactively reflect the terms of a new pole and duct rental agreement, which bills THTI a market rate for the services previously provided by THESL.

For the year ended December 31, 2002, THTI billed THESL "dark" fibre optic capacity and data communications services totaling \$9,725,000 [2001 - \$nil], at prevailing market prices and under normal trade terms. Included in the charges of \$9,725,000, were amounts related to fiscal 2001 and 2000 charges of \$3,826,000 and \$957,000, respectively, to retroactively reflect the terms of a new fibre rental agreement which bills THESL a market rate for the services previously provided by THTI. For the year ended December 31, 2003, THTI did not bill "dark" fibre optic capacity and data communications services to THESL.

During 2003, THESL purchased project management services and marketing services from THESI for \$3,068,000 and \$nil, respectively [2002 - \$26,400,000 and \$75,000, respectively].

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

For the year ended December 31, 2003, THESL earned electricity revenues of \$275,031,000 [2002 – \$169,585,000], from THESI. At December 31, 2002, included in “Unbilled revenue”, is \$24,562,000 [2002 – \$37,700,000] of unbilled revenue due from THESI related to these earned electricity revenues.

#### 19. LEASE COMMITMENTS

##### [a] Operating lease obligations:

As at December 31, 2003, the future minimum annual lease payments under property and computer hardware operating leases with remaining lease terms between one to four years, are as follows:

	\$
2004	1,096
2005	717
2006	359
2007	101
2008	—
<b>Total minimum lease payments</b>	<b>2,273</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### [b] Capital lease obligations:

As at December 31, 2003 the future minimum annual lease payments under vehicle capital leases with remaining lease terms between one to six years are as follows:

	\$
2004	2,327
2005	2,186
2006	1,820
2007	1,182
2008	216
Thereafter	3
Total amount of future minimum lease payments	7,734
Less interest	1,107
	6,627
Current portion [note 10]	2,328
Long-term portion [note 15]	4,299

## 20. FINANCIAL INSTRUMENTS

### Credit risk

Financial assets expose THESL to credit risk. Credit risk is the loss from non-performance by suppliers, customers or financial counterparties. THESL provides reserves for credit risks based on the financial condition and short and long-term exposures to counterparties. At December 31, 2002, there are no significant concentrations of credit risk with respect to any class of financial assets.

### Fair value of financial instruments

The carrying value of cash and cash equivalents, bank indebtedness, accounts receivable, notes receivable from related parties, accounts payable and accrued liabilities and promissory note payable approximates their fair value due to the immediate or short-term maturity of these financial instruments.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

#### 21. FINANCIAL GUARANTEES

Participants [including THESL and THESI] in the wholesale market for electricity that is administered by the Independent Electricity Market Operator are required to satisfy prescribed prudential requirements. In addition, counter-parties under contracts for the purchase and sale of electricity and customers under purchase contracts may require parental financial guarantees or other forms of credit support.

The City of Toronto has authorized THC to provide up to \$500,000,000 in financial support [including guarantees] with respect to prudential requirements and as security for obligations under third party contracts.

At December 31, 2003, THC's board of directors had approved \$386,000,000 in parental guarantees on behalf of THESI [2002 - \$386,000,000], of which \$227,000,000 has been issued [2002 - \$227,000,000]. At December 31, 2003, no parental guarantees have been issued on behalf of THESL [2002 - nil].

In 2003, THESL restructured its short-term credit facility [note 9]. At December 31, 2003 \$104,817,000 was utilized under the THC Revolving Credit Facility in the form of letters of credit, to support the prudential requirements of THESL [\$80,000,000] and THESI [\$23,557,000] and to support general credit requirements of THTI [\$1,260,000].

#### 22. CONTINGENCIES

##### Legal proceedings

A class action claiming \$500,000,000 in restitutionary payments plus interest was served on the former Toronto Hydro-Electric Commission on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the defendant class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code. The EDA, in cooperation with THESL, is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, of the action on the financial statements of THESL.

A substantially similar class action claiming \$64,000,000 in restitutionary payments plus interest was commenced against the Toronto Hydro-Electric Commission on April 28, 1994. The action was initiated against the Toronto Hydro-Electric Commission directly as a municipal electrical utility which made late payment charges on overdue utility bills at any time after April 1, 1981. In the action, the proposed representative plaintiffs allege that late payment charges resulted in the

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2003

Toronto Hydro-Electric Commission receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347 (1)(b) of the Criminal Code. The EDA, in cooperation with THESL, is undertaking the defence of the action. The action is at a preliminary stage. No examinations for discovery have been conducted and no class has been certified for purposes of the action. At this time it is not possible to quantify the effect, if any, of the action on the financial statements of THESL.

#### 23. SALE OF STREET LIGHTING BUSINESS

In 2002, in connection with the sale of the street lighting business, THESL transferred a post-employment benefit liability of \$473,000 to THSLI in exchange for an intercompany receivable from THSLI in the amount of \$127,000. For accounting purposes, the transfer was recorded at book value with the aggregate of the liability's book value and the consideration received, \$600,000, recorded as a credit to contributed surplus.

#### 24. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2003 financial statements.

#### 25. SUBSEQUENT EVENTS

##### *Dividends*

- [a] At its meeting held on February 27, 2004, the board of directors of THESL declared a dividend of \$24,200,000 in respect of the year ended December 31, 2003 payable to THC on March 8, 2004. In turn, at its meeting held on February 27, 2004, the board of directors of the Corporation declared a dividend of \$24,200,000 in respect of the year ended December 31, 2003 payable to the City of Toronto on March 8, 2004.
- [b] At its meeting held on February 27, 2004, the board of directors of THESL declared a dividend of \$5,000,000 in respect of the first quarter of 2004 payable to THC on March 31, 2004. In turn, at its meeting held on February 27, 2004, the board of directors of the Corporation declared a dividend of \$5,000,000 in respect of the first quarter 2004 payable to the City of Toronto on March 31, 2004.

**SHEET 1 - December 31, 2002 Regulatory Assets**

V1

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	<a href="mailto:Alam@torontohydro.com">Alam@torontohydro.com</a>		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

Enter the total applied-for regulatory asset amounts for each account in the appropriate cells below:  
 (These amounts should correspond to your December 31, 2002 regulatory filings with the OEB.)

Description	Account Number	Applied-for Amount Balance as at Dec. 31, 2002
RSVA - Wholesale Market Service Charge	1580	\$36,933,716
RSVA - Retail Transmission Network Charge	1584	\$1,692,347
RSVA - Retail Transmission Connection Charge	1586	-\$1,599,054
RSVA - Power	1588	-\$4,378,569
<b>Sub-Total</b>		<b>\$32,648,441</b>
RSVA - One-time Wholesale Market Service	1582	\$0
Other Regulatory Assets	1508	\$0
Retail Cost Variance Account - Retail	1518	\$0
Retail Cost Variance Account - STR	1548	\$0
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$0
Deferred Payments in Lieu of Taxes	1562	\$11,601,560
PILs Contra Account	1563	-\$11,601,560
Qualifying Transition Costs	1570	\$32,843,284
Pre-Market Opening Energy Variances Total	1571	\$21,082,401
Pre-Market Opening Energy Variances - 2001		-\$2,915,765
Pre-Market Opening Energy Variances - 2002		\$23,998,166
Extra-Ordinary Event Losses	1572	\$0
Deferred Rate Impact Amounts	1574	\$0
Other Deferred Credits	2425	\$0
<b>Total Applied-for Regulatory Assets</b>		<b>(a) \$86,574,126</b>
<b>(1) Total of 4 RSVA Accounts</b>		<b>(b) \$32,648,441</b> Approved for 2004 Final Recovery
<b>4 RSVA accounts as a percent of total: (b) / (a)</b>		37.7%
<b>(2) 25 % of (a)</b>		<b>(c) \$21,643,532</b>

If (b) is greater than (c) go to Section 1

If (b) is less than (c) go to Section 2

**Section 1: For LDCs with 4 RSVA accounts greater than 25 % of Total:**

<b>25% of total applied-for Regulatory Asset Accounts: Amount (c)</b>	\$21,643,532	Approved for Final 2004 Rate Recovery
<b>Gross Up for Recovery over 11 months: Amount (c) x 12/11</b>	\$23,611,125	Enter this amount on Sheet 3 (Therefore, entry on Sheet 5 is zero.)
<b>Remaining Final Amount to be recovered in future periods (b) - (c)</b>	\$11,004,910	Ignore minus sign

**Section 2: For LDCs with 4 RSVA accounts less than 25 % of Total:**

<b>25% of total applied-for Regulatory Asset Accounts: Amount (c)</b>		\$21,643,532	Approved for 2004 Rate Recovery
<b>Final 4 RSVA Amount as shown at (b)</b>		\$32,648,441	
<b>Gross Up for Recovery over 11 months: Amount (b) x 12/11</b>		<input type="text" value="N/A"/>	Enter this amount on Sheet 3
<b>Interim Amount to be recovered (c) - (b)</b>	<b>(d)</b>	-\$11,004,910	
<b>Gross Up for Recovery over 11 months: Amount (d) x 12/11</b>		<input type="text" value="N/A"/>	Enter this amount on Sheet 5
<b>Total Final + Interim Amount for Recovery (b) + (d) (no gross up)</b>		\$21,643,532	

**Rate Implementation**

**Check Box**  
 Yes or No

Our utility is able to pro-rate the bill so that consumption before April 1 is at the old rates and post April 1 consumption is billed at the new rates.

Our utility is not able to pro-rate consumption and therefore our customers will not be charged the new rates until the completion of an entire billing cycle.



**SHEET 2 - 2002 Base Rate Schedule**

V1

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	6 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

Enter the values for your 2002 Base Rates as shown in your 2002 RA Model at Sheet 4.  
 This is the version of the model that was used to determine your current OEB approved rate schedule.  
 (This removes the impact of the recovery of Q4 2001 PILs, 2002 PILs, and any Z-factors or Interim Transition Cost approvals from Existing Rates).  
 You may adjust the rate classes if your LDC has non-standard classes.

**RESIDENTIAL**

DISTRIBUTION KWH RATE	\$0.0115
MONTHLY SERVICE CHARGE (Per Customer)	\$12.23

**RESIDENTIAL (TIME OF USE)**

DISTRIBUTION KWH RATE	\$0.0115
MONTHLY SERVICE CHARGE (Per Customer)	\$13.37

**GENERAL SERVICE < 50 KW**

DISTRIBUTION KWH RATE	\$0.0156
MONTHLY SERVICE CHARGE (Per Customer)	\$16.40

**GENERAL SERVICE > 50 KW (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$4.4253
MONTHLY SERVICE CHARGE (Per Customer)	\$26.01

**GENERAL SERVICE > 50 KW (TIME OF USE)**

DISTRIBUTION KW RATE	\$4.4247
MONTHLY SERVICE CHARGE (Per Customer)	\$26.17

**GENERAL SERVICE INTERMEDIATE USE**

DISTRIBUTION KW RATE	\$3.6654
MONTHLY SERVICE CHARGE (Per Customer)	\$720.86

**LARGE USE**

DISTRIBUTION KW RATE	\$3.1345
MONTHLY SERVICE CHARGE (Per Customer)	\$2,754.27

**SENTINEL LIGHTS (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

OR

**SENTINEL LIGHTS (TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

**SMALL SCATTERED LOADS**

ADMINISTRATION AND PROCESSING PER CUSTOMER	\$2.2648
DISTRIBUTION KWH RATE	\$0.0156
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26

**STREET LIGHTING (TIME OF USE)**

DISTRIBUTION KW RATE	\$3.0101
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26

**SPECIFIC SERVICE CHARGES**

ADD 2002 OEB APPROVED SPECIFIC SERVICE CHARGES BELOW.

Please enter these charges exactly as they are entered on your current approved rate schedule.

Please add your own specific charges as necessary.

New Account Setup		\$	8.80
Change of Occupancy		\$	8.80
Account History			
Administration Fee		\$	-
Current Year Data		\$	-
Each Additional Year Data		\$	-
Arrear's Certificate		\$	15.00
Late Payment			19.56%
Returned Cheque		\$	15.00
Collection of Account Charge		\$	9.00
Disconnect/Reconnect Charges (non payment of account)			
At Meter - During Regular Hours		\$	20.00
At Meter - After Hours		\$	50.00
Temporary Pole Service		\$	-
After Hours High Voltage Station Outage		\$	-
Residential Service 2nd Visit to Connect New Service		\$	-
Residential Service After Hours Visit to Connect New Service		\$	-
Diversity Adjustment Credit (per KW)	Winter	\$	-
(discontinued at Market Opening)	Summer	\$	-
Billing Related			
Special Meter Reading		\$	19.00
Duplicate invoices for previous billing		\$	2.00
Micro fiche and other historical data recoed		\$	3.00
Miscellaneous			
Service Calls:			
- Visits to customer premises for services beyond the meter plus Materials		\$	25.00
- Timer Control for Water Heaters		\$	2.90

**SHEET 3 - Calculating Rate Increases using 2002 LDC Data and adding the 4 major 2004 RSVA related Approved Regulators**

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule requires LDCs to input the 2002 statistics which will be used to allocate Regulatory Assets related to the 4 major RSVA accounts. The 4 RSVA related accounts will be allocated to the customer classes on the basis of kWh sales.

Enter the Approved Regulatory Asset recovery from Sheet 1 at either cell D57 or D72. \$ 23,611,125.27

If the total of the 4 major RSVA related Regulatory Assets is less than 25% of the total Regulatory Assets applied for, enter the additional interim approved amount on Sheet 5.

Use the Table below to enter the 2002 statistics for your LDC.  
 The share of class kWh sold in 2002 is used to allocate the approved final Regulatory Asset amounts related to the 4 major RSVA accounts.

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2002 kWh Shares	2002 Reg. Asset RSVA Allocations
RESIDENTIAL CLASS	-	5,616,203,540	586,714	\$167,852,493.90	21.3%	\$ 5,035,166.55
GENERAL SERVICE <50 KW CLASS	-	2,643,531,101	66,934	\$61,517,810.88	10.0%	\$ 2,370,038.63
GENERAL SERVICE >50 KW NON TIME OF USE	19,286,449	7,742,906,309	9,427	\$96,573,538.85	29.4%	\$ 6,941,846.49
GENERAL SERVICE >50 KW TIME OF USE	5,439,768	2,183,896,651	1,281	\$26,353,688.15	8.3%	\$ 1,957,956.70
INTERMEDIATE USE	11,134,855	5,094,116,014	486	\$45,222,592.30	19.3%	\$ 4,567,092.76
LARGE USER CLASS	5,677,265	2,890,475,196	46	\$18,292,869.15	11.0%	\$ 2,591,434.57
SMALL SCATTERED LOAD	0	36,853,476	9,347	\$464,870.11	0.1%	\$ 33,040.72
STREET LIGHTING CLASS	292,160	127,767,296	160,067	\$1,534,799.33	0.5%	\$ 114,548.84
<b>TOTALS</b>		26,335,749,583	834,302	\$417,812,662.67	1.00	\$ 23,611,125.27
		Allocated Total for 4 major RSVA accounts ==>				\$ 23,611,125.27

**Residential Class**

Regulatory Assets will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G22 above)	\$ 5,035,166.55	\$ -	\$ 5,035,166.55
(B) RETAIL kWh in 2002	5,616,203,540		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000897		

**General Service <50kW Class**

Regulatory Assets will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G23 above)	\$ 2,370,038.63	\$ -	\$ 2,370,038.63
(B) RETAIL kWh in 2002	2,643,531,101		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000897		

**General Service >50kW Class Non TOU**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G24 above)	\$ 6,941,846.49	\$ -	\$ 6,941,846.49
(B) RETAIL KW in 2002	19,286,449		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.359934		

**General Service >50kW Class TOU**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G25 above)	\$ 1,957,956.70	\$ -	\$ 1,957,956.70
(B) RETAIL KW in 2002	5,439,768		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.359934		

**Intermediate Class**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G26 above)	\$ 4,567,092.76	\$ -	\$ 4,567,092.76
(B) RETAIL KW in 2002	11,134,855		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.410162		

**Large User Class**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G27 above)	\$ 2,591,434.57	\$ -	\$ 2,591,434.57
(B) RETAIL KW in 2002	5,677,265		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.456458		

**SMALL SCATTERED LOAD**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G28 above)	\$ 33,040.72	\$ -	\$ 33,040.72
(B) RETAIL KWH in 2002	36,853,476		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KWH) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000897		

**Streetlighting Class**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G29 above)	\$ 114,548.84	\$ -	\$ 114,548.84
(B) RETAIL KW in 2002	292,160		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.392076		

**SHEET 4 - 2004 Rates including 2004 Recovery of the 4 Major RSVA Accounts**

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule includes the 2004 distribution rates which have been adjusted for the recovery of the 4 major RSVA accounts.

**RESIDENTIAL**

DISTRIBUTION KWH RATE	\$0.0124
MONTHLY SERVICE CHARGE (Per Customer)	\$12.23

**RESIDENTIAL (TIME OF USE)**

DISTRIBUTION KWH RATE	\$0.0124
MONTHLY SERVICE CHARGE (Per Customer)	\$13.37

**GENERAL SERVICE < 50 KW**

DISTRIBUTION KWH RATE	\$0.0165
MONTHLY SERVICE CHARGE (Per Customer)	\$16.40

**GENERAL SERVICE > 50 KW (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$4.7852
MONTHLY SERVICE CHARGE (Per Customer)	\$26.01

**GENERAL SERVICE > 50 KW (TIME OF USE)**

DISTRIBUTION KW RATE	\$4.7846
MONTHLY SERVICE CHARGE (Per Customer)	\$26.17

**GENERAL SERVICE INTERMEDIATE USE**

DISTRIBUTION KW RATE	\$4.0756
MONTHLY SERVICE CHARGE (Per Customer)	\$720.86

**LARGE USE**

DISTRIBUTION KW RATE	\$3.5910
MONTHLY SERVICE CHARGE (Per Customer)	\$2,754.27

**SENTINEL LIGHTS (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

OR

**SENTINEL LIGHTS (TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

**SMALL SCATTERED LOADS**

ADMINISTRATION AND PROCESSING PER (	\$2.2648
DISTRIBUTION KW RATE	\$0.0165
MONTHLY SERVICE CHARGE (Per Connectic	\$0.26

**STREET LIGHTING (TIME OF USE)**

DISTRIBUTION KW RATE	\$3.4022
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26



**SHEET 5 - Calculating Rate Increases using 2002 LDC Data and additional Interim Regulatory Assets**

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule replicates the 2002 statistics from Sheet 3 which will be used to allocate interim approved Regulatory Asset amounts required to achieve the 25% threshold. (If the 4 major RSVA accounts do not total to 25% or more of total Regulatory Assets applied for.)

The interim Regulatory Assets will be allocated to the customer classes on the basis of distribution revenue.

Enter the Interim Regulatory Asset recovery from Sheet 1 at cell D76. \$ -

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2002 Dist. Rev. Shares	2002 Interim Reg. Asset Allocations
RESIDENTIAL CLASS	-	5,616,203,540	586,714	\$167,852,493.90	40.2%	\$ -
GENERAL SERVICE <50 KW CLASS	-	2,643,531,101	66,934	\$61,517,810.88	14.7%	\$ -
GENERAL SERVICE >50 KW NON TIME OF USE	19,286,449	7,742,906,309	9,427	\$96,573,538.85	23.1%	\$ -
GENERAL SERVICE >50 KW TIME OF USE	5,439,768	2,183,896,651	1,281	\$26,353,688.15	6.3%	\$ -
INTERMEDIATE USE	11,134,855	5,094,116,014	486	\$45,222,592.30	10.8%	\$ -
LARGE USER CLASS	5,677,265	2,890,475,196	46	\$18,292,869.15	4.4%	\$ -
SMALL SCATTERED LOAD	0	36,853,476	9,347	\$464,870.11	0.1%	\$ -
STREET LIGHTING CLASS	292,160	127,767,296	160,067	\$1,534,799.33	0.4%	\$ -
<b>TOTALS</b>		26,335,749,583	834,302	\$417,812,662.67	1.00	\$ -
		Allocated Total for additional interim amounts ==>				\$ -

**Residential Class**

Regulatory Assets will be recovered only in the distribution kWh charge.

			TOTAL 2002 ALLOCATED
VARIABLE CHARGE RECOVERY	SERVICE CHARGE RECOVERY		Interim Regulatory Asset Recovery
Percentage	Percentage		
1.000	0.000		100%

(A) ALLOCATED Interim Regulatory Asset Recovery \$ - \$ - \$ -  
 (Total in Cell G22 above)

(B) RETAIL kWh in 2002 5,616,203,540

(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) \$0.000000  
 (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)

**General Service <50kW Class**

Regulatory Assets will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G23 above)	\$ -	\$ -	\$ -
(B) RETAIL kWh in 2002	2,643,531,101		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**General Service >50kW Class Non TOU**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G24 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	19,286,449		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**General Service >50kW Class TOU**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G25 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	5,439,768		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**Intermediate Class**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G26 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	11,134,855		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**Large User Class**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G27 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	5,677,265		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**SMALL SCATTERED LOAD**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G28 above)	\$ -	\$ -	\$ -
(B) RETAIL KWH in 2002	36,853,476		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KWH) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**Streetlighting Class**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G29 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	292,160		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

**SHEET 6 - 2004 Rates including 2004 Recovery of Interim Regulatory Asset Amounts**

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule includes the 2004 distribution rates which have been adjusted for the recovery of interim Regulatory Asset Amounts if required to achieve the 25% Regulatory Asset threshold.

**RESIDENTIAL**

DISTRIBUTION KWH RATE	\$0.0124
MONTHLY SERVICE CHARGE (Per Customer)	\$12.23

**RESIDENTIAL (TIME OF USE)**

DISTRIBUTION KWH RATE	\$0.0124
MONTHLY SERVICE CHARGE (Per Customer)	\$13.37

**GENERAL SERVICE < 50 KW**

DISTRIBUTION KWH RATE	\$0.0165
MONTHLY SERVICE CHARGE (Per Customer)	\$16.40

**GENERAL SERVICE > 50 KW (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$4.7852
MONTHLY SERVICE CHARGE (Per Customer)	\$26.01

**GENERAL SERVICE > 50 KW (TIME OF USE)**

DISTRIBUTION KW RATE	\$4.7846
MONTHLY SERVICE CHARGE (Per Customer)	\$26.17

**GENERAL SERVICE INTERMEDIATE USE**

DISTRIBUTION KW RATE	\$4.0756
MONTHLY SERVICE CHARGE (Per Customer)	\$720.86

**LARGE USE**

DISTRIBUTION KW RATE	\$3.5910
MONTHLY SERVICE CHARGE (Per Customer)	\$2,754.27

**SENTINEL LIGHTS (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

OR

**SENTINEL LIGHTS (TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

**SMALL SCATTERED LOADS**

ADMINISTRATION AND PROCESSING PER CUSTOMER	\$2.2648
DISTRIBUTION KW RATE	\$0.0165
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26

**STREET LIGHTING (TIME OF USE)**

DISTRIBUTION KW RATE	\$3.4022
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26

**SHEET 7 - Calculating Rate Increases using 2002 LDC Data and the 2004 PILs Proxy**

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule replicates the 2002 statistics from Sheet 3 which will be used to allocate the 2004 PILs proxy amount. The PILS proxy amount is the same amount used for the PILs proxy in 2002.

The 2004 PILs Proxy will be allocated to the customer classes on the basis of distribution revenue.

Enter the 2002 PILs proxy amount as approved by the OEB in 2002 and shown on your 2002 RAM model at Sheet 8.

**\$58,571,734.00**

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2002 Dist. Rev. Shares	2004 PILs Proxy Allocations	
RESIDENTIAL CLASS	-	5,616,203,540	583,523	\$167,852,493.90	40.2%	\$23,530,669.37	
GENERAL SERVICE <50 KW CLASS	-	2,643,531,101	67,274	\$61,517,810.88	14.7%	\$ 8,623,972.36	
GENERAL SERVICE >50 KW NON TIME OF USE	19,286,449	7,742,906,309	9,246	\$96,573,538.85	23.1%	\$13,538,315.46	
GENERAL SERVICE >50 KW TIME OF USE	5,439,768	2,183,896,651	1,281	\$26,353,688.15	6.3%	\$ 3,694,433.77	
INTERMEDIATE USE	11,134,855	5,094,116,014	482	\$45,222,592.30	10.8%	\$ 6,339,601.17	
LARGE USER CLASS	5,677,265	2,890,475,196	46	\$18,292,869.15	4.4%	\$ 2,564,415.02	
SMALL SCATTERED LOAD	0	36,853,476	9,347	\$464,870.11	0.1%	\$ 65,168.56	
STREET LIGHTING CLASS	292,160	127,767,296	160,067	\$1,534,799.33	0.4%	\$ 215,158.29	
<b>TOTALS</b>		<b>26,335,749,583</b>	<b>831,266</b>	<b>\$417,812,662.67</b>	<b>1.00</b>	<b>\$58,571,734.00</b>	
		Allocated Total for additional interim amounts ==>					<b>\$58,571,734.00</b>

**Residential Class**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G22 above)	\$ 23,530,669.37	\$ -	\$ 23,530,669.37
(B) RETAIL kWh in 2002	5,616,203,540		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.004190		

**General Service <50kW Class**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G23 above)	\$ 8,623,972.36	\$ -	\$ 8,623,972.36
(B) RETAIL kWh in 2002	2,643,531,101		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.003262		

**General Service >50kW Class Non TOU**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G24 above)	\$ 13,538,315.46	\$ -	\$ 13,538,315.46
(B) RETAIL KW in 2002	19,286,449		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.701960		

**General Service >50kW Class TOU**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G25 above)	\$ 3,694,433.77	\$ -	\$ 3,694,433.77
(B) RETAIL KW in 2002	5,439,768		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.679153		



**Intermediate Class**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G26 above)	\$ 6,339,601.17	\$ -	\$ 6,339,601.17
(B) RETAIL KW in 2002	11,134,855		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.569347		

**Large User Class**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G27 above)	\$ 2,564,415.02	\$ -	\$ 2,564,415.02
(B) RETAIL KW in 2002	5,677,265		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.451699		

**SMALL SCATTERED LOAD**

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G28 above)	\$ 65,168.56	\$ -	\$ 65,168.56
(B) RETAIL KWH in 2002	36,853,476		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KWH) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.001768		

**Streetlighting Class**

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G29 above)	\$ 215,158.29	\$ -	\$ 215,158.29
(B) RETAIL KW in 2002	292,160		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.736440		

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**SHEET 8 - 2004 Rates including Recovery of 2004 PILs**

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule includes the 2004 distribution rates which have been adjusted for the recovery of 2004 PILs.

**RESIDENTIAL**

DISTRIBUTION KWH RATE	\$0.0166
MONTHLY SERVICE CHARGE (Per Customer)	\$12.23

**RESIDENTIAL (TIME OF USE)**

DISTRIBUTION KWH RATE	\$0.0166
MONTHLY SERVICE CHARGE (Per Customer)	\$13.37

**GENERAL SERVICE < 50 KW**

DISTRIBUTION KWH RATE	\$0.0198
MONTHLY SERVICE CHARGE (Per Customer)	\$16.40

**GENERAL SERVICE > 50 KW (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$5.4872
MONTHLY SERVICE CHARGE (Per Customer)	\$26.01

**GENERAL SERVICE > 50 KW (TIME OF USE)**

DISTRIBUTION KW RATE	\$5.4638
MONTHLY SERVICE CHARGE (Per Customer)	\$26.17

**GENERAL SERVICE INTERMEDIATE USE**

DISTRIBUTION KW RATE	\$4.6449
MONTHLY SERVICE CHARGE (Per Customer)	\$720.86

**LARGE USE**

DISTRIBUTION KW RATE	\$4.0427
MONTHLY SERVICE CHARGE (Per Customer)	\$2,754.27

**SENTINEL LIGHTS (NON TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

OR

**SENTINEL LIGHTS (TIME OF USE)**

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

**SMALL SCATTERED LOADS**

ADMINISTRATION AND PROCESSING PER CUSTOMER	\$2.2648
DISTRIBUTION KW RATE	\$0.0183
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26

**STREET LIGHTING (TIME OF USE)**

DISTRIBUTION KW RATE	\$4.1387
MONTHLY SERVICE CHARGE (Per Connection)	\$0.26

## SHEET 9 - Adjustment to Maintain the Current Service Charge Level

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMB</b>
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBEI</b>
<b>E- Mail Address</b>	Alam@torontohydro.com	
<b>VERSION NUMBER</b>	5	
<b>Date</b>	22-Feb-04	

This sheet adjusts the resulting fixed Monthly Service Charge to maintain the charge at current levels. The kWh distribution rate is then adjusted to maintain revenue neutrality in the class.

Input the current approved Monthly Service Charge in the following table at Column E.

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Current Approved Fixed Charge
RESIDENTIAL CLASS	-	5,616,203,540	586,714	\$14.03
GENERAL SERVICE <50 KW CLASS	-	2,643,531,101	66,934	\$18.59
GENERAL SERVICE >50 KW NON TIME OF USE	19,286,449	7,742,906,309	9,427	\$29.69
GENERAL SERVICE >50 KW TIME OF USE	5,439,768	2,183,896,651	1,281	\$29.61
INTERMEDIATE USE	11,134,855	5,094,116,014	486	\$815.60
LARGE USER CLASS	5,677,265	2,890,475,196	46	\$3,142.32
<b>SMALL SCATTERED LOAD</b>	<b>0</b>	<b>36,853,476</b>	<b>9,347</b>	<b>\$0.29</b>
STREET LIGHTING CLASS	292,160	127,767,296	160,067	\$0.30
<b>TOTALS</b>		<b>26,335,749,583</b>	<b>834,302</b>	

### Residential Class

Revenue from Current Monthly Service Charge		\$100,151,102
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$86,092,045
Difference		\$14,059,057
Variable Rate Adjustment	\$/kWh	\$ 0.0025
Adjusted Variable Rate	\$/kWh	<b>\$ 0.0141</b>

### Residential Class (Time of Use)

Revenue from Current Monthly Service Charge		\$100,151,102
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$86,092,045
Difference		\$14,059,057
Variable Rate Adjustment	\$/kWh	\$ 0.0025
Adjusted Variable Rate	\$/kWh	<b>\$ 0.0141</b>

### General Service <50 kW Class

Revenue from Current Monthly Service Charge		\$15,139,021
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$13,171,203
Difference		\$1,967,817
Variable Rate Adjustment	\$/kWh	\$ 0.0007
Adjusted Variable Rate	\$/kWh	<b>\$ 0.0190</b>

**General Service >50 kW Class (Non Time of Use)**

Revenue from Current Monthly Service Charge			\$3,405,299
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$2,942,451
Difference			\$462,848
Variable Rate Adjustment	\$/kW	\$	0.0240
Adjusted Variable Rate	\$/kW		<b>\$ 5.4632</b>

**General Service >50 kW Class (Time of Use)**

Revenue from Current Monthly Service Charge			\$461,487
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$402,216
Difference			\$59,271
Variable Rate Adjustment	\$/kW	\$	0.0109
Adjusted Variable Rate	\$/kW		<b>\$ 5.4529</b>

**General Service Intermediate Use Class**

Revenue from Current Monthly Service Charge			\$4,822,643
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$4,204,063
Difference			\$618,579
Variable Rate Adjustment	\$/kW		0.05553424
Adjusted Variable Rate	\$/kW		<b>\$ 4.5894</b>

**General Service Large Use Class**

Revenue from Current Monthly Service Charge			\$1,758,652
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$1,520,356
Difference			\$238,296
Variable Rate Adjustment	\$/kW		0.04
Adjusted Variable Rate	\$/kW		<b>\$ 4.0007</b>

**Sentinal Lights (Non Time of Use)**

Revenue from Current Monthly Service Charge			\$0
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$0
Difference			\$0
Variable Rate Adjustment	\$/kW		0
Adjusted Variable Rate	\$/kW		<b>\$ -</b>

**OR****Sentinal Lights (Time of Use)**

Revenue from Current Monthly Service Charge			\$0
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$0
Difference			\$0
Variable Rate Adjustment	\$/kW		0
Adjusted Variable Rate	\$/kW		<b>\$ -</b>

**Small Scattered Loads**

Revenue from Current Monthly Service Charge		\$32,979	
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$29,163	
Difference		\$3,817	
Variable Rate Adjustment	\$/kW	0.000	
Adjusted Variable Rate	\$/kW		<b>\$ 0.0182</b>

**Streetlighting (Time of Use)**

Revenue from Current Monthly Service Charge		\$584,245	
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$499,846	
Difference		\$84,398	
Variable Rate Adjustment	\$/kW	0.29	
Adjusted Variable Rate	\$/kW		<b>\$ 3.8498</b>



**Toronto Hydro - Electric System Limited**  
**Schedule of Distribution Rates and Charges**  
 Effective April 1, 2004 until February 28, 2005

RP-2004-0100  
 EB-2004-0086

LDCs may amend this schedule to reflect the rate classes that apply in their specific service territory.

**RESIDENTIAL**

Monthly Service Charge	(per 30 days)	\$14.03
Distribution Volumetric Rate	(per kWh)	\$0.0141 <b>Change</b>

**RESIDENTIAL (Time of Use)**

Monthly Service Charge	(per 30 days)	\$14.03
Distribution Volumetric Rate	(per kWh)	\$0.0141 <b>Change</b>

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per 30 days)	\$18.59
Distribution Volumetric Rate	(per kWh)	\$0.0190

**GENERAL SERVICE > 50 KW (Non Time of Use)**

Monthly Service Charge	(per 30 days)	\$29.69
Distribution Volumetric Rate	(per kVa)	\$5.4600 <b>Change</b>

**GENERAL SERVICE > 50 KW (Time of Use)**

Monthly Service Charge	(per 30 days)	\$29.61
Distribution Volumetric Rate	(per kVa)	\$5.4500 <b>Change</b>

**GENERAL SERVICE INTERMEDIATE USE**

Monthly Service Charge	(per 30 days)	\$815.60
Distribution Volumetric Rate	(per kVa)	\$4.5900

**LARGE USE**

Monthly Service Charge	(per 30 days)	\$3,142.32
Distribution Volumetric Rate	(per kVa)	\$4.0000

**Toronto Hydro - Electric System Limited**  
**Schedule of Distribution Rates and Charges**  
 Effective April 1, 2004 until February 28, 2005  
 (continued)

RP-2004-0000  
 EB-2004-0000

**SENTINEL LIGHTS (Non Time of Use)**

Monthly Service Charge	(per 30 days)	\$0.00
Distribution Volumetric Rate	(per kVa)	\$0.0000

**SENTINEL LIGHTS (Time of Use)**

Monthly Service Charge	(per 30 days)	\$0.00
Distribution Volumetric Rate	(per kVa)	\$0.0000

**SMALL SCATTERED LOADS**

Administration and Processing	(per customer / 30 days)	\$2.85
Monthly Service Charge	(per connection / 30 days)	\$0.29
Distribution Volumetric Rate	(per kWh)	\$0.0182

**STREET LIGHTING (Time of Use)**

Monthly Service Charge	(per 30 days)	\$0.30
Distribution Volumetric Rate	(per kVa)	\$3.8500

**SPECIFIC SERVICE CHARGES**

ADD 2002 OEB APPROVED SPECIFIC SERVICE CHARGES HERE (as on Sheet 2)

### Bill Impact Analysis for 2004 Rate Schedule after Regulatory Asset and 2004 PILs Adjustments

(commodity price constant)

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule provides an estimate of bill impacts using the 2004 Rate Schedule which includes the Regulatory Asset Recovery and the 2004 PILs amount. The 2004 bill does not include the new tiered commodity rate that will come into effect on April 1, 2004.

Note: Enter your current kWh rates, not the rates on Sheet 2.

**Enter your  
 Current Distribution  
 kWh Charge.  
 Monthly Service Charge is  
 Transferred from Sheet 9**

### RESIDENTIAL CLASS

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0107, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0239/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

<u>CURRENT 2003 BILL</u>				<u>2004 BILL (25% of Regulatory Assets, 2004 PILs &amp; Constant Commodity Price)</u>				
ENTER DESIRED CONSUMPTION LEVEL	kWh (enter)	RATE \$/kWh	CHARGE \$	kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
100 kWh								
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03	
DISTRIBUTION kWh	100	0.0134	\$ 1.34	DISTRIBUTION kWh	100	0.0141	\$ 1.41	
OTHER CHARGES kWh	100	0.0239	\$ 2.39	OTHER CHARGES kWh	100	0.0239	\$ 2.39	
COST OF POWER kWh	100	0.0430	\$ 4.30	COST OF POWER kWh	100	0.0430	\$ 4.30	
CURRENT 2003 BILL			\$ 22.06	Adjusted 2004 BILL			\$ 22.13	\$ 0.07 0.3%

**MONTHLY CONSUMPTION OF  
250 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
OTHER kWh	250	0.0134	\$ 3.35		250	0.0141	\$ 3.53		
CHARGES kWh	250	0.0239	\$ 5.98		250	0.0239	\$ 5.98		
COST OF POWER kWh	250	0.0430	\$ 10.75		250	0.0430	\$ 10.75		
CURRENT 2003 BILL			\$ 34.11	Adjusted 2004 BILL			\$ 34.28	\$ 0.17	0.5%

**MONTHLY CONSUMPTION OF  
500 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
OTHER kWh	500	0.0134	\$ 6.70		500	0.0141	\$ 7.05		
CHARGES kWh	500	0.0239	\$ 11.95		500	0.0239	\$ 11.95		
COST OF POWER kWh	500	0.0430	\$ 21.50		500	0.0430	\$ 21.50		
CURRENT 2003 BILL			\$ 54.18	Adjusted 2004 BILL			\$ 54.53	\$ 0.35	0.6%

**MONTHLY CONSUMPTION OF  
750 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
OTHER kWh	750	0.0134	\$ 10.05		750	0.0141	\$ 10.58		
CHARGES kWh	750	0.0239	\$ 17.93		750	0.0239	\$ 17.93		
COST OF POWER kWh	750	0.0430	\$ 32.25		750	0.0430	\$ 32.25		
CURRENT 2003 BILL			\$ 74.26	Adjusted 2004 BILL			\$ 74.78	\$ 0.53	0.7%

**MONTHLY CONSUMPTION OF  
1000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
DISTRIBUTION kWh	1000	0.0134	\$ 13.40		1000	0.0141	\$ 14.10		
OTHER CHARGES kWh	1000	0.0239	\$ 23.90		1000	0.02390	\$ 23.90		
COST OF POWER kWh	1000	0.0430	\$ 43.00		1000	0.0430	\$ 43.00		

CURRENT 2003 BILL \$ 94.33 Adjusted 2004 BILL \$ 95.03 \$ 0.70 0.7%

**MONTHLY CONSUMPTION OF  
1500 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
DISTRIBUTION kWh	1500	0.0134	\$ 20.10		1500	0.0141	\$ 21.15		
OTHER CHARGES kWh	1500	0.0239	\$ 35.85		1500	0.0239	\$ 35.85		
COST OF POWER kWh	1500	0.0430	\$ 64.50		1500	0.0430	\$ 64.50		

CURRENT 2003 BILL \$ 134.48 Adjusted 2004 BILL \$ 135.53 \$ 1.05 0.8%

**MONTHLY CONSUMPTION OF  
2000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
DISTRIBUTION kWh	2000	0.0134	\$ 26.80		2000	0.0141	\$ 28.20		
OTHER CHARGES kWh	2000	0.0239	\$ 47.80		2000	0.0239	\$ 47.80		
COST OF POWER kWh	2000	0.0430	\$ 86.00		2000	0.0430	\$ 86.00		

CURRENT 2003 BILL \$ 174.63 Adjusted 2004 BILL \$ 176.03 \$ 1.40 0.8%

**GENERAL SERVICE < 50 KW**

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0097, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0229/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

CURRENT 2003 BILL				2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)				
ENTER DESIRED CONSUMPTION LEVEL								
1000 kWh	kWh (enter)	RATE \$/kWh	CHARGE \$	kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$18.59	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	
DISTRIBUTION kWh	1000	0.0181	\$ 18.10	DISTRIBUTION kWh	1000	0.0190	\$ 19.00	
OTHER CHARGES kWh	1000	0.0229	\$ 22.90	OTHER CHARGES kWh	1000	0.0229	\$ 22.90	
COST OF POWER kWh	1000	0.0430	\$ 43.00	COST OF POWER kWh	1000	0.0430	\$ 43.00	
CURRENT 2003 BILL			\$ 102.59	Adjusted 2004 BILL		\$ 103.49	\$ 0.90	0.9%
MONTHLY CONSUMPTION 2000 kWh								
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	
DISTRIBUTION kWh	2000	0.0181	\$ 36.20	DISTRIBUTION kWh	2000	0.0190	\$ 38.00	
OTHER CHARGES kWh	2000	0.0229	\$ 45.80	OTHER CHARGES kWh	2000	0.0229	\$ 45.80	
COST OF POWER kWh	2000	0.0430	\$ 86.00	COST OF POWER kWh	2000	0.0430	\$ 86.00	
CURRENT 2003 BILL			\$ 186.59	Adjusted 2004 BILL		\$ 188.39	\$ 1.80	1.0%

**MONTHLY CONSUMPTION  
 5000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION kWh	n/a	n/a	\$ 18.59		n/a	n/a	\$ 18.59		
OTHER CHARGES kWh COST OF POWER kWh	5000	0.0181	\$ 90.50		5000	0.0190	\$ 95.00		
	5000	0.0229	\$ 114.50		5000	0.0229	\$ 114.50		
	5000	0.0430	\$ 215.00		5000	0.0430	\$ 215.00		
CURRENT 2003 BILL			\$ 438.59	Adjusted 2004 BILL			\$ 443.09	\$ 4.50	1.0%

**MONTHLY CONSUMPTION  
 10,000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION kWh	n/a	n/a	\$ 18.59		n/a	n/a	\$ 18.59		
OTHER CHARGES kWh COST OF POWER kWh	10000	0.0181	\$ 181.00		10000	0.0190	\$ 190.00		
	10000	0.0229	\$ 229.00		10000	0.0229	\$ 229.00		
	10000	0.0430	\$ 430.00		10000	0.0430	\$ 430.00		
CURRENT 2003 BILL			\$ 858.59	Adjusted 2004 BILL			\$ 867.59	\$ 9.00	1.0%

**MONTHLY CONSUMPTION  
 15,000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION kWh	n/a	n/a	\$ 18.59		n/a	n/a	\$ 18.59		
OTHER CHARGES kWh COST OF POWER kWh	15000	0.0181	\$ 271.50		15000	0.0190	\$ 285.00		
	15000	0.0229	\$ 343.50		15000	0.0229	\$ 343.50		
	15000	0.0430	\$ 645.00		15000	0.0430	\$ 645.00		
CURRENT 2003 BILL			\$ 1,278.59	Adjusted 2004 BILL			\$ 1,292.09	\$ 13.50	1.1%

**GENERAL SERVICE > 50 KW NON TIME OF USE**

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$3.91/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.

Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your Consumption has not been adjusted for line losses.

<b>CURRENT 2003 BILL</b>				<b>2004 BILL (25% of Regulatory Assets, 2004 PILs &amp; Constant Commodity Price)</b>					
<b>ENTER DESIRED CONSUMPTION LEVEL</b>									
	<b>kW/kWh (enter)</b>	<b>RATE \$/kW/kWh</b>	<b>CHARGE \$</b>		<b>kW/kWh</b>	<b>RATE \$/kW/kWh</b>	<b>CHARGE \$</b>	<b>IMPACT DOLLARS</b>	<b>IMPACT %</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$29.69	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69		
DISTRIBUTION kW	60	5.0600	\$ 303.60	DISTRIBUTION kW	60	5.4600	\$ 327.60		
OTHER CHARGES kW	60	3.9100	\$ 234.60	OTHER CHARGES kW	60	3.9100	\$ 234.60		
OTHER CHARGES kWh	15,000	0.0132	\$ 198.00	OTHER CHARGES kWh	15,000	0.0132	\$ 198.00		
COST OF POWER kWh	15,000	0.0550	\$ 825.00	COST OF POWER kWh	15,000	0.0550	\$ 825.00		
<b>CURRENT 2003 BILL</b>			<b>\$ 1,590.89</b>	<b>Adjusted 2004 BILL</b>			<b>\$ 1,614.89</b>	<b>\$ 24.00</b>	<b>1.5%</b>

<b>MONTHLY CONSUMPTION 100kW, 40,000kWh</b>									
	<b>kW/kWh (enter)</b>	<b>RATE \$/kW/kWh</b>	<b>CHARGE \$</b>		<b>kW/kWh</b>	<b>RATE \$/kW/kWh</b>	<b>CHARGE \$</b>	<b>IMPACT DOLLARS</b>	<b>IMPACT %</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69		
DISTRIBUTION kW	100	5.0600	\$ 506.00	DISTRIBUTION kW	100	5.4600	\$ 546.00		
OTHER CHARGES kW	100	3.9100	\$ 391.00	OTHER CHARGES kW	100	3.9100	\$ 391.00		
OTHER CHARGES kWh	40,000	0.0132	\$ 528.00	OTHER CHARGES kWh	40,000	0.0132	\$ 528.00		
COST OF POWER kWh	40,000	0.0550	\$ 2,200.00	COST OF POWER kWh	40,000	0.0550	\$ 2,200.00		
<b>CURRENT 2003 BILL</b>			<b>\$ 3,654.69</b>	<b>Adjusted 2004 BILL</b>			<b>\$ 3,694.69</b>	<b>\$ 40.00</b>	<b>1.1%</b>



**MONTHLY CONSUMPTION**  
**500kW, 100,000kWh**

	<b>kW/kWh</b> <b>(enter)</b>	<b>RATE</b> <b>\$/kW/kWh</b>	<b>CHARGE</b> <b>\$</b>		<b>kW/kWh</b>	<b>RATE</b> <b>\$/kW/kWh</b>	<b>CHARGE</b> <b>\$</b>	<b>IMPACT</b> <b>DOLLARS</b>	<b>IMPACT</b> <b>%</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69	
DISTRIBUTION kW	500	5.0600	\$ 2,530.00		DISTRIBUTION kW	500	5.4600	\$ 2,730.00	
OTHER CHARGES kW	500	3.9100	\$ 1,955.00		OTHER CHARGES kW	500	3.9100	\$ 1,955.00	
OTHER CHARGES kWh	100,000	0.0132	\$ 1,320.00		OTHER CHARGES kWh	100,000	0.0132	\$ 1,320.00	
COST OF POWER kWh	100,000	0.0550	\$ 5,500.00		COST OF POWER kWh	100,000	0.0550	\$ 5,500.00	
CURRENT 2003 BILL			<b>\$ 11,334.69</b>	Adjusted 2004 BILL			<b>\$ 11,534.69</b>	\$ 200.00	<b>1.8%</b>

**MONTHLY CONSUMPTION**  
**1000kW, 400,000kWh**

	<b>kW/kWh</b> <b>(enter)</b>	<b>RATE</b> <b>\$/kW/kWh</b>	<b>CHARGE</b> <b>\$</b>		<b>kW/kWh</b>	<b>RATE</b> <b>\$/kW/kWh</b>	<b>CHARGE</b> <b>\$</b>	<b>IMPACT</b> <b>DOLLARS</b>	<b>IMPACT</b> <b>%</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69	
DISTRIBUTION kW	1000	5.0600	\$ 5,060.00		DISTRIBUTION kW	1000	5.4600	\$ 5,460.00	
OTHER CHARGES kW	1000	3.9100	\$ 3,910.00		OTHER CHARGES kW	1000	3.9100	\$ 3,910.00	
OTHER CHARGES kWh	400,000	0.0132	\$ 5,280.00		OTHER CHARGES kWh	400,000	0.0132	\$ 5,280.00	
COST OF POWER kWh	400,000	0.0550	\$ 22,000.00		COST OF POWER kWh	400,000	0.0550	\$ 22,000.00	
CURRENT 2003 BILL			<b>\$ 36,279.69</b>	Adjusted 2004 BILL			<b>\$ 36,679.69</b>	\$ 400.00	<b>1.1%</b>

**MONTHLY CONSUMPTION**  
**3,000kW, 1,000,000kWh**

	<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>		<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>	<b>IMPACT</b>	<b>IMPACT</b>
	<b>(enter)</b>	<b>\$/kW/kWh</b>	<b>\$</b>			<b>\$/kW/kWh</b>	<b>\$</b>	<b>DOLLARS</b>	<b>%</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69	
DISTRIBUTION kW	3000	5.0600	\$ 15,180.00		DISTRIBUTION kW	3000	5.4600	\$ 16,380.00	
OTHER CHARGES kW	3000	3.9100	\$ 11,730.00		OTHER CHARGES kW	3000	3.9100	\$ 11,730.00	
OTHER CHARGES kWh	1,000,000	0.0132	\$ 13,200.00		OTHER CHARGES kWh	1,000,000	0.0132	\$ 13,200.00	
COST OF POWER kWh	1,000,000	0.0550	\$ 55,000.00		COST OF POWER kWh	1,000,000	0.0550	\$ 55,000.00	
CURRENT 2003 BILL			\$ 95,139.69	Adjusted 2004 BILL			\$ 96,339.69	\$ 1,200.00	1.3%

**MONTHLY CONSUMPTION**  
**4,000kW, 1,800,000kWh**

	<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>		<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>	<b>IMPACT</b>	<b>IMPACT</b>
	<b>(enter)</b>	<b>\$/kW/kWh</b>	<b>\$</b>			<b>\$/kW/kWh</b>	<b>\$</b>	<b>DOLLARS</b>	<b>%</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.69	
DISTRIBUTION kW	4000	5.0600	\$ 20,240.00		DISTRIBUTION kW	4000	5.46000	\$ 21,840.00	
OTHER CHARGES kW	4000	3.9100	\$ 15,640.00		OTHER CHARGES kW	4000	3.9100	\$ 15,640.00	
OTHER CHARGES kWh	1,800,000	0.0132	\$ 23,760.00		OTHER CHARGES kWh	1,800,000	0.0132	\$ 23,760.00	
COST OF POWER kWh	1,800,000	0.0550	\$ 99,000.00		COST OF POWER kWh	1,800,000	0.0550	\$ 99,000.00	
CURRENT 2003 BILL			\$ 158,669.69	Adjusted 2004 BILL			\$ 160,269.69	\$ 1,600.00	1.0%

**GENERAL SERVICE >50 KW TIME OF USE**

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$4.2138/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.

Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your Consumption has not been adjusted for line losses.

**CURRENT 2003 BILL**

**2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)**

**ENTER DESIRED CONSUMPTION LEVEL**

	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$29.61		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61	
DISTRIBUTION kW	60	5.1500	\$ 309.00		DISTRIBUTION kW	60	5.4500	\$ 327.00	
OTHER CHARGES kW	60	4.2138	\$ 252.83		OTHER CHARGES kW	60	4.2138	\$ 252.83	
OTHER CHARGES kWh	15,000	0.0132	\$ 198.00		OTHER CHARGES kWh	15,000	0.0132	\$ 198.00	
COST OF POWER kWh	15,000	0.0550	\$ 825.00		COST OF POWER kWh	15,000	0.0550	\$ 825.00	
CURRENT 2003 BILL			\$ 1,614.44	Adjusted 2004 BILL			\$ 1,632.44	\$ 18.00	1.1%

**MONTHLY CONSUMPTION  
100kW, 40,000kWh**

	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61	
DISTRIBUTION kW	100	5.1500	\$ 515.00		DISTRIBUTION kW	100	5.4500	\$ 545.00	
OTHER CHARGES kW	100	4.2138	\$ 421.38		OTHER CHARGES kW	100	4.2138	\$ 421.38	
OTHER CHARGES kWh	40,000	0.0132	\$ 528.00		OTHER CHARGES kWh	40,000	0.0132	\$ 528.00	
COST OF POWER kWh	40,000	0.0550	\$ 2,200.00		COST OF POWER kWh	40,000	0.0550	\$ 2,200.00	
CURRENT 2003 BILL			\$ 3,693.99	Adjusted 2004 BILL			\$ 3,723.99	\$ 30.00	0.8%

**MONTHLY CONSUMPTION**  
**500kW, 100,000kWh**

	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61	
DISTRIBUTION kW	500	5.1500	\$ 2,575.00		DISTRIBUTION kW	500	5.4500	\$ 2,725.00	
OTHER CHARGES kW	500	4.2138	\$ 2,106.90		OTHER CHARGES kW	500	4.2138	\$ 2,106.90	
OTHER CHARGES kWh	100,000	0.0132	\$ 1,320.00		OTHER CHARGES kWh	100,000	0.0132	\$ 1,320.00	
COST OF POWER kWh	100,000	0.0550	\$ 5,500.00		COST OF POWER kWh	100,000	0.0550	\$ 5,500.00	
CURRENT 2003 BILL			\$ 11,531.51	Adjusted 2004 BILL			\$ 11,681.51	\$ 150.00	1.3%

**MONTHLY CONSUMPTION**  
**1000kW, 400,000kWh**

	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 29.61	
DISTRIBUTION kW	1000	5.1500	\$ 5,150.00		DISTRIBUTION kW	1000	5.4500	\$ 5,450.00	
OTHER CHARGES kW	1000	4.2138	\$ 4,213.80		OTHER CHARGES kW	1000	4.2138	\$ 4,213.80	
OTHER CHARGES kWh	400,000	0.0132	\$ 5,280.00		OTHER CHARGES kWh	400,000	0.0132	\$ 5,280.00	
COST OF POWER kWh	400,000	0.0550	\$ 22,000.00		COST OF POWER kWh	400,000	0.0550	\$ 22,000.00	
CURRENT 2003 BILL			\$ 36,673.41	Adjusted 2004 BILL			\$ 36,973.41	\$ 300.00	0.8%

**MONTHLY CONSUMPTION**  
**3,000kW, 1,000,000kWh**

	<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>		<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>	<b>IMPACT</b>	<b>IMPACT</b>
	<b>(enter)</b>	<b>\$/kWh</b>	<b>\$</b>			<b>\$/kWh</b>	<b>\$</b>	<b>DOLLARS</b>	<b>%</b>
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 29.61	MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 29.61		
OTHER CHARGES kW	3000	5.1500	\$ 15,450.00	OTHER CHARGES kW	3000	5.4500	\$ 16,350.00		
OTHER CHARGES kWh	3000	4.2138	\$ 12,641.40	OTHER CHARGES kWh	3000	4.2138	\$ 12,641.40		
COST OF POWER kWh	1,000,000	0.0132	\$ 13,200.00	COST OF POWER kWh	1,000,000	0.0132	\$ 13,200.00		
	1,000,000	0.0550	\$ 55,000.00		1,000,000	0.0550	\$ 55,000.00		
CURRENT 2003 BILL			\$ 96,321.01	Adjusted 2004 BILL			\$ 97,221.01	\$ 900.00	0.9%

**MONTHLY CONSUMPTION**  
**4,000kW, 1,800,000kWh**

	<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>		<b>kW/kWh</b>	<b>RATE</b>	<b>CHARGE</b>	<b>IMPACT</b>	<b>IMPACT</b>
	<b>(enter)</b>	<b>\$/kWh</b>	<b>\$</b>			<b>\$/kWh</b>	<b>\$</b>	<b>DOLLARS</b>	<b>%</b>
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 29.61	MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 29.61		
OTHER CHARGES kW	4000	5.1500	\$ 20,600.00	OTHER CHARGES kW	4000	5.45000	\$ 21,800.00		
OTHER CHARGES kWh	4000	4.2138	\$ 16,855.20	OTHER CHARGES kWh	4000	4.2138	\$ 16,855.20		
COST OF POWER kWh	1,800,000	0.0132	\$ 23,760.00	COST OF POWER kWh	1,800,000	0.0132	\$ 23,760.00		
	1,800,000	0.0550	\$ 99,000.00		1,800,000	0.0550	\$ 99,000.00		
CURRENT 2003 BILL			\$ 160,244.81	Adjusted 2004 BILL			\$ 161,444.81	\$ 1,200.00	0.7%

**GENERAL SERVICE INTERMEDIATE CLASS**

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$4.2138/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.

Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your Consumption has not been adjusted for line losses.

**CURRENT 2003 BILL**

**2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)**

**ENTER DESIRED CONSUMPTION LEVEL**

MONTHLY CONSUMPTION	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
3000kW, 800,000 kWh									
MONTHLY SERVICE CHARGE	n/a	n/a	\$815.60		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60	
DISTRIBUTION kW	3000	4.2300	\$ 12,690.00		DISTRIBUTION kW	3000	4.5900	\$ 13,770.00	
OTHER CHARGES kW	3000	4.2138	\$ 12,641.40		OTHER CHARGES kW	3000	4.2138	\$ 12,641.40	
OTHER CHARGES kWh	800,000	0.0132	\$ 10,560.00		OTHER CHARGES kWh	800,000	0.0132	\$ 10,560.00	
COST OF POWER kWh	800,000	0.0550	\$ 44,000.00		COST OF POWER kWh	800,000	0.0550	\$ 44,000.00	
CURRENT 2003 BILL			\$ 80,707.00		Adjusted 2004 BILL		\$ 81,787.00	\$ 1,080.00	1.3%

MONTHLY CONSUMPTION	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
3000kW, 1,000,000kWh									
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60	
DISTRIBUTION kW	3000	4.2300	\$ 12,690.00		DISTRIBUTION kW	3000	4.5900	\$ 13,770.00	
OTHER CHARGES kW	3000	4.2138	\$ 12,641.40		OTHER CHARGES kW	3000	4.2138	\$ 12,641.40	
OTHER CHARGES kWh	1,000,000	0.0132	\$ 13,200.00		OTHER CHARGES kWh	1,000,000	0.0132	\$ 13,200.00	
COST OF POWER kWh	1,000,000	0.0550	\$ 55,000.00		COST OF POWER kWh	1,000,000	0.0550	\$ 55,000.00	
CURRENT 2003 BILL			\$ 94,347.00		Adjusted 2004 BILL		\$ 95,427.00	\$ 1,080.00	1.1%

**MONTHLY CONSUMPTION**  
**4000kW, 1,200,000kWh**

	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60	
DISTRIBUTION kW	4000	4.2300	\$ 16,920.00		DISTRIBUTION kW	4000	4.5900	\$ 18,360.00	
OTHER CHARGES kW	4000	4.2138	\$ 16,855.20		OTHER CHARGES kW	4000	4.2138	\$ 16,855.20	
OTHER CHARGES kWh	1,200,000	0.0132	\$ 15,840.00		OTHER CHARGES kWh	1,200,000	0.0132	\$ 15,840.00	
COST OF POWER kWh	1,200,000	0.0550	\$ 66,000.00		COST OF POWER kWh	1,200,000	0.0550	\$ 66,000.00	
CURRENT 2003 BILL			\$ 116,430.80	Adjusted 2004 BILL			\$ 117,870.80	\$ 1,440.00	1.2%

**MONTHLY CONSUMPTION**  
**4000kW, 1,800,000kWh**

	kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 815.60	
DISTRIBUTION kW	4000	4.2300	\$ 16,920.00		DISTRIBUTION kW	4000	4.5900	\$ 18,360.00	
OTHER CHARGES kW	4000	4.2138	\$ 16,855.20		OTHER CHARGES kW	4000	4.2138	\$ 16,855.20	
OTHER CHARGES kWh	#####	0.0132	\$ 23,760.00		OTHER CHARGES kWh	1,800,000	0.0132	\$ 23,760.00	
COST OF POWER kWh	#####	0.0550	\$ 99,000.00		COST OF POWER kWh	1,800,000	0.0550	\$ 99,000.00	
CURRENT 2003 BILL			\$ 157,350.80	Adjusted 2004 BILL			\$ 158,790.80	\$ 1,440.00	0.9%

**LARGE USE CLASS**

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$4.7369/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.

Cost of Power is estimated to be 5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your utility. Consumption has not been adjusted for line losses.

**CURRENT 2003 BILL**

**2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)**

**ENTER DESIRED CONSUMPTION LEVEL**

MONTHLY CONSUMPTION		kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %	
6000kW, 2,800,000 kWh	MONTHLY SERVICE CHARGE	n/a	n/a	\$3,142.32		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 3,142.32		
	DISTRIBUTION kW	6000	3.5900	\$ 21,540.00		DISTRIBUTION kW	6000	4.0000	\$ 24,000.00		
	OTHER CHARGES kW	6000	4.7369	\$ 28,421.40		OTHER CHARGES kW	6000	4.7369	\$ 28,421.40		
	OTHER CHARGES kWh	2,800,000	0.0132	\$ 36,960.00		OTHER CHARGES kWh	2,800,000	0.0132	\$ 36,960.00		
	COST OF POWER kWh	2,800,000	0.0500	\$ 140,000.00		COST OF POWER kWh	2,800,000	0.0500	\$ 140,000.00		
	CURRENT 2003 BILL			\$ 230,063.72		Adjusted 2004 BILL			\$ 232,523.72	\$ 2,460.00	1.1%

MONTHLY CONSUMPTION		kW/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %	
15000kW, 10,000,000kWh	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 3,142.32		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 3,142.32		
	DISTRIBUTION kW	15000	3.5900	\$ 53,850.00		DISTRIBUTION kW	15000	4.0000	\$ 60,000.00		
	OTHER CHARGES kW	15000	4.7369	\$ 71,053.50		OTHER CHARGES kW	15000	4.7369	\$ 71,053.50		
	OTHER CHARGES kWh	#####	0.0132	\$ 132,000.00		OTHER CHARGES kWh	10,000,000	0.0132	\$ 132,000.00		
	COST OF POWER kWh	#####	0.0500	\$ 500,000.00		COST OF POWER kWh	#####	0.0500	\$ 500,000.00		
	CURRENT 2003 BILL			\$ 760,045.82		Adjusted 2004 BILL			\$ 766,195.82	\$ 6,150.00	0.8%



## Bill Impact Analysis for 2004 Rate Schedule after Regulatory Asset and 2004 PILs Adjustments

(commodity price increase on April 1, 2004)

<b>NAME OF UTILITY</b>	THESL	<b>LICENCE NUMBER</b>	ED-2002-0497
<b>NAME OF CONTACT</b>	ANTHONY LAM	<b>PHONE NUMBER</b>	416 542 3100 x30076
<b>E- Mail Address</b>	Alam@torontohydro.com		
<b>VERSION NUMBER</b>	5		
<b>Date</b>	22-Feb-04		

This schedule provides an estimate of bill impacts using the 2004 Rate Schedule which includes the Regulatory Asset Recovery and the 2004 PILs amount. The 2004 bill also includes the new tiered commodity rate that will come into effect on April 1, 2004.

Note: All Rates are transferred from Sheets 10 and 11.

### RESIDENTIAL CLASS

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0107, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0239/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

NON-TIME OF USE	<u>CURRENT 2003 BILL</u>				<u>2004 BILL (25% of Regulatory Assets, 2004 PILs &amp; Tiered Commodity Price)</u>					
ENTER DESIRED CONSUMPTION LEVEL	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %	
100 kWh										
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		
DISTRIBUTION kWh	100	0.0134	\$ 1.34		DISTRIBUTION kWh	100	0.0141	\$ 1.41		
OTHER CHARGES kWh	100	0.0239	\$ 2.39		OTHER CHARGES kWh	100	0.0239	\$ 2.39		
COST OF POWER kWh	100	0.0430	\$ 4.30		COST OF POWER kWh	100	0.0470	\$ 4.70		
CURRENT 2003 BILL			\$ 22.06		Adjusted 2004 BILL		\$ 22.53	\$ 0.47	2.1%	

**MONTHLY CONSUMPTION OF  
250 kWh**

	<b>kWh (enter)</b>	<b>RATE \$/kWh</b>	<b>CHARGE \$</b>		<b>kWh</b>	<b>RATE \$/kWh</b>	<b>CHARGE \$</b>	<b>IMPACT DOLLARS</b>	<b>IMPACT %</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03	
DISTRIBUTION kWh	250	0.0134	\$ 3.35		DISTRIBUTION kWh	250	0.0141	\$ 3.53	
OTHER CHARGES kWh	250	0.0239	\$ 5.98		OTHER CHARGES kWh	250	0.0239	\$ 5.98	
COST OF POWER kWh	250	0.0430	\$ 10.75		COST OF POWER kWh	250	0.0470	\$ 11.75	
CURRENT 2003 BILL			<b>\$ 34.11</b>	Adjusted 2004 BILL			<b>\$ 35.28</b>	\$ 1.18	<b>3.4%</b>

**MONTHLY CONSUMPTION OF  
500 kWh**

	<b>kWh (enter)</b>	<b>RATE \$/kWh</b>	<b>CHARGE \$</b>		<b>kWh</b>	<b>RATE \$/kWh</b>	<b>CHARGE \$</b>	<b>IMPACT DOLLARS</b>	<b>IMPACT %</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03	
DISTRIBUTION kWh	500	0.0134	\$ 6.70		DISTRIBUTION kWh	500	0.0141	\$ 7.05	
OTHER CHARGES kWh	500	0.0239	\$ 11.95		OTHER CHARGES kWh	500	0.0239	\$ 11.95	
COST OF POWER kWh	500	0.0430	\$ 21.50		COST OF POWER kWh	500	0.0470	\$ 23.50	
CURRENT 2003 BILL			<b>\$ 54.18</b>	Adjusted 2004 BILL			<b>\$ 56.53</b>	\$ 2.35	<b>4.3%</b>

**MONTHLY CONSUMPTION OF  
750 kWh**

	<b>kWh (enter)</b>	<b>RATE \$/kWh</b>	<b>CHARGE \$</b>		<b>kWh</b>	<b>RATE \$/kWh</b>	<b>CHARGE \$</b>	<b>IMPACT DOLLARS</b>	<b>IMPACT %</b>
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03	
DISTRIBUTION kWh	750	0.0134	\$ 10.05		DISTRIBUTION kWh	750	0.0141	\$ 10.58	
OTHER CHARGES kWh	750	0.0239	\$ 17.93		OTHER CHARGES kWh	750	0.0239	\$ 17.93	
COST OF POWER kWh	750	0.0430	\$ 32.25		COST OF POWER kWh	750	0.0470	\$ 35.25	
CURRENT 2003 BILL			<b>\$ 74.26</b>	Adjusted 2004 BILL			<b>\$ 77.78</b>	\$ 3.53	<b>4.7%</b>

**MONTHLY CONSUMPTION OF  
1000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
kWh	1000	0.0134	\$ 13.40		1000	0.0141	\$ 14.10		
OTHER CHARGES kWh	1000	0.0239	\$ 23.90		1000	0.02390	\$ 23.90		
COST OF POWER kWh	1000	0.0430	\$ 43.00		750	0.0470	\$ 35.25		
					250	0.0550	\$ 13.75		
CURRENT 2003 BILL			\$ 94.33	Adjusted 2004 BILL			\$ 101.03	\$ 6.70	7.1%

**MONTHLY CONSUMPTION OF  
1500 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 14.03		n/a	n/a	\$ 14.03		
kWh	1500	0.0134	\$ 20.10		1500	0.0141	\$ 21.15		
OTHER CHARGES kWh	1500	0.0239	\$ 35.85		1500	0.0239	\$ 35.85		
COST OF POWER kWh	1500	0.0430	\$ 64.50		750	0.0470	\$ 35.25		
					750	0.0550	\$ 41.25		
CURRENT 2003 BILL			\$ 134.48	Adjusted 2004 BILL			\$ 147.53	\$ 13.05	9.7%

**MONTHLY CONSUMPTION OF  
 2000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 14.03	
DISTRIBUTION kWh	2000	0.0134	\$ 26.80		DISTRIBUTION kWh	2000	0.0141	\$ 28.20	
OTHER CHARGES kWh	2000	0.0239	\$ 47.80		OTHER CHARGES kWh	2000	0.0239	\$ 47.80	
COST OF POWER kWh	2000	0.0430	\$ 86.00		COST OF POWER kWh	750	0.0470	\$ 35.25	
					COST OF POWER kWh	1250	0.0550	\$ 68.75	
CURRENT 2003 BILL			\$ 174.63	Adjusted 2004 BILL			\$ 194.03	\$ 19.40	11.1%

**GENERAL SERVICE < 50 KW**

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0097, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0229/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

MONTHLY CONSUMPTION OF 1000 kWh	CURRENT 2003 BILL			2004 BILL (25% of Regulatory Assets, 2004 PILs & Tiered Commodity Price)				
	kWh (enter)	RATE \$/kWh	CHARGE \$	kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	
DISTRIBUTION kWh	1000	0.0181	\$ 18.10	DISTRIBUTION kWh	1000	0.01900	\$ 19.00	
OTHER CHARGES kWh	1000	0.0229	\$ 22.90	OTHER CHARGES kWh	1000	0.0229	\$ 22.90	
COST OF POWER kWh	1000	0.0430	\$ 43.00	COST OF POWER kWh	750	0.0470	\$ 35.25	
				COST OF POWER kWh	250	0.0550	\$ 13.75	
CURRENT 2003 BILL			\$ 102.59	Adjusted 2004 BILL		\$ 109.49	\$ 6.90	6.7%

  

MONTHLY CONSUMPTION OF 2000 kWh	CURRENT 2003 BILL			2004 BILL (25% of Regulatory Assets, 2004 PILs & Tiered Commodity Price)				
	kWh (enter)	RATE \$/kWh	CHARGE \$	kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	
DISTRIBUTION kWh	2000	0.0181	\$ 36.20	DISTRIBUTION kWh	2000	0.0190	\$ 38.00	
OTHER CHARGES kWh	2000	0.0229	\$ 45.80	OTHER CHARGES kWh	2000	0.0229	\$ 45.80	
COST OF POWER kWh	2000	0.0430	\$ 86.00	COST OF POWER kWh	750	0.0470	\$ 35.25	
				COST OF POWER kWh	1250	0.0550	\$ 68.75	
CURRENT 2003 BILL			\$ 186.59	Adjusted 2004 BILL		\$ 206.39	\$ 19.80	10.6%

**MONTHLY CONSUMPTION OF  
5000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 18.59		n/a	n/a	\$ 18.59		
kWh	5000	0.0181	\$ 90.50		5000	0.0190	\$ 95.00		
OTHER CHARGES kWh	5000	0.0229	\$ 114.50		5000	0.0229	\$ 114.50		
COST OF POWER kWh	5000	0.0430	\$ 215.00		750	0.0470	\$ 35.25		
					4250	0.0550	\$ 233.75		
CURRENT 2003 BILL			\$ 438.59	Adjusted 2004 BILL			\$ 497.09	\$ 58.50	13.3%

**MONTHLY CONSUMPTION OF  
10000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 18.59		n/a	n/a	\$ 18.59		
kWh	10000	0.0181	\$ 181.00		10000	0.0190	\$ 190.00		
OTHER CHARGES kWh	10000	0.0229	\$ 229.00		10000	0.0229	\$ 229.00		
COST OF POWER kWh	10000	0.0430	\$ 430.00		750	0.0470	\$ 35.25		
					9250	0.0550	\$ 508.75		
CURRENT 2003 BILL			\$ 858.59	Adjusted 2004 BILL			\$ 981.59	\$ 123.00	14.3%

**MONTHLY CONSUMPTION OF  
 15000 kWh**

	kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 18.59	
DISTRIBUTION kWh	15000	0.0181	\$ 271.50		DISTRIBUTION kWh	15000	0.0190	\$ 285.00	
OTHER CHARGES kWh	15000	0.0229	\$ 343.50		OTHER CHARGES kWh	15000	0.0229	\$ 343.50	
COST OF POWER kWh	15000	0.0430	\$ 645.00		COST OF POWER kWh	750	0.0470	\$ 35.25	
					COST OF POWER kWh	14250	0.0550	\$ 783.75	
CURRENT 2003 BILL			\$ 1,278.59	Adjusted 2004 BILL			\$ 1,466.09	\$ 187.50	14.7%

T2 CORPORATION INCOME TAX RETURN

200  
Code 0401

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 separate provincial corporate return.

**055 Do not use this area**

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule K2  
Filed: 2012 June 1  
(52 pages)

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

Send one completed copy of this return, including schedules and the *General Index of Financial Information (GIFI)*, to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

<b>Identification</b>	
Business Number (BN) ..... <b>001</b> 896718327RC0001	
Corporation's name <b>002</b> TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	
Has the corporation changed its name since the last time we were notified? ... <b>003</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> If Yes, do you have a copy of the articles of amendment? ..... <b>004</b> 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>	
<b>Address of head office</b> Has the address changed since the last time we were notified? ..... <b>010</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
<b>011</b> 14 CARLTON ST.	
<b>012</b>	<b>013</b>
City <b>015</b> TORONTO	Province, territory, or state <b>016</b> ON
Country (other than Canada) <b>017</b>	Postal code/ZIP code <b>018</b> M5B-1K5
<b>Mailing address (if different from head office address)</b> Has the address changed since the last time we were notified? ..... <b>020</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
<b>021</b> c/o	
<b>022</b>	
<b>023</b>	
City <b>025</b>	Province, territory, or state <b>026</b>
Country (other than Canada) <b>027</b>	Postal code/ZIP code <b>028</b>
<b>Location of books and records</b> Has the location of books and records changed since the last time we were notified? ..... <b>030</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
<b>031</b> 14 CARLTON ST.	
<b>032</b>	
City <b>035</b> TORONTO	Province, territory, or state <b>036</b> ON
Country (other than Canada) <b>037</b>	Postal code/ZIP code <b>038</b> M5B-1K5
<b>040</b> Type of corporation at the end of the taxation year	
1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC)      4 <input type="checkbox"/> Corporation controlled by a public corporation	
2 <input type="checkbox"/> Other private corporation      5 <input type="checkbox"/> Other corporation (specify, below)	
3 <input type="checkbox"/> Public corporation	
If the type of corporation changed during the taxation year, provide the effective date of the change ..... <b>043</b> _____ YYYY/MM/DD	
<b>To which taxation year does this return apply?</b>	
Taxation year start <b>060</b> 2004-01-01 YYYY/MM/DD	Taxation year-end <b>061</b> 2004-12-31 YYYY/MM/DD
Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? ..... <b>063</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, give the date control was acquired ..... <b>065</b> _____ YYYY/MM/DD	
<b>Is the corporation a professional corporation that is a member of a partnership?</b> ..... <b>067</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
<b>Is this the first year of filing after:</b>	
Incorporation? ..... <b>070</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Amalgamation? ..... <b>071</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, complete and attach Schedule 24.	
<b>Has there been a windup of a subsidiary under section 88 during the current taxation year?</b> ..... <b>072</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, complete and attach Schedule 24.	
<b>Is this the final taxation year before amalgamation?</b> ..... <b>076</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
<b>Is this the final return up to dissolution?</b> ..... <b>078</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
<b>Is the corporation a resident of Canada?</b>	
<b>080</b> 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/> If No, give the country of residence.	
<b>081</b>	
<b>Is the non-resident corporation claiming an exemption under an income tax treaty?</b> ..... <b>082</b> 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, complete and attach Schedule 91.	
<b>If the corporation is exempt from tax under section 149, tick one of the following boxes:</b>	
<b>085</b> 1 <input type="checkbox"/> Exempt under paragraph 149(1)(e) or (l)	
2 <input type="checkbox"/> Exempt under paragraph 149(1)(j)	
3 <input type="checkbox"/> Exempt under paragraph 149(1)(t)	
4 <input type="checkbox"/> Exempt under other paragraphs of section 149	



**Attachments****Financial statement information:** Use GIFL schedules 100, 125, and 141.

\* We do not print these schedules.

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

Guide item	Yes	Schedule
27 Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	9
Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation?	<input checked="" type="checkbox"/>	23
30 Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	<input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<input type="checkbox"/>	11
33 If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	<input checked="" type="checkbox"/>	29
43 Has the corporation had any non-arm's length transactions with a non-resident?	<input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	<input type="checkbox"/>	—
46 For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
55 Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	1
78-81 Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	<input type="checkbox"/>	2
82,104 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input checked="" type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	<input checked="" type="checkbox"/>	4
132 Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<input checked="" type="checkbox"/>	6
3 i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	<input checked="" type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	13
61 Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
150 Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
131 Was the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
118 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
155 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	26 *
111 Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
121 Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	<input checked="" type="checkbox"/>	T661
124 Is the corporation subject to gross Part I.3 tax?	<input checked="" type="checkbox"/>	33/34/35
124 Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	<input checked="" type="checkbox"/>	36
124 Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
128 Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
128 Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	42
129 Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	43
129 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
125 Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	<input type="checkbox"/>	46
128 For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	39
2 Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131
153 Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
130 Is the corporation subject to Part XIII.1 tax?	<input type="checkbox"/>	92 *

**Attachments – continued from page 2**

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

**Additional information**

Is the corporation inactive? ..... **280** 1 Yes  2 No

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

What is the corporation's major business activity? ..... **282** \_\_\_\_\_  
 (Only complete if Yes was entered at line 281)

If the major activity involves the resale of goods, indicate whether it is wholesale or retail ..... **283** 1 Wholesale  2 Retail

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

<b>284</b> ELECTRICITY DISTRIB.	<b>285</b> 100%
<b>286</b> _____	<b>287</b> 0%
<b>288</b> _____	<b>289</b> 0%

Did the corporation immigrate to Canada during the taxation year? ..... **291** 1 Yes  2 No

Did the corporation emigrate from Canada during the taxation year? ..... **292** 1 Yes  2 No

**Taxable income**

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF ..... **300** 101,029,137 A

**Deduct:**

Charitable donations from Schedule 2 .....	<b>311</b>	<u>0</u>
Gifts to Canada, a province, or a territory from Schedule 2 .....	<b>312</b>	<u>0</u>
Cultural gifts from Schedule 2 .....	<b>313</b>	<u>0</u>
Ecological gifts from Schedule 2 .....	<b>314</b>	<u>0</u>
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 .....	<b>320</b>	<u>0</u>
Part VI.1 tax deduction from Schedule 43** .....	<b>325</b>	<u>0</u>
Non-capital losses of preceding taxation years from Schedule 4 .....	<b>331</b>	<u>0</u>
Net-capital losses of preceding taxation years from Schedule 4 .....	<b>332</b>	<u>3,494</u>
Restricted farm losses of preceding taxation years from Schedule 4 .....	<b>333</b>	<u>0</u>
Farm losses of preceding taxation years from Schedule 4 .....	<b>334</b>	<u>0</u>
Limited partnership losses of preceding taxation years from Schedule 4 .....	<b>335</b>	<u>0</u>
Taxable capital gains or taxable dividends allocated from a central credit union .....	<b>340</b>	<u>0</u>
Prospector's and grubstaker's shares .....	<b>350</b>	<u>0</u>
Subtotal .....		<u>3,494</u> B

Subtotal (amount A minus amount B) (if negative, enter "0") ..... 101,025,643 C

**Add:** Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions ..... **355** 0 D

**Taxable income** (amount C plus amount D) ..... **360** 101,025,643

Income exempt under paragraph 149(1)(t) ..... **370** 0

**Taxable income** for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) ..... 101,025,643 Z

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

**Small business deduction**

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

Income from active business carried on in Canada from Schedule 7 ..... **400** 100,571,681 A  
 Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632\* on page 7, minus 3 times the amount at line 636\*\* on page 7, and minus any amount that, because of federal law, is exempt from Part I tax ... **405** 101,025,643 B

**Calculation of the business limit:**

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

200,000 x  $\frac{\text{Number of days in the taxation year before 2003}}{\text{Number of days in the taxation year}} = \frac{0}{366} = 0$  1  
 225,000 x  $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}} = \frac{0}{366} = 0$  2  
 250,000 x  $\frac{\text{Number of days in the taxation year in 2004}}{\text{Number of days in the taxation year}} = \frac{366}{366} = 250,000$  3  
 300,000 x  $\frac{\text{Number of days in the taxation year after 2004}}{\text{Number of days in the taxation year}} = \frac{0}{366} = 0$  3.1

Add amounts at lines 1, 2, 3, and 3.1 250,000 4

Business limit (see notes 1 and 2 below) ..... **410** 250,000 C

- Notes:** 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.  
 2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered at line 410.

**Business limit reduction:**

Amount C 250,000 x **415**\*\*\* 4,662,448 D = ..... 103,609,956 E  
 11,250

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

**Small business deduction** - 16.00% of whichever amount is least: A, B, C, or F (enter amount G on line 9 of page 7) ..... **430** 0 G

- \* 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 1.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part 1.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part 1.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
  - starts before December 21, 2002, enter the corporation's gross Part 1.3 tax for its **preceding** taxation year; or
  - starts after December 20, 2002, enter the corporation's gross Part 1.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for 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) ..... 0 x  $\frac{300,000}{\text{line 4 above}}$  = 0 A

Net active business income (amount from line 400) \* ..... 100,571,681 B

Taxable income from line 360 on page 3 minus 3 times the amount at line 636\*\* on page 7, and minus any amount that, because of federal law, is exempt from Part I tax ..... 101,025,643 C

**Deduct:**

Aggregate investment income (amount from line 440 of page 6) ..... 453,962 D

Amount C minus amount D (if negative, enter "0") ..... 100,571,681 100,571,681 E

Amount A, B, or E above, whichever is less ..... 0 F

Amount Z from Part 9 of Schedule 27 ..... 0 x 100/7 = 0 G

Amount QQ from Part 13 of Schedule 27 ..... 0 H

Taxable resource income from line 435 of page 5 ..... 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) ..... 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less ..... 0 K

Total of amounts G, H, I, J, and K ..... 0 0 L

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

**Accelerated tax reduction** - 7% of amount M (enter amount N on line 637 of page 7) ..... 0 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.

**Resource deduction**

Taxable resource income [as defined in subsection 125.11(1)]		435	0	A
Amount A	0	x	Number of days in the taxation year in 2003 Number of days in the taxation year	0 366
				x 1% = 0 B
Amount A	0	x	Number of days in the taxation year in 2004 Number of days in the taxation year	0 366
				x 2% = 0 C
Amount A	0	x	Number of days in the taxation year in 2005 Number of days in the taxation year	0 366
				x 3% = 0 C.1
Amount A	0	x	Number of days in the taxation year in 2006 Number of days in the taxation year	0 366
				x 5% = 0 C.2
<b>Resource deduction</b> - total of amounts B, C, C.1, and C.2 (enter amount D on line 10 of page 7)			438	0 D

**General tax reduction for Canadian-controlled private corporations**

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

Taxable income from line 360 on page 3		101,025,643	E
Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0 F
Amount QQ from Part 13 of Schedule 27			0 G
Taxable resource income from line 435 above			0 H
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0 I
Amount on line 400, 405, 410, or 425 on page 4, whichever is less			0 J
Aggregate investment income from line 440 of page 6	453,962		K
Amount used to calculate the accelerated tax reduction (amount M of page 4)			0 L
Total of amounts F, G, H, I, J, K, and L	453,962		453,962 M
Amount E minus amount M (if negative, enter "0")			100,571,681 N
Amount N	100,571,681	x	Number of days in the taxation year in 2002 Number of days in the taxation year
			0 366
			x 3% = 0 O
Amount N	100,571,681	x	Number of days in the taxation year in 2003 Number of days in the taxation year
			0 366
			x 5% = 0 P
Amount N	100,571,681	x	Number of days in the taxation year after 2003 Number of days in the taxation year
			366 366
			x 7% = 7,040,018 Q
<b>General tax reduction for Canadian-controlled private corporations</b> - total of amounts O, P, and Q (enter amount R on line 638 of page 7)			7,040,018 R

**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		0	S
Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0 T
Amount QQ from Part 13 of Schedule 27			0 U
Taxable resource income from line 435 above			0 V
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0 W
Total of amounts T, U, V, and W			0 X
Amount S minus amount X (if negative, enter "0")			0 Y
Amount Y	0	x	Number of days in the taxation year in 2002 Number of days in the taxation year
			0 366
			x 3% = 0 Z
Amount Y	0	x	Number of days in the taxation year in 2003 Number of days in the taxation year
			0 366
			x 5% = 0 AA
Amount Y	0	x	Number of days in the taxation year after 2003 Number of days in the taxation year
			366 366
			x 7% = 0 BB
<b>General tax reduction</b> - total of amounts Z, AA, and BB (enter amount CC on line 639 of page 7)			0 CC

**Refundable portion of Part I tax**

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

Aggregate investment income	.....	<b>440</b>	453,962	x 26 2/3% =	.....	<u>121,057</u>	A
(amount P from Part 1 of Schedule 7)							
Foreign non-business income tax credit from line 632 on page 7	.....				.....	<u>0</u>	
<b>Deduct:</b>							
Foreign investment income	.....	<b>445</b>	0	x 9 1/3% =	.....	<u>0</u>	
(amount O from Part 1 of Schedule 7)							
				(if negative, enter "0")	.....	<u>0</u>	B
Amount A minus amount B (if negative, enter "0")	.....				.....	<u>121,057</u>	C
Taxable income from line 360 on page 3	.....				.....	<u>101,025,643</u>	
<b>Deduct:</b>							
Amount on line 400, 405, 410, or 425 on page 4, whichever is less	.....				.....	<u>0</u>	
Foreign non-business income tax credit from line 632 of page 7	.....		0	x 25/9 =	.....	<u>0</u>	
Foreign business income tax credit from line 636 of page 7	.....		0	x 3 =	.....	<u>0</u>	
					.....	<u>0</u>	
					.....	<u>101,025,643</u>	
				x 26 2/3% =	.....	<u>26,940,171</u>	D
Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8)	.....				.....	<u>22,408,913</u>	
<b>Deduct:</b> Corporate surtax from line 600 of page 7	.....				.....	<u>1,131,487</u>	
Net amount	.....				.....	<u>21,277,426</u>	E
<b>Refundable portion of Part I tax</b> – Amount C, D, or E, whichever is less	.....	<b>450</b>			.....	<u>121,057</u>	F

**Refundable dividend tax on hand**

Refundable dividend tax on hand at the end of the preceding taxation year	.....	<b>460</b>			.....	<u>0</u>	
<b>Deduct:</b> Dividend refund for the previous taxation year	.....	<b>465</b>			.....	<u>0</u>	A
<b>Add the total of:</b>							
Refundable portion of Part I tax from line 450 above	.....				.....	<u>121,057</u>	
Total Part IV tax payable from line 360 on page 3 of Schedule 3	.....				.....	<u>0</u>	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	.....	<b>480</b>			.....	<u>0</u>	
					.....	<u>121,057</u>	B
<b>Refundable dividend tax on hand at the end of the taxation year</b> – Amount A plus amount B	.....	<b>485</b>			.....	<u>121,057</u>	

**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 3 of Schedule 3	.....	<u>49,200,000</u>	x 1/3	<u>16,400,000</u>	A
Refundable dividend tax on hand at the end of the taxation year from line 485 above	.....			<u>121,057</u>	B
<b>Dividend refund</b> – Amount A or B, whichever is less (enter this amount on line 784 of page 8)	.....			<u>121,057</u>	

**Part I tax**

**Base amount of Part I tax** – 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... **550** 38,389,744 **A**

**Corporate surtax calculation**

Base amount from line A above .....	<u>38,389,744</u>	1
<b>Deduct:</b>		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3 .....	<u>10,102,564</u>	2
Investment corporation deduction from line 620 below .....	<u>0</u>	3
Federal logging tax credit from line 640 below .....	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below .....	<u>0</u>	5

For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:

28.00% of taxable income from line 360 of page 3 ...	<u>0</u> a	}	<u>0</u> 6
28.00% of taxed capital gains .....	<u>0</u> b		
Part I tax otherwise payable .....	<u>0</u> c		
(line A plus lines C and D minus line F)			
Total of lines 2 to 6 .....	<u>10,102,564</u>	7	
Net amount (line 1 minus line 7) .....	<u>28,287,180</u>	8	

**Corporate surtax** – 4.00% of the amount on line 8 ..... **600** 1,131,487 **B**

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 ..... **602** 0 **C**

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

Aggregate investment income from line 440 on page 6 .....	<u>453,962</u>	i
Taxable income from line 360 on page 3 .....	<u>101,025,643</u>	
<b>Deduct:</b>		
Amount on lines 400, 405, 410, or 425 of page 4, whichever is less ..	<u>0</u>	
Net amount .....	<u>101,025,643</u>	ii

**Refundable tax on CCPC's investment income** – 6 2/3% of the lesser of amounts i or ii ..... **604** 30,264 **D**

Subtotal (add lines A, B, C, and D) 39,551,495 **E**

**Deduct:**

Small business deduction from line 430 of page 4 .....	<u>0</u>	9
Federal tax abatement .....	<b>608</b> <u>10,102,564</u>	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 .....	<b>616</b> <u>0</u>	
Investment corporation deduction .....	<b>620</b> <u>0</u>	
(taxed capital gains <b>624</b> <u>0</u> )		
Additional deduction – credit unions from Schedule 17 .....	<b>628</b> <u>0</u>	
Federal foreign non-business income tax credit from Schedule 21 .....	<b>632</b> <u>0</u>	
Federal foreign business income tax credit from Schedule 21 .....	<b>636</b> <u>0</u>	
Accelerated tax reduction from amount N of page 4 .....	<b>637</b> <u>0</u>	
Resource deduction from line 438 of page 5 .....	<u>0</u>	10
General tax reduction for CCPCs from amount R of page 5 .....	<b>638</b> <u>7,040,018</u>	
General tax reduction from amount CC of page 5 .....	<b>639</b> <u>0</u>	
Federal logging tax credit from Schedule 21 .....	<b>640</b> <u>0</u>	
Federal political contribution tax credit .....	<b>644</b> <u>0</u>	
Federal political contributions <b>646</b> <u>0</u>		
Federal qualifying environmental trust tax credit .....	<b>648</b> <u>0</u>	
Investment tax credit from Schedule 31 .....	<b>652</b> <u>0</u>	

Subtotal 17,142,582 17,142,582 **F**

**Part I tax payable** – Line E minus line F (enter amount G on line 700 of page 8) ..... 22,408,913 **G**

**Summary of tax and credits**

**Federal tax**

Part I tax payable from page 7	700	22,408,913
Part I.3 tax payable from Schedule 33, 34, or 35	704	2,769,775
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
<b>Total federal tax</b>		<b>25,178,688</b>

**Add provincial or territorial tax:**

Provincial or territorial jurisdiction **750** ON

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

Net provincial or territorial tax payable (except Quebec, Ontario, and Alberta)	760	0
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	0
<b>Total tax payable</b>	<b>770</b>	<b>25,178,688 A</b>

**Deduct other credits:**

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	121,057
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0
<b>Total payments on which tax has been withheld</b>	<b>801</b>	<b>0</b>
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	0
Provincial and territorial capital gains refund from Schedule 18	808	0
Provincial and territorial refundable tax credits from Schedule 5	812	0
Royalties deductible under Syncrude Remission Order	815	0
Tax remitted under Syncrude Remission Order	816	0
Tax instalments paid	840	25,057,631
<b>Total credits</b>	<b>890</b>	<b>25,178,688 B</b>

Refund code **894** **2** Overpayment **0** Balance (line A minus line B) **0**

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

Balance unpaid **0**

Enclosed payment **898** **0**

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** COUILLARD Last name in block letters **951** JEAN-SEBASTIEN First name in block letters **954** CFO 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** 4/2/05 Date (yyyy/mm/dd) **956** 416-542-3166 Telephone number

Signature of the authorized signing officer of the corporation

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

**958** NICK KUMAR Name in block letters **959** 416-542-2664 Telephone number

**Language of correspondence - Langue de correspondance**

**990** Indicate the language of your choice. Indiquer la langue de correspondance de votre choix. 1 English/Anglais  2 Français/French

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**NET INCOME (LOSS) FOR INCOME TAX PURPOSES**

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the "Income Tax Act."
- For more information, see the "T2 Corporation Income Tax Guide."

Net income (loss) after taxes and extraordinary items per financial statements .....	60,135,000 A
--	--------------

**Additions:**

Provision for income taxes - current .....	101	43,825,000	
Interest and penalties on taxes .....	103	29,316	
Amortization of tangible assets .....	104	122,525,811	
Taxable capital gains from Schedule 6 .....	113	457,456	
Non-deductible club dues and fees .....	120	59,818	
Non-deductible meals and entertainment expenses .....	121	52,191	
Reserves from financial statements - balance at the end of the year .....	126	118,186,990	
		-----	
total of additions .....		285,136,582	285,136,582

**Other Additions:**

Recapture of SR&ED expenditures - Form T661 .....	231	538,238	
---	-----	---------	--

**Miscellaneous Other Additions:**

600 DEBT FINANCING EXPENSES for Book purposes .....	290	731,936	
601 ARO Accretion expense .....	291	235,261	
602 Capital contributions under S.12(1)(x) .....	292	28,519,082	
		-----	
Subtotal of Other Additions .....	199	30,024,517	30,024,517
		-----	
<b>Total Additions</b>	<b>500</b>	<b>315,161,099</b>	



**Deductions:**

Gain on disposal of assets per financial statements .....	401	1,043,000	
Capital cost allowance from Schedule 8 .....	403	119,294,094	
Cumulative eligible capital deduction from Schedule 10 .....	405	1,316,077	
Reserves from financial statements-balance at the beginning of the year .....	414	118,727,291	
		-----	
Subtotal of Deductions .....		240,380,462	240,380,462

**Other Deductions:**

**Miscellaneous Other Deductions:**

700 FINANCING FEES for Tax purposes .....	390	1,270,925	
701 CAPITAL TAX ADJUST TO ACTUAL .....	391	-123,434	
702 Non-taxable imputed interest on Regulatory Assets .....	392	2,233,344	
703 ARO Payments - deductible for tax .....	393	140,308	
704 SEE ATTACHED .....	394	30,365,357	
		-----	
Subtotal of Other Deductions .....	499	33,886,500	33,886,500
		-----	
<b>Total Deductions</b>	<b>510</b>		<b>274,266,962</b>

<b>Net income (loss) for income tax purposes</b> .....	101,029,137
(enter on line 300 on the T2 return)	=====







## Toronto Hydro Electric System Limited

Taxation year ended: December 31, 2004  
C.R.A. Bus#: 896718327 RC0001  
MOF A/C#: 1800235

### Election under subsection 13(7.4)

The company hereby elects under subsection 13(7.4) of the Income Tax Act to reduce the capital cost of depreciable property of class 1 acquired in the taxation year by a total amount of \$28,519,082 received in the taxation year in respect of that property that would otherwise be included in income under paragraph 12(1)(x).



A handwritten signature in black ink, consisting of stylized initials that appear to be 'TDL'.

---

Authorized Signing Officer

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND  
ART IV TAX CALCULATION**

**Part 1 - Dividends received during the taxation year**

Do not include dividends received from foreign non-affiliates.

Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)	A	B	Complete if payer corporation is connected	
			C	D
		*	Business Number	Taxation year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD
	200	205	210	220

\* Connected payer corporation indicator.

**Note:** If your corporation's taxation year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

If payer corporation is not connected,  
 leave these columns blank.

Name of payer corporation	E Non-taxable dividend under section 83	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	G Total taxable dividends paid by connected payer corporation	H Dividend refund of the connected payer corporation	I Part IV tax before deductions F x 1/3 **
	230	240	250	260	270
	0	0	0	0	0
	-----	-----	-----	-----	-----
<b>Total</b>	0	0	0	0	0 J
	=====	=====	=====	=====	=====

(enter on line 320  
of the T2 return)

For dividends received from connected corporations:  
 Part IV tax equals: Column F x Column H / Column G

\*\* Life insurers are not subject to Part IV tax on subsection 138(6) dividends.  
 Public corporations (other than subject corporations) do not need to calculate Part IV tax.





**Part 4 - Total dividends paid in the taxation year**

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (From above) . . . . .	480	49,200,000
Other dividends paid in the taxation year		
(Total of 510 to 540) . . . . .		0
		-----
Total dividends paid in the taxation year . . . . .	500	49,200,000
<b>Deduct:</b>		
Dividends paid out of capital dividend account . . . . .	510	0
Capital gains dividends . . . . .	520	0
Dividends paid on shares described in subsection 129(1.2) . . . . .	530	0
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year . . . . .	540	0
		-----
Subtotal		0
		-----
		=====
Total taxable dividends paid in the taxation year for purposes of a dividend refund . . . . .		49,200,000
		=====

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**CORPORATION LOSS CONTINUITY AND APPLICATION**

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."

**Part 1 - Non-capital losses**

**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes .....		101,029,137
<b>Deduct: (increase a loss)</b>		
Net capital losses deducted in the year		
(enter as a positive amount) .....	3,494	
Taxable dividends deductible under sections 112, 113, or subsection 138(6) .....	0	
Amount of Part VI.1 tax deductible .....	0	
Amount deductible as prospector's and grubstaker's shares		
- Paragraph 110(1)(d.2) .....	0	3,494
		-----
	Subtotal (if positive, enter "0")	0
<b>Deduct: (increase a loss)</b>		
Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions .....		0
		-----
	Subtotal	0
<b>Add: (decrease a loss)</b>		
Current-year farm loss .....		0
		-----
Current-year non-capital loss (if positive, enter "0") .....		0
		=====

**Continuity of non-capital losses and request for a carryback**

Non-capital loss at the end of preceding taxation year .....		0
<b>Deduct: Non-capital loss expired *</b> .....	100	0
Non-capital losses at beginning of taxation year .....	102	0
<b>Add: Non-capital losses transferred on an amalgamation or the</b>		
windup of a subsidiary corporation .....	105	0
Current-year non-capital loss (from calculation above) .....	110	0
		0

**Part 1 - Non-capital losses (cont'd)**

**Continuity of non-capital losses and request for a carryback (cont'd)**

**Deduct:**

Amount applied against taxable income (enter on line 331 of the T2 return) . . . . .	130	0	
Amount applied against taxable dividends subject to Part IV tax . . . . .	135	0	
Section 80 - Adjustments for forgiven amounts . . . . .	140	0	
Subsection 111(10) - Adjustments for fuel tax rebate . . . . .		0	
Other adjustments . . . . .	150	0	0
		-----	
		Subtotal	0

**Deduct - Request to carry back non-capital loss to:**

First preceding taxation year to reduce taxable income . . . . .	901	0	
Second preceding taxation year to reduce taxable income . . . . .	902	0	
Third preceding taxation year to reduce taxable income . . . . .	903	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax . . . . .	911	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax . . . . .	912	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax . . . . .	913	0	0
		-----	
Non-capital losses - Closing balance . . . . .	180		0
		=====	

\* A non-capital loss expires as follows:

- After 7 taxation years if it arose in a taxation year ending before March 23, 2004;
- or
- After 10 taxation years if it arose in a taxation year ending after March 22, 2004.

**Election under paragraph 88(1.1)(f)**

Paragraph 88(1.1)(f) election indicator . . . . .  190 Yes [ ]

Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.

**Part 2 - Capital losses**

**Continuity of capital losses and request for a carryback**

Capital losses at end of preceding taxation year . . . . .	200	6,988	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation . . . . .	205	0	
Current-year capital loss (from Schedule 6 calculation) . . . . .	210	0	6,988
<b>Add:</b>			
Allowable business investment loss expired as non-capital loss . . . . .	0	x 4/3 . . . . .	220
		-----	
		Subtotal	6,988
<b>Deduct:</b>			
Amount applied against current-year capital gain (see Note 1) . . . . .	225	6,988	
Section 80 - Adjustments for forgiven amounts . . . . .	240	0	
Other adjustments . . . . .	250	0	6,988
		-----	
		Subtotal	0

**Part 2 - Capital losses (cont'd)**

**Continuity of capital losses and request for a carryback (cont'd)**

**Deduct - Request to carry back capital loss to: (see Note 2)**

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year . . . . .	0 . . . . .	951	0	
Second preceding taxation year . . . . .	0 . . . . .	952	0	
Third preceding taxation year . . . . .	0 . . . . .	953	0	0
				-----
Capital losses - Closing balance . . . . .			280	0
				=====

**Note 1**

On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

**Note 2**

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

**Part 3 - Farm losses**

**Continuity of farm losses and request for a carryback**

Farm losses at end of preceding taxation year . . . . .			0	
<b>Deduct:</b> Farm loss expired after 10 taxation years . . . . .		300	0	
Farm losses at beginning of taxation year . . . . .		302	0	
<b>Add:</b> Farm losses transferred on an amalgamation or the windup of a subsidiary corporation . . . . .		305	0	
Current-year farm loss . . . . .		310	0	0
<b>Deduct:</b>				
Amount applied against taxable income (enter on line 334 of the T2 return) . . . . .		330	0	
Amount applied against taxable dividends subject to Part IV tax . . . . .		335	0	
Section 80 - Adjustments for forgiven amounts . . . . .		340	0	
Other adjustments . . . . .		350	0	0
				-----
			Subtotal	0
<b>Deduct - Request to carry back farm loss to:</b>				
First preceding taxation year to reduce taxable income . . . . .		921	0	
Second preceding taxation year to reduce taxable income . . . . .		922	0	
Third preceding taxation year to reduce taxable income . . . . .		923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax . . . . .		931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax . . . . .		932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax . . . . .		933	0	0
				-----
Farm losses - Closing balance . . . . .			380	0
				=====

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [ Y ]

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 = 0	B		
	6,250	C	2,500
			-----
Current-year restricted farm loss (enter this amount on line 410)			0
			=====

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
Section 80 - Adjustments for forgiven amounts	440	0	
Other adjustments	450	0	0
			-----
		Subtotal	0
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941	0	
Second preceding taxation year to reduce farming income	942	0	
Third preceding taxation year to reduce farming income	943	0	0
			-----
Restricted farm losses - Closing balance	480		0
			=====

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

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year		0	
Deduct: Listed personal property loss expired after seven taxation years	500	0	
Listed personal property losses at beginning of taxation year	502	0	
Add: Current-year listed personal property loss (from Schedule 6)	510	0	
			-----
		Subtotal	0
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	0	
Other adjustments	550	0	0
			-----
		Subtotal	0

Part 5 - Listed personal property losses (cont'd)

Continuity of listed personal property loss and request for a carryback (cont'd)

Request to carry back listed personal property loss to:

First preceding taxation year to reduce listed personal property gains .....	961	0	
Second preceding taxation year to reduce listed personal property gains .....	962	0	
Third preceding taxation year to reduce listed personal property gains .....	963	0	0
		-----	
Listed personal property losses - Closing balance .....	580		0
		=====	

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY**

- 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)?

[Y/N] [ N ] 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 <input type="checkbox"/> 100	Name of corporation <input type="checkbox"/> 105	Class of shares <input type="checkbox"/> 106	<input type="checkbox"/> 110	<input type="checkbox"/> 120	<input type="checkbox"/> 130	<input type="checkbox"/> 140	Gain (or loss) <input type="checkbox"/> 150
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
				0	0	0	0
			<b>Totals</b>	0	0	0	0 A
			=====	=====	=====	=====	=====

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

Municipal address	210	220	230	240	250
1 = Address 1					Gain (or loss)
2 = Address 2					
3 = City					
4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code					
60 TIFFIELD ROAD	1980-01-01	4,250,000	3,733,000	0	517,000
TORONTO ON					
WILLOWDALE AV.	1949-01-01	494,390	144,000	0	350,390
TORONTO ON					
941 CALEDONIA ROAD	1959-01-01	375,000	309,000	0	66,000
TORONTO ON					
941 FENMAR DR W/S	1970-01-01	69,300	87,779	0	-18,479
TORONTO ON					
		0	0	0	0
<b>Totals</b>		5,188,690	4,273,779	0	914,911 B

**Part 3 - Bonds**

Face value	Maturity date	Name of issuer	310	320	330	340	350
							Gain (or loss)
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
				0	0	0	0
<b>Totals</b>				0	0	0	0 C



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

Description	410	420	430	440	Gain (or loss) 450
400			0	0	0
			0	0	0
			0	0	0
			0	0	0
Disposition from a partnership			0	0	0
			0	0	0
<b>Totals</b>			0	0	0 D
			=====	=====	=====

**Part 5 - Personal-use property**

Description	510	520	530	540	Gain only 550
500			0	0	0
			0	0	0
			0	0	0
			0	0	0
<b>Note: Losses are not deductible.</b>			0	0	0 E
<b>Totals</b>			0	0	0
			=====	=====	=====

**Part 6 - Listed personal property**

Description	610	620	630	640	Gain (or loss) 650
600			0	0	0
			0	0	0
			0	0	0
			0	0	0
<b>Totals</b>			0	0	0
			=====	=====	=====
				Subtract: Unapplied listed personal property losses from other years	655
					0
				<b>Net gains (or losses)</b>	0 F
					=====

**Note: Net listed personal property losses may only be applied against listed personal property gains.  
Amount from line 655 is from line 530 in Part 5 of Schedule 4.**

**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)
	905	910	920	930	940	950
	0		0	0	0	0
	0		0	0	0	0
	0		0	0	0	0
	0		0	0	0	0
<b>Totals</b>			0	0	0	0 G

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

Allowable business investment losses ..... Amount G      0 x 1/2 =      0 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 F, if the amount is a loss) .....	914,911	I
<b>Add:</b>		
Gain or loss from a partnership .....	0	
Capital gains dividend received in the year .....	875	0 J
Capital gains reserve opening balance (from Schedule 13) .....	880	0 K
Subtotal (add amounts I to K)		914,911 L
<b>Deduct:</b> Capital gains reserve closing balance (from Schedule 13) .....	885	0 M
<b>Capital gains or losses</b> (amount L minus amount M) .....	890	914,911

**Part 9 - Determining taxable capital gains and total capital losses**

Capital gains or losses (amount from line 890 above) .....	914,911	N
<b>Deduct</b> 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" .....	0 x 1/2 = 895	0
Gain on donation of ecologically sensitive land .....	0 x 1/2 = 896	0
Subtotal (line 895 plus line 896)		0      0 O
Amount N minus amount O .....	914,911	P
<b>Total capital losses:</b> If amount P is a loss, enter it on line 210 of Schedule 4.		
<b>Taxable capital gains:</b> If amount P is a gain, enter it on this line .....	914,911 x 1/2 =	457,456 Q
Enter amount Q on line 113 of Schedule 1.      =====		

Portion of gain or loss from foreign sources (100%) ..... 0

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME**

- 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).
- 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	
		001	002	
The eligible portion of taxable capital gains included in income for the year	457,456	0	457,456	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	0	009	012	0 B
Net capital losses of other years claimed on line 332 on the T2 return	3,494		022	3,494 C
<b>Total of amounts B and C</b>	<b>3,494</b>	<b>0</b>	<b>3,494</b>	<b>D</b>
<b>Amount A minus amount D (if negative, enter "0")</b>	<b>453,962</b>	<b>0</b>	<b>453,962</b>	<b>E</b>
Total income from property (in box 32 include income from specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends	0	0	0	
Other property income	0	0	0	
<b>Total income from property</b>	<b>0</b>	<b>019</b>	<b>032</b>	<b>0 F</b>
Exempt income	0	029	042	0 G
Amounts received from NISA Fund No. 2 (CAIS) that were included in computing the corporation's income for the year	0	0	052	0 H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	0	049	062	0 I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	0	059	072	0 J
<b>Total of amounts G, H, I, and J</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>K</b>

**Part 1 - Foreign and aggregate investment income calculation (cont'd)**

Total of amounts G, H, I, and J.....	0	0	0 K
Amount F minus amount K.....	0	0	0 L
<hr/>			
Total of amount E plus amount L.....	453,962	0	453,962 M
<hr/>			
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).....	0	0	0 N
<hr/>			
Amount M minus amount N (if negative, enter "0").....	453,962	0	453,962
<hr/>			

**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.

<b>NET TAXABLE DIVIDENDS</b>	<b>Canadian</b>	<b>Foreign</b>	<b>Total</b>
Taxable dividends deducted per Schedule 3.....	0	0	0
<b>Less:</b> Expenses related to such dividends			
<hr/>			
Total expenses.....	0	0	0
<hr/>			
Net taxable dividends.....	0	0	0
<hr/>			

**Part 2 - Specified partnership income**

<b>A</b>	<b>B</b>	<b>C</b>
Partnership name	Total income (loss) of partnership from an active business	Corporation's share of amount in column B
<b>200</b>	<b>300</b>	<b>310</b>
	0	0
	0	0
	0	0
	0	0

Part 2 - Specified partnership income (cont'd)

D	E	F	G	I
Adjustments [add prior-year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / column B) x [business limit* x (column F / 365)] (if column C is negative, enter "0")**	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330	340
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
Total 350	----- 0 =====		Total 360	----- 0 =====
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 0				
Specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E). . . . . 380 0				
Total of line 370 and 380. . . . . 0 J				
Column E minus column G (if negative, enter "0") (if a member of more than one partnership, calculate separately for each partnership and enter total). . . . . 385 0				
Amount at line 385 or line J, whichever is less. . . . . 390 0				
Specified partnership income (line 360 plus line 390). . . . . 400 0				

\* 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).....

enter "0" on line O).....		0	K
<b>Add:</b> Specified partnership loss (from line 380 above).....		0	L
		-----	
	Subtotal	0	M
<b>Deduct:</b> Specified partnership income (from line 400 above).....		0	N
		-----	
<b>Partnership income *</b> (enter on line S below).....	450	0	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.....		101,029,137	P
<b>Deduct:</b> Foreign business income after deducting related expenses *.....	500	0	
Taxable capital gains <b>minus</b> allowable capital loss			
- amount A <b>minus</b> amount B * (page 1) **.....		457,456	
Net property income = amount F <b>minus</b> amounts G, H, and N * (page 1).....		0	Q
Personal services business income after deducting related expenses *.....	520	0	
		-----	
		457,456	457,456
		=====	
	Net amount	100,571,681	R
<b>Deduct:</b> Partnership income (line 450 above).....			0 S
<b>Income from active business carried on in Canada</b> (enter on line 400 of the T2 return negative, enter "0").....		100,571,681	T
		=====	

\* If negative, enter a negative amount, and **add** instead of **subtracting**.

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No.	UCC at Beginning of Year [201]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203] - [207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	1400481955	93,619,744	82,529	2,448,326	45,585,709	4	0	0	57,846,008	1433889894
8	53,581,030	2,994,419	-82,529	0	1,497,209	20	0	0	10,999,142	45,493,778
10	22,294,245	2,650,663	0	120,513	1,265,075	30	0	0	7,067,796	17,756,599
12	5,992,146	3,960,431	0	0	1,980,215	100	0	0	7,972,362	1,980,215
17	6,235,048	735,526	0	20,578	357,474	8	0	0	527,402	6,422,594
2	575,022,193	0	0	0	0	6	0	0	34,501,332	540,520,861
13	152,329	0	0	0	0		0	0	43,240	109,089
98	23,471,369	0	-6,206,403	0	0		0	0	0	17,264,966
10.1	15,876	0	-15,876	0	0	30	0	0	0	0
45	0	1,496,941	0	0	748,470	45	0	0	336,812	1,160,129
<b>Total</b>	<b>2087246191</b>	<b>105,457,724</b>	<b>-6,222,279</b>	<b>2,589,417</b>	<b>51,434,152</b>		<b>0</b>	<b>0</b>	<b>119,294,094</b>	<b>2064598125</b>

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

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

Name	Ctry of residence	Business Number (Note)	Relation-ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of preferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
TORONTO HYDRO CORPORATION		896760725RC0001	1	0	0.00	0	0.00	0
TORONTO HYDRO ENERGY SERVICES		896747128RC0001	3	0	0.00	0	0.00	0
TORONTO HYDRO TELECOM INC.		863638961RC0001	3	0	0.00	0	0.00	0
1455948 ONTARIO INC.		886517614RC0001	3	0	0.00	0	0.00	0
TORONTO HYDRO STREET LIGHTING		862135316RC0001	3	0	0.00	0	0.00	0
1512830 Ontario Inc.		864910112RC0001	3	0	0.00	0	0.00	0

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

Relationship code:

- 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9



Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**CUMULATIVE ELIGIBLE CAPITAL DEDUCTION**

- 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**

<b>Cumulative eligible capital - Balance at the end of the preceding taxation year</b>							
(if negative, enter "0")						200	17,222,079 A
<b>Add:</b>	Cost of eligible capital property acquired during the taxation year	222	2,105,369				
	Other adjustments	226	0				
	Subtotal (line 222 plus line 226)		2,105,369	x 0.75 =	1,579,027	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	0	x 0.50 =	0	C	
	amount B minus amount C (if negative, enter "0")				1,579,027		1,579,027 D
	Amount transferred on amalgamation or wind-up of subsidiary	224	0				E
	Subtotal (add amounts A, D, and E)	230					18,801,106 F
<b>Deduct:</b>	Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242	0				G
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244	0				H
	Other adjustments	246	0				I
	(add amounts G, H, and I)		0	x 0.75 =	0		J
	<b>Cumulative eligible capital balance (amount F minus amount J)</b>						18,801,106 K
	(if amount K is negative, enter "0" at line M and proceed to Part 2)						
	Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249	0				
	amount K		18,801,106				
	less amount from line 249		0				
	<b>Current year deduction</b>		18,801,106	x 7.00% =	1,316,077	*	
	(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)				1,316,077		1,316,077 L
	<b>Cumulative eligible capital - Closing balance (amount K minus amount L)</b>						
	(if negative, enter "0")	300					17,485,029 M

\* 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 positive amount) .....				0	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988 .....	400			0	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7) .....	401			0	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988 .....	402		0	0	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 .....	408		0	0	4
Line 3 minus line 4 (if negative, enter "0") .....		0		0	5
Total of lines 1, 2, and 5 .....				0	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 .....				0	7
Amounts at line T from Schedule 10 previous taxation years ending after February 27, 2000 .....				0	8
Subtotal (line 7 plus line 8) 409 .....		0		0	9
Line 6 minus line 9 (if negative, enter "0") .....				0	0
Line N minus line O (if negative, enter "0") .....				0	P
	Line 5		0 x 1/2 =	0	Q
Line P minus line Q (if negative, enter "0") .....				0	R
	Amount R		0 x 2/3 =	0	S
Amount N or amount O, whichever is less .....				0	T
<b>Amount to be included in income</b> (amount S plus amount T) (enter this amount on line 108 of Schedule 1) .....	410			0	

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**CONTINUITY OF RESERVES**

For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.

- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

**Part 1 - Capital gains reserves**

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
	001	002	003		004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0
	008	009			010

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

**Financial Statement Reserves (not deductible)**

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
POEB	103,677,000	0	4,720,000	0	108,397,000
HOLDBACKS	114,786	0	0	21,310	93,476
	0	0	0	0	0
AFDA	10,053,322	0	0	1,931,858	8,121,464
Inventory Obsolescence	2,882,183	0	0	1,307,133	1,575,050
Property Tax Reserve	2,000,000	0	0	2,000,000	0
Reserves From Section 2 below	0	0	0	0	0
<b>Totals</b>	118,727,291	0	4,720,000	5,260,301	118,186,990

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description	[X]	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
		\$	\$	\$	\$	\$
Reserve for doubtful debts.....	[ ]	0	0	0	0	0
Reserve for undelivered goods and services not rendered.....	[ ]	0	0	0	0	0
Reserve for prepaid rent.....	[ ]	0	0	0	0	0
Reserve for December 31, 1995 income.....	[ ]	0	0	0	0	0
Reserve for refundable containers.....	[ ]	0	0	0	0	0
Reserve for unpaid amounts.....	[ ]	0	0	0	0	0
Other tax reserves.....	[ ]	0	0	0	0	0
<b>Totals</b>		0	0	0	0	0

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

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

- 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.
- 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 non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the "Income Tax Act," not to be associated for purposes of the small business deduction.

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

**Column 3:** Enter the code that applies to each corporation:

- 1 - associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - associated non-CCPC
- 5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation"

**Column 4:** Enter the business limit for the year of each corporation in the associated group that is computed at line 4 on page 4 of each respective corporation's T2 return.

**Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

**Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

**Allocation of the business limit**

Date filed (do not use this area).....	<input type="text" value="025"/>	Year Month Day
Enter the calendar year to which the agreement applies.....	<input type="text" value="050"/>	Year 2004

**Allocation of the business limit (cont'd)**

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] [Y/N] [ N ]

1 Names of associated corporations	2 Business Number of associated corporations	3 Association code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
<input type="checkbox"/> [100] TORONTO HYDRO-ELECTRIC SYSTEM See attached	<input type="checkbox"/> [200] 896718327RC0001	<input type="checkbox"/> [300] 1	250,000	<input type="checkbox"/> [350] 100.0000 .0000	<input type="checkbox"/> [400] 250,000 0
Total				100.0000 =====	250,000 A =====

\* The % of the annual business limit required to maximize the small business deduction is .0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

**Business limit reduction under subsection 125(5.1)**

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group\*\*\* of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group\*\*\* for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada\*\* of each corporation in the associated group\*\*\* for its last taxation year ending in the preceding calendar year.

\* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

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 business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

\*\* "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the "Income Tax Act."

\*\*\* The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

AGREEMENT AMONG ASSOCIATED CCPC'S TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation)	Percentage of the business limit	Business limit allocated \$	Part I.3 Tax
[100]	[200]	[300]		[350]	[400]	
TORONTO HYDRO CORPORATION	896760725RC0001	1	0	.0000	0	90,371
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	1	0	.0000	0	0
TORONTO HYDRO TELECOM INC.	863638961RC0001	1	0	.0000	0	32,514
1455948 ONTARIO INC.	886517614RC0001	1	0	.0000	0	13,437
TORONTO HYDRO STREET LIGHTING	862135316RC0001	1	0	.0000	0	12,931
1512830 Ontario Inc.	864910112RC0001	1	0	.0000	0	208
<b>TOTALS</b>			0	.0000	0	149,461

Schedule 23-Supplementary

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**PAYMENTS TO NON-RESIDENTS**

A corporation that makes payments or credits amounts to non-residents under subsection 202(1) and 105(1), of the "Income Tax Regulations" has to file the applicable information return.

- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than \$100, you do not have to complete the information below for that payee.

Name (list each payee separately)	1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code	Payment code (See note 1)	Amount \$
<div style="border: 1px solid black; width: 20px; height: 10px; margin: 0 auto; text-align: center;">100</div> REKADOM INCORPORATED	<div style="border: 1px solid black; width: 20px; height: 10px; margin: 0 auto; text-align: center;">200</div> 20 SILVER STREET  WATERVILLE ME US - 04901	<div style="border: 1px solid black; width: 20px; height: 10px; margin: 0 auto; text-align: center;">300</div> 04	<div style="border: 1px solid black; width: 20px; height: 10px; margin: 0 auto; text-align: center;">400</div> 27,367

Note 1: Enter the applicable payment code in column 300:

- |                               |                                   |  |
|-------------------------------|-----------------------------------|--|
| 1 - Royalties                 | 2 - Rents                         | 3 - Management fees/commissions                              |
| 4 - Technical assistance fees | 5 - Research and development fees | 6 - Interest   |
| 7 - Dividends                 | 8 - Film payments:                | - a motion picture film, or                                  |
| - Other services              |                                   | - a film or video tape for use in connection with television |



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**PART I.3 TAX ON LARGE CORPORATIONS**

This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes or unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).

- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act" and the "Income Tax Regulations."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
  - 1) a non-resident-owned investment corporation throughout the year;
  - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
  - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
  - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
  - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

**Part 1 - Capital**

**Add** the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I. . . . .	101	118,186,990
Capital stock (or members' contributions if incorporated without share capital). . . . .	103	527,817,000
Retained earnings. . . . .	104	166,474,000
Contributed surplus. . . . .	105	11,391,000
Any other surpluses. . . . .	106	0
Deferred unrealized foreign exchange gains. . . . .	107	0
All loans and advances to the corporation. . . . .	108	1,226,762,000
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations. . . . .	109	0
Any dividends declared but not paid by the corporation before the end of the year. . . . .	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year. . . . .	111	0

**Part 1 - Capital (cont'd)**

Proportion of the amount, if any, by which the total of all amounts  
 (see note below) for the partnership of which the corporation is  
 a member at the end of the year exceeds the amount of the partnership's  
 deferred unrealized foreign exchange losses . . . . .

112 0

Subtotal 2,050,630,990 2,050,630,990 A

**Deduct the following amounts:**

Deferred tax debit balance at the end of the year . . . . .

121 0

Any deficit deducted in computing its shareholders' equity  
 (including, for this purpose, the amount of any provision for  
 the redemption of preferred shares) at the end of the year . . . . .

122 0

Any amount deducted under subsection 135(1) in computing income under  
 Part I for the year, to the extent that the amount may reasonably be  
 regarded as being included in any of lines 101 to 112 above . . . . .

123 0

The amount of deferred unrealized foreign exchange losses  
 at the end of the year . . . . .

124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0") . . . . .

190 2,050,630,990

**Note:**

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

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

**Part 2 - Investment allowance**

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

A share of another corporation . . . . . 401 0

A loan or advance to another corporation (other than a financial institution) . . . . . 402 0

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of  
 another corporation (other than a financial institution) . . . . . 403 50,000,000

Long-term debt of a financial institution . . . . . 404 0

A dividend receivable on a share of the capital stock of another corporation . . . . . 405 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or  
 similar obligation of, a partnership all of the members of which, throughout the year,  
 were other corporations (other than financial institutions) that were not exempt from  
 tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)) . . . . . 406 0

An interest in a partnership (see note 1 below) . . . . . 407 0

Investment allowance for the year . . . . . 490 50,000,000

**Part 2 - Investment allowance (cont'd)**

**Notes:**

- 1) Where the corporation has an interest in a partnership or tiered partnerships, consider the following:
  - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
  - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
  - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
  
- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
  
- 3) Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

**Part 3 - Taxable capital**

Capital for the year (line 190).....	2,050,630,990	C
<b>Deduct:</b> Investment allowance for the year (line 490).....	50,000,000	D
<b>Taxable capital for the year</b>		-----
(amount C minus amount D) (if negative, enter "0").....	<span style="border: 1px solid black; padding: 0 2px;">500</span> 2,000,630,990	=====

**Part 4 - Taxable capital employed in Canada**

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

Taxable capital for the year (line 500)	2,000,630,990	X	Taxable income earned in Canada	<span style="border: 1px solid black; padding: 0 2px;">610</span> 101,025,643	=	Taxable capital employed in Canada	<span style="border: 1px solid black; padding: 0 2px;">690</span> 2,000,630,990
			Taxable income	101,025,643			=====

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

**Part 4 - Taxable capital employed in Canada (cont'd)**

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

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada . . . . .	701	0	
<b>Deduct the following amounts:</b>			
Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . .	711	0	
Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada . . . . .	712	0	
Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . .	713	0	
Total deductions (add lines 711, 712, and 713)	0	0	E
<b>Taxable capital employed in Canada</b> (line 701 minus amount E) (if negative, enter "0") . . . . .	790	0	

**Note:** Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

**Part 5 - Calculation of gross Part I.3 tax**

Taxable capital employed in Canada (line 690 or 790, whichever applies) . . . . .	2,000,630,990									
<b>Deduct:</b> Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36) . . . . .	801 50,000,000									
Excess of taxable capital employed in Canada over capital deduction . . . . .	811 1,950,630,990									
	=====									
Year	Line 811	x	Number of days	/	Number of days in the taxation year	x		=		
Before 2004	1,950,630,990	x	( 0	/	366)	x	.2250%	=	0	F
2004	1,950,630,990	x	( 366	/	366)	x	.2000%	=	3,901,262	G
2005	1,950,630,990	x	( 0	/	366)	x	.1750%	=	0	H
2006	1,950,630,990	x	( 0	/	366)	x	.1250%	=	0	I
2007	1,950,630,990	x	( 0	/	366)	x	.0625%	=	0	J
<b>Note:</b> The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.										
Subtotal (add amounts F to J)									3,901,262	K
=====										
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:										
Amount K	3,901,262	x	Number of days in the year		365	=				0 L
-----										
365										
<b>Gross Part I.3 tax</b> (amount K or L, whichever applies) . . . . .										820 3,901,262
=====										

**Part 6 - Calculation of gross Part I.3 tax for purposes of the unused surtax credit**

Taxable capital employed in Canada (line 690 or 790, whichever applies) .....	2,000,630,990	M
<b>Deduct:</b> Capital deduction claimed for the year (1/5 of line 801 if the taxation year end after 2003) .....	10,000,000	N
	-----	
Excess (amount M minus amount N) (if negative, enter "0") .....	1,990,630,990	O
	=====	
Amount O 1,990,630,990 x .2250% = .....	4,478,920	P
	=====	
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:		
Amount P 4,478,920 x Number of days in the year 365 = .....		0 Q
	-----	=====
	365	
<b>Gross Part I.3 tax for purposes of the unused surtax credit</b> (amount P or Q, whichever applies) .....	<span style="border: 1px solid black; padding: 0 2px;">821</span> 4,478,920	
	=====	

**Part 7 - Calculation of current-year surtax credit available**

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

or a corporation that was a non-resident of Canada throughout the year, enter amount a or b at line R,

whichever is less:

a) line 600 from the T2 return .....	0	a	
b) line 700 from the T2 return .....	0	b	0 R

In any other case, enter amount c or d at line S, whichever is less:

c) line 600 from the T2 return	1,131,487	x	line 690 of this schedule 2,000,630,990	=	1,131,487	c
			-----			
d) line 700 from the T2 return .....	22,408,913	d	line 500 of this schedule		1,131,487	S
<b>Current-year surtax credit available</b> (amount R or S, whichever applies) .....	<span style="border: 1px solid black; padding: 0 2px;">830</span> 1,131,487				=====	

**Part 8 - Calculation of current-year unused surtax credit**

Current-year surtax credit available (line 830) .....	1,131,487
<b>Less:</b> Gross Part I.3 tax for purposes of the unused surtax credit (line 821) .....	4,478,920
	-----
<b>Current-year unused surtax credit</b> (if negative, enter "0") .....	<span style="border: 1px solid black; padding: 0 2px;">850</span> 0
Enter this amount at line 600 on Schedule 37.	=====

**Part 9 - Calculation of net Part 1.3 tax payable**

Gross Part 1.3 tax (line 820) .....		3,901,262	T
<b>Deduct:</b>			
Current-year surtax credit applied (line 820 or 830, whichever is less) .....	861	1,131,487	
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37) .....	862	0	
		-----	
Subtotal (cannot be more than amount on line 820)		1,131,487	1,131,487 U
		=====	-----
<b>Net Part 1.3 tax payable</b> (amount T minus amount U) .....	870	2,769,775	
Enter this amount at line 704 of the T2 return.		=====	







Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX**

Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.

**Do not file this agreement if no members of the related group have to pay Part I.3 tax.**

Are any members of the related group liable to pay Part I.3 tax? ..... [Y/N] [ Y ]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.

- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends 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 (do not use this area) .....	<input type="checkbox"/> 010	Year Month Day
Is this an amended agreement? .....	<input type="checkbox"/> 020	[Y/N] [ N ]
Calendar year to which the agreement applies .....	<input type="checkbox"/> 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 that is exempt from Part I.3 tax under subsection 181.1(3) does not have to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
<input type="checkbox"/> 200	<input type="checkbox"/> 300	<input type="checkbox"/> 400	<input type="checkbox"/> 500
TORONTO HYDRO-ELECTRIC SYSTEM See attached	896718327RC0001	50,000,000 0	
<b>Total</b> (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)		50,000,000 =====	

**Note 1:** If a corporation is not registered, enter "NR."

**Note 2:** 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.

**TORONTO HYDRO-ELECTRIC SYSTEMS LIMITED**  
**Account/Business No.: 896718327RC0001** **Year Ended:**  
**AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX**

Sch. 036-Supp.  
 2004-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- 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.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
TORONTO HYDRO CORPORATION	896760725RC0001	0	
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	0	
TORONTO HYDRO TELECOM INC.	863638961RC0001	0	
1455948 ONTARIO INC.	886517614RC0001	0	
TORONTO HYDRO STREET LIGHTING	862135316RC0001	0	
1512830 Ontario Inc.	864910112RC0001	0	
<b>TOTAL</b>		<b>0</b>	

**Note 1:** If a corporation is not registered, enter "NR."

**Note 2:** 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.

**Schedule 36 - Supplementary**

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**SHAREHOLDER INFORMATION**

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	Business Number (note 1)	Social Insurance Number (note 2)	Percentage common shares	Percentage preferred shares
TORONTO HYDRO CORPORATION	896760725RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

**Note 1:** If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

**Note 2:** If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.

**Note 3:** If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.



Ministry of Finance

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

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule K3  
Filed: 2012 June 1  
(37 pages)

2004/  
2005

# CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2002

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

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

The **Annual Return** (common page 1 and MCBS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MCBS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide)  Yes  No **Page 1 of 20**

Corporation's Legal Name (including punctuation) <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>			Ontario Corporations Tax Account No. (MOF) <b>1800235</b>		
Mailing Address <b>14 CARLTON ST. TORONTO ON CA M5B-1K5</b>			This Return covers the Taxation Year Start <b>2004-01-01</b> End <b>2004-12-31</b>		
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes		Date of Change	Date of Incorporation or Amalgamation <b>1999-06-23</b>		
Registered/Head Office Address <b>14 CARLTON ST. TORONTO ON CA M5B-1K5</b>			Ontario Corporation No. (MCBS) <b>1362834</b>		
Location of Books and Records <b>14 CARLTON ST. TORONTO ON CA M5B-1K5</b>			Canada Customs and Revenue Agency Business No. If applicable, enter <b>896718327RC0001</b>		
Name of person to contact regarding this CT23 Return <b>NICK KUMAR</b>		Telephone No. <b>416-542-2664</b>	Fax No. <b>416-542-2808</b>		
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS) <b>ON CA -</b>			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced Ceased		
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MCBS)			<input checked="" type="checkbox"/> Not Applicable		
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). If there is <b>no change</b> to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS).			No. of Schedule(s) <b>0</b> <input checked="" type="checkbox"/> 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.  
Signature of Authorized Person (Print clearly or type in full)

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

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

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

# CT23 Corporations Tax Return

ification continued (for CT23 filers only)

Type of Corporation – Please "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) %

- 2
- 1 Family Farm Corporation s.1(2)
  - 2 Family Fishing Corporation s.1(2)
  - 3 Mortgage Investment Corporation 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)

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

if applicable, enter

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

if applicable, enter

Specify major business activity

## ENERGY DISTRIBUTION

Please "X" box(es) if applicable:

First Year of Filing

Amended Return

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

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

Final Taxation Year before Amalgamation

Floating Fiscal Year End

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

Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

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

**Income Tax**

**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).

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From	690	100,490,899.
Contract: Charitable donations			1	0.
Contract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)			2	0.
Subtract: Taxable dividends deductible, per federal Schedule 3			3	0.
Subtract: Ontario political contributions (Attach Schedule 2A) (Int.B. 3002R)			4	0.
Subtract: Federal Part VI.1 tax 0. X 3			5	0.
Subtract: Prior years' losses applied - Non-capital losses		From	704	0.
Net capital losses (page 16) 6,988. X inclusion rate 50.000000% =			714	3,494.
Farm losses		From	724	0.
Restricted farm losses		From	734	0.
Limited partnership losses		From	754	0.
<b>Taxable Income (Non-capital loss)</b>			10	100,487,405.
Addition to taxable income for unused foreign tax deduction for federal purposes	+		11	0.
<b>Adjusted Taxable Income</b> 10 + 11 (if 10 is negative, enter 11)	=		20	100,487,405.

		<b>Number of Days in Taxation Year</b>			
<b>Taxable Income</b>		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
From 10 (or 20 if applicable) 100,487,405. X 30 Ontario Allocation 100.0000% X 12.5000% X		33 0	+ 73 366	= + 29	0.
From 10 (or 20 if applicable) 100,487,405. X 30 Ontario Allocation 100.0000% X 14.0000% X		34 366	+ 73 366	= + 32	14,068,237.
<b>Income Tax Payable</b> (before deduction of tax credits)		29 + 32		= 40	14,068,237.

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

*If this section is not completed, the 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	100,571,681.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) +	51	101,025,643.	
Add: Losses of other years deducted for federal purposes (fed.s.111) +	52	3,494.	
Subtract: Losses of other years deducted for Ontario purposes (s.34) -	53	3,494.	
	=	101,025,643. 54	101,025,643.
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	55	250,000.	

**Ontario Business Limit Calculation**

320,000 X	Days after Dec. 31, 2002 and before Jan. 1, 2004	31 0 + ** 366	= + 46	0.	
400,000 X	Days after Dec. 31, 2003	34 366 + ** 366	= + 47	400,000.	
Business Limit for Ontario purposes	46 + 47	= 44	400,000. X	Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated. 48 100.0000%	
				= 45	400,000.
Income eligible for the IDSBC		From 30 100.0000%	X 56	400,000. = 60	400,000.
		*** Ontario Allocation		Least of 50, 54 or 45	

\* Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)  
 \*\* Note: Adjust accordingly for a 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)).

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

DOLLARS ONLY

**Income Tax** *continued from Page 4*

		Number of Days in Taxation Year			
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
Calculation of IDSBC Rate	7.00%	31	0 + 73 = 366	= +	89 .0000
	8.50%	34	366 + 73 = 366	= +	90 8.5000
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	100,487,405.
<b>If you are a member of an associated group</b> (X) 81 <input checked="" type="checkbox"/> (Yes)			
Name of associated corporation (Canadian & foreign) <i>(if insufficient space, attach schedule)</i>	Ontario Corporations Tax Account No. (MOF) <i>(if applicable)</i>	Taxation Year End	* Taxable Income <i>(if loss, enter nil)</i>
See attached			+ 82 45,641,028.
			+ 83 .
			+ 84 .
Aggregate Taxable Income	80 + 82 + 83 + 84, etc.	=	85 146,128,433.

		Number of Days in Taxation Year			
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
320,000	X	31	0 + 73 = 366	= +	115 0.
400,000	X	34	366 + 73 = 366	= +	116 400,000.
		115 + 116	=	400,000.	114 400,000.

(If negative, enter nil) = 86 145,728,433.

		Number of Days in Taxation Year			
		Days after Dec. 31, 2002	Total Days		
Calculation of Specified Rate for Surtax	4.6670%	38	366 + 73 = 366	= +	97 4.6670
From 86 145,728,433.	X	From 97 4.6670%		=	87 6,801,146.
From 87 6,801,146.	X	From 60 400,000.	+ From 114 400,000.	=	88 6,801,146.
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*

**Income Tax** *continued from Page 5*

**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17) ----- [110] 0.

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

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

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

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

Eligible Canadian Profits	-----	+	[120]	0.
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.	
Lesser of [56] or [121]	-----	+	[122]	400,000.
[120] - [56] + [122]	-----	=	[130]	0.
<b>Taxable Income</b>	-----	+	From [10]	100,487,405.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	-----	-	From [56]	400,000.
Add: Adjustments for Surtax on Canadian-controlled private corporations	-----	+	From [122]	400,000.
Subtract: Taxable Income [10] 100,487,405. x Allocation % to jurisdictions outside Canada .0000%	-----	-	[140]	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	-----	-	[141]	453,962.
[10] - [56] + [122] - [140] - [141]	-----	=	[142]	100,033,443.

**Claim**

**Number of Days in Taxation Year**

[143] 0. X From [30] 100.0000% X 1.5000% X					
Lesser of [130] or [142]	-----	+	[33] 0 + [73] 366		[154] 0.
[143] 0. X From [30] 100.0000% X 2.0000% X					
Lesser of [130] or [142]	-----	+	[34] 0 + [73] 366		[156] 0.

M&P claim for taxation year [154] + [156] ----- = [160] 0.

\* 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] 0.

**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** ----- = [162] 0.

**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] 0.

**Credit for Investment in Small Business Development Corporations (SBDC)**

*Applies if you have an unapplied, previously approved credit from prior years' investments in net 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] 0. Credit Claimed [180] 0.

**Subtotal of Income Tax** [40] - [70] + [100] - [110] - [160] - [161] - [162] - [170] - [180] ----- = [190] 14,068,237.

*continued on Page 7*



TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

DOLLARS ONLY

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

**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 0.

**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 0.

**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 0.

**Graduate Transitions Tax Credit (GTTC) (s.43.6)**  
*Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.*  
 No. of Graduates From 6596  
194 0 -----  
 Eligible Credit From 6598 CT23 Schedule 115 (Attach Schedule 115) ----- + 195 0.

**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 0.

**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 0.

**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 0.

**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 0.

**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 0.

**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 0.

**Apprenticeship Training Tax Credit (ATTC) (s.43.13)**  
*Applies to employment of eligible apprentices.*  
 No. of Apprentices From 5896  
202 -----  
 Eligible Credit From 5898 CT23 Schedule 114 (Attach Schedule 114) ----- + 203 0.

Other (specify) ----- + 203.1 0.

**Total Specified Tax Credits** 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 + 203.1 = 220 0.

**Specified Tax Credits Applied to reduce Income Tax** ----- = 225 0.

**Income Tax** 190 - 225 OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) ----- = 230 14,068,237.

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in 230 to Income Tax in **Summary** section on **Page 17**.

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**.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

DOLLARS ONLY

### Corporate Minimum Tax (CMT)

Total Assets of the corporation ..... + [240] 2323301000.  
 Total Revenue of the corporation ..... + [241] 2262394000.

The above amounts include the corporation's and associated corporations' 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			+ [243] 2303848730.	+ [244] 298,034,000.
			+ [245] .....	+ [246] .....
			+ [247] .....	+ [248] .....
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.		= [249] 4627149730.	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.			= [250] 2560428000.

### 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 Schedule 101 [2136] 103,960,000.	X From [30] 100.0000%	X [4.0000%]	= [276] 4,158,400.
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)				[277] 0.
Subtract: Income Tax				From [190] 14,068,237.
<b>Net CMT Payable</b> (if negative, enter Nil on Page 17.)				= [280] 0.

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] 0.

### Application of CMT Credit Carryovers

<b>A. Income Tax (before deduction of specified credits)</b>				+ From [190] 14,068,237.
Gross CMT Payable			+ From [276] 4,158,400.	
Subtract: Foreign Tax Credit for CMT purposes			From [277] 0.	
If [276] - [277] is negative, enter NIL in [290]			= 4,158,400.	[290] 4,158,400.
<b>Income Tax eligible for CMT Credit</b>				= [300] 9,909,837.
<b>B. Income Tax (after deduction of specified credits)</b>				+ From [230] 14,068,237.
Subtract: CMT credit used to reduce income taxes				[310] 0.
<b>Income Tax</b>				= [320] 14,068,237.

Transfer to page 17

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].

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

DOLLARS ONLY

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

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

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

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

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

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

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

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

**Paid-up Capital**

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+ 350	527,817,000.
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	+ 351	166,474,000.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	- - - - -	+ 352	11,391,000.
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+ 353	1226762000.
Bank loans (Int.B. 3013R)	- - - - -	+ 354	0.
Bankers acceptances (Int.B. 3013R)	- - - - -	+ 355	0.
Bonds and debentures payable (Int.B. 3013R)	- - - - -	+ 356	0.
Mortgages payable (Int.B. 3013R)	- - - - -	+ 357	0.
Lien notes payable (Int.B. 3013R)	- - - - -	+ 358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	- - - - -	+ 359	0.
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	- - - - -	+ 360	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	- - - - -	+ 361	118,186,990.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+ 362	0.
<b>Subtotal</b>	- - - - -	= 370	2050630990.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	- 371	74,732,343.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- - - - -	- 372	0.
<b>Total Paid-up Capital</b>	- - - - -	= 380	1975898647.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- - - - -	- 381	0.
<b>Electrical Generating Corporations Only</b> - 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	0.
<b>Net Paid-up Capital</b>	- - - - -	= 390	1975898647.

**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	50,000,000.
Mortgages due from other corporations	- - - - -	+ 403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+ 404	0.
Loans and advances to unrelated corporations	- - - - -	+ 405	0.
Loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+ 406	0.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+ 407	0.
<b>Total Eligible Investments</b>	- - - - -	= 410	50,000,000.

continued on Page 10



TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

**DOLLARS ONLY**

**Capital Tax** *continued from Page 9*

**Total Assets** (Int.B. 3015R)

Total Assets per balance sheet	-----	+	420	2,323,301,000.
gages or other liabilities deducted from assets	-----	+	421	0.
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	-----	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-----	-	423	0.
<b>Total Assets as adjusted</b>	-----	=	430	2,323,301,000.
Amounts in 360 and 361 (if deducted from assets)	-----	+	440	0.
Subtract: Amounts in 371, 372 and 381	-----	-	441	74,732,343.
Subtract: Appraisal surplus if booked	-----	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	-----	±	443	0.
<b>Total Assets</b>	-----	=	450	2,248,568,657.

  

<b>Investment Allowance</b>	(410 + 450) × 390	Not to exceed	410	=	460	43,936,809.
<b>Taxable Capital</b>	390 - 460			=	470	193,196,183.

<b>Gross Revenue</b> (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	-----	480	2,262,394,000.
<b>Total Assets</b> (as adjusted)	-----	From 430	2,323,301,000.

**Calculation of Capital Tax for all Corporations except Financial Institutions**

*Note: This version (2004/2005) of the Ct23 may only be used for a taxation year that commenced after December 31, 2002.*

*Financial Institutions use calculations on page 13.*

**Important:**

If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only **Section A** below.

OR If the corporation is **not** a member of an associated group and/or partnership, complete **Section B** below, then review only the Capital Tax calculations in **Section C** below, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.

OR If the corporation **is** a member of an associated group and/or partnership, complete **Section B** below and **Section D** on page 11, and if applicable, complete **Section E** or **Section F** on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

**SECTION A**

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

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

**SECTION B**

Calculation of Taxable Capital Deduction (TCD)

		Number of Days in Taxation Year			
		Days before Jan. 1, 2005	Total Days		
5,000,000	X	35 366	+ 73 366	= +	500 5,000,000.
		Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000	X	36 0	+ 73 366	= +	501 0.
		Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	X	37 0	+ 73 366	= +	502 0.
<b>Taxable Capital Deduction (TCD)</b>				<b>500 + 501 + 502</b>	<b>= 503 5,000,000.</b>

**SECTION C**

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

**C1.** If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.

**C2.** If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.

**C3.** If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.

+ From	470	0.		
- From	503	0.		
=	471	0.	X From	30
			Ontario Allocation	100.0000%
			X	3000%
			X	555 366
				= + 523 0.

Days in taxation year  
366  
365 (366 if leap year)  
Transfer to 543 on page 12 and complete the return from that point

continued on Page 11

If floating taxation year, refer to Guide.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

DOLLARS ONLY

Capital Tax Calculation continued from Page 10

SECTION D

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 to 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. X 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 asset 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 0.

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

Table with 4 columns: Name, Account No., Taxation Year End, Taxable Capital. Rows show calculations for 531, 532, 533, and aggregate 540.

If 540 above is equal to or less than the 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 0. + From 540 0. X From 503 0. = 541 0.

Transfer to 542 in Section E on page 12

S.s.69(2.1) Election Filed

X 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 [550] on page 12, and complete the return from that point.

1.2. Other than Credit Unions

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

[565] 0. x 0.6% X From [30] Ontario Allocation % X [555] 0 + \* 0 (366 if leap year) = + [569] 0.

Days in taxation year

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

[570] 0. x [571] 0.00% X From [30] Ontario Allocation % X [555] 0 + \* 0 (366 if leap year) = + [574] 0.

Days in taxation year

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate (Refer to Guide)

Capital Tax for Financial Institutions – other than Credit Unions (before Section 2) [569] + [574] = [575] 0.

\* If floating taxation year, refer to Guide.

Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments - [585] 0.

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x)  Yes

Capital Tax – Financial Institutions [575] - [585] = [586] 0. Transfer to [543] on Page 12

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

(1) Uninsured Benefits Arrangements [587] 0. x 2% = [588] 0.

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in [588] and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in [588].)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) - [589] 0.

Premium Tax [588] - [589] = [590] 0. Transfer to page 17



TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2004-12-31

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** 101,029,137.  
 Transfer to Page 15

**Add:**

Federal capital cost allowance	-----	+ <b>601</b>	<u>119,294,094.</u>
Federal cumulative eligible capital deduction	-----	+ <b>602</b>	<u>1,316,077.</u>
Ontario taxable capital gain	-----	+ <b>603</b>	<u>457,456.</u>
Federal non-allowable reserves. Balance beginning of year	-----	+ <b>604</b>	<u>118,727,291.</u>
Federal allowable reserves. Balance end of year	-----	+ <b>605</b>	<u>0.</u>
Ontario non-allowable reserves. Balance end of year	-----	+ <b>606</b>	<u>118,186,990.</u>
Ontario allowable reserves. Balance beginning of year	-----	+ <b>607</b>	<u>0.</u>
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	-----	+ <b>608</b>	<u>0.</u>
Federal resource allowance (Refer to Guide)	-----	+ <b>609</b>	<u>0.</u>
Federal depletion allowance	-----	+ <b>610</b>	<u>0.</u>
Federal foreign exploration and development expenses	-----	+ <b>611</b>	<u>0.</u>
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	-----	+ <b>617</b>	<u>0.</u>

Management fees, rents, royalties and similar payments to non-arms' length non-residents

**Number of Days in Taxation Year**

<b>612</b>	0.	X	5	+	12,5000	X	<b>33</b>	0	+	<b>73</b>	366	=	+ <b>633</b>	0.
------------	----	---	---	---	---------	---	-----------	---	---	-----------	-----	---	--------------	----

Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days
0	366

<b>612</b>	0.	X	5	+	14,0000	X	<b>34</b>	366	+	<b>73</b>	366	=	+ <b>634</b>	0.
------------	----	---	---	---	---------	---	-----------	-----	---	-----------	-----	---	--------------	----

Days after Dec. 31, 2003	Total Days
34	366

Total add-back amount for Management fees, etc. **633** + **634** ----- = **613** 0.

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** 0.

Add any negative amount in **473** from Ont. CT23 Schedule 161 ----- + **616** 0.

Federal allowable business investment loss ----- + **620** 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) ----- + **614** 0.

**Total of Additions** **601** to **611** + **617** + **613** + **615** + **616** + **620** + **614** ----- = 357,981,908. **640** 357,981,908.  
 Transfer to Page 15

**Deduct:**

Ontario capital cost allowance (excludes amounts deducted under <b>675</b> )	-----	+ <b>650</b>	<u>119,294,094.</u>
Ontario cumulative eligible capital deduction	-----	+ <b>651</b>	<u>1,316,077.</u>
Federal taxable capital gain	-----	+ <b>652</b>	<u>457,456.</u>
Ontario non-allowable reserves. Balance beginning of year	-----	+ <b>653</b>	<u>118,727,291.</u>
Ontario allowable reserves. Balance end of year	-----	+ <b>654</b>	<u>0.</u>
Federal non-allowable reserves. Balance end of year	-----	+ <b>655</b>	<u>118,186,990.</u>
Federal allowable reserves. Balance beginning of year	-----	+ <b>656</b>	<u>0.</u>
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	-----	+ <b>657</b>	<u>0.</u>
Ontario depletion allowance	-----	+ <b>658</b>	<u>0.</u>
Ontario resource allowance (Refer to Guide)	-----	+ <b>659</b>	<u>0.</u>
Ontario current cost adjustment (Attach schedule)	-----	+ <b>661</b>	<u>0.</u>
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	-----	+ <b>675</b>	<u>0.</u>

**Subtotal of deductions for this page** **650** to **659** + **661** + **675** ----- **681** 357,981,908.  
 Transfer to Page 15

continued on Page 15

**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 ±	600	101,029,137.
Total of Additions on page 14	-----	From =	640	357,981,908.
Sub Total of deductions on page 14	-----	From =	681	357,981,908.

**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 ----- 0.

**ONTTI Gross-up deduction calculation:**

From	Gross-up of CCA			
662	0. x	100		
	From 30	100.0000	- From 662	0. = 663
	Ontario Allocation			0.

**Workplace Child Care Tax Incentive (WCCT)**  
*(Applies to eligible expenditures incurred prior to January 1, 2005.)*

Qualifying expenditures:	665	0. x	30.00% x	100	= 666	0.
		From 30	100.0000			
			Ontario Allocation			

**Workplace Accessibility Tax Incentive (WATI)**  
*(Applies to eligible expenditures incurred prior to January 1, 2005.)*

Qualifying expenditures:	667	0. x	100.00% x	100	= 668	0.
		From 30	100.0000			
			Ontario Allocation			

Number of Employees accommodated

669 ----- 0.

**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	0. x	30.00% x	100	= 671	0.
		From 30	100.0000			
			Ontario Allocation			

**Educational Technology Tax Incentive (ETTI)**  
*(Applies to eligible expenditures incurred prior to January 1, 2005.)*

Qualifying expenditures:	672	0. x	15.00% x	100	= 673	0.
		From 30	100.0000			
			Ontario Allocation			

Ontario allowable business investment loss ----- + 678 ----- 0.

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679 ----- 0.

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 ----- 538,238.

Total of other deductions allowed by Ontario (Attach schedule) ----- + 664 ----- 0.

**Total of Deductions** 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 ----- = 358,520,146. 680 ----- 358,520,146.

**t income (loss) for Ontario Purposes** 600 + 640 - 680 ----- = 690 ----- 100,490,899.  
*Transfer to Page 4*

**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)
<b>Balance at Beginning of Year</b>	700 (2) 0	710 (2) 6,988	720 (2) 0	730 0	740 0	750 0
<b>Add:</b>						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
<b>Subtotal</b>	703 0	713 0	723 0	733 0	743 0	753 0
<b>Subtract:</b>						
Utilized during the year to reduce taxable income	704 (2) 0	715 (2)(4) 6,988	724 (2) 0	734 (2)(4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
707 0	717 0	727 0	737 0	747 0	757 0	
<b>Subtotal</b>						
	709 (8) 0	719 0	729 0	739 0	749 0	759 0
<b>Balance at End of Year</b>						

**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 9th preceding taxation year 1996-09-30	817 (9) 0	860 (9) 0		850 0	870 0
801 8th preceding taxation year 1997-09-30	818 (9) 0	861 (9) 0		851 0	871 0
802 7th preceding taxation year 1998-09-30	819 (9) 0	862 (9) 0		852 0	872 0
803 6th preceding taxation year 1999-09-30	820 0	830 0	840 0	853 0	873 0
804 5th preceding taxation year 2000-09-30	821 0	831 0	841 0	854 0	874 0
805 4th preceding taxation year 2001-09-30	822 0	832 0	842 0	855 0	875 0
806 3rd preceding taxation year 2001-12-31	823 0	833 0	843 0	856 0	876 0
807 2nd preceding taxation year 2002-12-31	824 0	834 0	844 0	857 0	877 0
808 1st preceding taxation year 2003-12-31	825 0	835 0	845 0	858 0	878 0
809 Current taxation year 2004-12-31	826 0	836 0	846 0	859 0	879 0
<b>Total</b>	829 0	839 0	849 0	869 0	889 0

**Notes:**

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

**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.

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
<b>Total amount of loss</b>	910	920	930	940
	0	0	0	0
<b>Deduct:</b> Loss to be carried back to preceding taxation years and applied to reduce taxable income				
<b>Predecessor Ontario Corporation's Tax Account No. (MOF)</b>				
<b>Taxation Year Ending year month day</b>				
i) 3rd preceding	901	911	931	941
	0	0	0	0
ii) 2nd preceding	902	912	932	942
	0	0	0	0
iii) 1st preceding	903	913	933	943
	0	0	0	0
<b>Total loss to be carried back</b>	From 706	From 716	From 726	From 736
	0	0	0	0
<b>Balance of loss available for carry-forward</b>	919	929	939	949
	0	0	0	0

**Summary**

Income tax	+ From 230 or 320	14,068,237.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	5,780,886.
Premium Tax	+ From 590	0.
<b>Total Tax Payable</b>	= 950	19,849,123.
Subtract: Payments	- 960	22,442,633.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify)	-	0.
<b>Balance</b>	= 970	-2,593,510.
If payment due	Enclosed * 990	0.
If overpayment: Refund (Refer to Guide)	- 975	0.
Apply to	year month day 2005-12-31	980 2,593,510.
		(Includes credit interest)

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

**Certification**

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

Name (please print)

JEAN-SEBASTIEN COUILLARD

Title

CFO

Full Residence Address

Signature

Date

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





Ontario Summary of Dispositions of Capital Property  
 Schedule 6

or 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.

Period 1: Dispositions before February 28, 2000  
 Period 2: Dispositions after February 27, 2000 and before October 18, 2000  
 Period 3: Dispositions after October 17, 2000

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"? ..... Yes/No [ N]  
 If Yes, complete the following:

Property	Class number	Date of disposition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Other adjustments	Designated amount	Gain or loss
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			=====	=====	=====	=====	=====

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? ..... Yes/No [ N]  
 If Yes, complete the following:

Property	Class number	Corporation name of transferee/or	Date of disposition YYYY/MM/DD	Cost of asset in other jurisdiction
				0
				0
				0
				0
				0
				=====
Name of other jurisdiction	Allocation ratio to other jurisdictions	Ontario elected amount	Gain or loss	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	=====	=====	=====	

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

**Part 1 - Shares**

No. of shares	Name of corporation	Class of shares				Gain (loss)	
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
Totals			0	0	0	0	A
						Gain (loss) on dispositions in period 1	0 A1
						Gain (loss) on dispositions in period 2	0 A2
						Gain (loss) on dispositions in period 3	0 A3

**Part 2 - Real estate ("Do not include losses on depreciable property")**

Municipal address

1 = Address 1  
 2 = Address 2  
 3 = City  
 4 = Province, Country, Postal Code, Zip Code or Foreign Postal Code

						Gain (loss)	
60 TIFFIELD ROAD	1980-01-01	4,250,000	3,733,000	0	517,000	3	
TORONTO ON							
WILLOWDALE AV.	1949-01-01	494,390	144,000	0	350,390	3	
TORONTO ON							
941 CALEDONIA ROAD	1959-01-01	375,000	309,000	0	66,000	3	
TORONTO ON							
941 FENMAR DR W/S	1970-01-01	69,300	87,779	0	-18,479	3	
TORONTO ON							
Totals			5,188,690	4,273,779	0	914,911	B
						Gain (loss) on dispositions in period 1	0 B1
						Gain (loss) on dispositions in period 2	0 B2
						Gain (loss) on dispositions in period 3	914,911 B3



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

**Part 3 - Bonds**

Face value	Maturity date YYYY/MM/DD	Name of issuer				Gain (loss)	
0			0	0	0	0 3	
0			0	0	0	0 3	
0			0	0	0	0 3	
0			0	0	0	0 3	
			0	0	0	0	
		Totals	0	0	0	0 C	
						=====	
						Gain (loss) on dispositions in period 1	0 C1
						Gain (loss) on dispositions in period 2	0 C2
						Gain (loss) on dispositions in period 3	0 C3

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

Description					Gain (loss)		
		0	0	0	0 3		
		0	0	0	0 3		
		0	0	0	0 3		
		0	0	0	0		
Gain or loss from a partnership		0	0	0	0		
	Totals	0	0	0	0 D		
						=====	
						Gain (loss) on dispositions in period 1	0 D1
						Gain (loss) on dispositions in period 2	0 D2
						Gain (loss) on dispositions in period 3	0 D3

**Part 5 - Personal-use property**

Description of capital property					Gain only		
		0	0	0	0 3		
		0	0	0	0 3		
		0	0	0	0 3		
		0	0	0	0 3		
Note: Losses are not deductible.	Totals	0	0	0	0 E		
						=====	
						Gain on dispositions in period 1	0 E1
						Gain on dispositions in period 2	0 E2
						Gain on dispositions in period 3	0 E3

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

**Part 6 - Listed personal property**

Description					Gain (loss)	
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
	Totals	0	0	0	0	
		=====	=====	=====	=====	
		Period 1	Period 2	Period 3		
Gain (or loss) on dispositions		0	0	0	0	
<b>Subtract:</b> Unapplied LPP losses from other years applicable to gain on dispositions		0	0	0	0	
Net gain (loss) on dispositions		0	0	0	0	F

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

**Part 7 - 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	Ontario adjusted cost base	Outlays and expenses	Ontario loss (col. 3 less (cols 4 & 5)	Date of disp.
	0		0	0	0	0	3
	0		0	0	0	0	3
	0		0	0	0	0	3
	0		0	0	0	0	3
		Totals	0	0	0	0	G
			=====	=====	=====	=====	
				Loss on dispositions in period 1		0	G1
				Loss on dispositions in period 2		0	G2
				Loss on dispositions in period 3		0	G3

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

**Determining capital gains and capital losses**

	Period 1	Period 2	Period 3	
Gains or losses on dispositions				
Total of amounts A to F, if amount F is a loss, do not include it)	0	0	914,911	914,911
Allowable business investment losses (G1, G2, G3)	0	0	0	
Gains or losses on dispositions (including ABIL)	0	0	914,911	
<b>Add:</b>				
Gain or loss from a partnership				0
Capital gains dividends received in the year	0	0	0	0
Capital gains reserve (Opening balance) Schedule 13	0	0	0	0
Subtotal	0	0	914,911	914,911
<b>Less:</b>				
Capital gains reserve (Closing balance) from Schedule 13 (note 1)	0	0	0	0
Deductible portion of gain on donations (including ecologically sensitive land)	0	0	0	
Gains (or losses)	0 H	0 I	914,911 J	914,911 Z

**Note 1:** Applicable to dispositions made in the period. Closing balance reserves from dispositions made in a previous taxation year need to be deducted in the period during which the taxation year begins.

**Inclusion rate**

	Gains or losses	Inclusion Rate		Net capital gain/capital loss
Amount from line H, period 1	0 H	x 75.0000%	=	0 K
Amount from line I, period 2	0 I	x 66.6667%	=	0 L
Subtotal (note 2)	0 M	x .0000%	=	0 AA
Amount from line J, period 3	914,911 J	x 50.0000%	=	457,456 N
Total (note 3)	914,911 O			457,456 P
Inclusion rate for the year expressed as a decimal fraction (P divided by O)				50.000000% Q

**Note 2**  
 If one of either line H or line I is positive, and the other is negative, enter the difference (gain or loss) on the subtotal line. On the inclusion rate line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line AA based on that rate. In this case, it would not be necessary to calculate an amount at K and L. Otherwise, add lines H and I, and lines K and L for the subtotals. At the inclusion rate line between M and AA, enter the result of M divided by AA. This rate may be required in further calculations.

**Note 3**  
 If one of either line M or line J is positive, and the other is negative, enter the difference (gain or loss) on the total line. On the inclusion rate line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line P based on that rate. This could be the rate referred to at the end of note 2 above. In this case, it would not be necessary to calculate an amount at line N. Otherwise, add lines M and J, and lines AA and N for the totals.

**Time Weighted Method for investment corporation or mutual fund corporation**  
 Is the corporation a mutual fund corporation that wishes to use the time weighted method? [Y/N] N

Number of days in period 1	0	x	75.0000%	=	.0000%
Number of days in period 2	0	x	66.6667%	=	.0000%
Number of days in period 3	0	x	50.0000%	=	.0000%
Number of days in the taxation year	0				.000000%

Determination of taxable capital gains and allowable business investment losses

Amount from line Z ..... 914,911 Z

**Juct:**

Gain on donations of a share, debt obligation, or right  
 (included in amounts A to F) (note 4)

Before February 28, 2000	0			
After February 27, 2000 and before October 18, 2000	0			
After October 17, 2000	0			
	-----			
	0	x	1/2	=
				0

**Subtotal** ..... 914,911

**Deduct:**

Amount of gain on donations of ecologically sensitive land after February 27, 2000

After February 27, 2000 and before October 18, 2000	0			
After October 17, 2000	0			
	-----			
	0	x	1/2	=
				0

**Gains or Loss**

Include 100% of the losses in box **711** of the CT23 ..... 914,911 R

Taxable capital gains (amount R x Inclusion rate)

Transfer to **603** of the CT23 ..... 457,456 S

Allowable business investment loss (line G x Inclusion rate)

Transfer to **678** of the CT23 ..... 0 G4

=====

**Note 4:**

Gain on donations of a share, debt obligation, or right listed on a prescribe stock exchange and amounts under paragraph 38(a.1) of the Act on (for donations made after February 18, 1997, and before the year 2002 to charities other than private foundations).

Portion of Gain or Loss from Foreign sources (100%) ..... 0

**CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME**

**Part 1 - Aggregate and foreign 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	457,456	0	457,456	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	0	0	0	B
Net capital losses of other years claimed at line 332 on the T2 return	3,494		3,494	C
Total of amounts B and C	3,494	0	3,494	D
Amount A minus amount D (if negative, enter "0")	453,962	0	453,962	E
Total income from property (include only income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends	0	0	0	
Other property income	0	0	0	
Total income from property	0	0	0	F
Exempt income	0	0	0	G
Amounts received from NISA Fund No.2 (CAIS) that were included in computing the corporation's income for the year	0	0	0	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	0	0	0	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	0	0	0	J
Total of amounts G, H, I, and J	0	0	0	K
Amount F minus amount K	0	0	0	L
Total of amount E plus amount L	453,962	0	453,962	M
Total losses from property (include only losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	0	0	0	N
Amount M minus amount N (if negative, enter "0")	453,962	0	453,962	P

**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.

NET TAXABLE DIVIDENDS	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3	0	0	0
<b>Less:</b> Expenses related to such dividends			
Total expenses	0	0	0
Net taxable dividends	0	0	0

Part 2 - Specified partnership income

A	B	C	D	E	F	G	H
Partnership name	Total income (loss) of partnership from an active business	Corp's share of amount in column B	Adjustments (add prior-year reserves added back to current-year income, under subsection 34.2(5), and deduct expenses incurred to earn partnership income)	Corp's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / B) x [200,000 (column F / 365)] (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0")
		0	0	0	0	0	0
		0	0	0	0	0	0
		0	0	0	0	0	0
		0	0	0	0	0	0
				<b>Total</b>	<b>0</b>	<b>Total</b>	<b>0 H.1</b>

Add to the total of Line H, the lesser of:

- i) the 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 . . . . . 0
- plus:**  
 the specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E) . . . . . 0 H.2
- ii) Column E minus column G - if negative, enter "0" (if a member of more than one partnership, calculate separately for each partnership and enter total) . . . . . 0 0 H.3

**Specified partnership income (line H.1 plus line H.3) . . . . . 0 H.4**

\* When a partnership carries on more than one business, one of which generates income and another realizes a loss, the partnership 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 the total of line E above (if the net amount

negative, enter "0" on line M) .....	0	I
<b>Add:</b> Specified partnership loss (from line H.2 above) .....	0	J
	-----	
<b>Subtotal</b> .....	0	K
<b>Deduct:</b> Specified partnership income (from line H.4 above) .....	0	L
	-----	
<b>Partnership income</b> (enter on line P below) .....	0	M
	=====	

**Part 4 - Income from active business carried on in Canada**

Net income for Ontario income tax purposes .....	100,490,899	N
<b>Deduct:</b> Foreign business income after deducting related expenses * .....	0	
Taxable capital gains <b>minus</b> allowable capital loss		
- amount A <b>minus</b> amount B (page 1) * .....	457,456	
Net property income		
- amount F <b>minus</b> amounts G, H and N (page 1) * .....	0	O
Personal services business income after deducting related expenses *	0	
	-----	
	457,456	457,456
	=====	
<b>Net amount</b> .....	100,033,443	
<b>Deduct:</b> Partnership income (line M above) .....	0	P
	-----	
<b>Income from active business carried on in Canada</b> (if negative, enter "0") .....	100,033,443	Q
	=====	

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

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

**Summary of Capital Cost Allowance**

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost)	Cost of acquisitions during the year (new property must be available for use)	Net negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 minus column 4)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	1400481955	93,619,744	82,529	2,448,326	1491735902	45,585,709	1446150193	4	0	0	57,846,008	1433889894
8	53,581,030	2,994,419	-82,529	0	56,492,920	1,497,209	54,995,711	20	0	0	10,999,142	45,493,778
10	22,294,245	2,650,663	0	120,513	24,824,395	1,265,075	23,559,320	30	0	0	7,067,796	17,756,599
12	5,992,146	3,960,431	0	0	9,952,577	1,980,215	7,972,362	100	0	0	7,972,362	1,980,215
17	6,235,048	735,526	0	20,578	6,949,996	357,474	6,592,522	8	0	0	527,402	6,422,594
2	575,022,193	0	0	0	575,022,193	0	575,022,193	6	0	0	34,501,332	540,520,861
13	152,329	0	0	0	152,329	0	152,329	0	0	0	43,240	109,089
98	23,471,369	0	-6,206,403	0	17,264,966	0	17,264,966	0	0	0	0	17,264,966
10.1	15,876	0	-15,876	0	0	0	0	30	0	0	0	0
45	0	1,496,941	0	0	1,496,941	748,470	748,471	45	0	0	336,812	1,160,129
<b>total</b>	<b>2087246191</b>	<b>105,457,724</b>	<b>-6,222,279</b>	<b>2,589,417</b>	<b>2183892219</b>	<b>51,434,152</b>	<b>2132458067</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,294,094</b>	<b>2064598135</b>

See note 2 below

See note 1 below



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 PO Box 620  
 33 King Street West  
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**Summary of Capital Cost Allowance**

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated)	Cost of acquisitions during the year (new property must be available for use)	Net adjustments (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 minus column 4)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)

See note 1 below

See note 2 below

Total	2087246191	105,457,724	-6,222,279	2,589,417	2183892219	51,434,152	2132458067	0	0	119,294,094	2064598125
								Enter in boxes [650]	[650]	[650]	[650] on the CT23

- Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).
- Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.
- Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.
- Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



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PO Box 620  
33 King Street West  
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# Ontario Cumulative Eligible Capital Deduction Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>	Ontario Corporations Tax Account No. (MOF) <b>1800235</b>	Taxation Year End <b>2004-12-31</b>
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- 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)									<b>17,222,079<sup>A</sup></b>
<b>Add:</b> Cost of eligible capital property acquired during the taxation year	+	<b>2,105,369<sup>B</sup></b>							
Amount transferred on amalgamation or wind-up of subsidiary	+	<b>0<sup>C</sup></b>							
Other adjustments	+	<b>0<sup>D</sup></b>							
<b>Total of B + C + D</b>	=	<b>2,105,369</b>	X 0.75 =						<b>1,579,027<sup>E</sup></b>
<b>Subtotal A + E</b>	=								<b>18,801,106<sup>F</sup></b>
<b>Deduct:</b> Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+	<b>0<sup>G</sup></b>							
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)	+	<b>0<sup>H</sup></b>							
Other adjustments	+	<b>0<sup>I</sup></b>							
<b>Total of G + H + I</b>	=	<b>0</b>	X 0.75 =						<b>0<sup>J</sup></b>
<b>Ontario cumulative eligible capital balance F – J</b>	=								<b>18,801,106<sup>K</sup></b>

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

<b>Current year deduction</b>	<b>18,801,106<sup>K</sup></b>	X 7.00% *	=	<b>1,316,077<sup>L</sup></b>
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\* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.

Enter amount in box **651** of the CT23

<b>Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero)</b>	=	<b>17,485,029<sup>M</sup></b>
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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 if the amount at line K is negative

Amount from line K above (show as a positive amount)									<b>0<sup>N</sup></b>
Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988		<b>0<sup>1</sup></b>							
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA		<b>0<sup>2</sup></b>							
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988		<b>0<sup>3</sup></b>							
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988		<b>0<sup>4</sup></b>							
Line 3 deduct line 4		<b>0</b>		<b>0<sup>5</sup></b>					
Total lines 1 + 2 + 5				<b>0<sup>6</sup></b>					
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000				<b>0<sup>7</sup></b>					
Deduct line 7 from line 6				<b>0</b>					<b>0<sup>O</sup></b>
<b>N - O (cannot be negative)</b>									<b>0<sup>P</sup></b>
Amount on line 5	<b>0</b>	X 1/2							<b>0<sup>Q</sup></b>
<b>P - Q</b>									<b>0<sup>R</sup></b>
Amount on line R	<b>0</b>	X 2/3 *							<b>0<sup>S</sup></b>
Lesser of line N or line O									<b>0<sup>T</sup></b>
<b>Amount to be included in income S + T</b>									<b>0</b>

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



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 PO Box 620  
 33 King Street West  
 Oshawa ON L1H 8E9

**2004 Capital Tax Election of Associated Group Agreement for Allocation of Taxable Capital Deduction (TCD)**

**CT23 SCHEDULE 591**

*Applies to taxation years ending in the 2004 calendar year.*

The following associated group of corporations includes all the corporations in this associated group (excluding financial institutions and corporations exempt from capital tax) having a permanent establishment in Canada and are hereby making an election under subsection 69(2.1) of the *Corporation Tax Act* to allocate the tax effect from the group's taxable capital deduction (TCD) as calculated in section B on page 10 of the CT23 for all taxation years which end in the 2004 calendar year, based on each corporation's total assets and Ontario allocation factor from each corporation's last taxation year ending in the 2003 calendar year.

<b>Tax Effect (TE) of Taxable Capital Deduction:</b>					
<b>TCD</b>	From CT23, Page 10, Section B	<b>503</b>	<b>5,000,000</b>	x	<b>.3000%</b> = <b>TE</b> <b>15,000</b>
Corporation having a permanent establishment in Canada	Last taxation year ending in 2003 calendar	Ontario Allocation <b>A</b>	Total Assets <b>T</b>	Net Deduction <b>A x [TE x (T + X)] ND</b>	Allocation of Net Deduction <b>AND</b>
Corporation Tax Account Number (if applicable) <b>1800235</b>	Year Month Day <b>2003-12-31</b>	<b>100.0000</b>	<b>2277751000</b>	<b>15,000</b>	<b>995</b> <b>15,000</b>
Corporation Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>					
Corporation Tax Account Number (if applicable) <b>1800236</b>	Year Month Day	<b>100.0000</b>	<b>1973219000</b>		<b>995</b>
Corporation Name <b>TORONTO HYDRO CORPORATION</b>					
Corporation Tax Account Number (if applicable) <b>1800237</b>	Year Month Day	<b>100.0000</b>	<b>136,733,000</b>		<b>995</b>
Corporation Name <b>TORONTO HYDRO ENERGY SERVICES</b>					
Corporation Tax Account Number (if applicable) <b>1800238</b>	Year Month Day	<b>100.0000</b>	<b>38,463,000</b>		<b>995</b>
Corporation Name <b>TORONTO HYDRO TELECOM INC.</b>					
Corporation Tax Account Number (if applicable) <b>1800234</b>	Year Month Day	<b>100.0000</b>	<b>4,655,382</b>		<b>995</b>
Corporation Name <b>1455948 ONTARIO INC.</b>					
Corporation Tax Account Number (if applicable) <b>1800357</b>	Year Month Day	<b>100.0000</b>	<b>6,669,000</b>		<b>995</b>
Corporation Name <b>TORONTO HYDRO STREET LIGHTING</b>					
Corporation Tax Account Number (if applicable) <b>1800359</b>	Year Month Day	<b>100.0000</b>	<b>125,437</b>		<b>995</b>
Corporation Name <b>1512830 Ontario Inc.</b>					

If insufficient space, attach list.

<b>Total Assets</b> of Associated Group having permanent establishments in Canada	----- x	<b>4437615819</b>	<b>959</b>
<b>Total Net Deductions</b> of Associated Group having permanent establishments in Canada	----- TND	<b>15,000</b>	<b>994</b>
<b>Total Allocated Net Deductions</b> of Associated Group having permanent establishments in Canada	----- TAND	<b>15,000</b>	

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

Corporation's Legal Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>	Ontario Corporations Tax Account No. (MOF) <b>1800235</b>	Taxation Year End <b>2004-12-31</b>
--	--	--

**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 **60,135,000.**

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

Provision for recovery of income taxes / benefit of current income taxes	----- +	2101	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	----- +	2102	0.
Equity income from corporations	----- +	2103	0.
Share of partnership(s)/joint venture(s) income	----- +	2104	0.
Dividends received/receivable deductible under fed.s.112	----- +	2105	0.
Dividends received/receivable deductible under fed.s.113	----- +	2106	0.
Dividends received/receivable deductible under fed.s.83(2)	----- +	2107	0.
Dividends received/receivable deductible under fed.s.138(6)	----- +	2108	0.

Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) **0.** x 3 ..... + 2109 **0.**

**Subtotal** ..... = **0.** - 2110 **0.**

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

Provision for current taxes / cost of current income taxes	----- +	2111	<b>43,825,000.</b>
Provision for deferred income taxes (debits) / cost of future income taxes	----- +	2112	0.
Equity losses from corporations	----- +	2113	0.
Share of partnership(s)/joint venture(s) losses	----- +	2114	0.
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	0.

**Subtotal** ..... = **43,825,000.** + 2116 **43,825,000.**

**Add/Subtract:**

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years						
** Fed.s.85	----- +	2117	0.	or -	2118	0.
** Fed.s.85.1	----- +	2119	0.	or -	2120	0.
** Fed.s.97	----- +	2121	0.	or -	2122	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	----- +	2123	0.	or -	2124	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	----- +	2125	0.	or -	2126	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	----- +	2127	0.	or -	2128	0.

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income ..... - 2150 **0.**

**Subtotal (Additions)** ..... = **0.** + 2129 **0.**

**Subtotal (Subtractions)** ..... = **0.** - 2130 **0.**

\*\* Other adjustments ..... ± 2131 **0.**

**Subtotal** ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 ..... = 2132 **103,960,000.**

\*\* Share of partnership(s)/joint venture(s) adjusted net income/loss ..... ± 2133 **0.**

**Adjusted net income (loss)** (if loss, transfer to 2202 in Part 2: Continuity of CMT Losses Carried Forward.) ..... = 2134 **103,960,000.**

Product: \* CMT losses: pre-1994 Loss ..... + From 2210 **0.**

\* CMT losses: other eligible losses ..... + 2211 **0.**

..... = **0.** - 2135 **0.**

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

\*\* Retain calculations. Do not submit with this schedule.

**CMT Base** ..... = 2136 **103,960,000.**

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

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2004-12-31
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**Part 2: Continuity of CMT Losses Carried Forward**

<b>Balance at Beginning of year</b> NOTES (1), (2)	-----	+	2201	0.
<b>Add:</b> Current year's losses	-----	+	2202	0.
Losses from predecessor corporations on amalgamation NOTE (3)	-----	+	2203	0.
Losses from predecessor corporations on wind-up NOTE (3)	-----	+	2204	0.
Amalgamation (x) 2205 <input type="checkbox"/> Yes				
Wind-up (x) 2206 <input type="checkbox"/> Yes				
<b>Subtotal</b>	-----	=	2207	0.
Adjustments (attach schedule)	-----	±	2208	0.
<b>CMT losses available</b> 2201 + 2207 ± 2208	-----	=	2209	0.
<b>Subtract:</b> Pre-1994 loss utilized during the year to reduce adjusted net income	-----	+	2210	0.
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4)	-----	+	2211	0.
Losses expired during the year	-----	+	2212	0.
<b>Subtotal</b>	-----	=	2213	0.
<b>Balances at End of Year</b> NOTE (5) 2209 - 2213	-----	=	2214	0.

**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 2134 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1996-09-30	2260 0	2280 0
2241	8th preceding taxation year 1997-09-30	2261 0	2281 0
2242	7th preceding taxation year 1998-09-30	2262 0	2282 0
2243	6th preceding taxation year 1999-09-30	2263 0	2283 0
2244	5th preceding taxation year 2000-09-30	2264 0	2284 0
2245	4th preceding taxation year 2001-09-30	2265 0	2285 0
2246	3rd preceding taxation year 2001-12-31	2266 0	2286 0
2247	2nd preceding taxation year 2002-12-31	2267 0	2287 0
2248	1st preceding taxation year 2003-12-31	2268 0	2288 0
2249	Current taxation year 2004-12-31	2269 0	2289 0
<b>Totals</b>		2270 0	2290 0

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

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

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2004-12-31
---	---	---------------------------------

**Part 4: Continuity of CMT Credit Carryovers**

**Balance at Beginning of year** NOTE (1) ..... + 2301 0.

**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 0.

Gross Special Additional Tax NOTE (2) 312 on page 5 of the 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 .....

**Subtotal** (if negative, enter NIL) ..... = 2305 .....

Current year's CMT credit (if negative, enter NIL) 280 or 347 - 2305 ..... = 2310 0.

CMT Credit Carryovers from predecessor corporations NOTE (3) ..... + 2325 0.

Amalgamation (x) 2315  Yes Wind-up (x) 2320  Yes

**Subtotal** 2301 + 2310 + 2325 ..... = 2330 0.

Adjustments (Attach schedule) ..... ± 2332 0.

**CMT Credit Carryover available** 2330 ± 2332 ..... = 2333 0. *Transfer to Page 8 of the CT23 or Page 6 of the CT8*

**Subtract:** CMT Credit utilized during the year to reduce income tax ( 310 on page 8 of the CT23 or 351 on page 6 of the CT8.) ..... + From 310 or 351 0.

CMT Credit expired during the year ..... + 2334 0.

**Subtotal** ..... = 2335 0.

**Balance at End of Year** NOTE (4) 2333 - 2335 ..... = 2336 0.

- Notes:
- Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
  - The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
  - 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))
  - 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) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 1996-09-30	2360 0	2380 0
2341	8th preceding taxation year 1997-09-30	2361 0	2381 0
2342	7th preceding taxation year 1998-09-30	2362 0	2382 0
2343	6th preceding taxation year 1999-09-30	2363 0	2383 0
2344	5th preceding taxation year 2000-09-30	2364 0	2384 0
2345	4th preceding taxation year 2001-09-30	2365 0	2385 0
2346	3rd preceding taxation year 2001-12-31	2366 0	2386 0
2347	2nd preceding taxation year 2002-12-31	2367 0	2387 0
2348	1st preceding taxation year 2003-12-31	2368 0	2388 0
19	Current taxation year 2004-12-31	2369 0	2389 0
<b>Totals</b>		2370 0	2390 0

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



Corporation's Legal Name		Ontario Corporations Tax Account No. (MOF)			
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED		1800235			
<u>Taxation Year End</u>					
31-Dec-04					
Box 371 attachment					
Per 2003 filed return		76,108,993			
DEP- fxd assets		(122,525,811)			
DEP - Def Costs		(731,936)			
S. 20(1)e		1,270,925			
CCA		119,294,094			
ECE		1,316,077			
UCC/NBV Diff		74,732,343			





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

Account No.  
**1800235**

**35**  
PX5003

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
C/O NICK KUMAR  
14 CARLTON ST

**TORONTO**  
M5B 1K5

**ON**

**Remittance Form - Payment-in-Lieu (PIL)**  
*Electricity Act, 1998*  
*Corporations Tax Act, R.S.O. 1990*

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

**Total Payment Enclosed:** \$

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule K4  
Filed: 2012 June 1  
(1 page)



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

Keep this portion for your records.

**Notice of Assessment**

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

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
ASSESSMENT NO. 74

Account No.	Assessment Date (year, month, day)	Page
<b>1800235</b>	<b>2005/11/07</b>	1 of 1

Tax: Federal and Provincial PIL  
Assessment Interest

**44,906,754.00**  
**49,250.97CR**  
**44,857,503.03**

**Total Assessment Liability**

**SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS**

Payments/Transfers **47,500,263.84CR**  
Sub-Total

**47,500,263.84CR**  
**2,642,760.81CR**

**CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR**

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

Total tax assessed as per company estimate

**Tax (Re)Assessment Enquiries:**

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

**Account Billing Enquiries & Change of Address Information:**

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



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

**Remittance Advice - Payment-in-Lieu (PIL)**

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

Account No.  
**1800235**

**35**  
PX5005

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
C/O BARRY PARKER  
14 CARLTON ST

**TORONTO**  
M5B 1K5

**ON**

Taxation Year End: (YYYYMMDD)

--	--	--	--	--	--	--	--	--	--

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Taxation Year End: (YYYYMMDD)

2	0	0	4	1	2	3	1
---	---	---	---	---	---	---	---

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

**Total Payment Enclosed:**

--	--	--	--	--	--	--	--	--	--

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule K5  
Filed: 2012 June 1  
(1 page)

Keep this portion for your records.

**Notice of Reassessment**

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



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

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Account No.	Reassessment Date (year, month, day)	Page
<b>1800235</b>	2008/11/28	1 of 2

REASSESSMENT NO. 220 REPLACING ASSESSMENT DATED: 2005/11/07

Tax: Federal and Provincial PIL  
Assessment Interest  
Total Reassessment Liability

45,337,417.00  
196,962.95CR  
45,140,454.05

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	49,538,051.12CR	
Refunds	49,288.60	
Sub-Total		<u>49,488,762.52CR</u>
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR		<u>4,348,308.47CR</u>

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

Statement of Adjustments sent under separate cover.

**Tax (Re)Assessment Enquiries:**

• Toronto 416 218-3283 • FAX 416 730-5593

**Account Billing Enquiries & Change of Address Information:**

• Toll-Free 1 800 262-0784 ext. 3036 • FAX 905 433-5197

Ministry of Revenue

Ministère du Revenu

Tax Compliance Branch,  
Central Region  
Toronto Tax Office  
5 Park Home Avenue, 2<sup>nd</sup> Floor  
Toronto ON M2N 6W8  
Tel: (416) 218-xxxx  
Facsimile: (416) 218-xxxx

Direction de l'observation fiscale  
Bureau fiscal - Toronto  
5 avenue Park Home, 2<sup>ème</sup> étages  
Toronto ON M2N 6W8  
Tel: (416) 218-xxxx  
Télécopieur: (416) 218-xxxx



(416) 730-5548

Nov. 28, 2008

Mr. Barry Parker, C.A.  
Manager, Taxation  
Toronto Hydro  
14 Carlton St.  
Toronto, Ont. M5B 1K5

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule K6  
Filed: 2012 June 1  
(3 pages)

Dear Mr. Parker,

**Re: Toronto Hydro-Electric System Limited**  
**Account Numbers: 1800235**  
**Years: 2004**

Our review of the tax return for the year noted above is now complete.

Attached please find Statement of Adjustment reflecting the changes to your company's tax liability.

Yours truly,

A handwritten signature in black ink, appearing to be "Christina Chen".

Christina Chen, CGA.  
Field Audit Section



# Ontario

PO Box 622  
33 King St. West  
Oshawa ON L1H 8H6CP 622  
33 rue King ouest  
Oshawa ON L1H 8H6**Statement of Adjustments re Taxes Assessed**  
**Relevé des redressements de cotisations**Ministry of Revenue  
Ministère du RevenuTax Compliance Branch , Electricity Act  
Direction de l' observation fiscale , Loi sur l'électricité

		Account No. / N° de compte 1800235
Name of Corporation / Raison sociale de la compagnie TORONTO HYDRE-ELECTRIC SYSTEM LIMITED		Taxation Year End / Fin de l'année d'imposition 31 December 2004

## INCOME TAX

Taxable Income (Loss) as previously assessed	\$100,487,405
Add:	
Disallowed CCA	1,432,329
Interest on tax	5,867
Non-deductible meals & entertainment	49,235
Adjust reserve to agree to 2003 ending balance	9,796,741
Bad debt recovery re: pre Oct. 1, 2001	1,308,037
Deduct:	
Net capital losses applied	142,839
T2S(13) As filed \$118,186,990	
Revised 109,978,621	8,208,369
Capital tax adjustment in line with prior years' adj.	123,434
2003 parking benefit accrual reversal	46,666
Taxable capital gains adjustment	311,124
Revised Taxable Income for Federal & Ontario Purposes	<u>104,247,182</u>
Ontario Tax thereon @14%	\$14,594,605
IDSBC	(34,000)
SURTAX	<u>34,000</u>
	\$14,594,605
Deduct: CMT credit used to reduce income taxes	<u>1,164,680</u>
Ontario income tax payable	<u>\$13,429,925</u>
FEDERAL PART 1 TAX	
Federal part 1 tax payable	22,909,364
CORPORATION MINIMUM TAX	nil

### \*\*\*DESIGNATED ASSESSMENT\*\*

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

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

### \*\*\*COTISATION DESIGNEE\*\*

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

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

Ministry of Revenue  
Ministère du RevenuTax Compliance Branch , Electricity Act  
Direction de l' observation fiscale , Loi sur l'électricité

Page 2

**CAPITAL TAX**

## Ontario

Net paid –up capital	\$2,114,647,830	
Deduct : Investment allowance	( 44,580,619)	
Capital exemption	( 5,000,000)	
Revised taxable capital	<u>\$2,065,067,211</u>	
Tax thereon @ 0.3%		\$6,195,202

**FEDERAL PART 1.3 TAX**

Capital	\$2,087,839,555	
Deduct : Eligible investments	( 49,577,900)	
Capital exemption	( 50,000,000)	
Revised taxable capital	<u>\$1,988,261,655</u>	
Tax thereon @0.200%	3,976,523	
Deduct : Surtax	( 1,173,598 )	<u>\$2,802,926</u>
<b>TOTAL PAYMENTS-IN-LIEU OF TAXES PAYABLE</b>		<u><b>\$45,337,417</b></u>

**\*\*\*DESIGNATED ASSESSMENT\*\***

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

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