Exhibit 4

Operations, Maintenance & Administration

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2.4.1 Overview of Cost Trends

2.4.1.1 Overview of Operating Expenses

Operations, Maintenance and Administration (OM&A) expenses included in the calculation of Niagara-on-the-Lake Hydro Inc.'s (NOTL Hydro's) revenue requirement are those determined to be reasonable in amount and necessary for and related to the provision of utility service or in some way a benefit to customers.

In this Exhibit, the operating costs consist of the required expenditures necessary to maintain and operate NOTL Hydro's distribution system and transmission station assets, the costs associated with metering, billing, collecting from its customers, the costs associated with ensuring all stakeholders safety (public and employees) and costs to maintain the distribution business service quality and reliability standards set by the regulating bodies.

By way of this 2019 Cost of Service rate application, NOTL Hydro is proposing an OM&A amount of $2,974,186 for the 2019 Test Year.

Table 4.1: OM&A 2014-2019

	Board Approved	2014	2015	2016	2017	2018	2019
Operations	$532,044	$491,400	$548,540	$654,295	$673,867	$679,413	$715,973
Maintenance	$416,132	$412,259	$451,578	$476,273	$414,737	$473,074	$449,790
Billing and Collecting	$534,260	$559,556	$601,150	$547,188	$573,154	$597,617	$632,867
Community Relations	$17,800	$578	$758	$9,700	$4,161	$12,765	$11,485
Administrative and General	$655,026	$744,411	$721,094	$844,735	$929,202	$1,141,995	$1,164,070
Total	**$2,155,262**	**$2,208,203**	**$2,323,119**	**$2,532,191**	**$2,595,121**	**$2,904,865**	**$2,974,186**
%Change (year over year)		2.5%	5.2%	9.0%	2.5%	11.9%	2.4%

As shown in Table 4.2 below, NOTL Hydro's increase in OM&A spending from its 2014 Cost of Service to the 2019 Test Year is $818,923 or 38% over the 5 years.

Table 4.2: 2014 Board Approved vs. 2019 Test Year OM&A

	Board Approved	2019	Change
Operations	$532,044	$715,973	$183,929
Maintenance	$416,132	$449,790	$33,658
Billing and Collecting	$534,260	$632,867	$98,608
Community Relations	$17,800	$11,485	-$6,315
Administrative and General	$655,026	$1,164,070	$509,044
Total	**$2,155,262**	**$2,974,186**	**$818,923**
%Change (year over year)			38.0%

The 38% increase in OM&A is the result of a combination of inflation, growth and increasing complexity of operations.

Inflation is estimated to be 7% from 2014-2019 using the inflation factors provided each year by the OEB and less the productivity factor of 0.30%. NOTL Hydro has had a PEG rating of 3 in each of these years. For 2019 we have used the average inflation over the past four years as the best estimate.

Table 4.3: Inflation less productivity 2015-2019

Year	2015	2016	2017	2018	2019	Total
Inflation	1.30%	1.80%	1.60%	0.90%	1.40%	7.00%

Growth can be measured in a number of ways. An increase in customers increases operating costs as there are more customers to have service installed, to be billed monthly and to be responded to. During the 2014-2019 period NOTL Hydro increased its customer service staff by one new full-time customer service representative. The increase in customers also leads to an increase in load, increasing demand on NOTL Hydro assets which requires maintenance be increased accordingly. During the 2014-2019 period NOTL Hydro will have installed two new transformers at its transmission station to manage the increasing load and to ensure redundancy of supply. Finally, an increase in assets (net book value) requires increased maintenance. During the 2014-2019 period NOTL Hydro added one new lineman.

Table 4.4: NOTL Hydro Growth Indicators

Measure	2014	2019	% Increase
# Customers	8,574	9,649	12.5%
Load (MWh)	189,356	223,061	17.8%
Assets ($000's)	23,501	30,657	30.5%
Average			20.3%

NOTL Hydro is attributing 20.3% of its increase in OM&A to growth factors note above.

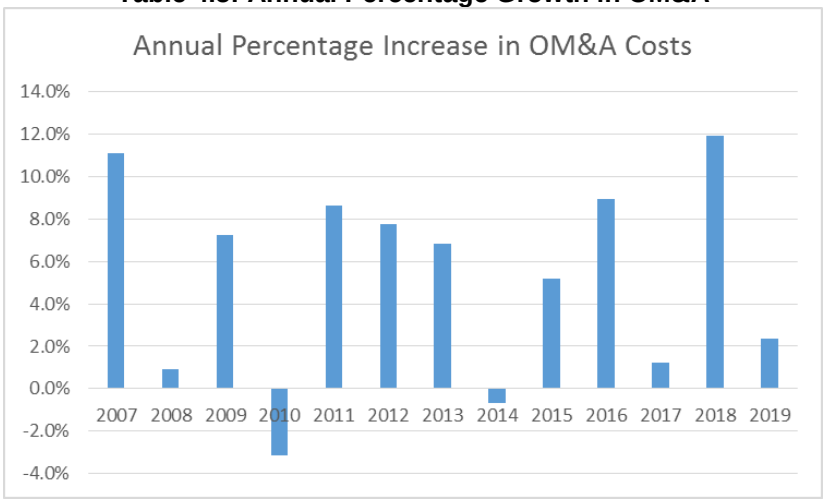
Some of the increase in OM&A is the result of changes in operations or the regulatory environment that increase both revenues and expenses. Just looking at expenses in isolation does not give the full story. Some examples in the case of NOTL Hydro include:

- Pole rental costs are forecast to increase $13.3 thousand from 2017 to 2019 due to the increase in the province-wide pole rental rate. NOTL Hydro has forecast an increase in pole rental revenue of $70 thousand which serves to reduce rates.
- The net increase in the Utilismart service is $29.4 thousand. Some of this will be recovered by the requested increase in the monthly MicroFIT charge which will generate around $8 thousand per year. The rest is increased services to our large customers who will be able to access the data.

Together, these two items represent a $42.7 or 2% increase in OM&A costs.

One of the challenges with OM&A in a smaller LDC is the "lumpiness" of the change. Some years, like 2018, may have several drivers of expense increases while other years, such as 2017 and the 2019 forecast, the changes are quite small. This can be seen in the table below. A longer time horizon yields a different analysis. For instance, from 2006-2019 the average annual increase in OM&A expenses is 5.3%. From 2014-2019 the average annual increase is 5.9%. This would indicate that the higher increases in 2014-2019 is a matter of "timing" and that 3% of the increase from 2014-2019 (5.9% - 5.3% * 5 years = 3%) is a matter of looking at the costs over a short time horizon.

Table 4.5: Annual Percentage Growth in OM&A



The remaining driver of increases in OM&A costs is the increasing complexity of providing electricity distribution services in Ontario. Some of these complexities include:

- Increased expectations by customers. NOTL Hydro introduced its Outage Management System in 2015 so that it can respond to outages without relying solely on customer calls. Like many LDCs, we now have stories of restoring power before a customer is even aware the power is out.
- Net metering. These are much more time consuming to service than a regular customer or a standalone generator due to the complexity of the calculations. NOTL Hydro now has seven net metering customers across all major customer classes (residential, GS<50 kW and GS>50 kW).
- Increased renewable generation. Excluding net metering, these have grown from 117 in 2014 to 153 in 2018; a 31% increase. Renewable generation is increasing costs in another way as NOTL Hydro adapts its asset base and operations in expectation of much more renewable generation in the future.
- Increased regulatory reporting. The volume and complexity of the RRR and other ad hoc reporting to the OEB has grown substantially from 2014 to 2018.
- Increased labour costs. While the inflation estimate above was 7% the cost of labour at NOTL Hydro has gone up a minimum of 11.8% due to the agreements with unionized staff.
- No winter disconnections. This lead to more write-offs. This is somewhat heightened in Niagara-on-the-Lake as there are Niagara College student tenants whose terms end before the end of the disconnect ban. This also leads to increased costs as more phone calls and other efforts to obtain payments must be undertaken.
- Increased Ministry of Energy programs. New programs such as the OESP and the Affordability Fund all require resources to implement and manage from the context of integrating them within the LDC.

A breakdown of the 2014-2019 increase in OM&A costs would therefore be:

Table 4.6: Breakdown of Increase in OM&A (2014-2019)

Cause	Percentage
Inflation	7%
Growth	20%
Expenses with offsetting revenue	2%
“Timing”	3%
Increase in requirements	6%
Total	**38%**

On a per customer basis the trend in OM&A is as shown in the table below:

Table 4.7: OM&A per Customer

	2014	2015	2016	2017	2018	2019
OM&A	$2,208,203	$2,323,119	$2,532,191	$2,595,121	$2,904,865	$2,974,186
Customers	8,574	8,860	9,134	9,321	9,469	9,649
OM&A per Customer	$ 258	$ 262	$ 277	$ 278	$ 307	$ 308

OM&A per customer is expected to rise 19% between 2014 and 2019. This is consistent with the calculation above as the increase in OM&A per customer is the non-growth increase (inflation, offsetting revenues, requirements, etc.) above.

2.4.2 Summary and Cost Driver Tables

2.4.2.1 Cost Driver Tables

The table below provides a summary of NOTL Hydro's Operations, Maintenance and Administrative ("OM&A") costs as required by the OEB's filing guidelines. This is consistent with Appendix 2-JA.

Table 4.8: Summary of Recoverable OM&A Expenses

Reporting Basis	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2014	2015	2016	2017	2018	2019
Operations	$532,044	$491,400	$548,540	$654,295	$673,867	$679,413	$715,973
Maintenance	$416,132	$412,259	$451,578	$476,273	$414,737	$473,074	$449,790
SubTotal	**$948,177**	**$903,658**	**$1,000,118**	**$1,130,568**	**$1,088,604**	**$1,152,487**	**$1,165,763**
%Change (year over year)		-4.7%	10.7%	13.0%	-3.7%	1.9%	7.1%
%Change (Test Year vs Last Rebasing Year - Actual)						21.5%	29.0%
Billing and Collecting	$534,260	$559,556	$601,150	$547,188	$573,154	$597,617	$632,867
Community Relations	$17,800	$578	$758	$9,700	$4,161	$12,765	$11,485
Administrative and General+LEAP	$655,026	$744,411	$721,094	$844,735	$929,202	$1,141,995	$1,164,070
SubTotal	**$1,207,085**	**$1,304,545**	**$1,323,001**	**$1,401,623**	**$1,506,517**	**$1,752,377**	**$1,808,422**
%Change (year over year)		-39.5%	1.4%	5.9%	7.5%	25.0%	20.0%
%Change (Test Year vs Last Rebasing Year - Actual)						-18.7%	38.6%
Total	**$2,155,262**	**$2,208,203**	**$2,323,119**	**$2,532,191**	**$2,595,121**	**$2,904,865**	**$2,974,186**
%Change (year over year)			5.2%	9.0%	2.5%	11.9%	2.4%

	Board Approved	2014	2015	2016	2017	2018	2019
Operations	$532,044	$491,400	$548,540	$654,295	$673,867	$679,413	$715,973
Maintenance	$416,132	$412,259	$451,578	$476,273	$414,737	$473,074	$449,790
Billing and Collecting	$534,260	$559,556	$601,150	$547,188	$573,154	$597,617	$632,867
Community Relations	$17,800	$578	$758	$9,700	$4,161	$12,765	$11,485
Administrative and General	$655,026	$744,411	$721,094	$844,735	$929,202	$1,141,995	$1,164,070
Total	**$2,155,262**	**$2,208,203**	**$2,323,119**	**$2,532,191**	**$2,595,121**	**$2,904,865**	**$2,974,186**
%Change (year over year)		2.5%	5.2%	9.0%	2.5%	11.9%	2.4%

Table 4.9: Summary of Recoverable OM&A Expenses

	Board Approved	2014	Variance	2015	Variance	2016	Variance	2017	Variance	2018	Variance	2019	Variance
Operations	$532,044	$491,400	$40,645	$548,540	$57,140	$654,295	$105,755	$673,867	$19,573	$679,413	$5,546	$715,973	$36,560
Maintenance	$416,132	$412,259	$3,874	$451,578	$39,319	$476,273	$24,695	$414,737	-$61,537	$473,074	$58,338	$449,790	-$23,284
Billing and Collecting	$534,260	$559,556	-$25,296	$601,150	$41,594	$547,188	-$53,962	$573,154	$25,966	$597,617	$24,463	$632,867	$35,250
Community Relations	$17,800	$578	$17,222	$758	$180	$9,700	$8,942	$4,161	-$5,539	$12,765	$8,604	$11,485	-$1,280
Administrative and General	$655,026	$744,411	-$89,385	$721,094	-$23,317	$844,735	$123,641	$929,202	$84,467	$1,141,995	$212,793	$1,164,070	$22,075
Total OM&A Expenses	$2,155,262	$2,208,203	-$52,941	$2,323,119	$114,916	$2,532,191	$209,072	$2,595,121	$62,930	$2,904,865	$309,744	$2,974,186	$69,321
Adjustments for Total non-recoverable items													
Total Recoverable OM&A Expenses	$2,155,262	$2,208,203	-$52,941	$2,323,119	$114,916	$2,532,191	$209,072	$2,595,121	$62,930	$2,904,865	$309,744	$2,974,186	$69,321
Variance from previous year				$114,916		$209,072		$62,930		$309,744		$69,321	
Percent change (year over year)				5.20%		9.00%		2.49%		11.94%		2.67%	
Percent Change: Test year vs. Most Current Actual								20.41%					
Simple average of % variance for all years													6.26%
Compound Annual Growth Rate for all years													6.1%
Compound Growth Rate (2014 vs. 2017 Actuals)								5.53%					

In accordance with the OEB's minimum filing requirements, the table below outlines the key drivers of OM&A costs over the 2014 to 2019 period.

Table 4.10: Recoverable OM&A Cost Driver Table (Appendix 2-JB)

Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Opening Balance	$2,155,262	$2,208,203	$2,323,119	$2,532,191	$2,595,121	$2,904,865
Continuous Cost Increases						
Wage increase		$42,767	$69,517	$71,121	$42,850	$43,707
Inflation		$11,287	$17,696	$17,315	$9,046	$20,721
New staff			$31,780	$67,541	$42,000	
Locate costs		$26,000				
Cyber security				$25,000	$5,000	
Utilismart contract				$25,000		
CHEC		$22,300	$4,700			
Variable Costs						
Capitalized labour		-$82,845	$56,124	$19,736	$73,129	$1,316
Transformer St. Mtce		$15,000	$13,000	-$36,000	$46,000	-$25,000
Tree trimming		$23,500	$0	-$40,000	$45,000	
Underground services		$30,000	-$17,000			
One-time Costs						
Regulatory costs	$52,941	-$42,353				$46,198
Severance		$42,000	-$42,000			
Micro-grid study			$100,000	-$100,000		
Temporary staff		$30,490	-$11,942	-$18,548	$25,000	
Other		-$3,230	-$12,803	$31,765	$21,719	-$17,621
Decrease in OM&A offseting increase						
Closing Balance	$2,208,203	$2,323,119	$2,532,191	$2,595,121	$2,904,865	$2,974,186
OM&A Summay Integrity Check	**$2,208,203**	**$2,323,119**	**$2,532,191**	**$2,595,121**	**$2,904,865**	**$2,974,186**
Difference	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Cost Drivers

The cost drivers have been organized into three categories: those that have a continuous impact on costs, those that vary from year to year so could have a positive or negative impact on costs (though can still be going up over time) and those that are of a one-time nature.

Continuous Cost Increases

Wage Increases – NOTL Hydro is a unionized company. Non-management staff are members of IBEW Local 636 and their wages are subject to the union agreements. There are two agreements; one for line and engineering staff and one for office workers. However, the agreements are kept identical other than specific provisions that apply to one group or the other. The five-year time period of this analysis is covered by two collective agreements; 2013-2016 and 2016-2020. The following are the annual wage increases built into the agreements:

Table 4.11: Annual Wage Increases under Union Contract

	2014	2015	2016	2017	2018	2019
Annual Wage Increase	2.8%	2.8%	2.1%	2.1%	2.0%	2.0%

Management staff receive the same wage increase as unionized staff but they also receive a bonus of 10-15% of pay based on a combination of personal and company performance. Management staff may also receive a wage adjustment to keep their wages competitive or to reflect the changes in their responsibilities. Changes in personnel may also affect the pay for a given management position. The annual increases will therefore often be higher overall than the contract increase.

Inflation – Inflation has been calculated at the OEB PEG performance rate for all non-labour costs.

New staff – In 2016 and 2017 NOTL Hydro hired a new Customer Service Representative and a new Lineman due to the overall growth in the company business.

Locate Costs – The costs of locates has risen with increased growth and activity. The increase in 2015 was the most significant.

Cyber security – Cyber security is a growing and significant threat to LDCs such as NOTL Hydro. The risks include loss of private customer or employee information, third party access to system controls and general business disruptions. The OEB has recognized Cyber Security a significant concern and developed reporting and monitoring responsibilities. In 2017, NOTL Hydro conducted a Cyber Security audit as a best practice. The cost of this, the resulting increase in costs as findings were corrected and new processes implemented and the new requirements of the OEB mean ongoing new costs.

Utilismart – In 2017, NOTL Hydro signed a new contract with Utilismart for new services relating to the capture and presentation of meter data from large customers and generators. This will assist NOTL Hydro in meeting its reporting requirements and will allow us to provide a better service to the large customers by given them access to this data with the Utilismart tools.

CHEC - In 2015, NOTL Hydro joined CHEC (Cornerstone Hydro Electric Concepts Inc.) at a cost of around $25k per year. NOTL Hydro has found this membership beneficial with cost savings in certain areas (surveys, the CHEC model for this application) and with the operational knowledge from working with other similar sized LDCs closely. NOTL Hydro is not a member of the EDA (Electricity Distributors Association).

Variable Cost Increases

Capitalized Labour - Line, engineering and management staff will work on capital projects at various times. The cost of these services is capitalized. Depending on the amount of capital work in any given year the cost capitalized will vary; as will inversely the amount charged to OM&A. While NOTL Hydro tries to keep the amount of capital work consistent it will vary each year depending on the nature of the planned capital work that year, the customer capital work required and the amount of general service work.

Transformer Station Maintenance – NOTL Hydro owns two transmission stations. The cost of required maintenance at these stations will vary from year to year depending on the nature of the work to be done. There is a large increase in 2018 due to the repairs needed on the tap changer of the old 25 MVA transformer.

Tree Trimming – NOTL Hydro uses a three year rotation to trim the trees along its primary lines. This service is contracted to local Niagara companies and used to be done on an annual or biannual basis. In 2017, the section being maintained was smaller than in previous years so the cost was significantly lower. Going forward, NOTL Hydro has awarded a three year contract so the annual costs should be more stable.

Underground Services – NOTL Hydro does not have the equipment or training for underground electrical services so it contracts these to local suppliers. The amount of service work required will vary from year to year depending on customer needs and any power issues. This service work is awarded separately from the annual capital work through which overhead 4 kV lines are converted to underground 27.6 kV lines.

One-Time Cost Increases

Regulatory Costs – The costs of the cost of service rate application process are incurred once every five years. This amount represents one-fifth of total costs incurred as it is recognized that for rate setting purposes these costs will be amortized over five years.

Severance – In 2015, NOTL Hydro let go a management employee and incurred a $42k severance cost. There is a corresponding reduction in costs in 2016.

Microgrid Study – In 2016, NOTL Hydro conducted its own study on the potential for creating micro grids within Niagara-on-the-Lake. The conclusion was that they were not feasible at this time. There is a corresponding reduction in costs in 2017.

Temporary Staff – In 2015 and 2016, NOTL Hydro had temporary staff (college and university students) providing assistance to the front office, line crew and CDM staff. With the hiring of new staff in 2016 and 2017 this temporary assistance was no longer required. In 2018, one of the finance staff went on maternity leave. The replacement, hired through an agency, will cost an additional $25k for each six-month period.

2.4.2.2 OM&A Variance Analysis

Table 4.12: 2014 Board Approved vs. 2014 Actual

	Board Approved	2014	$ Change	% Change
Operations	$532,044	$491,400	-$40,645	-7.6%
Maintenance	$416,132	$412,259	-$3,874	-0.9%
Billing and Collecting	$534,260	$559,556	$25,296	4.7%
Community Relations	$17,800	$578	-$17,222	-96.8%
Administrative and General	$655,026	$744,411	$89,385	13.6%
Total	**$2,155,262**	**$2,208,203**	**$52,941**	2.5%

Overall, OM&A was 2.5% higher in 2014 than the proposed spend approved by the OEB and used to set rates. Operations was lower by $41k or 7.6%. Operations costs will vary from year to year depending on the amount of capital work to be performed by line staff. Maintenance costs were lower by $4k or 0.9% so were basically at the same level as approved by the OEB. Billing

and Collecting was higher by $25k or 4.7% due to higher than normal write-offs; primarily from cleaning up the outstanding cheque balances. Community Relations was lower by $17k or 97% as this budget was largely unspent. General and Administrative costs were $89k or 13.6% higher than Board approved primarily due to costs related to the 2014 cost of service rate application.

Table 4.13: 2014 Actual vs. 2015 Actual

	2014	2015	$ Change	% Change
Operations	$491,400	$548,540	$57,140	11.6%
Maintenance	$412,259	$451,578	$39,319	9.5%
Billing and Collecting	$559,556	$601,150	$41,594	7.4%
Community Relations	$578	$758	$180	31.1%
Administrative and General	$744,411	$721,094	-$23,317	-3.1%
Total	**$2,208,203**	**$2,323,119**	**$114,916**	5.2%

Overall, OM&A was higher in 2015 than in 2014 by 5.2%. Operations costs were higher by $57k due to an increase in locate costs by $26k and an increase in GIS system costs of $16k as the provider billed for both 2014 and 2015 in 2015. Maintenance costs were higher by $39k primarily due to internal and external costs related to fixing an outage on a main underground line. Billing and Collecting costs were $42k higher due to severance pay when the previous Manager of this department was replaced. General and Administrative costs were $23k or 3.1% lower than 2014 as costs related to the 2014 cost of service rate application were no longer being incurred.

Table 4.14: 2015 Actual vs. 2016 Actual

	2015	2016	$ Change	% Change
Operations	$548,540	$654,295	$105,755	19.3%
Maintenance	$451,578	$476,273	$24,695	5.5%
Billing and Collecting	$601,150	$547,188	-$53,962	-9.0%
Community Relations	$758	$9,700	$8,942	1180.3%
Administrative and General	$721,094	$844,735	$123,641	17.1%
Total	**$2,323,119**	**$2,532,191**	**$209,072**	9.0%

Overall, OM&A was higher in 2016 than in 2015 by 9.0%. Operations was higher by $106k or 19.3%. $50k of this was increased labour due to less time spent on capital projects by internal staff; this varies from year to year depending on the nature of the capital projects and customer service requirements. The remainder of the increase was a one-time study on the potential use of micro-grids to reduce customer costs; some of these costs were also booked to administration.

As this study was a one-time event, was fully expensed and not in a rebasing year, the cost of the study has been fully absorbed by the shareholder. Maintenance was up $25k or 5.5% due to higher transmission station maintenance. Billing and Collecting was down $54k or 9.0% as 2015 had the $42k severance payment. In addition, lower labour costs due to a maternity leave were offset by higher bad debt expenses from an illegal grow-op. General and Administration costs were higher due the micro-study referred to above and the cost of the retirement and then hiring a new VP Finance.

Table 4.15: 2016 Actual vs. 2017 Actual Year

	2016	2017	$ Change	% Change
Operations	$654,295	$673,867	$19,573	3.0%
Maintenance	$476,273	$414,737	-$61,537	-12.9%
Billing and Collecting	$547,188	$573,154	$25,966	4.7%
Community Relations	$9,700	$4,161	-$5,539	-57.1%
Administrative and General	$844,735	$929,202	$84,467	10.0%
Total	**$2,532,191**	**$2,595,121**	**$62,930**	2.5%

Overall, OM&A was higher in 2017 than in 2016 by 2.5%. Operations costs were largely unchanged with 3% or $20k growth. Maintenance was down $62k due to lower station maintenance, this will vary from year to year based on needs, and the tree trimming contract which was $40k lower in 2017 due to it being the easiest section of a three year rotation. Billing and Collecting was up 4.7% or $26k with the cost of a new Customer Service Representative being somewhat offset by bad debt expense which was down $47k. Administrative and General Costs were up 10% or $84k due to a cyber security audit and increased IT costs related to cyber security.

Table 4.16: 2017 Actual vs. 2018 Bridge Year

	2017	2018	$ Change	% Change
Operations	$673,867	$679,413	$5,546	0.8%
Maintenance	$414,737	$473,074	$58,338	14.1%
Billing and Collecting	$573,154	$597,617	$24,463	4.3%
Community Relations	$4,161	$12,765	$8,604	206.8%
Administrative and General	$929,202	$1,141,995	$212,793	22.9%
Total	**$2,595,121**	**$2,904,865**	**$309,744**	11.9%

Overall, OM&A is expected to be higher in the 2018 Bridge Year than in 2017 by 11.9%. Operations costs are forecast to be flat. The transfer of the cost of the VP Operations to Administration is being offset by an increase in labour as less allocation to capital work is expected. This is not a change in accounting policy but a change in work practice. Maintenance is up by $58k or 14.1% as the annual tree trimming budget returned to its normal level and the additional costs incurred to fix the tap changer on the T2 transformer at NOTL station. Billing and Collecting is up by $24k or 4.3% due to additional services to be supplied by Utilismart which will allow NOTL Hydro to improve the electricity usage information being supplied to its larger customers and generators. Administration is up by $213k or 22.9% due to the additional cost of the VP Operations and increased staffing costs from maternity coverages.

Table 4.17: 2018 Bridge Year vs. 2019 Test Year

	2018	2019	$ Change	% Change
Operations	$679,413	$715,973	$36,560	5.4%
Maintenance	$473,074	$449,790	-$23,284	-4.9%
Billing and Collecting	$597,617	$632,867	$35,250	5.9%
Community Relations	$12,765	$11,485	-$1,280	-10.0%
Administrative and General	$1,141,995	$1,164,070	$22,075	1.9%
Total	**$2,904,865**	**$2,974,186**	**$69,321**	2.4%

Overall, OM&A is expected to be higher in the 2019 Test Year than in the 2018 Bridge Year by 2.4%. Operations is up by $37k or 5.4% primarily due to higher pole rental fees to be paid to Bell. Billing and collecting is up by $35k or 5.9% due to increased meter reading costs with more interval meters and the use of Utilismart. Administration is up by $22k or 1.9% due to the increase in regulatory costs.

2.4.2.3 OM&A per Customer

The OEB's Appendix 2-L Recoverable OM&A Cost per Customer and per FTE calculates the cost per customer per full time employee. This information is shown in the table below and covers the 2014 to 2019 period:

Table 4.18: Recoverable OM&A Cost per Customer and per FTE

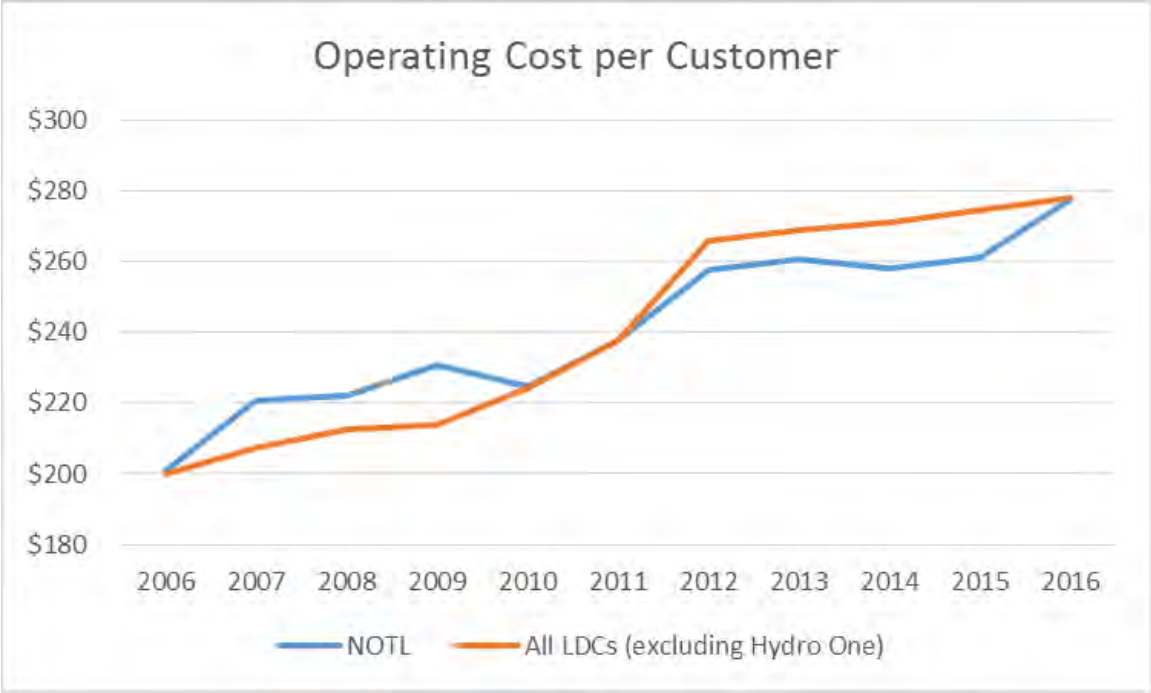
	2014 Board Approved	2014	2015	2016	2017	2018	2019
Reporting Basis							
OM&A Costs							
O&M	$ 1,500,236	$ 1,463,792	$ 1,602,025	$ 1,687,456	$ 1,665,919	$ 1,762,870	$ 1,810,116
Admin Expenses	$ 655,026	$ 744,411	$ 721,094	$ 844,735	$ 929,202	$ 1,141,995	$ 1,164,070
Total Recoverable OM&A	$ 2,155,262	$ 2,208,203	$ 2,323,119	$ 2,532,191	$ 2,595,121	$ 2,904,865	$ 2,974,186
Number of Customers [2,4]	8,522	8,574	8,860	9,134	9,321	9,469	9,649
Number of FTEs [3,4]	19.10	16.03	17.45	17.48	17.60	18.08	18.00
Customers/FTEs	446.18	534.95	507.80	522.49	529.66	523.61	536.06
OM&A cost per customer							
O&M per customer	176	171	181	185	179	186	188
Admin per customer	77	87	81	92	100	121	121
Total OM&A per customer	253	258	262	277	278	307	308
OM&A cost per FTE							
O&M per FTE	78,546	91,329	91,819	96,531	94,663	97,486	100,562
Admin per FTE	34,295	46,446	41,329	48,323	52,800	63,152	64,671
Total OM&A per FTE	112,841	137,775	133,148	144,854	147,463	160,638	165,233

The OM&A costs per customer in the Test Year have increased 22% since the 2014 Board Approved costs and 19% compared to the 2014 actual results. Half of this increase can be attributed to inflation. The remainder of the increase can be attributed to the increased investment in the NOTL Hydro system (new transformers, automated switches and reclosures, asset management systems, etc.) that create additional operating costs as well as increased demands on LDCs (growing renewable distributed generation, net metering, new provincial tariffs, more customer communications and incremental regulatory requirements); all of which increase costs.

According to the OEB's published 2016 Yearbook, the total cost per customer provincial average was $431. However, if Hydro One is removed from this calculation the provincial average becomes $278. NOTL Hydro's total cost per customer average was $278.

A comparison of cost per customer between NOTL Hydro and the average of the other LDCs, excluding Hydro One, is below:

Chart 4.19: Operating Cost per Customer



Total cost per customer is calculated as:

$$= \frac{\text{Operating Expenses}}{\text{Average Number of Customers}}$$

OM&A costs per FTE have increased 46% over 2014 Board approved costs ($112,841) and 20% over 2014 actual results ($137,775) to a forecast $165,233 in 2019. The Board approved FTE of 19.1 was reduced by 2.8 FTE in the actual 2014 due to a combination of layoffs, retirements and long term disabilities. The trend since 2014 has been increasing OM&A per FTE as NOTL Hydro has used outsourcing and productivity to improve performance.

Some examples of outsourcing and cost-sharing over the past five years have included:

- Bill printing has been outsourced to ERTH.
- The costs of the customer satisfaction and safety surveys are being shared with other CHEC members in order to keep the actual cost increases lower than if NOTL Hydro acted alone.
- The outage management system is being managed by Savage Data.

- All the changes that have been required in the customer billing systems to accommodate the changing requirements of the Ministry of Energy have been implemented in co-operation with other UCS members in order to keep the overall cost increase down.

All these examples serve to increase the OM&A per FTE.

2.4.3 Program Delivery Costs with Variance Analysis

Program Description

In its simplest expression, the job of a local distribution company in Ontario is to keep the lights on and bill its customers on behalf of the full electricity system. NOTL Hydro therefore defines its programs in a manner largely consistent with the breakdown of the OEB in the analysis above:

Operations – Keeping the lights on.

Customer Service – Billing the customer.

Administration – Overall management and administrative support for Operations and Customer Service.

Operations Overview

Operations includes functions classified as both Operations and Maintenance under the OEB record keeping. At NOTL Hydro this includes the line department (staff of 4), the line supervisor and the engineering department (staff of 3). It also includes some key services that are outsourced including tree trimming, transmission station maintenance, some engineering and SCADA management, the control centre, underground service and capital work, some metering and some overhead line service and capital work. In addition to the above outsourced services, key work performed by these departments include outage management, metering, new customer connections, renewable generation connections, system maintenance, capital work, GIS system maintenance, system design, disconnections and customer trouble calls. Considerable time is also spent on safety training and equipment maintenance to ensure the above functions are conducted in a safe and efficient manner.

Customer Service Overview

The Customer service department has a staff of four including one Manager and three Customer Service Representatives. Key activities managed by the department include billing, collecting, customer calls, customer visits at the office and rates management in the CIS system. This department also bills and collects for water and wastewater though that time is charged to the Town of Niagara-on-the-Lake which reduces the overall cost to NOTL Hydro.

Administration

Administration includes the finance department (staff of 2), conservation (staff of 1) and the executive (staff of 3). The conservation manager also manages information technology so his time is charged accordingly. There is no human resources department or staff. Key activities managed by Administration include all finance functions (financial reporting, cash management, treasury, accounts payable, payroll), regulatory requirements, legal, human resources, information technology, conservation, stakeholder relations, reporting to the Board and overall management.

2.4.3.0 Program Variance Analysis

Table 4.20: OM&A Cost by Program

	Board Approved	2014	2015	2016	2017	2018	2019	2019 vs. Board Approved	2019 vs. 2017
Operations	$948,177	$903,658	$1,000,118	$1,130,568	$1,088,604	$1,152,487	$1,165,763	$217,586	$77,160
		-4.7%	10.7%	13.0%	-3.7%	5.9%	1.2%	22.9%	7.1%
							5.2%		
Customer Service	$534,260	$559,556	$601,150	$547,188	$573,154	$597,617	$632,867	$98,608	$59,714
		4.7%	7.4%	-9.0%	4.7%	4.3%	5.9%	18.5%	10.4%
							2.5%		
Administrative and General	$672,826	$744,989	$721,851	$854,435	$933,363	$1,154,760	$1,175,555	$502,729	$242,192
		10.7%	-3.1%	18.4%	9.2%	23.7%	1.8%	74.7%	25.9%
							9.6%		
Total	**$2,155,262**	**$2,208,203**	**$2,323,119**	**$2,532,191**	**$2,595,121**	**$2,904,865**	**$2,974,186**	**$818,923**	**$379,065**
%Change (year over year)		2.5%	5.2%	9.0%	2.5%	11.9%	2.4%	38.0%	17.6%

A more detailed analysis can be seen in Appendix 2-JC.

Operations has grown at an annual rate of 5.2%. Key factors driving this growth in expenses have been the increase in staffing of 14% with the addition of a new lineman in 2017, increased service requirements with customer growth, reduced capital work due to the increase in service requirements and increased maintenance at the transmission stations. Operations costs would have shown faster growth but for the transfer of the VP Operations costs to Administration.

Material drivers in the change in Operations costs include:

Table 4.21: Operations Program Costs Drivers

Cost	Variance since Board Approved 2014	Variance since 2017	Explanation
Distribution sub-stations	$53,690	$18,984	Increased maintenance at the 2 transmission stations due to age, increased activity and service requirements. Most of this work is contracted to third parties due to need for transmission voltage expertise.
Overhead	$192,432	$69,673	All non-capital service work on overhead lines increasing due to wage increases, increased traffic in Town and shift in focus on customer service from capital work.
Engineering	-$45,671	-$62,067	Transfer of most of non-dedicated VP Operations time to Administration.

Customer service has grown at an annual rate of 2.5%; largely in line with wage increases. NOTL Hydro has been able to minimize the cost increases of this program through continued use of UCS to provide the CIS system maintenance, outsourced bill printing and tight controls over bad debts which were high in 2014.

Material drivers in the change in Customer Service costs include:

Table 4.22: Customer Service Program Costs Drivers

Cost	Variance since Board Approved 2014	Variance since 2017	Explanation
Customer Service	$96,605	$57,499	Includes mailing, billing and collections. Increased due to increased number of customers and resulting increase in staff, increased wages and recent signing of services with Utilismart to provide improved data access to our large customers and generators.

Administration has grown at an annual rate of 8.8%. Key factors driving this growth in expenses have been the increase in regulatory costs with the expected cost of this rate application, the inclusion of much of the costs of the VP Operations, an increase in staffing in finance and regulatory to handle the increased requirements, increased costs relating to cyber security and increased wages with a new executive team.

Material drivers in the change in Administration costs include:

Table 4.23: Administration Program Costs Drivers

Cost	Variance since Board Approved 2014	Variance since 2017	Explanation
Executive salaries and professional services	$296,103	$161,609	Increased due to addition of VP Operations to Administration, new staff in all three executive roles and less time charged to capital due to focus on other responsibilities.
IT, software, communications	$67,273	$10,986	Increased due to increased cyber-security demands that required new contract with IT provider and more time dedicated by internal staff.

2.4.3.1 Workforce Planning and Employee Compensation

Overview

NOTL Hydro's overall compensation philosophy for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel. The compensation package includes a base wage and benefits package as well as a bonus for certain management personnel. As NOTL Hydro states in the Principles on its website:

> "*We should hire the best employees possible and have the best working environment. Motivated and intelligent employees will always provide the best service and, in the long run, at the lowest cost."*

Staffing and Compensation

The number of employees is based on the computation of the number of full-time equivalent (FTE) positions throughout each of the years. A position that was added in a particular calendar year is counted as a portion of an FTE in that calendar year based on the start date of the position.

The salaries and wages amounts include all salaries and wages paid, inclusive of overtime, vacations, holidays, sick leave, bereavement leave, and bonuses. The benefits amount include the employer's portion of statutory benefits (CPP, EI and EHT), employer contributions to OMERS and WSIB and NOTL Hydro's costs for providing extended health care, dental, long-term disability and life insurance for its employees.

The table below details NOTL Hydro's employee compensation (Appendix 2-K).

Table 4.24: Employee Compensation

	Last Rebasing Year (2014 Board Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Bridge Year	2019 Test Year
Number of Employees (FTEs including Part-Time)[1]							
Management (including executive)	6	5	5	5	6	6	6
Non-Management (union and non-union)	13	10	11	12	12	12	12
Total	19	15	16	17	18	18	18
Total Salary and Wages including ovetime and incentive pay							
Management (including executive)	$ 611,906	$ 538,997	$ 530,811	$ 574,605	$ 564,591	$ 652,445	$ 665,494
Non-Management (union and non-union)	$ 874,309	$ 794,717	$ 849,769	$ 841,184	$ 964,936	$ 976,380	$ 995,910
Total	$ 1,486,214	$ 1,333,714	$ 1,380,580	$ 1,415,789	$ 1,529,527	$ 1,628,826	$ 1,661,404
Total Benefits (Current + Accrued)							
Management (including executive)	$ 130,289	$ 123,542	$ 99,963	$ 135,696	$ 131,592	$ 148,231	$ 150,442
Non-Management (union and non-union)	$ 197,428	$ 182,156	$ 160,029	$ 198,649	$ 224,903	$ 227,360	$ 230,565
Total	$ 327,717	$ 305,698	$ 259,992	$ 334,345	$ 356,495	$ 375,592	$ 381,007
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ 742,195	$ 662,540	$ 630,774	$ 710,301	$ 696,183	$ 800,676	$ 815,936
Non-Management (union and non-union)	$ 1,071,737	$ 976,873	$ 1,009,798	$ 1,039,833	$ 1,189,839	$ 1,203,741	$ 1,226,475
Total	$ 1,813,931	$ 1,639,412	$ 1,640,572	$ 1,750,134	$ 1,886,022	$ 2,004,417	$ 2,042,411

Compensation – Union

NOTL Hydro is a unionized company. Non-management staff are members of IBEW Local 636 and their wages are subject to the union agreements. There are two agreements; one for line and engineering staff and one for office workers. However, the agreements are kept identical other than specific provisions that apply to one group or the other. The five year time period of this analysis is covered by two collective agreements: 2013-2016 and 2016-2020. The following are the annual wage increases built into the agreements:

Table 4.25: Annual Wage Increases under Union Contract

	2014	2015	2016	2017	2018	2019
Annual Wage Increase	2.8%	2.8%	2.1%	2.1%	2.0%	2.0%

Compensation - Management

Management staff receive the same wage increase as unionized staff but they also receive a bonus of 10-15% of pay based on a combination of personal and company performance. Management staff may also receive a wage adjustment to keep their wages competitive or to reflect the changes in their responsibilities. Changes in personnel may also affect the pay for a given management position. The annual increases will therefore often be higher overall than the contract increase.

Annual Variances

Table 4.26: Total Compensation

	Board Approved	Actual	Actual	Actual	Actual	Bridge Year	Test Year
	2014	2014	2015	2016	2017	2018	2019
Total Compensation	1,813,931	1,639,412	1,640,572	1,750,134	1,886,022	2,004,417	2,042,411
Variance		-9.6%	0.1%	6.7%	7.8%	6.3%	1.9%

Board Approved 2014 – Actual 2014 – The actual cost in 2014 was much lower due to a reduction in the expected headcount of three. The President retired and was not replaced until July of 2014. An office clerk also retired and was not replaced. During the first six months there was a part-time caretaker President. One of the Engineer Technologists was laid off and the position was not brought back. The CDM Manager went on long-term disability leave.

Actual 2014 – Actual 2015 – Little change in cost. A $47k increase in salaries and wages was offset by a $46k decrease in benefit costs. The 3.5% increase in salaries and wages was made up of the 2.8% increase in wages under the Union contract plus having the President role filled for the full year. The decrease in benefits was primarily in health benefits due to changes in usage.

Actual 2015 - Actual 2016 – Total cost was up 6.7% or $90k due to the 2.1% increase in wages under the Union contracts and a $75k increase in benefits costs which was primarily health and OMERS.

Actual 2016 – Actual 2017 – Total cost was up 7.8% or $136k due to the 2.1% increase in wages under the Union contracts, the hiring of two new staff (Customer Service Representative and Lineman), one of the Lineman moving from being an Apprentice to being a Journeyman Lineman, the transitioning to new VP Finance and VP Operations with overlap and an increase in benefits of $20k.

Actual 2017- Bridge Year 2018 – Total cost is expected to rise 6.3% due to the 2.0% increase in wages under the Union contract, one month overlap and then the replacement of a maternity leave with a higher priced contract staff, a full year with the new VP Operations and an increase in benefits of $20k.

Bridge Year 2018 – Test Year 2019- Total cost is expected to rise 1.9% which is in line with the Union contract increase of 2%.

Benefit Program Costs

A detailed summary of benefit program costs are presented below in the table below:

Table 4.27: Benefit Expenses

	Board Approved	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Benefit	**2014**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
CPP		42,244	39,721	40,143	47,975	48,673	48,719
EI		23,696	17,435	22,676	21,886	28,878	29,456
OMERS		130,254	137,003	147,576	157,433	167,699	172,102
Life Insurance		4,922	2,187	7,126	6,036	7,454	7,603
Health and Dental		53,738	12,868	62,872	62,586	68,541	68,569
WSIB		12,395	7,806	10,748	14,380	14,270	14,426
Employee Health Tax		24,375	28,383	29,000	30,808	22,497	22,552
EAP service		1,018	1,189	1,529	816	1,784	1,784
Long Term Disability		13,056	13,400	12,675	14,575	15,797	15,797
Total	$327,717	$305,698	$259,992	$334,345	$356,495	$375,592	$381,007
Variance		-6.7%	-15.0%	28.6%	6.6%	5.4%	1.4%
Variance (2014-2019)							24.6%

Total company benefits have increase 24.6% from 2014 to 2019. The biggest benefit is OMERS which accounts for 45% of all benefits. OMERS has increased by 32% over this time period and has therefore accounted for most of the benefit cost increase. Benefits are expensed on an accrual basis.

Pension

The employees of NOTL Hydro participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of NOTL Hydro are consistent with the pension benefits provided to employees of other LDCs. The cost of OMERS is based on the earnings of the employee (see table below) so as salaries and wages increase then so does the cost of OMERS. Pensions are accounted for on an accrual basis based on OMERS rates. As part of OMERS, NOTL Hydro does not have the data or requirement for pension accounting.

Table 4.28: OMERS Rate Increases (2014 to 2018)

Year	YMPE	Contribution on Earnings up to WMPE	Contribution on Earnings above YMPE
2014	$52,500	9.00%	14.60%
2015	$53,600	9.00%	14.60%
2016	$54,900	9.00%	14.60%
2017	$55,300	9.00%	14.60%
2018	$55,900	9.00%	14.60%

Benefits

A comprehensive and competitive benefits package exists which includes health and dental insurance, life insurance, long-term disability, vacation and leave policies. The plans are designed to address the health and well-being of employees.

Employee Staffing Levels (annual average)

Table 4.29: Employee Staffing Levels

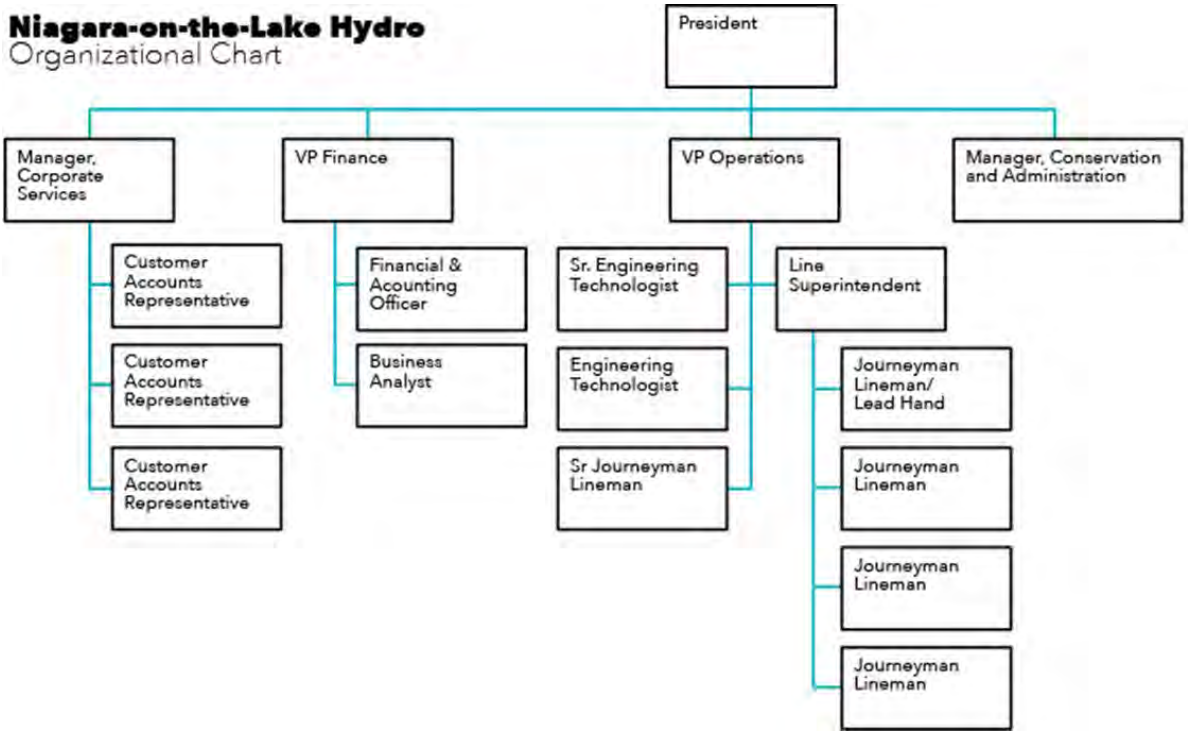
	Board Approved	Actual	Actual	Actual	Actual	Bridge Year	Test Year
	2014	2014	2015	2016	2017	2018	2019
Executive	3.00	3.00	3.00	3.05	3.04	3.00	3.00
Management	3.00	2.58	2.00	2.00	2.60	3.00	3.00
Union	12.00	9.26	9.85	9.59	10.97	11.50	11.50
Non-union	1.00	1.19	2.60	2.84	0.98	0.58	0.50
Total	19.00	16.03	17.45	17.48	17.60	18.08	18.00

Changes in Staff Levels

From 2013 and 2014 there was a drop in staff of three. The President retired and was not replaced until July of 2014. An office clerk also retired and was not replaced. During the first six months there was a part-time caretaker President. One of the Engineer Technologists was laid off and the position was not brought back. The CDM Manager went on long-term disability leave.

In 2015 and 2016 there were various temporary staff that resulted in an increase in average staff of 1.5. In 2016 and 2017 two new staff were hired on a permanent basis which brought the staffing level to 18. No new staff are currently contemplated but this will be reviewed periodically based on growth and needs.

Table 4.30: NOTL Hydro's Current Structure (effective January 1st 2018)



2.4.3.2 Shared Services and Corporate Cost Allocation

NOTL Hydro has two affiliates; Niagara-on-the-Lake Energy Inc. (NOTL Energy) and Energy Services Niagara Inc. (ESNI).

NOTL Energy is a holding company that has no active operations or revenue. Its only expenses are those it directly incurs as a corporate entity: corporate insurance and auditor charges for the preparation of the annual tax return.

ESNI is a subsidiary of NOTL Energy and a sister company to NOTL Hydro. The non-regulated activities of NOTL Energy are conducted within ESNI. During the period from 2014-2019 these have included: a water heater rental business, water billing services on behalf of the Town of Niagara-on-the-Lake and solar generation. ESNI has no direct employees so all services supplied by NOTL Hydro staff are billed to ESNI on a cost plus basis.

The following is a breakdown of the services supplied to ESNI by year (Appendix 2-N):

Table 4.31: Services to ESNI (2014-2019)

Year: 2014

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	% Allocation
From	To			$	$	
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Billing- Customer Service-Billing/collecting/Account Inquiries/Reports/Water reads	Cost-Base	$89,478.97	$74,791.81	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Gas Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$2,229.83	$1,880.76	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Electric Water Heaters- Finance-Accounts Payable/Receivable, Account Reconcilations, Payroll	Cost-Base	$2,993.78	$2,496.64	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Bills- Printed/Cancelled bills	Cost-Base	$37,441.89	$34,038.08	# of bills printed/cancelled * proportion related to water bills* cost of bill print plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Adminstrative Expenses- Mtce General Plant, Property Taxes, Property Insurance	Cost-Base	$6,129.81	$5,572.55	0.0483% on mtce of building, property taxes, property insurance plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Board Of Directors-Payroll	Cost-Base	$8,400.00	$8,400.00	2 members x $250 + 2 @ $100 per meeting

Year: 2015

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Allocation
From	To			$	$	
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Billing- Customer Service-Billing/collecting/Account Inquiries/Reports/Water reads	Cost-Base	$78,748.12	$65,755.40	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Gas Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$385.97	$321.64	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Electric Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$813.71	$679.75	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Bills- Printed/Cancelled bills	Cost-Base	$38,403.77	$34,912.52	# of bills printed/cancelled * proportion related to water bills* cost of bill print plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Meter Installs- Verifying meter installs, water reads/billing for water # meters installs	Cost-Base	$28,716.66	$24,190.30	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Adminstrative Expenses- Mtce General Plant, Property Taxes, Property Insurance, Audit Fees, Office Supplies	Cost-Base	$7,462.07	$6,783.70	0.0543% on mtce of building, property taxes, property insurance plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Board Of Directors-Payroll	Cost-Base	$8,400.00	$8,400.00	2 members x $250 + 2 @ $100 per meeting

1

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Allocation
From	To			$	$	
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Billing- Customer Service-Billing/collecting/Account Inquiries/Reports/Water reads	Cost-Base	$82,471.07	$69,251.08	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Gas Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$921.18	$767.61	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Electric Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$753.98	$628.31	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Bills- Printed/Cancelled bills	Cost-Base	$41,844.14	$38,040.13	# of bills printed/cancelled * proportion related to water bills* cost of bill print plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Meter Installs- Verifying meter installs, water reads/contractor charges # meters installs	Cost-Base	$14,013.00	$12,573.76	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Adminstrative Expenses- Mtce General Plant, Property Taxes, Property Insurance, Audit Fees, Office Supplies	Cost-Base	$7,595.49	$6,904.99	0.0543% on mtce of building, property taxes, property insurance plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Board Of Directors-Payroll	Cost-Base	$8,400.00	$8,400.00	2 members x $250 + 2 @ $100 per meeting

2

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Allocation
From	To			$	$	
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Billing- Customer Service-Billing/collecting/Account Inquiries/Reports/Water reads	Cost-Base	$81,313.67	$68,029.88	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Gas Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$147.14	$122.61	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Electric Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll/Solar Panel- Engineering Consulting	Cost-Base	$7,358.83	$6,132.68	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Bills- Printed/Cancelled bills	Cost-Base	$43,059.47	$39,144.97	# of bills printed/cancelled * proportion related to water bills* cost of bill print plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Meter Installs- Contractor charges for #Meter Installed	Cost-Base	$17,435.20	$15,850.19	Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Paybale Misc 10%
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Adminstrative Expenses- Mtce General Plant, Property Taxes, Property Insurance, Audit Fees, Office Supplies	Cost-Base	$4,815.75	$4,377.95	0.0337% on mtce of building, property taxes, property insurance plus 10% mark-up
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Board Of Directors-Payroll	Cost-Base	$8,400.00	$8,400.00	2 members x $250 + 2 @ $100 per meeting

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Year: **2018**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Billing- Customer Service- Billing/collecting/Account Inquiries/Reports/Water reads	Cost-Base	$82,716.98	$69,200.81
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Gas Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$0.00	$0.00
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Electric Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll/Solar Panel- Engineering Consulting	Cost-Base	$3,501.20	$2,917.66
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Bills- Printed/Cancelled bills	Cost-Base	$43,593.92	$39,630.84
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Meter Installs- Contractor charges for #Meter Installed	Cost-Base	$12,078.00	$10,980.00
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Adminstrative Expenses- Mtce General Plant, Property Taxes, Property Insurance, Audit Fees, Office Supplies	Cost-Base	$6,516.63	$5,924.21
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Board Of Directors-Payroll	Cost-Base	$8,400.00	$8,400.00

1

Year: **2019**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Billing- Customer Service- Billing/collecting/Account Inquiries/Reports/Water reads	Cost-Base	$85,676.13	$71,666.78
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Gas Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll	Cost-Base	$0.00	$0.00
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Electric Water Heaters- Finance-Accounts Payable/Receivable,Account Reconcilations, Payroll/Solar Panel- Engineering Consulting	Cost-Base	$2,103.03	$1,752.53
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Bills- Printed/Cancelled bills	Cost-Base	$44,117.04	$40,106.40
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Water Meter Installs- Contractor charges for #Meter Installed	Cost-Base	$12,078.00	$10,980.00
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Adminstrative Expenses- Mtce General Plant, Property Taxes, Property Insurance, Audit Fees, Office Supplies	Cost-Base	$6,516.63	$5,924.21
Niagara-on-the-Lake Hydro Inc	Energy Services Inc	Board Of Directors-Payroll	Cost-Base	$8,400.00	$8,400.00

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The following table provides a comparison of shared services between the OEB approved 2014, the actual 2017 and the test year 2019:

Table 4.32: Services to ESNI Comparisons

Service	2014 OEB Approved	2017 Actual	2019 Proposed
Water heaters rental support	$4,200	$7,505	$2,103
Water and waste water billing	$110,500	$141,808	$141,871
Administration	$5,800	$4,816	$6,517
Board of Directors	-	$8,400	$8,400
Total	**$120,500**	**$162,530**	**$158,891**

The water heater support business was sold in 2014. Some administrative services are still being provided to the purchaser but these are declining over time.

The water and wastewater billing services have increased over time with the growth in the number of customers. Beginning in 2015, the Town of Niagara-on-the-Lake began installing transmitters to remotely read the water readers in a manner similar to electric smart meters. This initially increased the costs being charged for this service but as the transition problems are being resolved and the benefits of the remote reading realized, the costs are expected to decline.

Administration is an allocation of overhead including premises, insurance and other similar charges.

Two of the Board members are on the Board of ESNI. Technically they are paid by ESNI but as ESNI has no employees and no payroll system the costs flow through NOTL Hydro.

2.4.3.3 Purchases of Non-Affiliate Services

NOTL Hydro purchases equipment, materials, and services in a cost effective manner with full consideration given to price as well as product quality, the ability to deliver on time, reliability, compliance with engineering specifications and quality of service. In making purchase decisions, NOTL Hydro also considers the “total acquisition cost” (i.e. value for money) rather than the lowest bid, and this includes, but limited to such factors as repairs, staff training, compatibility, warranty, trade-in values, recycling and safe environmental disposal.

Vendors are screened to ensure knowledge, reputation, and the capability to meet NOTL Hydro's needs. The procurement of goods and/or services for NOTL Hydro is carried out with highest of ethical standards and consideration to the public nature of the expenditures. NOTL Hydro has a Purchasing and Procurement Policy that the company adheres to and a copy of this policy is contained in the Appendix.

All substantial purchases of goods and services must be approved by the Board of Directors of NOTL Hydro as presented in the annual Operating and Capital budgets. Formal Board of Director's approval of the annual Operating and Capital budgets constitutes financial approval to proceed with the procurement process. Budget amendments, capital expenditures not yet approved in the budget or special expenditures must be supported by a Resolution by the Board of Directors. The Resolution shall specify the purpose of the expenditure and the funding source.

All payments for goods and services over $50,000 require the signature of a Board member. The only exceptions are what are considered non-controllable, regular expenditures such as taxes, interest and payments on debt, IESO invoices and payments to the Town of Niagara-on-the-Lake in the regular course of business (primarily collections on water invoices).

When goods or services are tendered, a Tender/Request for Proposal or a Request for Quote will be issued to a minimum of three vendors, if availability permits.

A copy of NOTL Hydro's purchasing policy has been attached as Appendix 4F.

NOTL Hydro's 2017 Vendor list over the materiality threshold of $50,000 is presented below:

Table 4.33: Products and Services from Non Affiliates 2017

Supplier	**Service**
Alectra Utilities Corporation	SCADA operator and Load transfer
Anixter Power Solutions Canada Inc	Distribution equipment supplies
Burman Energy	CDM Services
Canada Post Corporation	Postage
Claimsecure Inc	Benefits provider
Hy-Line Utility Solutions Inc	Line services
Jubb Utility Supply Ltd	Tools
KPMG LLP	Auditor
LaPrairie Inc.	Distribution equipment supplies
Niagara Peninsula Energy Inc	Load transfer
Peninsula Video & Sound Inc	Locates
Raven Engineering Inc	Engineering Services
Sensus Canada Inc	Meters
Siemens Transformers Canada Inc	Transformers
Skycomp Solutions Inc	IT support
Stella-Jones Inc	Wood poles
Utility Collaborative Services	CIS system
Wiens Underground Electric Inc	Underground services

2.4.3.4 One-time Costs

The only noteworthy one-time cost included in the 2019 test year OM&A is the regulatory cost of this application. NOTL Hydro is proposing to spread this cost over the five years of the application period.

One-time costs included in historical years include the $42k severance paid in 2015 and the micro-grid study of $100k in 2016.

The material capital expenditures that would be considered one-time are the installation of the 50 MVA transformer installed in NOTL station in 2015 for $2.6 million and the planned 83 MVA transformer to be installed in York station in 2019 for $3.5 million.

2.4.3.5 Regulatory Costs

The table below shows NOTL Hydro's regulatory costs for 2014-2017, 2018 Bridge Year and 2019 Test Year. All regulatory costs listed in this table are tracked in account 5655 – Regulatory Expenses. NOTL Hydro uses sub-accounts to track OEB Assessments, Cost Awards from the OEB and the costs associated with NOTL Hydro's rate applications (i.e.; annual IRM's filings and cost of service rate applications).

Table 4.34: Breakdown of Regulatory Costs

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	Last Rebasing Year Board Approved	2014	2015	2016	2017	2018	2019
1	OEB Annual Assessment	5655		On-Going	$ 30,300	$ 28,850	$ 29,681	$ 32,729	$ 30,300	$ 30,300	$ 39,840
2	OEB Section 30 Costs (Applicant-originated)	5655		On-Going		$ 373	$ 505	$ 20			
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going	$ 1,900	$ 514	$ 4,109	$ 637	$ 1,000	$ -	
4	Expert Witness costs for regulatory matters	5655									
5	Legal costs for regulatory matters	5655		One-Time	$ 20,000	$ 1,071					
6	Consultants' costs for regulatory matters	5655		One-Time			$ 2,000	$ 1,650		$ -	$ 2,000
7	Operating expenses associated with staff resources allocated to regulatory matters	5655		On-Going						$ 1,190	$ 1,113
8	Operating expenses associated with other resources allocated to regulatory matters	5655		One-Time		$ 740	$ 9,445	$ 2,366	$ 14,661	$ 5,334	$ 5,398
9	Other regulatory agency fees or assessments	5655									
10	Any other costs for regulatory matters (please define) Annual Registration Fee + COS	5655		One-Time	$ 800	$ 800	$ 800	$ 800	$ 800	$ 800	$ 38,800
11	Intervenor costs	5630		One-Time			$ 4,495	$ 1,504		$ 59	
12	Sub-total - Ongoing Costs		$ -		$ 32,200	$ 29,737	$ 34,295	$ 33,386	$ 31,300	$ 31,490	$ 40,953
13	Sub-total - One-time Costs		$ -		$ 20,800	$ 2,611	$ 16,740	$ 6,320	$ 15,461	$ 6,192	$ 46,198
14	Total		$ -		$ 53,000	$ 32,348	$ 51,035	$ 39,706	$ 46,761	$ 37,682	$ 87,151

In the table above NOTL Hydro has shown the amortized cost of this application as amortized over 5 years commencing in 2019. It is recognized that under IFRS all the regulatory costs related to this application will be booked in 2018 and 2019.

NOTL Hydro has also updated Chapter 2 Appendix 2-M with the breakout of actual and forecasted costs incurred in preparing and submitting NOTL Hydro's 2019 Cost of Service rate application

as well as reaching a Decision and Order from the Board. The table below summarizes these costs:

Table 4.35: Overview of Regulatory Costs for 2019 Cost of Service Application

Cost of Service Cost Components

Application - Consulting (TESI)	$10,000.00
Application - Consulting (CGE)	$13,500.00
Application - Auditor	$10,000.00
Applicaton - Legal	$5,000.00
Interogatories - Consulting	$7,500.00
Interogatories - Auditor	$2,500.00
Interogatories - Legal	$5,000.00
Settlement - Consulting	$5,000.00
Settlement - Legal Review	$15,000.00
Presentation Day	
OEB Customer Session	$10,000.00
Public Notice	$1,500.00
Oral Hearings	$30,000.00
Intervenor Costs	$75,000.00
Incremental	
Rate Order	$0.00
Total Cost of Service Filing costs	$190,000.00

NOTL Hydro recognizes that the actual costs for the subcategories of regulatory costs set our above will likely be different from forecast, depending on how the case proceeds. Other considerations include:

- TESI is Tandem Energy Services Inc. who has assisted NOTL Hydro in developing this cost of service application
- CGE is CGC Educational Communications who acted as an independent observer at the public information sessions NOTL Hydro hosted in 2018, had private discussions with a number of customers and reviewed the results of the survey undertaken at these sessions. Their report is included in this application.
- Interrogatory, settlement and hearing costs have been estimated based on other rate applications.

NOTL Hydro proposes that costs directly associated with the Cost of Service application are amortized over a period of 5 years. $190,000 allocated over five years is $38,000 per year. The balance of $38,800 above includes the $800 in annual registration fees.

2.4.3.6 Low Income Energy Assistance Programs

NOTL Hydro has included $7,100 for the expense for the Low Income Assistance Program (LEAP) under Deductions Donation Expense (USoA #6205). This amount $7,267 for LEAP funding which is based on the Board's determination that the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or $2,000 should be included in the utility's costs. These funds are fully dedicated to providing financial assistance. NOTL Hydro also provides an annual payment of $1,000 to assist Reach Out Niagara to assist in covering out of pocket expenses, primarily insurance. The volunteers who operate Reach Out Niagara are not compensated.

NOTL Hydro has partnered with Reach Out Niagara in Niagara-on-the-Lake to assist in programs intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears. Reach Out Niagara was specifically created to administer the LEAP funds as there was no agency located in Niagara-on-the-Lake who was able and willing to take on this service.

NOTL Hydro has included the projected LEAP funding of $7,267 in its 2019 Revenue Requirement.

Table 4.36: Charitable Contributions (2014-2019)

Charitable Donations

2014

Vendor	GL Number	Description	Amount
			$0.00
Total			$0.00

2015

Vendor	GL Number	Description	Amount
Reach Out Niagara	10-6205-0000-00	LEAP Administrator	$1,000.00
Reach Out Niagara	10-6205-1000-00	LEAP Administrator	$5,520.00
Reach Out Niagara	10-6205-1000-00	LEAP Administrator	$5,693.85
			$0.00
Total			$12,213.85

2016

Vendor	GL Number	Description	Amount
Reach Out Niagara	10-6205-0000-00	LEAP Administrator	$1,000.00
Reach Out Niagara	10-6205-1000-00	LEAP Administrator	$5,693.85
			$0.00
Total			$6,693.85

2017

Vendor	GL Number	Description	Amount
Reach Out Niagara	10-6205-0000-00	LEAP Administrator	$1,000.00
Reach Out Niagara	10-6205-1000-00	LEAP Administrator	$5,693.85
			$0.00
Total			$6,693.85

2018

Vendor	GL Number	Description	Amount
Reach Out Niagara	10-6205-0000-00	LEAP Administrator	$1,000.00
Reach Out Niagara	10-6205-1000-00	LEAP Administrator	$5,693.85
United Way	10-6205-2000-00	United Way Donation	$4,169.11
			$0.00
Total			$10,862.96

2019

Vendor	GL Number	Description	Amount
Reach Out Niagara	10-6205-0000-00	LEAP Administrator	$1,000.00
Reach Out Niagara	10-6205-1000-00	LEAP Administrator	$7,100.16
United Way	10-6205-2000-00	United Way Donation	$4,169.11
			$0.00
Total			$12,269.27

2.4.3.7 Charitable and Political Donations

NOTL Hydro does not contribute to political causes.

NOTL Hydro does make some charitable donations. In addition to the LEAP funding, as described in section 2.4.3.6, NOTL Hydro matches employee contributions to United Way. NOTL Hydro received an award from United Way in 2018 for it employee participation in the program. For the purposes of this application, the donations to the United Way have been removed from the OM&A in the 2019 test year.

NOTL Hydro confirms that, other than LEAP, no donation amounts have been included for recovery.

2.4.4 Depreciation, Amortization & Depletion

2.4.4.1 Depreciation Rates and Methodology

In accordance with the July 17, 2012 letter from the Board on Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies, NOTL Hydro adopted the Kinectrics proposed useful lives and componentization as of January 1, 2013. At this time the life span of the assets were adjusted to comply with the depreciation changes.

For the fiscal year 2013, NOTL Hydro completed a conversion of the company's fixed asset module which supported the revised average useful lives for all asset categories based on historical evidence and is within the typical useful life bands outlined in the Kinectrics Report "Asset Depreciation Study for the Ontario Energy Board" with exception of the categories for the PCB Shed and Remote Scada. The service lives for the PCB shed and Remote SCADA of 30 years and 10 years respectively were approved in NOTL Hydro's 2014 Cost of Service Application.

NOTL Hydro undertook a comprehensive review of assets that is summarized below and is also found in Appendix 4E - IFRS Policies.

Significant components of PP&E are separately accounted under IFRS. Each significant component and related estimated useful life are used for purposes of computing depreciation expense under IFRS.

Overhead system

Four components identified – Poles, OH Conductors/Switches, Transformers and OH Secondary Cable.

The company currently has only wood poles and has determined that there are no components of the pole that are material in dollar value or have a significantly different useful life. Therefore, the company has concluded that there is only one component comprised of the fully dressed wood pole. This component includes the standoff brackets and guy wires which are considered immaterial.

In terms of useful life, the Kinectrics report gave a range of 35-75 years, with the typical being 45 years. The company considered the following factors with respect to the useful life of the poles.

Mechanical stress and environmental factors are high and medium, respectively. The poles are not overloaded with weight, as the system has the typical length between poles. Historical experience shows the poles are being replaced between 45-50 years. The company has determined a useful life of 45 years is appropriate.

The company currently includes conductors and switches in the same GL account. It has been determined that switches do not make up a significant share of the account. Going forward, it is not expected there will be material amounts of switches added that justifies a separate component. The company also determined that they are not replacing conductors more often than switches or re-closers, which has led to the determination of a single component for these assets. The company has a regular maintenance program on the switches and as a result, failure is not typical.

In terms of useful life, the Kinectrics report gave a range of 50-75 years (typical 60 years) for OH conductors and 30-55 years (typical 45 years) for line switches. The company has determined its conductors fit the typical life span, given historical experience and pole spans being typical (which reduces strain on the conductor). Since switches were determined to be immaterial in this component, a useful life of 60 years is appropriate. Typically, switches are only replaced prior to replacing the conductor, when the switch fails. Failure is not typically seen with the exception of lightning strikes.

Overhead and underground transformers are currently grouped together. Useful lives of the two types of transformers are expected to be similar since the system is not overloaded. There are no plans to remove underground transformers from service prior to 40 years unless they are overloaded. Kinectrics useful life range is 30 to 60 years with typical of 40 years. Electrical loading and mechanical stress are low and environmental factors are considered to be normal. Kinectrics typical useful life is based upon moderate electrical loading. The company's low electrical loading would extend useful life beyond the typical range. Life should be 45 years based upon the utilization factors.

Secondary cable (Services) has been classified into two separate components (underground and overhead) due to the significantly different useful lives based on the type of wire used for each. Overhead wire is PILC (covered wire).

OH secondary cable experience tree wear from rubbing. The cable is insulated, which tends to deteriorate over time. The company's experience has shown this cable does not last longer than about 60 years. A useful life of 60 years is considered appropriate.

TS Stations

Two components identified – Transformers and Other

The company has assessed the different assets that comprise the two TS currently owned. The unique parts are power transformers, stations switch, breakers and switches, relays, bus-bars and steel structures. The company has determined the power transformers are by far the most significant component in the TS stations and should be accounted for as a separate component.

The other components are not considered material and useful lives are not significantly different to warrant any further componentization for the other assets comprising the TS station. Kinectrics life range for the transformers is 30-60 years with 45 being typical. The company does not have much experience with the life span of this component as the oldest asset is from 1985. Electrical loading and environmental factors do not differ from Kinectrics typical, which is moderate. Typical useful life of 45 years is appropriate.

The other assets component (stations switch, breakers and switches, relays, bus-bars and steel structures) have a life range of between 30 and 60 years with typical being 50 years. The station switches and breakers etc. are regularly maintained and the operational practices of the switches are low to moderate which would suggest a higher useful life than typical. 55 years is considered an appropriate life.

DS Station

The King St. DS Station is expected to be decommissioned in 2013. Based on the expected decommission, the useful life of this asset on January 1, 2013 will be one year.

Underground System

Three Components identified – Underground Cable (Primary) & Devices, Underground Conduit and Secondary Cable (Underground)

The company has determined that underground primary cable and devices represent a single component. The assets in this class have similar useful lives. The Kinectrics report gives useful life ranges of 35-55 years (typical 40 years). The company's assets in this component include both direct buried and in duct, with the majority being in-duct (direct buried has a lower life and only in one or two subdivisions). Mechanical stress, electrical loading, and environmental conditions are considered moderate in the Kinectrics report, but the company has assessed electrical loading as lower. The company has also considered historical experience for these assets. There is currently direct buried cable with a life of 30 years in operation and it is expected that these will last at least 10 more years as no major issues have been encountered at 30 years of life. Based on these factors, the company has assessed these assets with a useful life of 45 years, higher than typical based upon the low electrical loading. The company has determined that ducts, foundations, vaults and duct banks all form the Underground Conduit component. These assets have similar useful lives. The Kinectrics report gives useful life ranges from 30-85 years for these assets (typical 50-55 years). The company has assessed mechanical stress lower than Kinectrics report (assets are under grass not under roads) which leads to a longer expected life. The company has assessed 65 years as appropriate for these assets.

Secondary cable (Services) has been classified into two separate components (underground and overhead) due to the significantly different useful lives based on the type of wire used for each. Overhead wire is PILC (covered wire).

The Kinectrics report has the useful life of underground secondary cable as a range of 35-60 years (typical 40 years). The company has determined there are no factors that would suggest the useful life is any different from the underground primary cable. As such, a useful life of 45 years is appropriate.

SCADA software: Has been assessed as a single component, since radios are already included under communication equipment. The company is aware this software is updated on an irregular basis (that may exceed annual) but the original firmware may be considered to have a useful life of 8-10 years before it is completely replaced. Therefore a useful life of 10 years has been chosen for this component.

Minor assets

Office Equipment: Has been assessed as a single component as assets have similar useful lives. The current useful life is 10 years, and there are no indications this should change.

Vehicles < 3 tonnes: Single component. Policy is to replace after 5 years, therefore this is the useful life.

Vehicles > 3 tonnes: Single component. Policy is to replace after 10 years, therefore this is the useful life.

Trailers: Single component. Estimated useful life is 15 years based upon planned replacement cycle.

Administrative Buildings: Single component. Kinectrics report gives useful life of 50 – 75 years. The company's administrative building is fairly new. The building was constructed under a low budget (minimum standards) which indicates the maximum useful life is not appropriate. A useful life of 60 years has been determined.

Station Buildings: It has been determined not to separate these assets out from the TS (insignificant in relation to the equipment in the TS station)

Computer Equipment (Hardware): Single component. Policy is replacement every 3 years; therefore the useful life is 3 years.

Computer Equipment (Software): Single component. Policy is replacement every 3 years; therefore the useful life is 3 years. Technological obsolescence limits the life.

Communication Equipment: Single component that includes a computer station that works with the SCADA equipment, towers, radio and phone system. The company does not have any reason as to why this should vary from the rate it is currently being depreciated over, which is 10 years. This component is subject to technological obsolescence so anything higher than 10 years would not be appropriate.

Miscellaneous Equipment (tools and shop): Single component. Based on experience, assets in this class can last 5-10 years, but individually the assets are immaterial. As such, an average life of 8 years is considered appropriate.

Miscellaneous Equipment (stores and warehouse): Single component. The company has assessed at maximum life of 10 years based on Kinectrics report and experience with life of shelving equipment.

Meters: 4 Components were decided

1) Smart Meters: These are material and have a significantly different useful life (no history yet on how long they will last). The company discussed the need to split out into further components (data collectors). It was determined that useful life of data collectors and the meter are similar and therefore no need to break down into further components. The company does not expect useful life to exceed 10 years given problems already encountered with these meters. However, will use same rate as industry (15 years) and assess the appropriateness of this at end of each reporting period.

2) Stranded Meters: Life kept at OEB rate of 25 years.

3) Other Meters: These meters have been lasting 25 years. Technological obsolescence will limit the life of these assets to a certain extent so extending this beyond the 25 years is not appropriate.

4) CT's and PT's: These are material and have a significantly different useful life. Kinectrics report indicates a range of 35-50 years. The company has determined a 40 year life is reasonable for these assets.

Table 4.37: Service Life Comparison

Appendix 2-BB
Service Life Comparison
Table F-1 from Kinetrics Report[1]

Parent*	#	Asset Details: Category| Component | Type		Useful Life: MIN UL	TUL	MAX UL	USoA Account Number	USoA Account Description	Current: Years	Current: Rate	Proposed: Years	Proposed: Rate	Outside Range of Min, Max TUL? Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall	35	45	75	1830	Poles, Towers and Fixtures	45	2%	45	2%	No	No
	8	OH Conductors		50	60	75	1835	Overhead Conductors & Devices	60	2%	60	2%	No	No
	8	OH Conductors		50	60	75	1855	Services-OH	60	2%	60	2%	No	No
	9	OH Transformers & Voltage Regulators		30	40	60	1850	Line Transformers	45	2%	45	2%	No	No
TS & MS	12	Power Transformers	Overall	30	45	60	1815	TS Equipment>50KV-Transformer	45	2%	45	2%	No	No
	18	Station Switch		30	50	60	1815	TS Equipment>50KV-Transformer	55	2%	55	2%	No	No
UG	29	Primary TR XLPE Cables in Duct		35	40	55	1845	Underground Conductors & Devices	45	2%	45	2%	No	No
	32	Secondary Cables in Duct		35	40	60	1855	Services-UG	45	2%	45	2%	No	No
	34	Pad-Mounted Transformers		25	40	45	1850	Line Transformers	45	2%	45	2%	No	No
	39	Pad-Mounted Switchgear		20	30	45	1845	Underground Conductors & Devices	45	2%	45	2%	No	No
	40	Ducts		30	50	85	1840	Underground Conduit	65	2%	65	2%	No	No
	41	Concrete Encased Duct Banks		35	55	80	1840	Underground Conduit	65	2%	65	2%	No	No
S	43	Remote SCADA		15	20	30	1980	System Supervisory Equipment	10	10%	10	10%	Yes	No

Table F-2 from Kinetrics Report[1]

#	Asset Details: Category| Component | Type		Useful Life Range		USoA Account Number	USoA Account Description	Current: Years	Current: Rate	Proposed: Years	Proposed: Rate	Outside Range of Min, Max TUL? Below Min Range	Above Max Range
1	Office Equipment		5	15	1915	Office Furniture & Equipment	10	10%	10	10%	No	No
2	Vehicles	Trucks & Buckets	5	15	1930	Transportation Equipment >3 Tons	10	10%	10	10%	No	No
		Trailers	5	20	1930	Transportation Equipment- Trailers	15	7%	15	7%	No	No
		Vans	5	10	1930	Transportation Equipment <3 Tons	5	20%	5	20%	No	No
3	Administrative Buildings		50	75	1908	Building & Fixtures	60	2%	60	2%	No	No
					1908	Building & Fixtures-PCB Shed	30	3%	30	3%	No	Yes
6	Computer Equipment	Hardware	3	5	1920	Computer Equipment - Hardware	3	33%	3	33%	No	No
		Software	2	5	1925	Computer Equipment - Software	3	33%	3	33%	No	No
7	Equipment	Stores	5	10	1935	Stores Equipment	10	10%	10	10%	No	No
		Tools, Shop, Garage Equipment	5	10	1940	Tools, Shops Garage Equipment	8	13%	8	13%	No	No
8	Communication	Wireless	2	10	1955	Communication Equipment	10	10%	10	10%	No	No
10	Industrial/Commercial Energy Meters		25	35	1860	Meters-Non Stranded	25	4%	25	4%	No	No
12	Current & Potential Transformer (CT & PT)		35	50	1860	Meters-CT/PT	40	3%	40	3%	No	No
13	Smart Meters		5	15	1860	Meters	15	7%	15	7%	No	No
15	Data Collectors - Smart Metering		15	20	1860	Meters	15	7%	15	7%	No	No

NOTL Hydro's amortization rates are presented Appendix 2-BB and are applied on a straight-line basis utilizing the half-year rule. All assets are componentized and depreciated individually according to asset life span as per the Kinectrics Report with the exceptions noted above. NOTL Hydro will be continuing this method of depreciation in the Test Year and beyond.

Continuity Statements of the historical and forecasted depreciation expenses are presented in Appendix 2-C.

2.4.4.2 Depreciation Expense

In accordance with the Board's filing requirements, NOTL Hydro has completed the following depreciation and amortization expense tables attached as Appendix 2-C -NOTL_2019-Fiiling-Requirements-Chapter2_Appendix2C-20180718:

a) App.2-C_Dep Exp – 2014
b) App.2-C_Dep Exp – 2015
c) App.2-C_Dep Exp – 2016

d) App.2-C_Dep Exp – 2017
e) App.2-C_Dep Exp – 2018
f) App.2-C_Dep Exp - 2019

The amounts in the above appendices tie back to the accumulated depreciation balances in the fixed asset continuity schedule Appendix 2-BA.

Year	App.2-BA_Fixed Asset Cont Column J	App2-C-_DepExp Column X	Variance	Variance %
2014 - Actual	$ 1,006,611	$ 1,006,539	$ 72	0.0%
2015 - Actual	$ 1,043,515	$ 1,043,451	$ 64	0.0%
2016 - Actual	$ 1,051,852	$ 1,051,842	$ 9	0.0%
2017 - Actual	$ 1,038,029	$ 1,038,155	$ (126)	(0.0%)
2018 - Bridge Year	$ 1,069,267	$ 1,069,204	$ 63	0.0%

NOTL Hydro implemented New CGAAP amortization policies beginning January 1, 2013 and previously rebased in 2014 under the revised useful lives.

2.4.4.3 Asset Retirement Obligations

At this time, NOTL Hydro does not have any Asset Retirement Obligations, associated depreciation or accretion expenses in relation to asset retirement obligations to report as part of the application.

2.4.4.4 Half Year Rule

NOTL Hydro confirms that it has applied the half-year rule for the purposes of computing the net book value of Property, Plant and Equipment and General Plant to include in rate base. Under the half-year rule acquisitions and investments made during the year are amortized assuming they entered service at the mid-point of the year. NOTL Hydro will be continuing this method of depreciation in the Test Year and beyond.

2.4.4.5 Depreciation/Amortization Policy

A copy of NOTL Hydro's complete depreciation policy is included in Appendix 4E - IFRS Policy.

In summary all NOTL Hydro assets are depreciated on straight-line based on the service lives as set out it section 2.4.4.1 utilizing the half year rule. Depreciation of assets begins when the asset is ready for use (i.e. when it is in the location and condition necessary for it to be capable of

operating the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognized.

NOTL Hydro has not changed its depreciation policy or useful asset lives since it's last cost of service filing in 2014.

2.4.4.6 Components

NOTL Hydro's depreciates significant parts or components of each item of PP&E separately in accordance with IFRS.

2.4.4.7 Regulatory Accounting Changes for Depreciation Expense

NOTL Hydro deferred the adoption of IFRS and remained under CGAAP in 2012 and made regulatory changes for depreciation expense and capitalization policies on January 1, 2013.

2.4.5 Taxes or Payments In Lieu of Taxes (PILs) and Property Taxes

2.4.5.1 Overview of PILs

NOTL Hydro is required to make payments in lieu of income taxes ("taxes") based on its taxable income. NOTL Hydro files Federal/Provincial tax returns annually though both are submitted to the Ontario Ministry of Finance. There have been no special circumstances that would require specific tax planning measures to minimize taxes payable. There are no outstanding audits, reassessments or disputes relating the tax returns filed by NOTL Hydro.

There are no non-utility activities included in NOTL Hydro's financial results, therefore the entire amount of PILs payable is considered in the proposed allowance to be included in the revenue requirement.

Property Taxes

NOTL Hydro pays property taxes to the Town of Niagara-on-the-Lake for its office premises and other property. The table below show the actual's for 2014-2018. For the Test Year 2019 NOTL Hydro has forecasted an increase of 1.2% which is its standard inflation assumption:

Table 4.38: Property Taxes

	Board Approved	2014	2015	2016	2017	2018	2019
Property Taxes	$28,596	$29,811	$30,837	$31,773	$32,377	$34,540	$34,955
%Change (year over year)		4.2%	3.4%	3.0%	1.9%	6.7%	1.2%

The table below summarizes NOTL Hydro's taxes for the 2014-2017 Historical Years, 2018 Bridge Year and 2019 Test Year. NOTL Hydro had a loss for income tax purposes in the years 2014-2016 so no income tax expense was calculated.

Table 4.39: Tax Provision by Year

	2014		2015		2016		2017		2018		2019	
Regulatory Taxable Income	**(51,083)**		**(383,781)**		**(18,286)**		**1,421,293**		**300,044**		**304,617**	
Ontario Income Taxes												
Income tax rate **Ontario Income Tax**	*11.50%*	**0**	*11.50%*	**0**	*11.50%*	**0**	*11.50%*	**163,449**	*11.50%*	**34,505**	*11.50%*	**35,031**
Small business credit												
Ontario Small Business Threshold	0		0		0		500,000		0		0	
Rate reduction	*(7.00%)*	0	*(7.00%)*	0	*(7.00%)*	0	*(7.00%)*	0	*(7.00%)*	0	*0.00%*	0
Ontario Income tax		**0**		**0**		**0**		**163,449**		**34,505**		**35,031**
Combined Tax Rate and PILs												
Effective Ontario Tax Rate	*0.00%*		*0.00%*		*0.00%*		*11.50%*		*11.50%*		*11.50%*	
Federal tax rate	*0.00%*		*0.00%*		*0.00%*		*15.00%*		*15.00%*		*15.00%*	
Combined tax rate	*0.00%*		*0.00%*		*0.00%*		*26.50%*		*26.50%*		*26.50%*	
Total Income Taxes		**0**		**0**		**0**		**376,643**		**79,512**		**80,723**
Investment Tax Credits		0		0		0		2,000		0		0
Miscellaneous Tax Credits												
Total Tax Credits		0		0		0		2,000		0		0
Corporate PILs/Income Tax Provision		**0**		**0**		**0**		**374,643**		**79,512**		**80,723**
Corporate PILs/Income Tax Provision Gross Up	*100.00%*	0	*100.00%*	0	*100.00%*	0	*73.50%*	135,075	*73.50%*	28,668	*73.50%*	29,104
Income Tax (grossed-up)		**0**		**0**		**0**		**509,718**		**108,179**		**109,828**

The table on the next page provides the calculation of income for regulatory taxation purposes.

Table 4.40: Taxable Regulatory Income by Year

	T2 S1 line #	2014 Utility Only	2015 Utility Only	2016 Utility Only	2017 Utility Only	2018 Taxable Income	2019 Taxable Income
Income/(Loss) before PILs/Taxes (Accounting) [1]		1,121,147.00	111,165.00	1,337,690.00	1,644,113.00	1,034,431.57	1,105,128.39
Additions:							
Interest and penalties on taxes	103	1,271.00	-	-	-	-	-
Amortization of tangible assets	104	912,849.00	1,021,974.00	1,095,472.00	1,103,773.00	1,158,737.62	1,271,114.36
Loss on disposal of assets	111	46,404.00	12,958.00	8,590.00	23,657.00	-	-
Charitable donations	112	-	400.00	-	-	-	-
Non-deductible meals and entertainment expense	121	-	-	1,343.00	1,789.00	1,789.00	1,789.00
Reserves from financial statements- balance at end of year (employee future benefits and allowance for doubtful accounts)	126	469,548.00	361,122.00	425,135.00	574,218.00	601,740.00	630,204.00
Other Additions:		-	-	-	-		
Interest Expensed on Capital Leases	290	340,997.00	245,827.00	-	-		
Realized Income from Deferred Credit Accounts	291	-	89,817.00	-	-		
Pensions	292	-	1,181,992.00	-	-		
Non-deductible penalties	293	6,488.00	610,722.00	-	-		
Coop Tax Credit on 550	294	93,017.00	-	-	-		
OITC/ORDTC/BCRDT/ABRDTC from previous years	295	-	-	-	-		
Inducement under 12(1)(x) ITA (apprentice tax credit)					9,973.00	-	-
Customer Deposits (2335)					377,590.00	377,590.00	377,590.00
Tax included in net movement in reg balances					-		
Capital Contibutions Received (2440)					319,954.00	1,983,945.15	787,136.00
Regulatory Adjustment					769,773.00	-	-
					-		
					-		
Miscellaneous other additions	296	-	-	1,860,528.00	1,477,290.00	2,361,535.15	1,164,726.00
Total Additions		1,899,415.00	3,524,812.00	3,391,068.00	3,180,727.00	4,125,801.78	3,067,833.36
Deductions:							
Gain on disposal of assets per financial statements	401	-	-	-	-		
Dividends not taxable under section 83	402	-	-	-	-		
Capital cost allowance from Schedule 8	403	1,711,670.00	1,745,293.00	1,792,904.00	1,806,061.00	1,834,965.45	1,978,057.15
Terminal loss from Schedule 8	404	-	-	-	-		
Cumulative eligible capital deduction from Schedule 10 CEC (2017 included in UCC)	405	688.00	640.00	595.00	-	-	-
Reserves from financial statements - balance at beginning of year	414	473,290.00	469,548.00	361,122.00	425,135.00	574,218.00	601,740.00
Interest capitalized for accounting deducted for tax	390	45,452.00	36,133.00	-	-		
Capital Lease Payments	391	340,997.00	245,827.00	-	-		
Non-taxable imputed interest income on deferral and variance accounts	392	-	20,539.00	-	-		
	393	499,548.00	901,056.00	-	-		
	394	-	600,722.00	-	-		
Unrealized gain on derivatives (4340)				65,352.00	46,137.00	-	-
Customer deposits				236,840.00	377,590.00	377,590.00	377,590.00
Amortization of deferred capital contributions				44,491.00	65,652.00	89,470.28	123,821.84
Capital contributions received				1,603,277.00	319,954.00	1,983,945.15	787,136.00
Adjustment for regulatory assets				642,463.00	-	-	-
Tax inlcuded in regulatory balances				-	323,875.00		
Tax on EFB				-	38,743.00		
				-	-		
Miscellaneous other deductions	396	-	-	2,592,423.00	1,171,951.00	2,451,005.44	1,288,547.84
ITA 13(7.4) Election - Capital Contributions Received		-	-	-	-		
Total Deductions		3,071,645.00	4,019,758.00	4,747,044.00	3,403,147.00	4,860,188.88	3,868,344.99
NET INCOME (LOSS) FOR TAX PURPOSES		- 51,083.00	- 383,781.00	- 18,286.00	1,421,693.00	300,044.46	304,616.75
Charitable donations from Schedule 2	311			-	400.00		
TAXABLE INCOME (LOSS)		- 51,083.00	- 383,781.00	- 18,286.00	1,421,293.00	300,044.46	304,616.75

2.4.5.2 Latest Filed Tax Return, Tax Assessments and Correspondence

NOTL Hydro's latest tax return is included in the Appendix.

2.4.5.3 Calculation of Tax Credits

NOTL Hydro is not claiming an Apprenticeship Training Tax Credit in the 2019 Test Year.

2.4.5.4 Other Additions and Deductions

- 2017 Historic Year - Other Additions
  - $9,973 – Inducement under 12(1)(x): Relates to the income inclusion under 12(1)(x) of the ITA for the prior year Ontario Apprenticeship Training Tax Credits.
  - $377,590 – Customer Deposits 12(1)(a): Relates to the income inclusion under 12(1)(a) of the ITA for customer deposits received in the year. An allowable reserve under 20(1)(m) of the ITA is taken on the customer deposits.
  - $319,954 – Capital Contributions Received 12(1)(x): Relates to the income inclusion under 12(1)(x) of the ITA for capital contributions received in the year. A deduction and election under 13(7.4) of the ITA is taken to apply the capital contributions to the capital cost of the property on Schedule 8 (i.e. reduces the capital cost of the property).
  - $769,773 – Regulatory Adjustment: Relates to the regulatory balances included in the P&L, excluding taxes.
- 2017 Historic Year - Other Deductions
  - $46,137 Unrealized Gain on Derivatives: Relates to the unrealized gain on interest rate swaps.
  - $377,590 – Customer Deposits 20(1)(m): Relates to an allowable reserve under 20(1)(m) ITA for the income inclusion under 12(1)(a) of the ITA.
  - $65,562 – Amortization of Deferred Capital Contributions: Relates to the amortization of deferred capital contributions in the P&L in the year. The capital contributions were previously applied to reduce the capital cost of the additions under 13(7.4) of the ITA.
  - $319,954 – Capital Contributions Received 13(7.4): A deduction and election under 13(7.4) is taken to apply the capital contributions to the capital cost of the property on Schedule 8 (i.e. reduces the capital cost of the property).
  - $323,875 – Tax included in Net Movements in Regulatory Balances: Relates to an adjustment to reverse the tax included in the regulatory balances. A separate adjustment is required as the tax was not reversed on line 101 or 102 of Schedule 1.

- $38,743 – Tax in EFBs: Relates to an adjustment to reverse the tax included in the EFB's. A separate adjustment is required as the tax was not reversed on line 101 or 102 of Schedule 1.

- 2018 Bridge Year - Other Additions
  - $2,000 - 12(1)(x) related to the apprentice claim in 2017.
  - $377,590 – Customer Deposits 12(1)(a): Relates to the income inclusion under 12(1)(a) of the ITA for customer deposits received in the year. An allowable reserve under 20(1)(m) of the ITA is taken on the customer deposits. NOTL Hydro does not anticipate and significant changes in Customer Deposits and therefore the historical year amount was used.
  - $1,983,945 – Capital Contributions Received 12(1)(x): Relates to the income inclusion under 12(1)(x) of the ITA for capital contributions received in the year. A deduction and election under 13(7.4) of the ITA is taken to apply the capital contributions to the capital cost of the property on Schedule 8 (i.e. reduces the capital cost of the property). Amounts are consistent with the Capital Contributions as presented in Chapter 2 Appendix 2-BA for 2018.
- 2018 Bridge Year - Other Deductions
  - $377,590 – Customer Deposits 20(1)(m): Relates to an allowable reserve under 20(1)(m) ITA for the income inclusion under 12(1)(a) of the ITA. NOTL Hydro does not anticipate and significant changes in Customer Deposits and therefore the historical year amount was used.
  - $89,470 – Amortization of Deferred Capital Contributions: Relates to the amortization of deferred capital contributions in the P&L in the year. The capital contributions were previously applied to reduce the capital cost of the additions under 13(7.4) of the ITA). Amounts are consistent with the amortization of Capital Contributions as presented in Chapter 2 Appendix 2-BA for 2018.
  - $1,983,945 – Capital Contributions Received 13(7.4): A deduction and election under 13(7.4) is taken to apply the capital contributions to the capital cost of the property on Schedule 8 (i.e. reduces the capital cost of the property). Amounts are consistent with the Capital Contributions as presented in Chapter 2 Appendix 2-BA for 2018.

- 2019 Test Year - Other Additions
    - $377,590 – Customer Deposits 12(1)(a): Relates to the income inclusion under 12(1)(a) of the ITA for customer deposits received in the year. An allowable reserve under 20(1)(m) of the ITA is taken on the customer deposits. NOTL Hydro does not anticipate and significant changes in Customer Deposits and therefore the historical year amount was used.
    - $787,136 – Capital Contributions Received 12(1)(x): Relates to the income inclusion under 12(1)(x) of the ITA for capital contributions received in the year. A deduction and election under 13(7.4) of the ITA is taken to apply the capital contributions to the capital cost of the property on Schedule 8 (i.e. reduces the capital cost of the property). Amounts are consistent with the Capital Contributions as presented in Chapter 2 Appendix 2-BA for 2019.
- 2019 Bridge Year - Other Deductions
    - $377,590 – Customer Deposits 20(1)(m): Relates to an allowable reserve under 20(1)(m) ITA for the income inclusion under 12(1)(a) of the ITA. NOTL Hydro does not anticipate and significant changes in Customer Deposits and therefore the historical year amount was used.
    - $123,822 – Amortization of Deferred Capital Contributions: Relates to the amortization of deferred capital contributions in the P&L in the year. The capital contributions were previously applied to reduce the capital cost of the additions under 13(7.4) of the ITA). Amounts are consistent with the amortization of Capital Contributions as presented in Chapter 2 Appendix 2-BA for 2019.
    - $787,136 – Capital Contributions Received 13(7.4): A deduction and election under 13(7.4) is taken to apply the capital contributions to the capital cost of the property on Schedule 8 (i.e. reduces the capital cost of the property). Amounts are consistent with the Capital Contributions as presented in Chapter 2 Appendix 2-BA for 2019.

2.4.5.5 Non-recoverable and Disallowed Expenses (OEB Ref 2.4.5.1)

NOTL Hydro confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g. certain charitable donations) or disallowed for regulatory purposes have been excluded from the regulatory tax calculation. There are no reconciling items to arrive at Regulatory Taxable Income form Net Income for Tax Purposes in the Test year.

2.4.5.6 Integrity Checklist

NOTL Hydro has had the PILS model reviewed by its external auditors, KPMG. The utility affirms that the integrity checks in tab S1 of the PILS model have been completed.

Table 4.41: Integrity Checks – 2019 PILS Model

Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this is the case in the table below, or provide an explanation if this is not the case:

	Item	Utility Confirmation (Y/N)	Notes
1	The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application	Y	
2	The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y	
3	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non- distribution tax amounts on Schedule 8.	Y	
4	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the UCC schedules for the same years filed in the application	Y	
5	Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application	Y	
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	Y	
7	CCA is maximized even if there are tax loss carry-forwards	Y	
8	Accounting OPEB and pension amounts added back on Schedule 1 to reconcile accounting income to net income for tax purposes, must agree with the OM&A analysis for compensation. The amounts deducted must be reasonable when compared with the notes in the audited financial statements, FSCO reports, and the actuarial valuations.	Y	
9	The income tax rate used to calculate the tax expense must be consistent with the utility's actual tax facts and evidence filed in the application.	Y	

2.4.6 Conservation and Demand Side Management

2.4.6.1 Overview of CDM

The 2015-2020 Energy Conservation Agreement was signed with an effective date of December 10, 2014. NOTL Hydro received first iteration CDM Plan approval from the IESO on June 16, 2015 with the Conservation First launch planned for January 1, 2016. Costs associated with CDM initiatives are paid through the PAB budget provided by the IESO.

NOTL Hydro does not apply any OM&A costs related to the administration and delivery of CDM programs to be recovered through the revenue requirement.

NOTL Hydro has a target of 11.68 GWh for the 2015-2020 Conservation First Initiative. As of December 31, 2017, NOTL Hydro had achieved 10.50 GWh or 90% of its target. The 90% achievement was ranked 12th best in the province.

2.4.6.2 Lost Revenue Adjustment Mechanism (OEB Ref 2.4.6.1)

NOTL Hydro last applied for an LRAM adjustment in 2016 (EB-2016-0095) which cleared the balances up to 2015.

2.4.6.3 Disposition of the LRAMVA

The table below illustrates the balances recorded in NOTL Hydro's LRAMVA account by rate class for the program period 2011 to 2017:

Table 4.42: Summary of Requested LRAMVA Amounts

Description	LRAMVA Previously Claimed	Residential	GS<50 kW	Street Lighting	Unmetered Scattered Load	General Service 50 - 4,999 kW	Total
		kWh	kWh	kW	kWh	kW	
2011 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2011 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2012 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2012 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2013 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2013 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2014 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2014 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2015 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2015 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2016 Actuals	☐	$22,353.60	$30,305.37	$31,223.24	$0.00	$24,738.05	$108,620.26
2016 Forecast		($4,979.74)	($14,033.57)	$0.00	$0.00	($2,379.45)	($21,392.76)
Amount Cleared							
2017 Actuals		$25,384.05	$36,341.80	$31,743.35	$0.00	$35,082.11	$128,551.31
2017 Forecast		($3,550.37)	($14,279.77)	$0.00	$0.00	($2,419.08)	($20,249.23)
Amount Cleared							
2018 Actuals		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2018 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2019 Actuals		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2019 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
2020 Actuals		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2020 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared							
Carrying Charges		$1,374.16	$1,335.55	$2,243.95	$0.00	$1,905.82	$6,859.48
Total LRAMVA Balance		**$40,582**	**$39,669**	**$65,211**	**$0**	**$56,927**	**$202,389**

In reviewing the above table, it should be noted that:

- NOTL Hydro is only claiming LRAMVA disposition for 2016 and 2017.
- The LRAMVA is based on results from the IESO's "2017 Final Verified Annual LDC CDM Program Results for Niagara-on-the-Lake Hydro Inc." report issued on June 29, 2018.
- Forecast CDM savings with respect to the 2016 and 2017 LRAMVA are as follows:

Table 4.43: Forecast CDM Savings for 2016 and 2017 (kWh)

	Residential	GS< 50 kW	Streetlighting	USL	GS>50 kW	Total
Actual 2016	1,109,104	690,381	117	-	4,208	1,803,810
Actual 2017	1,274,055	817,770	-	-	4,548	2,096,373
Forecast 2017	461,087	1,231,015	-	-	1,104	1,693,206

- There were no projects in the calculations not included in the IESO report.
- Rate class allocations were determined on a program by program basis.

Table 4.44: LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings ($)	Forecasted CDM Savings ($)	Carrying Charges ($)	Total Claim
LRAMVA	1568	$237,172	-$41,642	$6,859	$202,389

A copy of the IESO's "2017 Final Verified Annual LDC CDM Program Results for Niagara-on-the-Lake Hydro Inc." report issued on June 29, 2018, containing the actuals for NOTL Hydro for the end of 2017 is included in the Appendix.

Appendix

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Appendix 4D	IESO's "2017 Final Verified Annual LDC CDM Program Results for Niagara-on-the-Lake Hydro Inc." report issued on June 29, 2018
Appendix 4E	Depreciation and Capitalization Policy
Appendix 4F	Purchasing & Procurement Policy
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APPENDIX

4A

2019

NIAGARA-ON-THE-LAKE HYDRO

COST OF SERVICE RATE APPLICATION

EB-2018-0056

COLLECTIVE AGREEMENT

between

NIAGARA-ON-THE-LAKE HYDRO INC.

and

LOCAL UNION NO. 636

of the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

May 1, 2016 to April 30, 2020

(Line/Engineering Staff)

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COLLECTIVE AGREEMENT
between

NIAGARA-ON-THE-LAKE HYDRO INC.
(Hereinafter called the "Corporation")
and

LOCAL UNION NO. 636
of the
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
(Hereinafter called the "Union")

ARTICLE 1 - RECOGNITION

1.1 Corporation hereby recognizes the Union as the sole collective bargaining agent for all employees of Niagara-on-the-Lake Hydro Inc. at Niagara-on-the-Lake, Ontario save and except foremen, all persons above the rank of foreman, all office employees, persons regularly employed for not more than twenty-four (24) hours per week, students employed during the school vacation period, students employed on a cooperative training program and individuals hired on a government-sponsored program.

ARTICLE 2 - UNION SECURITY AND CHECK-OFF

2.1 All employees covered under Article 1 of this agreement who are members of the Union shall remain members of the Union and all new employees shall become and remain members of the Union after thirty (30) calendar days of employment.

2.2 All employees in the bargaining unit shall be required to sign an authorization assigning to the union an amount equivalent to regular monthly dues and the Corporation shall deduct such amounts from the weekly wages of employees and to remit the dues to the financial secretary of Local 636 by the 15th of the month following the month in which the deductions were made with a list of the names of the employees from whose pay such deductions have been made. The Corporation will provide the minimum information to calculate union dues when requested. The Corporation will also deduct a one-time union initiation fee in addition to the weekly dues as described by the union. The dues to be included on the T4 slip

2.3 It is understood and agreed that the Union will save the Corporation harmless from any and all claims which may be made against it by an employee or employees for amounts deducted from earnings as herein provided.

2.4 A Union Negotiating Committee shall consist of a maximum of two (2) members plus the Union Business Manager or designate for the purpose of Collective Bargaining. Members so appointed, excluding the Union Business Manager or designate must be employees of the Corporation covered by this Collective Agreement and have completed the probation period as set out in Article 5.

2.5 Both the Corporation and the Union recognize their respective responsibilities under the Human Rights Code and any other statutory requirements.

ARTICLE 3 - MANAGEMENT RIGHTS

3.1 The Union acknowledges and agrees that the Corporation has the exclusive right to manage its business, and without limiting the generality of the foregoing, to direct the working force, to hire, promote, transfer, demote or lay off employees, discharge, or otherwise discipline employees, for just cause, and to make, amend and enforce such rules and regulations as shall from time to time be required, provided that they are not inconsistent with the provisions of this agreement.

3.2 All functions and prerogatives heretofore vested in and exercised by the Corporation shall remain solely with the Corporation except as specifically limited by the express provision of this agreement.

ARTICLE 4 - CORPORATION SERVICE CREDIT

Definition

4.1 The length of continuous service a regular employee has established with the Corporation from the most recent date the employee entered the employ of the Corporation.

4.2 The Corporation shall maintain a seniority list showing the date upon which each employee's Corporation service commenced. An up-to-date seniority and classification list shall be sent to the Union and posted on all bulletin boards in January of each year.

4.3 A regular employee shall lose seniority rights and have his name removed from the employment records if he:

(I) retires;
(II) resigns;
(III) is discharged for just cause and not reinstated through the grievance/arbitration procedure;
(IV) is absent from work for three (3) working days without notification to the employer, unless a satisfactory explanation is provided for this absence;
(V) fails to report to work within ten (10) working days following recall after a lay off unless a satisfactory explanation is provided for this failure;
(VI) is absent from work because of lay off or leave of absence for a period greater than one (1) year;
(VII) fails to return to work within twenty-four (24) months as a result of a non-occupational illness or injury.
(VIII) fails to return to work within twenty-four (24) months as a result of an occupational illness or injury.

ARTICLE 5 - EMPLOYEE CATEGORIES

5.1 **Temporary employees** are those hired for a period of not more than six (6) consecutive months or for a specific task or twelve (12) consecutive months to cover off maternity/parental leave requirements under the Employment Standards Act. They shall not accumulate Corporation Service Credit nor shall they be entitled to any of the rights or privileges accruing to regular or probationary employees, nor shall they have recourse to the grievance and arbitration procedures.

5.2 **Probationary employees** are those who are hired on trial basis to determine their suitability for employment in regular positions. An employee shall be considered probationary for a period of six (6) months worked, at the discretion of Management.

5.3 Where it is mutually agreed that the ability to assess an employee is affected by periods of non-working time such as sickness, leaves of absence, etc., the probationary period may be extended in direct proportion to the periods of lost time after consultation with the Union.

5.4 During this period of probation, he shall be entitled to all the rights and privileges set out in the collective agreement, except that he shall not have recourse to the grievance and arbitration procedure on termination.

5.5 **Regular employees** are persons who have satisfactorily served a probationary period and are currently in the employ of the Corporation.

5.6 The term "employee" when used in this agreement shall mean "regular employee" unless specifically stated otherwise.

5.7 **Government Sponsored Program Employees**

Employees who may be hired under the provision of Article 1, Cooperative Training Program and Government Sponsored Program shall not be employees to replace regular employees.

5.8 **Singular or Masculine**

Whenever the singular or masculine is used in the agreement, it shall be used as if plural or feminine has been used where the context of the agreement so indicates.

ARTICLE 6 - LOCKOUTS AND STRIKES

6.1 There shall be no "lockout" by the Corporation and no interruption, work stoppage or "strike" during the term of this agreement. The terms "strike" and "lockout" shall be interpreted in accordance with the definitions as set out in the Labour Relations Act.

ARTICLE 7 - GRIEVANCE PROCEDURE

7.1 For the purpose of this agreement, a dispute, claim or complaint which involves the interpretation, application, administration or alleged violation of some provisions of this agreement, shall be considered to be a fit matter for a grievance and shall be dealt with as specified below.

7.2 Complaints and grievances shall be dealt with in the following manner and all grievances must be in writing and filed within fourteen (14) calendar days of the circumstances giving rise to the grievance.

7.3 **Step 1**
The employee, accompanied by a steward if the employee wishes, may take the matter up with the appropriate department head who will give his reply in writing within three (3) working days. Failing settlement of this stage, the employee may immediately proceed to Step 2, within three (3) working days.

7.4 **Step 2**
The employee, accompanied by a steward and/or a representative of the Union, may take the matter up with the general manager or designate who will reply in writing within five (5) working days. Failing settlement of this stage, the matter may then be referred to Article 8 of this agreement within twenty (20) working days.

7.5 Where a dispute involving a question of general application or interpretation occurs or where a group of employees or the Union has a grievance, Step 1 of this Article may be bypassed and such grievance submitted at Step 2 within five (5) working days of the occurrence of the event giving rise to the grievance.

7.6 A claim by an employee that he has been suspended or discharged without just cause shall be treated as a grievance if a written statement of such grievance is lodged with the general manager at Step 2 within five (5) working days after notice by management to the Union Steward of the suspension or discharge.

7.7 The time limits provided in this article may be extended by mutual written agreement between the parties concerned.

7.8 Notwithstanding the above, the parties may reach settlement to a grievance through the services of a Grievance Settlement Officer or other mutually agreeable third party facilitator. The parties shall jointly bear the expense of the Grievance Settlement Officer or other agreed-upon third party.

ARTICLE 8 - ARBITRATION PROCEDURE

8.1 Where a difference arises between the parties relating to the interpretation, application or administration of this agreement, including any question as to whether a matter is arbitrable, or where an allegation is made that this agreement has been violated, either of the parties may, after exhausting any grievance procedure established by this agreement, notify the other party in writing of its desire to submit the difference or allegation to arbitration. The parties to this agreement may request the Ontario Minister of Labour to appoint a single arbitrator in accordance with the provisions of the Labour Relations Act (Ontario) or the parties may otherwise agree to the appointment of a sole arbitrator.

8.2 The arbitrator shall hear and determine the difference or allegation and shall issue a decision and the decision shall be final and binding upon the parties and upon any employee or employer affected by it.

8.3 The arbitrator shall not make any decision inconsistent with the provisions of this agreement, nor alter, modify or amend any part of this agreement, but shall only consider the question in dispute.

8.4 No matter shall be submitted to arbitration, which has not been properly lodged and carried through all previous steps of the Grievance Procedure.

8.5 The proceedings of the arbitrator will be expedited by the parties hereto, and the decision of the arbitrator shall be final and binding upon all parties concerned.

8.6 The expense of the arbitrator together with any incidental or general expense connected with the arbitration proceedings shall be divided equally between the parties hereto.

ARTICLE 9 - HOURS OF WORK AND OVERTIME

9.1 This section provides the basis for establishing work schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.

Hours of Work

9.2 The normal work week of employees shall be forty (40) hours of work per week consisting of five (5) days of eight (8) hours each from Monday to Friday inclusive between the hours of 0800 and 1630 with one-half (½) hour lunch period.

Overtime

9.3 Due to the nature of its operations the Corporation may require employees to work at other than their normal hours and in addition to their normal hours beyond the limits as described above. An employee shall be paid for overtime at the rate of two (2) times his regular hourly rate for all work performed from normal quitting time until normal starting time and on Saturday, Sunday and Recognized Holidays.

9.4 An employee who is required to work for more than sixteen (16) hours or an employee who accumulates sixteen (16) hours of working time in any twenty-four (24) hour period shall be entitled to an eight (8) hour rest period.

9.5 An employee will qualify for 4 hours of rest time to commence at the start of the next regular shift should he/she work more than three (3) consecutive hours during the period between midnight and the next regular shift and 8 hours rest time to commence at the start of the next regular shift should he/she work five (5) or more consecutive hours between midnight and the next regular shift. All rest time will be paid at straight time pay.

9.6 Should the employee be required to continue working beyond the sixteen (16) hour period, the employee shall be paid 2 times his regular hourly rate until an eight (8) hour rest period is granted.

9.7 All employees will be permitted to bank lieu time hours of overtime. The amount added into the bank is not to exceed eighty (80) hours during the calendar year. The employee will have the opportunity to carry-over up to one (1) week of lieu time provided the combination of lieu time and vacation time carryover does not exceed a total of two (2) weeks. All other lieu time will be cashed out. If lieu time is cashed out throughout the year, it may not be replenished. Employees will give two weeks' notice if they wish to cash out any portion of their lieu time throughout the year.

ARTICLE 10 - ON-CALL AND MINIMUM CALL-OUT

Outage Calls

10.1 On-call duty for outage calls is defined as that duty performed by qualified employees who are required by the Corporation to be readily available within thirty-five (35) minutes (by means of normal driving conditions) of the service territory for emergency service at other than normal working hours.

10.2 Qualified employees will be required to perform on-call duty on a weekly basis in accordance with a list posted by Management. The employee on-call duty is required to hold himself readily available outside of normal hours of work for dispatch on calls.

10.3 The employee designated for on-call duty for outage calls will be paid an additional $275.00 per week for such duty effective May 1, 2016; $280.00 per week for such duty effective May 1, 2017; $285.00 per week for such duty effective May 1, 2018 and $290.00 per week for such duty effective May 1, 2019. An additional $85.00 will be paid for statutory holidays effective May 1, 2016; $90.00 effective May 1, 2017; $95.00 effective May 1, 2018 and $100.00 effective May 1, 2019. Should an employee be called out on a statutory holiday, he will have the option to bank 8 hours in lieu of their $85 year 1, $90 year 2, $95 year 3 and $100 year 4, provided that they have enough room in their lieu time bank per article 9.7.

In the event that the employee does not get called out on a statutory holiday, he will have the option to bank 4 hours of lieu time (subject to not exceeding their allowance per article 9.7) or receive the regular stat allowance.

10.4 The on-call week shall be from normal quitting time Thursday, to normal quitting time the following Thursday.

10.5 The Corporation will supply and pay for paging devices.

Minimum Call-Out

10.12 When an employee is called in for emergency overtime work outside of his normal working hours, he shall be provided with a minimum payment of two (2) hours' pay at the appropriate premium rate. Calls received within 15 minutes of the completion of the shift will be counted as continuous overtime and a minimum call-out will not apply.

10.13 When an employee has completed his call-out he will be allowed to return home, provided he has checked to ensure that additional calls have not been received. All calls received within two (2) hours of the first call shall be considered the same call.

10.14 There shall be no minimum payment applicable to call-outs or overtime worked contiguous to an employee's normal daily working hours. Calls received less than one hour before normal starting time do not qualify for minimum call out. Overtime rate for time worked will apply.

ARTICLE 11 - RECOGNIZED HOLIDAYS

11.1 Each employee shall be entitled to the following paid holidays:

New Year's Day	Civic Holiday
Good Friday	Labour Day
Victoria Day	Thanksgiving Day
Canada Day	One-half Day Before Christmas
Boxing Day	One-half Day Before New Year's Day
Christmas Day	Family Day

and all additional holidays proclaimed by federal and provincial governments.

11.2 Two (2) additional floater holidays at a time most desired by the employee, providing this does not impede the efficient operation of the Corporation's business.

11.3 Payments for the above-named recognized holidays will be made provided the employee works the regularly assigned day immediately preceding and succeeding the day of observance of the holiday or, unless on an authorized short term leave of absence (three (3) weeks or less), vacation or sick leave.

11.4 In the event of any of the above-named holidays falling on a Saturday and/or Sunday and not proclaimed as being observed on some other day, the preceding Friday or the following Monday as determined by the Corporation shall be deemed to be holidays for the purpose of this agreement unless otherwise agreed to by the parties.

ARTICLE 12 - VACATIONS

12.1 Vacations will, as far as it is practicable, be granted at the times most desired by the employees, providing this does not impede the efficient operation of the Corporation's business.

12.2 An employee must notify Management of his preferred vacation period by April 1 in any given year. However, Management shall retain the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Corporation. Vacations are not cumulative and shall be taken during each calendar year unless approved by Management. Such approval must be requested by the employee, in writing, by November 31st and must be specific in the vacation request for the following year. If such application is received by November 31st, Management will reply within 10 working days. A maximum of two weeks carry-over to the following year will be allowed but must be taken before November 31st in the carry-over year.

12.3 Probationary and temporary employees shall be granted vacation entitlement as provided by the Employment Standards Act.

12.4 An employee with less than one (1) year continuous service shall be entitled to four (4) percent of gross wages at December 31, or the equivalent time off with pay.

12.5 An employee with one (1) year or more of continuous service completed during the calendar year ended December 31 will be entitled to two (2) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.

12.6 An employee with three (3) years or more of continuous service completed during the calendar year ended December 31 will be entitled to three (3) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.7 An employee with nine (9) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.8 An employee with seventeen (17) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.9 An employee with twenty-two (22) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and one (1) day with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-three (23) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and two (2) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-four (24) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and three (3) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-five (25) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and four (4) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-six (26) years or more of continuous service completed during the calendar year ending December 31 will be entitled to six (6) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.10 An employee shall not be granted more than two (2) weeks' vacation during the period of July 1 to September 30 except with permission of the Management.

12.11 Vacation pay shall be based on the employee's regular hourly rate.

12.12 To be entitled to vacation pay, an employee must work forty (40) of the weeks in the year ending December 31. If an employee works fewer than forty (40) weeks his vacation shall be reduced on a pro-rata basis for each week less than the forty (40) weeks, which he does not work. Maternity leave, W.S.I.B. and Jury duty are excluded.

ARTICLE 13 - SICK LEAVE PLAN

13.1 The Sick Leave Plan as specified in detail in Schedule "B" is attached to and forms part of this agreement.

ARTICLE 14 - HEALTH PLAN

14.1 The Corporation agrees to pay for employees in receipt of regular hourly rate, one hundred percent (100%) of the premiums for the following Health Plans or equivalent:

- ClaimSecure Extended Health Plan $10/$20 deductible;
    - Includes Chiropractic at $1000/year maximum (all dependents combined)
    - Includes Massage therapy to $1000/year maximum (all dependents combined)
    - Includes Physiotherapy to $1,000/year maximum (all dependents combined)
    - Includes Semi-private coverage (if available)
    - Includes Drug dispensing cap of $12.50 effective May 1, 2016; $13.00 effective May 1, 2017; $13.50 effective May 1, 2018 and $14.00 effective May 1, 2019. Employees agree to accept 'Generic Drugs' first and 'Formulary Plan' with Doctor Override
- Basic Dental Plan (ClaimSecure Level 1 & 2) ($2,250 per person, per year maximum), Crown & Bridgework and Orthodontics coverage (ClaimSecure Level 3 & 4)(50/50 co-pay, $2,400.00 per person, per year maximum -- Orthodontic coverage to terminate at age 19). Dental recall for adults shall be every nine (9) months and for children under the age of eighteen (18) it shall be every six (6) months
- ClaimSecure Vision Plan providing a maximum benefit coverage of $450.00 every 24 months effective May 1, 2016. Eye examinations $90/two years; Vision coverage can be used towards Corrective Laser Eye Surgery.
- ClaimSecure Out-of-Province/Country maximum of 60 days/trip coverage.
- Long Term Disability Plan providing 70% income benefit to a maximum of $3,600 per month with an eighty-five (85) working-days waiting period.

14.2 The Corporation agrees to pay for employees in receipt of normal base wages one hundred percent (100%) of the premium for a Basic and Comprehensive basic Dental Service or equivalent with current O.D.A. Fee Schedule.

14.3 If there is a change in carriers, the Union must be notified immediately. The plan must be of equal or better value.

ARTICLE 15 - PENSION AND INSURANCE

15.1 All eligible employees with the Corporation shall participate in the Corporation's Pension and Insurance Plans as follows:

- Ontario Municipal Employees Retirement System Basic FAE (Final Average Earnings) on a equally shared basis with the Corporation.
- The Corporation and the employees shall participate in the Canada Pension Plan as required by the Canada Pension Act.
- The Corporation shall provide Life Insurance coverage for all regular employees in receipt of normal base wages, equivalent to current coverage of one and one-half (1½) times the employee's normal base wages.

15.2 The Corporation agrees to pay fifty percent (50%) of the premiums for Dental and Extended Health including Vision Care for all employees who retire early between the ages of 55 to 65.

ARTICLE 16 - JOB POSTING AND SELECTION

16.1 When vacancies occur within the bargaining unit, or new jobs are created within the bargaining unit, these positions shall be posted on the bulletin board, accessible to all employees, for a period of five (5) working days, during which time present employees shall have the opportunity of applying before outsiders are considered. During the posting period, the Corporation may fill a vacancy on a temporary basis. The experience gained while filling this temporary vacancy will not be used as determining factor in the job selection process.

16.2 Such notice shall contain the following information: nature of the position, qualifications, knowledge, experience, skills, and wage rates.

16.3 In filling vacancies and making transfers or promotions among employees represented by the Union, the Management will consider the qualifications and ability as the primary factors. In the event qualifications and ability of the respective applicants are relatively equal in Management's opinion, Corporation service shall govern.

16.4 Promotion shall mean advancement to a job which carries a higher rate of pay.

ARTICLE 17 - LAY OFF AND RECALL

17.1 In the event of a lay-off, Management agrees that employees shall be laid off in the reverse order of their Corporation service credit provided Management can retain a work force qualified in its opinion to perform the work remaining. Employees shall be recalled in the order of their Corporation service credit provided they are qualified, capable and have the ability to do the work available.

17.2 It shall be the responsibility of the employee to keep Management informed, in writing, of change in his postal address and telephone number.

17.3 It is understood that in exercising his accrued rights in accordance with the above, advancement to a job, which carries a higher rate of pay, is not permitted.

ARTICLE 18 - LEAVE OF ABSENCE FROM WORK

Bereavement

18.1 An employee will be allowed up to five (5) working days' leave of absence with pay in the event of the death of his spouse, child, mother or father. Such leave shall be for the purpose of making arrangements and/or attending the funeral.

18.2 An employee will be allowed up to three (3) consecutive days' leave of absence with pay in the event of the death of his brother, step-brother, sister, step-sister, grandparent, grandchild, father-in-law or mother-in-law,

step-parent, or step child. Such leave shall be for the purpose of making arrangements for and/or attending the funeral. Only that portion of the said three (3) days that would otherwise have been regular time worked will be paid.

18.3 An employee will be allowed one (1) day leave of absence with pay in the event of the death of any current staff member, brother-in-law, sister-in-law, step parent-in-law, aunt, uncle, niece, nephew or grandparent-in-law. Such leave shall be for the purpose of making arrangements for and/or attending the funeral. In the event of the death of any other relative, unpaid time off to attend the funeral may be granted, not to exceed one (1) day.

18.4 Request for additional time off is covered under Article 18.7.

Leave for Union Business

18.5 Insofar as the efficient operation of the Corporation's business will permit, requests for leave of absence without pay and benefits may be granted to Union representatives for the purpose of taking part in official Union business. Such requests shall be made, in writing, to Management at least two (2) weeks in advance of the absence.

Jury Duty/Crown Witness

18.6 The Corporation shall pay an employee, who is required for Jury Duty or subpoenaed as a witness on behalf of the Corporation, the difference between his regular hourly rate and the payment received for such activity, excluding travel and meal expenses. The employee shall present proof of such payment received.

Personal Leave

18.7 Leaves of absence require the written permission of Management. Application for leave of absence must be submitted, in writing, at least one (1) week in advance to insure consideration unless not possible by reason of unforeseen personal emergency in which case verbal application will be accepted. Unless otherwise agreed, leave of absence will be without pay and leave of absence extending beyond five (5) days will be without pay and benefits. In this case, all costs (employee and employer costs) of the normal indemnities will be payable by the employee.

18.8 In the case of a leave of absence without pay, which exceeds thirty (30) days, Corporation Service Credit of regular employees will be frozen for the duration of the leave of absence at the level attained prior to the leave of absence. Freezing of service credit will not be in conflict with the Employment Standards Act of Ontario with respect to pregnancy/parental leave.

ARTICLE 19 – WORKPLACE SAFETY AND INSURANCE BOARD (W.S.I.B.)

19.1 When an employee, through his employment by the Corporation, suffers a disability which is compensable under the Workplace Safety and Insurance Act, the employee will be paid in accordance with the Act, and the Corporation will maintain up to a maximum of one and a half (1½) years, medical benefits and life insurance coverage on behalf of the employee as if he were in receipt of his regular hourly rate from the Corporation with the employee having the option to pay all the costs himself for an additional six (6) months. However, in the event that legislative requirements reduce the amount payable to those employees eligible for W.S.I.B. assistance below the present ninety percent (90%), the employer shall make up the difference between the amount paid through W.S.I.B. requirements to a benefit equal to ninety percent (90%) of the employees take home pay.

ARTICLE 20 - ALLOWANCES

Equipment

20.1 The Corporation shall issue, where required, the following equipment to be used by the employee in the safe performance of assigned duties.

- safety hard hat

- flash goggles and face shields
- rubber gloves complete with covers
- leather work gloves
- rainwear
- rubber boots
- spurs, body belts and pole straps
- safety goggles to fit over regular glasses
- Sunscreen

The above will only be replaced when worn out or broken.

Clothing Allowance

20.2 Safety Clothing will be provided to all Employees on an as needed basis.

Meals

20.3 Two (2) hours' overtime contiguous to the normal work hours and every four (4) hours thereafter are necessary in order to qualify for an overtime meal allowance, the amount of which cannot exceed fifteen dollars ($15.00). Planned overtime is excluded from the overtime meal allowance. One (1) day notice is required for planned overtime for the purpose of sufficient notice to prepare a lunch.

20.4 Under emergency conditions, when the Corporation provides a meal, a meal allowance will not be paid.

20.5 When employees are required on a daily basis to attend training sessions or seminars and if a meal is provided during the session, a meal allowance will not be applicable. When meals are not provided, the Corporation will provide $20 dollars for lunch with no receipt required. Other meals are not applicable for daily training sessions.

20.6 When an employee is required to attend training or seminars an appropriate meal allowance will be provided each day of $15 for breakfast, $20 for lunch and $35 for dinner. Overnight accommodations will be paid by the Corporation. No receipts are required for meal allowances.

Relief in Another Classification

20.7 When an employee is detailed to relieve in a unionized classification of higher rating such employee shall receive the rate of the higher classification.

When a unionized employee is detailed temporarily in a management position such employee shall receive an additional two dollars ($2.00) per hour above the lead hand rate in cases where the appointment is to a management position.

20.8 When an employee is detailed to relieve in a position of lower rating, such employee shall continue to receive regular hourly rate.

Safety Boots

20.9 The Corporation shall provide an allowance of up to nine hundred and twenty ($920) for the length of this contract – May 1, 2016 to April 30, 2020, toward the cost of CSA approved safety boots, on presentation of proof of purchase, to each employee required to wear them.

Tools

20.10 The Corporation shall supply all new regular employees with a set of tools deemed by Management to be appropriate for the work in their classification. Such tools shall remain the property of the Corporation and be maintained by the employees. Such tools shall be replaced by the Corporation if worn out or broken while performing work for the Corporation.

ARTICLE 21 - GENERAL

Committee and Stewards

21.1 The Corporation recognizes the appointment of two (2) stewards by the Union for the purpose of conducting relevant union business. The Union will keep the Corporation informed, in writing, of such appointments.

21.2 (i) Since stewards have regular duties to perform on behalf of the Corporation, they will not leave their regular duties without receiving permission from the foreman.

(ii) It is a steward's first responsibility to perform the work required of him/her as an employee of the Corporation. It is recognized, however, that a steward is the Union representative in the workplace with who the Corporation is required to deal as require by this agreement. Accordingly, a steward will, with the advance

permission of his/her supervisor, be granted reasonable time during working hours without loss of pay to attend grievance meeting.

(iii) A steward may, where an employee so requests, attend or be called into any meeting between the employee and management which is for the purpose of issuing discipline, a suspension or discharge of the employee. The foregoing shall not apply where the suspension or discharge is not issued in person to the employee.

Contracting Out

21.3 No employee will be laid off as a result of contracting out of bargaining unit work.

Health and Safety

21.4 The Corporation and the Union recognize the obligation and responsibility of the Corporation and their employees to ensure the establishment and maintenance of good health and safety work practices. It is further recognized and understood that the employee must abide by all safety rules and regulations. It is further recognized and understood that the Corporation will not impede the health and safety of its employees while working beyond normal working hours.

ARTICLE 22 - WAGES AND PROGRESSIONS

22.1 The wage rates and classifications shall be as set out in Schedule "A" attached to and forming part of this agreement for purposes of payment of wages only.

22.2 Employees on progression shall normally be progressed in accordance with the schedule. However, if any employee fails to make satisfactory progress, his advancement will be withheld for a period of six (6) months. When progression is withheld Management shall give one (1) month's notice to the employee and reason for withholding routine progression. At the next routine progression date his general performance will be reviewed and if found satisfactory, he shall be granted routine progression. If his progress and general performance are not found to be satisfactory, he shall be transferred to another classification, if available, or dismissed.

ARTICLE 23 - DURATION

23.1 This agreement shall become effective on May 1, 2016 and such agreement shall remain in effect until April 30, 2020, and from year to year thereafter unless either party gives notice in writing to the other party within the ninety (90) day period prior to the expiry date of its desire to alter or terminate same.

23.2 In witness whereof the parties hereto have herewith set their hands and seals this 24th day of June, 2016.

Vice President, Operations

NIAGARA-ON-THE-LAKE HYDRO INC.

Tim Curtis
President

Philip Wormwell
Vice President, Finance

Hassan Syed

LOCAL UNION 636 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

Domenic Murdaca
Business Representative

Martyn Heard
Union Steward

Jonathan Beam
Member

Kevin Sidey
Member

Barry Brown
Business Manager/Financial Secretary

SCHEDULE "A" - WAGES

Classification	%	May 1, 2016 (2.1%)	May 1, 2017 (2.1%)	May 1, 2018 (2.0%)	May 1, 2019 (2.0%)
Leadhand	107	42.73	43.62	44.50	45.39
Sr. Engineering Technologist	107	42.73	43.62	44.50	45.39
Journeyman Lineman	100	39.93	40.77	41.59	42.42
4th year	90				
3rd year	80				
2nd year	70				
1st year	65				
6 months	60				
start	55				
Engineering Technologist/Technician	100	39.93	40.77	41.59	42.42
4th year	90				
3rd year	80				
2nd year	70				
1st year	65				
6 months	60				
start	55				
Journeyman Meterman	100	32.54	33.22	33.89	34.56
4th year	90				
3rd year	80				
2nd year	70				
1st year	65				
6 months	60				
start	55				
Customer Service Representative					
1st year	100	33.38	34.08	34.76	35.45
start	90				
	80				
Ground Person	100	28.15	28.74	29.31	29.90
Meter Reader	100	22.63	23.10	23.56	24.03
Start	90				

Notes: Line Supervisor will appoint a Lead Hand for each two man crew on a daily basis as required. On-Call man (Journeyman Lineman-unless otherwise designated by Line Supervisor) will be designated as Lead Hand when an additional man is called out. In all cases there will only be one lead hand per two man crew.

SCHEDULE "B" - SICK LEAVE PLAN

B.1 The Corporation's Sick Leave Plan for regular employees was created by the Corporation to reduce the financial hardship that bona fide non-occupational illness or injury can create so far as inability to work and the consequent loss of normal wages are concerned.

B.2 To qualify for payment of sick leave pay, an employee must:

1. ensure his illness is reported to Management as soon as possible;
2. be suffering from a bona fide illness which prevents his useful employment and is not compensable under the Workplace Safety & Insurance Act and was not received while performing paid work for an employer other than the Corporation;
3. submit written verification of his illness signed by a qualified Doctor if requested, prior to returning to work or automatically if absent for five (5) days or more; The Corporation will reimburse the employee for the cost of the note.
4. submit to medical examination of a Doctor designated by Management upon request during normal working hours without loss of pay.

B.3 For every month of regular attendance a regular employee shall be entitled to a sick leave credit of one and one-half (1½) days per month and such credits shall be cumulative from month to month and year to year. From such credits shall be deducted the number of days which an employee is absent by reason of illness or injury.

B.4 Monthly sick leave credit accrues to a regular employee on the first day of the month following each completed calendar month of service and is cumulative to an amount not exceeding one hundred and eighty (180) days for a period of continuous and unbroken service with the Corporation. On extended sick leave, use of sick leave credits will be limited to the qualification period of the LTD Plan after which time the employee shall go on the LTD Plan.

B.5 An employee will accumulate sick leave credit provided he has worked more than half of the working days in any calendar month. Accumulation of sick leave credit will also continue when;

a) absence is by reason of annual vacation, or

b) absence is due to occupational illness or injury of less than three (3) months. Absence of more than three (3) months will result in no accumulation of credits for the entire period.

B.6 An employee who successfully sues a third party for losses sustained or purported to be sustained during an absence for which sick time credits were expended by the Corporation is required to reimburse the Corporation the equivalent value of sick time credits used.

B.7 An employee on pregnancy leave is not eligible for sick leave pay.

B.8 Employees on the payroll as of January 1, 1983, who terminate employment by reason of:

1. death, or;
2. retirement on pension, or;
3. retirement without pension, or;
4. voluntary retirement, other than discharge for cause;

after a period of not less than ten (10) consecutive years of service, shall be paid (or a personal representative, or failing a personal representative, such other person as the Corporation may determine) an amount computed on the basis of the rate of pay at the date of leaving the employ of the Corporation for a period equal to fifty percent (50%) of the value of the sick leave credits standing to his credit but the amount shall not exceed six (6) months' pay. In establishing credits for hourly rated employees under this paragraph, the standard number of hours normally worked per day upon which overtime is calculated shall be used.

LETTER OF UNDERSTANDING -- SUMMER/FLEX HOURS

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

The following outline pertains to revised hours of work throughout the year.

Either party may with one week's notice, opt to return to the "regular hours of work schedule". If the Union wishes to exercise this option, a majority vote will be the deciding factor among the employees in the Line department. For employees in the Engineering department, employees may opt out on an individual basis.

Employee participation in the Line department is mandatory. Employee participation in the Engineering department is voluntary.

The hours of work will be as follows:

Line Department:	7:00 a.m. -- 3:00 p.m. paid 20 minute on-site lunch Monday to Friday
Engineering Department:	8 hour or 10 hour shift paid 20 minute on-site lunch Monday to Friday Start and stop times of shift(s) to be mutually agreed

In addition, it is agreed that sick time and vacation time will be charged out in an hourly format (i.e., in eight (8) or ten (10) hour increments)

References in the Collective Agreement to the normal work day and normal work week will revert to the hours outlined in this letter of understanding during the defined time frame.

Statutory Holidays: Will be paid in eight (8) hour segments.

Overtime: All hours worked outside of the "regular work day" will be at the applicable overtime rates.

This letter of understanding may be utilized in subsequent years of the Collective Agreement upon mutual agreement of the parties.

Dated 24th day of June, 2016

Signed for the Corporation

Tim Curtis, President

Signed for the Union

Domenic Murdaca, Business Representative

LETTER OF UNDERSTANDING -- AFTERNOON SHIFT

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

In the event that the Niagara-on-the-Lake Hydro Electric Corporation enters into joint services with another utility, it would be beneficial to implement an afternoon shift in the line department.

The implementation of such a shift will only occur when the following conditions have been met;

(1) Joint Services are initiated with another utility.
(2) The affected employees at the other utility mutually agree to participate in an afternoon shift.

It is further understood and agreed that the terms and conditions of the shift will be negotiated and mutually agreed upon between the parties prior to implementation.

Dated 24th day of June, 2016

Signed for the Corporation

Tim Curtis, President

Signed for the Union

Domenic Murdaca, Business Representative

LETTER OF UNDERSTANDING -- MERGER, AMALGAMATION OR COMBINATION

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

In the event that there is a merger with another Corporation, Company or Companies, in which the covered employees therein are represented by another Union, the representation rights and collective agreement in respect of Local 636 IBEW members shall be maintained until a final determination is made under the Labour Relations Act of Ontario or enabling legislation as to the representation of the combined group.

Should the Corporation merge, amalgamate or combine any of its operations or functions with another Corporation, Company or Companies, the employer agrees to give the Union as much notice as practically possible prior to any intent by the employer to implement the above.

Dated 24th day of June, 2016

Signed for the Corporation

Tim Curtis, President

Signed for the Union

Domenic Murdaca, Business Representative

COLLECTIVE AGREEMENT

between

NIAGARA-ON-THE-LAKE HYDRO INC.

and

LOCAL UNION NO. 636

of the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

May 1, 2016 to April 30, 2020

(Office Staff)

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COLLECTIVE AGREEMENT
between

NIAGARA-ON-THE-LAKE HYDRO INC.
(Hereinafter called the "Corporation")
and

LOCAL UNION NO. 636
of the
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
(Hereinafter called the "Union")

ARTICLE 1 - RECOGNITION

1.1 Corporation hereby recognizes the Union as the sole collective bargaining agent for all employees of Niagara-on-the-Lake Hydro Inc. save and except billing supervisor, administrative assistant, all persons above the rank of billing supervisor, those covered by other collective agreements, persons regularly employed for not more than twenty-four (24) hours per week, students employed during the school vacation period, students employed on a cooperative training program and individuals hired on a government-sponsored program.

ARTICLE 2 - UNION SECURITY AND CHECK-OFF

2.1 All employees covered under Article 1 of this agreement, who are members of the Union shall remain members of the Union and all new employees shall become and remain members of the Union after thirty (30) calendar days of employment.

2.2 All employees in the bargaining unit shall be required to sign an authorization assigning to the union an amount equivalent to regular monthly dues and the Corporation shall deduct such amounts from the weekly wages of employees and remit the dues to the financial secretary of Local 636 by the 15th of the month following the month in which the deductions were made with a list of the names of the employees from whose pay such deductions have been made. The Corporation will provide the minimum information to calculate union dues when requested. The Corporation will also deduct a one-time union initiation fee in addition to the weekly dues as described by the union. The dues to be included on the T4 slip.

2.3 It is understood and agreed that the Union will save the Corporation harmless from any and all claims which may be made against it by an employee or employees for amounts deducted from earnings as herein provided.

2.4 A Union Negotiating Committee shall consist of a maximum of one (1) member plus the Union Business Manager or designate for the purpose of Collective Bargaining. The member so appointed, excluding the Union Business Manager or designate, must be an employee of the Corporation covered by this Collective Agreement and have completed the probation period as set out in Article 5.

2.5 Both the Corporation and the Union recognize their respective responsibilities under the Human Rights Code and other statutory requirements.

ARTICLE 3 - MANAGEMENT RIGHTS

3.1 The Union acknowledges and agrees that the Corporation has the exclusive right to manage its business, and without limiting the generality of the foregoing, to direct the working force, to hire, promote, transfer, demote or lay off employees, discharge, or otherwise discipline employees, for just cause, and to make, amend and enforce such rules and regulations as shall from time to time be required, provided that they are not inconsistent with the provisions of this agreement.

3.2 All functions and prerogatives heretofore vested in and exercised by the Corporation shall remain solely with the Corporation except as specifically limited by the express provision of this agreement.

ARTICLE 4 - CORPORATION SERVICE CREDIT

Definition

4.1 The length of continuous service a regular employee has established with the Corporation from the most recent date the employee entered the employ of the Corporation.

4.2 The Corporation shall maintain a seniority list showing the date upon which each employee's Corporation service commenced. An up-to-date seniority and classification list shall be sent to the Union and posted on all bulletin boards in January of each year.

4.3 A regular employee shall lose seniority rights and have her name removed from the employment records if she:

I. retires;
II. resigns;
III. is discharged for just cause and not reinstated through the grievance/arbitration procedure;
IV. is absent from work for three (3) working days without notification to the employer, unless a satisfactory explanation is provided for this absence;
V. fails to report to work within ten (10) working days following recall after a lay off unless a satisfactory explanation is provided for this failure;
VI. is absent from work because of lay off or leave of absence for a period greater than one (1) year.
VII. An employee who fails to return to work within twenty-four (24) months as a result of a non-occupational illness or injury shall lose her Corporation service credit and be removed from the payroll.
VIII. An employee who fails to return to work within twenty-four (24) months as a result of an occupational illness or injury shall lose her Corporation service credit and be removed from the payroll.

ARTICLE 5 - EMPLOYEE CATEGORIES

5.1 **Temporary employees** are those hired for a period of not more than six (6) consecutive months or for a specific task or twelve (12) consecutive months to cover off maternity/parental leave requirements under the Employment Standards Act. They shall not accumulate Corporation Service Credit nor shall they be entitled to any of the rights or privileges accruing to regular or probationary employees, nor shall they have recourse to the grievance and arbitration procedures.

5.2 **Probationary employees** are those who are hired on trial basis to determine their suitability for employment in regular positions. An employee shall be considered probationary for a period of six (6) months worked, at the discretion of Management.

5.3 Where it is mutually agreed that the ability to assess an employee is affected by periods of non-working time such as sickness, leaves of absence, etc., the probationary period may be extended in direct proportion to the periods of lost time after consultation with the Union.

5.4 During this period of probation, she shall be entitled to all the rights and privileges set out in the collective agreement, except that she shall not have recourse to the grievance and arbitration procedure on termination.

5.5 **Regular employees** are persons who have satisfactorily served a probationary period and are currently in the employ of the Corporation.

5.6 The term "employee" when used in this agreement shall mean "regular employee" unless specifically stated otherwise.

5.7 **Government Sponsored Program Employees**

Employees who may be hired under the provision of Article 1, Cooperative Training Program and Government Sponsored Program shall not be employees to replace regular employees.

5.8 **Singular or Feminine**

Whenever the singular or feminine is used in the agreement, it shall be used as if plural or masculine has been used where the context of the agreement so indicates.

ARTICLE 6 - LOCKOUTS AND STRIKES

6.1 There shall be no "lockout" by the Corporation and no interruption, work stoppage or "strike" during the term of this agreement. The terms "strike" and "lockout" shall be interpreted in accordance with the definitions as set out in the Labour Relations Act.

ARTICLE 7 - GRIEVANCE PROCEDURE

7.1 For the purpose of this agreement, a dispute, claim or complaint which involves the interpretation, application, administration or alleged violation of some provisions of this agreement shall be considered to be a fit matter for a grievance and shall be dealt with as specified below.

7.2 Complaints and grievances shall be dealt with in the following manner and all grievances must be in writing and filed within fourteen (14) calendar days of the circumstances giving rise to the grievance.

7.3 Step 1
The employee, accompanied by a steward if the employee wishes, may take the matter up with the billing supervisor who will give her reply in writing within three (3) working days. Failing settlement of this stage, the employee may within three (3) working days proceed to Step 2.

7.4 Step 2
The employee, accompanied by a steward and/or a representative of the Union, may take the matter up with the general manager or designate who will reply in writing within five (5) working days. Failing settlement of this stage, the matter may then be referred to Article 8 of this agreement within twenty (20) working days.

7.5 Where a dispute involving a question of general application or interpretation occurs or where a group of employees or the Union has a grievance, Step 1 of this Article may be bypassed and such grievance submitted at Step 2 within five (5) working days of the occurrence of the event giving rise to the grievance.

7.6 A claim by an employee that she has been suspended or discharged without just cause shall be treated as a grievance if a written statement of such grievance is lodged with the general manager at Step 2 within five (5) working days after notice by management to the Union Steward of the suspension or discharge.

7.7 The time limits provided in this article may be extended by mutual written agreement between the parties concerned.

7.8 Notwithstanding the above, the parties may reach settlement to a grievance through the services of a Grievance Settlement Officer or other mutually agreeable third party facilitator. The parties shall jointly bear the expense of the Grievance Settlement Officer or other agreed-upon third party.

ARTICLE 8 - ARBITRATION PROCEDURE

8.1 Where a difference arises between the parties relating to the interpretation, application or administration of this agreement, including any question as to whether a matter is arbitrable, or where an allegation is made that this agreement has been violated, either of the parties may, after exhausting any grievance procedure established by this agreement, notify the other party in writing of its desire to submit the difference or allegation to arbitration. The parties to this agreement may request the Ontario Minister of Labour to appoint a single arbitrator in accordance with the provisions of the Labour Relations Act (Ontario) or the parties may otherwise agree to the appointment of a sole arbitrator.

8.2 The arbitrator shall hear and determine the difference or allegation and shall issue a decision and the decision shall be final and binding upon the parties and upon any employee or employer affected by it.

8.3 The arbitrator shall not make any decision inconsistent with the provisions of this agreement, nor alter, modify or amend any part of this agreement, but shall only consider the question in dispute.

8.4 No matter shall be submitted to arbitration which has not been properly lodged and carried through all previous steps of the Grievance Procedure.

8.5 The proceedings of the arbitrator will be expedited by the parties hereto, and the decision of the arbitrator shall be final and binding upon all parties concerned.

8.6 The expense of the arbitrator together with any incidental or general expense connected with the arbitration proceedings shall be divided equally between the parties hereto.

ARTICLE 9 - HOURS OF WORK AND OVERTIME

9.1 This section provides the basis for establishing work schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.

Hours of Work

9.2 The normal work week of employees shall be thirty-five (35) hours of work per week consisting of five (5) days of seven (7) hours each from Monday to Friday inclusive between the hours of 0830 and 1630 with one (1) hour lunch period.

Overtime

9.3 Due to the nature of its operations the Corporation may require employees to work at other than their normal hours and in addition to their normal hours beyond the limits as described above. An employee shall be paid for overtime at the rate of two (2) times their regular hourly rate for all work performed from normal quitting time until normal starting time and on Saturday, Sunday, and Recognized Holidays.

9.4 An employee who is required to work for more than sixteen (16) hours or an employee who accumulates sixteen (16) hours of working time in any twenty-four (24) hour period shall be entitled to an eight (8) hour rest period.

9.5 An employee will qualify for 4 hours of rest time to commence at the start of the next regular shift should he/she work more than three (3) consecutive hours during the period between midnight and the next regular shift and 8 hours rest time to commence at the start of the next regular shift should he/she work five (5) or more consecutive hours between midnight and the next regular shift. All rest time will be paid at straight time pay.

9.6 Should the employee he required to continue working beyond the sixteen (16) hour period, the employee shall be paid two (2) times their regular hourly rate until an eight (8) hour rest period is granted.

9.7 All employees will be permitted to bank lieu time hours of overtime. The amount added into the bank is not to exceed seventy (70) hours during the calendar year. The employee will have the opportunity to carry-over up to one (1) week of lieu time provided the combination of lieu time and vacation time carryover does not exceed a total of two (2) weeks. All other lieu time will be cashed out. If lieu time is cashed out throughout the year, it may not be replenished. Employees will give two weeks' notice if they wish to cash out any portion of their lieu time throughout the year.

ARTICLE 10 - MINIMUM CALL-OUT

10.1 When an employee is called in for emergency overtime work outside of her normal working hours, she shall be provided with a minimum payment of two (2) hours' pay at the appropriate overtime rate.

10.2 When an employee has completed her call-out she will be allowed to return home, provided she has checked to ensure that additional calls have not heen received. All calls received within two (2) hours of the first call shall be considered the same call.

10.3 There shall be no minimum payment applicable to call-outs or overtime worked contiguous to an employee's normal daily working hours. Calls received less than one hour before normal starting time do not qualify for minimum call out. Premium rate for time worked will apply.

ARTICLE 11 - RECOGNIZED HOLIDAYS

11.1 Each employee shall be entitled to the following paid holidays:

New Year's Day	Civic Holiday
Good Friday	Labour Day
Victoria Day	Thanksgiving Day
Canada Day	One-half Day Before Christmas
Boxing Day	One-half Day Before New Year's Day
Christmas Day	Family Day

and all additional holidays proclaimed by federal and provincial governments.

11.2 Two (2) additional floater holidays at a time most desired by the employee, providing this does not impede the efficient operation of the Corporation's business.

11.3 Payments for the above-named recognized holidays will be made provided the employee works the regularly assigned day immediately preceding and succeeding the day of observance of the holiday or, unless on an authorized short term leave of absence (three (3) weeks or less), vacation or sick leave.

11.4 In the event of any of the above-named holidays falling on a Saturday and/or Sunday and not proclaimed as being observed on some other day, the preceding Friday or the following Monday as determined by the Corporation shall be deemed to be holidays for the purpose of this agreement unless otherwise agreed to by the parties.

ARTICLE 12 - VACATIONS

12.1 Vacations will, as far as it is practicable, be granted at the times most desired by the employees, providing this does not impede the efficient operation of the Corporation's business.

12.2 An employee must notify Management of her preferred vacation period by May 1 in any given year. However, Management shall retain the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Corporation. Vacations are not cumulative and shall be taken during each calendar year unless approved by Management. Such approval must be requested by the employee, in writing, by September 30th and must be specific in the vacation request for the following year. If such application is received by September 30th, Management will reply within 10 working days. A maximum of two weeks carry-over to the following year will be allowed but must be taken before October 31st in the carry-over year.

12.3 Probationary and temporary employees shall be granted vacation entitlement as provided by the Employment Standards Act.

12.4 An employee with less than one (1) year continuous service shall be entitled to four (4) percent of gross wages at December 31, or the equivalent time off with pay.

12.5 An employee with one (1) year or more of continuous service completed during the calendar year ended December 31 will be entitled to two (2) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.

12.6 An employee with three (3) years or more of continuous service completed during the calendar year ended December 31 will be entitled to three (3) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.

12.7 An employee with nine (9) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.

12.8 An employee with seventeen (17) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.9 An employee with twenty-two (22) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and one (1) day with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-three (23) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and two (2) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-four (24) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and three (3) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-five (25) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and four (4) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-six (26) years or more of continuous service completed during the calendar year ending December 31 will be entitled to six (6) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.10 An employee shall not be granted more than two (2) weeks' vacation during the period of June 15 to September 15 except with permission of the Management.

12.11 Vacation pay shall be based on the employee's regular hourly rate.

12.12 To be entitled to vacation pay, an employee must work forty (40) of the weeks in the year ending December 31. If an employee works fewer than forty (40) weeks her vacation shall be reduced on a pro-rata basis for each week less than the forty (40) weeks which she does not work. Maternity leave, Workers' Compensation and Jury duty are excluded from this calculation.

ARTICLE 13 - SICK LEAVE PLAN

13.1 The Sick Leave Plan as specified in detail in Schedule "B" is attached to and forms part of this agreement.

ARTICLE 14 - HEALTH PLAN

14.1 The Corporation agrees to pay for employees in receipt of regular hourly rate, one hundred percent (100%) of the premiums for the following Health Plans or equivalent:

- ClaimSecure Extended Health Plan $10/$20 deductible;
    - Includes Chiropractic at $1000/year maximum (all dependents combined)
    - Includes Massage therapy to $1000/year maximum (all dependents combined)
    - Includes Physiotherapy to $1,000/year maximum (all dependents combined)
    - Includes Semi-private coverage (if available)
    - Includes Drug dispensing cap of $12.50 effective May 1, 2016; $13.00 effective May 1, 2017; $13.50 effective May 1, 2018 and $14.00 effective May 1, 2019. Employees agree to accept 'Generic Drugs' first and 'Formulary Plan' with Doctor Override
- Basic Dental Plan (ClaimSecure Level 1 & 2) ($2,250 per person, per year maximum), Crown & Bridgework and Orthodontics coverage (ClaimSecure Level 3 & 4)(50/50 co-pay, $2,400.00 per person, per year maximum -- Orthodontic coverage to terminate at age 19). Dental recall for adults shall be every nine (9) months and for children under the age of eighteen (18) it shall be every six (6) months
- ClaimSecure Vision Plan providing a maximum benefit coverage of $450.00 every 24 months effective May 1, 2016. Eye examinations $90/two years; Vision coverage can be used towards Corrective Laser Eye Surgery.
- ClaimSecure Out-of-Province/Country maximum of 60 days/trip coverage.
- Long Term Disability Plan providing 70% income benefit to a maximum of $3,600 per month with an eighty-five (85) working-days waiting period.

14.2 The Corporation agrees to pay for employees in receipt of normal base wages one hundred percent (100%) of the premium for a Basic and Comprehensive basic Dental Service or equivalent with current O.D.A. Fee Schedule.

14.3 If there is a change in carriers, the Union must be notified immediately. The plan must be of equal or better value.

14.2 The Corporation agrees to pay for employees in receipt of normal base wages one hundred percent (100%) of the premium for a Green Shield Basic and Comprehensive basic Dental Service or equivalent with current O.D.A. Fee Schedule.

14.3 If there is a change in carriers, the Union must be notified immediately. The plan must be of equal or better value.

ARTICLE 15 - PENSION AND INSURANCE

15.1 All eligible employees with the Corporation shall participate in the Corporation's Pension and Insurance Plans as follows:

- Ontario Municipal Employees Retirement System Basic FAE (Final Average Earnings) on a equally shared basis with the Corporation.
- The Corporation and the employees shall participate in the Canada Pension Plan as required by the Canada Pension Act.
- The Corporation shall provide Life Insurance coverage for all regular employees in receipt of normal base wages, equivalent to current coverage of one and one-half (1½) times the employee's normal base wages.

15.2 The Corporation agrees to pay fifty percent (50%) of the premiums for Dental, Extended Health including Vision Care for all employees who retire early between the ages of 55 to 65.

ARTICLE 16 - JOB POSTING AND SELECTION

16.1 When vacancies occur within the bargaining unit, or new jobs are created within the bargaining unit, these positions shall be posted on the bulletin board, accessible to all employees, for a period of five (5) working days, during which time present employees shall have the opportunity of applying before outsiders are considered. During the posting period, the Corporation may fill a vacancy on a temporary basis. The experience gained while filling this temporary vacancy will not be used as determining factor in the job selection process.

16.2 Such notice shall contain the following information: nature of the position, qualifications, knowledge, experience, skills, and wage rates.

16.3 In filling vacancies and making transfers or promotions among employees represented by the Union, the Management will consider the qualifications and ability as the primary factors. In the event qualifications and ability of the respective applicants are relatively equal in Management's opinion, Corporation service shall govern.

16.4 Promotion shall mean advancement to a job which carries a higher rate of pay.

ARTICLE 17 - LAY OFF AND RECALL

17.1 In the event of a lay off, Management agrees that employees shall be laid off in the reverse order of their Corporation service credit provided Management can retain a work force qualified in its opinion to perform the work remaining. Employees shall be recalled in the order of their Corporation service credit provided they are qualified, capable and have the ability to do the work available.

17.2 It shall be the responsibility of the employee to keep Management informed, in writing, of change in her postal address and telephone number.

17.3 It is understood that in exercising her accrued rights in accordance with the above, advancement to a job which carries a higher rate of pay is not permitted.

ARTICLE 18 - LEAVE OF ABSENCE FROM WORK

Bereavement

18.1 An employee will be allowed up to five (5) working days' leave of absence with pay in the event of the death of her spouse, child, father or mother. Such leave shall be for the purpose of making arrangements and/or attending the funeral.

18.2 An employee will be allowed up to three (3) consecutive days' leave of absence with pay in the event of the death of her brother, step-brother, sister, step-sister, grandparent, grandchild, father-in-law or mother-in-law, step-parent, or step child. Such leave shall be for the purpose of making arrangements for and/or attending the funeral. Only that portion of the said three (3) days that would otherwise have been regular time worked will be paid.

18.3 An employee will be allowed one (1) day leave of absence with pay in the event of the death of any current staff member, brother-in-law, sister-in-law, step parent-in-law, aunt, uncle, niece, nephew or grandparent-in-law. Such leave shall be for the purpose of making arrangements for and/or attending the funeral. In the event of the death of any other relative, unpaid time off to attend the funeral may be granted, not to exceed one (1) day

18.4 Request for additional time off is covered under Article 18.7.

Leave for Union Business

18.5 Insofar as the efficient operation of the Corporation's business will permit, requests for leave of absence may be granted without pay and benefits to Union representatives for the purpose of taking part in official Union business. Such requests shall be made, in writing, to Management at least two (2) weeks in advance of the absence.

Jury Duty/Crown Witness

18.6 The Corporation shall pay an employee, who is required for Jury Duty or subpoenaed as a witness on behalf of the Corporation, the difference between her regular hourly rate and the payment received for such activity, excluding travel and meal expenses. The employee shall present proof of such payment received.

Personal Leave

18.7 Leaves of absence require the written permission of Management. Application for leave of absence must be submitted, in writing, at least one (1) week in advance to insure consideration unless not possible by reason of unforeseen personal emergency in which case verbal application will be accepted. Unless otherwise agreed, leave of absence will be without pay and leave of absence extending beyond five (5) days will be without pay and benefits. In this case, all costs (employee and employer costs) of the normal indemnities will be payable by the employee.

18.8 In the case of a leave of absence without pay which exceeds thirty (30) days, Corporation Service Credit of regular employees will be frozen for the duration of the leave of absence at the level attained prior to the leave of absence. Freezing of service credit will not be in conflict with the Employment Standards Act of Ontario with respect to pregnancy/parental leave.

ARTICLE 19 – WORKPLACE SAFETY AND INSURANCE BOARD (W.S.I.B.)

19.1 When an employee, through her employment by the Corporation, suffers a disability which is compensable under the Workplace Safety and Insurance Act, the employee will be paid in accordance with the Act, and the Corporation will maintain up to a maximum of one and a half (1½) years, medical benefits and life insurance coverage on behalf of the employee as if she were in receipt of her regular hourly rate from the Corporation with the employee having the option to pay all the costs herself for an additional six (6) months. However, in the event that legislative requirements reduce the amount payable to those employees eligible for W.S.I.B. assistance below the present ninety per cent (90%), the employer shall make up the difference between the amount paid through W.S.I.B. requirements to a benefit equal to ninety per cent (90%) of the employees take home pay.

ARTICLE 20 - ALLOWANCES

Meals

20.1 Two (2) hours' overtime contiguous to the normal work hours and every four (4) hours thereafter are necessary in order to qualify for an overtime meal allowance, the amount of which cannot exceed fifteen dollars ($15.00) subject to provision of receipts. Planned overtime is excluded from the overtime meal allowance. One (1) day notice is required for planned overtime for the purpose of sufficient notice to prepare a lunch.

20.2 Under emergency conditions, when the Corporation provides a meal, a meal allowance will not be paid.

20.3 When employees are required on a daily basis to attend training sessions or seminars and if a meal is provided during the session, a meal allowance will not be applicable. When meals are not provided, the Corporation will provide $20 dollars for lunch with no receipt required. Other meals are not applicable for daily training sessions.

20.4 When an employee is required to attend training or seminars an appropriate meal allowance will be provided each day of $15 for breakfast, $20 for lunch and $35 for dinner. Overnight accommodations will be paid by the Corporation. No receipts are required for meal allowances.

20.5 **Relief in Another Category**

When a unionized employee provides a lead role as a result of the immediate supervisor being away, such employee shall receive an additional two dollars ($2.00) per hour above their current rate. Determination of the need for this relief and the choice of the individual unionized employee will be at the sole discretion of management, however will be at the 100% level of their classification.

ARTICLE 21 - GENERAL

Committee and Stewards

21.1 The Corporation recognizes the appointment of one (1) steward by the Union for the purpose of conducting relevant union business. The Union will keep the Corporation informed, in writing, of such appointments.

21.2 (i) Since stewards have regular duties to perform on behalf of the Corporation, they will not leave their regular duties without receiving permission from the billing supervisor.

(ii) It is a steward's first responsibility to perform the work required of him/her as an employee of the Corporation. It is recognized, however, that a steward is the Union representative in the workplace with who the Corporation is required to deal as require by this agreement. Accordingly, a steward will, with the advance permission of his/her supervisor, be granted reasonable time during working hours without loss of pay to attend grievance meeting.

(iii) A steward may, where an employee so requests, attend or be called into any meeting between the employee and management which is for the purpose of issuing discipline, a suspension or discharge of the employee. The foregoing shall not apply where the suspension or discharge is not issued in person to the employee.

Contracting Out

21.3 No employee will be laid off as a result of contracting out of bargaining unit work.

Health and Safety

21.4 The Corporation and the Union recognize the obligation and responsibility of the Corporation and their employees to ensure the establishment and maintenance of good health and safety work practices. It is further recognized and understood that the employee must abide by all safety rules and regulations. It is further recognized and understood that the Corporation will not impede the health and safety of its employees while working beyond normal working hours.

Residency

21.5 Employees shall inform the Corporation in writing of their current address and telephone number and keep the Corporation informed within five (5) days of any change.

ARTICLE 22 - WAGES AND PROGRESSIONS

22.1 The wage rates and classifications shall be as set out in Schedule "A" attached to and forming part of this agreement for purposes of payment of wages only.

22.2 Employees on progression shall normally be progressed in accordance with the schedule. However, if any employee fails to make satisfactory progress, her advancement will be withheld for a period of six (6) months. When progression is withheld, Management shall give one (1) month's notice to the employee and the reason for withholding routine progression. At the next routine progression date, her general performance will be reviewed and if found satisfactory, she shall be granted routine progression. If her progress and general performance are not found to be satisfactory, she shall be transferred to another classification, if available, or dismissed.

22.3 Employees will participate in an annual performance appraisal.

ARTICLE 23 - DURATION

23.1 This agreement shall become effective on May 1, 2016 and such agreement shall remain in effect until April 30, 2020, and from year to year thereafter unless either party gives notice in writing to the other party within the ninety (90) day period prior to the expiry date of its desire to alter or terminate same.

23.2 In witness whereof the parties hereto have herewith set their hands and seals this 24th day of June, 2016.

NIAGARA-ON-THE-LAKE HYDRO INC.

Tim Curtis
President

Philip Wormwell
Vice President, Finance

Hassan Syed
Vice President, Operations

LOCAL UNION 636 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

Domenic Murdaca
Business Representative

Jody Keus
Union Steward

Lisa DiSanto
Member

Barry Brown
Business Manager/Financial Sec.

SCHEDULE "A" - WAGES

CLASSIFICATION	%	MAY 1, 2016 (2.1%)	MAY 1, 2017 (2.1%)	MAY 1, 2018 (2.0%)	MAY 1, 2019 (2.0%)
Customer Accounts Representative	100	**30.94**	**31.59**	**32.22**	**32.86**
1st year	90				
start	80				
Accounting Clerk	100	**31.11**	**31.76**	**32.40**	**33.05**
1st year	90				
start	80				
Accounting Officer	100	**33.38**	**34.08**	**34.76**	**35.45**
1st year	90				
start	80				
Finance and Accounting Officer	100	**35.03**	**35.77**	**36.48**	**37.21**
1st year	90				
start	80				
Business Analyst	100				
1st year	90	**33.38**	**34.08**	**34.76**	**35.45**
start	80				

SCHEDULE "B" - SICK LEAVE PLAN

B.1 The Corporation's Sick Leave Plan for regular employees was created by the Corporation to reduce the financial hardship that bona fide non-occupational illness or injury can create so far as inability to work and the consequent loss of normal wages are concerned.

B.2 To qualify for payment of sick leave pay, an employee must:

1. ensure her illness is reported to Management as soon as possible;
2. be suffering from a bona fide illness which prevents her useful employment and is not compensable under the Workplace Safety & Insurance Act and was not received while performing paid work for an employer other than the Corporation;
3. submit written verification of her illness signed by a qualified Doctor if requested, prior to returning to work or automatically if absent for five (5) days or more; The Corporation will reimburse the employee for the cost of the note.
4. submit to medical examination of a Doctor designated by Management upon request during normal working hours without loss of pay.

B.3 For every month of regular attendance a regular employee shall be entitled to a sick leave credit of one and one-half (1½) days per month and such credits shall be cumulative from month to month and year to year. From such credits shall be deducted the number of days which an employee is absent by reason of illness or injury.

B.4 Monthly sick leave credit accrues to a regular employee on the first day of the month following each completed calendar month of service and is cumulative to an amount not exceeding one hundred and eighty (180) days for a period of continuous and unbroken service with the Corporation. On extended sick leave, use of sick leave credits will be limited to the qualification period of the LTD Plan after which time the employee shall go on the LTD Plan.

B.5 An employee will accumulate sick leave credit provided she has worked more than half of the working days in any calendar month. Accumulation of sick leave credit will also continue when;

(a) absence is by reason of annual vacation, or
(b) absence is due to occupational illness or injury of less than three (3) months. Absence of more than three (3) months will result in no accumulation of credits for the entire period.

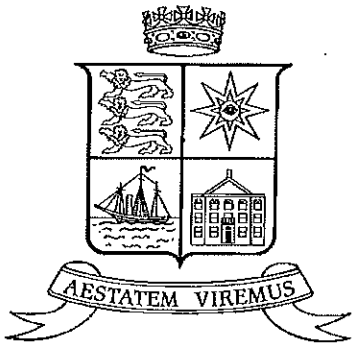
B.6 An employee who successfully sues a third party for losses sustained or purported to be sustained during an absence for which sick time credits were expended by the Corporation is required to reimburse the Corporation the equivalent value of sick time credits used.

B.7 An employee on pregnancy leave is not eligible for sick leave pay.

B.8 Employees on the payroll as of January 1, 1983, who terminate employment by reason of:

1. death, or;
2. retirement on pension, or;
3. retirement without pension, or;
4. voluntary retirement, other than discharge for cause;

after a period of not less than ten (10) consecutive years of service, shall be paid (or a personal representative, or failing a personal representative, such other person as the Corporation may determine) an amount computed on the basis of the rate of pay at the date of leaving the employ of the Corporation for a period equal to fifty percent (50%) of the value of the sick leave credits standing to her credit but the amount shall not exceed six (6) months' pay. In establishing credits for hourly rated employees under this paragraph, the standard number of hours normally worked per day upon which overtime is calculated shall be used.



LETTER OF UNDERSTANDING -- MERGER, AMALGAMATION OR COMBINATION

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

In the event that there is a merger with another Corporation, Company or Companies, in which the covered employees therein are represented by another Union, the representation rights and collective agreement in respect of Local 636 IBEW members shall be maintained until a final determination is made under the Labour Relations Act of Ontario or enabling legislation as to the representation of the combined group.

Should the Corporation merge, amalgamate or combine any of its operations or functions with another Corporation, Company or Companies, the employer agrees to give the Union as much notice as practically possible prior to any intent by the employer to implement the above.

Dated 24th day of June, 2016

Signed for the Corporation

Tim Curtis, President

Signed for the Union

Domenic Murdaca, Business Representative

APPENDIX

4B

2019

NIAGARA-ON-THE-LAKE HYDRO

COST OF SERVICE RATE APPLICATION

EB-2018-0056

Canada Revenue Agency / Agence du revenu du Canada

Information Return for Corporations Filing Electronically

- You have to complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed to the Canada Revenue Agency (CRA) on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- **Do not submit** this form to the CRA unless we ask for it.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

Part 1 – Identification

Corporation's name	Business number
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001

Tax year ▶	From (Y M D)	To (Y M D)	Is this an amended return?	
	2017-01-01	2017-12-31	☐ Yes	☒ No

Part 2 – Declaration

Enter the following amounts, if applicable, from your corporation income tax return for the tax year noted above:

Net income (or loss) for income tax purposes from Schedule 1, financial statements, or GIFI (line 300)	1,421,693
Part I tax payable (line 700)	
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

@CRA **Sign up for online mail!** Get your CRA mail electronically delivered in My Business Account at **cra.gc.ca/mybusinessaccount**

I understand that by providing an email address, I am **registering** the corporation for the 'Manage online mail' service. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent.

Email address for online mail (optional): _____

I, Curtis (Last name) Timothy (First name) President (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the corporation income tax return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number
2018-06-07		(905) 468-4235

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Name of person or firm	Electronic filer number
KPMG LLP	A6698

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html, personal information bank CRA PPU 047.

Client Copy

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

EXEMPT FROM TAX

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal *Income Tax Act* and *Income Tax Regulations*. This return may contain changes that had not yet become law at the time of publication.

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

For more information see canada.ca/taxes or Guide T4012, *T2 Corporation – Income Tax Guide*.

055 **Do not use this area**

Identification

Business number (BN) 001 86360 5929 RC0001

Corporation's name

002 NIAGARA-ON-THE-LAKE HYDRO INC.

Address of head office

Has this address changed since the last time we were notified? . . . . . 010 1 Yes ☐ 2 No ☒

If **yes**, complete lines 011 to 018.

011

012 8 Henegan Road

City	Province, territory, or state
015 Virgil	016 ON
Country (other than Canada)	**Postal or ZIP code**
017	018 L0S 1T0

Mailing address (if different from head office address)

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

If **yes**, complete lines 021 to 028.

021 c/o

022 P.O. Box 460

023 8 Henegan Road

City	Province, territory, or state
025 Virgil	026 ON
Country (other than Canada)	**Postal or ZIP code**
027 CA	028 L0S 1T0

Location of books and records (if different from head office address)

Has this address changed since the last time we were notified? . . . . . 030 1 Yes ☐ 2 No ☒

If **yes**, complete lines 031 to 038.

031

032

City	Province, territory, or state
035	036
Country (other than Canada)	**Postal or ZIP code**
037	038

040 **Type of corporation at the end of the tax year** (tick one)

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

If the type of corporation changed during the tax year, provide the effective date of the change . . . . . 043 Year Month Day

To which tax year does this return apply?

Tax year start	Tax year-end
060 Year Month Day 2017-01-01	061 Year Month Day 2017-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . . 063 1 Yes ☐ 2 No ☒

If **yes**, provide the date control was acquired . . . . . 065 Year Month Day

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

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

Is this the first year of filing after:

Incorporation? . . . . . 070 1 Yes ☐ 2 No ☒

Amalgamation? . . . . . 071 1 Yes ☐ 2 No ☒

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

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

If **yes**, complete and attach Schedule 24.

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

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

If an election was made under section 261, state the functional currency used 079

Is the corporation a resident of Canada? 080 1 Yes ☒ 2 No ☐

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

081

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

If **yes**, complete and attach Schedule 91.

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

085

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

Do not use this area

095 096 898

Client Copy

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the *Income Tax Regulations*?	170		29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

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Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? 270 — 1 Yes [X] 2 No [ ]

Is the corporation inactive? 280 — 1 Yes [ ] 2 No [X]

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution

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

284	Electrical Distribution	285	99.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year? 291 — 1 Yes [ ] 2 No [X]

Did the corporation emigrate from Canada during the tax year? 292 — 1 Yes [ ] 2 No [X]

Do you want to be considered as a quarterly instalment remitter if you are eligible? 293 — 1 Yes [ ] 2 No [ ]

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 — Year Month Day

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 — 1 Yes [ ] 2 No [ ]

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300		1,421,693	A
Deduct:				
Charitable donations from Schedule 2	311	400		
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine made before March 22, 2017, from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal		400	400	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			1,421,293	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		1,421,293	
Income exempt under paragraph 149(1)(t)	370			
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				Z
Taxable income for the year from a personal services business				Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8.

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Small business deduction

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

Income from active business carried on in Canada from Schedule 7 . . . . . **400** 1,421,693 A

Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) of the amount on line 632* on page 7, **minus** 4 times the amount on line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax . . . . . **405** B

Business limit (see notes 1 and 2 below) . . . . . **410** 500,000 C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C 500,000 x **415** *** 41,746 / 11,250 D = ... 1,855,378 E

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

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) . . . . . G

Amount F **minus** amount G . . . . . **427** H

Small business deduction

Amount A, B, C, or H, whichever is the least x (Number of days in the tax year before January 1, 2018 / Number of days in the tax year) 365/365 x 17.5 % = 1

Amount A, B, C, or H, whichever is the least x (Number of days in the tax year after December 31, 2017, and before January 1, 2019 / Number of days in the tax year) 365/365 x 18 % = 2

Total of amounts 1 and 2 (enter amount I at amount J on page 7) **430** I

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

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

***** Large corporations**

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

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount **490**	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] **500**	L Business limit assigned to corporation identified in column J [4] **505**
1.				

Total **510** Total **515**

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

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General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)			A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B	
Amount 13K from Part 13 of Schedule 27		C	
Personal services business income	432	D	
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E	
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least		F	
Aggregate investment income from line 440 on page 6*		G	
Subtotal (**add** amounts B to G) ▶			H
Amount A **minus** amount H (if negative, enter "0")			I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %			J

Enter amount J on line 638 on page 7.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)			K
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		L	
Amount 13K from Part 13 of Schedule 27		M	
Personal services business income	434	N	
Amount used to calculate the credit union deduction (amount F from Schedule 17)		O	
Subtotal (**add** amounts L to O) ▶			P
Amount K **minus** amount P (if negative, enter "0")			Q
General tax reduction – Amount Q **multiplied** by 13 %			R

Enter amount R on line 639 on page 7.

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Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . . **440** _____ x 30 2 / 3 % = _____ A

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

Deduct:

Foreign investment income from Schedule 7 . . . . . **445** _____ x 8 % = _____ C

Subtotal (amount B **minus** amount C) (if negative, enter "0") _____ ▶ _____ D

Amount A **minus** amount D (if negative, enter "0") . . . . . _____ E

Taxable income from line 360 on page 3 . . . . . 1,421,293 F

Deduct:

Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . . _____ G

Foreign non-business income tax credit from line 632 on page 7 . . . . _____ x 75 / 29 = _____ H

Foreign business income tax credit from line 636 on page 7 . . _____ x 4 = _____ I

Subtotal (total of amounts G, H and I) _____ ▶ _____ J

Subtotal (amount F **minus** amount J) (if negative, enter "0") 1,421,293 K x 30 2 / 3 % = 435,863 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . . _____ M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . . **450** _____ N

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year . . . . . **460** _____

Deduct: Dividend refund for the previous tax year . . . . . **465** _____

Subtotal _____ ▶ _____ O

Add the total of:

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

Total Part IV tax payable from Schedule 3 . . . . . _____ Q

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation . . . . . **480** _____

Subtotal _____ ▶ _____ R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R . . . . . **485** _____

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 . . . . . 500,000 x 38 1 / 3 % = 191,667 S

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . . _____ T

Dividend refund – Amount S or T, whichever is less . . . . . _____ U

Enter amount U on line 784 on page 8.

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Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % . . . . . 550 _____ A

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business . . . . . 555 _____ x 5 % = 560 _____ B

Recapture of investment tax credit from Schedule 31 . . . . . 602 _____ C

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

Aggregate investment income from line 440 on page 6 . . . . . _____ D

Taxable income from line 360 on page 3 . . . . . 1,421,293 E

Deduct:
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . . _____ F

Net amount (amount E **minus** amount F) 1,421,293 ▶ 1,421,293 G

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G . . . . . 604 _____ H

Subtotal (**add** amounts A, B, C, and H) _____ I

Deduct:

Small business deduction from line 430 on page 4 . . . . . _____ J

Federal tax abatement . . . . . 608 _____

Manufacturing and processing profits deduction from Schedule 27 . . . . . 616 _____

Investment corporation deduction . . . . . 620 _____

Taxed capital gains 624 _____

Additional deduction – credit unions from Schedule 17 . . . . . 628 _____

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

Federal foreign business income tax credit from Schedule 21 . . . . . 636 _____

General tax reduction for CCPCs from amount J on page 5 . . . . . 638 _____

General tax reduction from amount R on page 5 . . . . . 639 _____

Federal logging tax credit from Schedule 21 . . . . . 640 _____

Eligible Canadian bank deduction under section 125.21 . . . . . 641 _____

Federal qualifying environmental trust tax credit . . . . . 648 _____

Investment tax credit from Schedule 31 . . . . . 652 _____

Subtotal _____ ▶ _____ K

Part I tax payable – Amount I **minus** amount K . . . . . _____ L

Enter amount L on line 700 on page 8.

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Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source canada.ca/cra-info-source, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 7	700	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		

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 and Alberta)	760	
Total tax payable	770	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount U on page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	
Total credits	890	B

Refund code 894 ☐ Overpayment

Balance (amount A **minus** amount B)

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

Balance unpaid

For information on how to make your payment, go to canada.ca/payments.

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 Institution number

918 Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920 A6698

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, 950 Curtis (Last name) 951 Timothy (First name) 954 President (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 also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2018-06-07 Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 (905) 468-4235 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 1 Yes ☒ 2 No ☐

958 Name of other authorized person

959 Telephone number

Language of correspondence – Langue de correspondance

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

990 1

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
Assets					
	Total current assets	1599	+	6,249,975	6,574,003
	Total tangible capital assets	2008	+	32,778,940	31,043,453
	Total accumulated amortization of tangible capital assets	2009	–	3,156,763	2,538,668
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	2,139,022	1,958,194
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	38,011,174	37,036,982
Liabilities					
	Total current liabilities	3139	+	7,635,048	7,617,941
	Total long-term liabilities	3450	+	13,802,993	13,622,906
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	21,438,041	21,240,847
Shareholder equity					
	Total shareholder equity (mandatory field)	3620	+	16,573,133	15,796,135
	Total liabilities and shareholder equity	3640	=	38,011,174	37,036,982
Retained earnings					
	Retained earnings/deficit – end (mandatory field)	3849	=	9,708,384	8,823,929

***** Generic item

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PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Current Assets

SCHEDULE 100

Form identifier 1599

Account	Description	GIFI		Current year	Prior year
Cash and deposits					
	* Cash and deposits	1000		366,780	
	Cash and deposits		+	366,780	
Accounts receivable					
	Trade accounts receivable	1062		5,679,259	5,981,259
	Accounts receivable		+	5,679,259	5,981,259
Inventories					
	* Inventories	1120		167,526	361,700
	Inventories		+	167,526	361,700
Due from/investment in related parties					
	* Due from/investment in related parties	1400		9,886	9,754
	Due from/investment in related parties		+	9,886	9,754
Other current assets					
	Taxes recoverable/refundable	1483			137,479
	Prepaid expenses	1484		26,524	83,811
	Other current assets		+	26,524	221,290
	Total current assets	1599	=	6,249,975	6,574,003

***** Generic item

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

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Attached Schedule with Total

GIFI code 1062 – Trade accounts receivable

Title GIFI code 1062 – Trade accounts receivable

Description	Operator (Note)	Amount
Accounts receivable		2,842,744 00
Unbilled Revenue	+	2,836,515 00
	+	
	Total	5,679,259 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Tangible Capital Assets and Accumulated Amortization

SCHEDULE 100

Form identifier 2008/2009

Account	Description	GIFI		Tangible capital assets		Accumulated amortization	Prior year
Land							
	* Land	1600	+	307,134			307,134
	Total			307,134			
Buildings							
	* Buildings	1680	+	797,582			747,892
	*Accumulated amortization of buildings	1681			–	72,629	53,268
	Total			797,582		72,629	
Machinery, equipment, furniture and fixtures							
	* Machinery, equipment, furniture, and fixtures	1740	+	1,983,392			1,715,912
	*Accumulated amortization of machinery, equipment, furniture, and fixtures	1741			–	1,172,963	907,478
	Total			1,983,392		1,172,963	
Other tangible capital assets							
	* Other tangible capital assets	1900	+	28,196,333			27,497,317
	*Accumulated amortization of other tangible capital assets	1901			–	1,911,171	1,577,922
	Other capital assets under construction	1920	+	1,494,499			775,198
	Total			29,690,832		1,911,171	
	Total tangible capital assets	2008	=	32,778,940			31,043,453
	Total accumulated amortization of tangible capital assets	2009			=	3,156,763	2,538,668

***** Generic item

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

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Attached Schedule with Total

Tangible capital property – GIFI code 1900 – Other tangible capital assets

Title Tangible capital property – GIFI code 1900 – Other tangible capital assets

Description	Operator (Note)	Amount	
Transformer stations		6,714,868	00
Distribution stations	+		
Distributions Overhead lines	+	6,400,719	00
Distribution Transformers	+	3,574,067	00
Distribution meters	+	1,855,746	00
Distributions Underground lines	+	9,650,933	00
	+		
	Total	28,196,333	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Attached Schedule with Total

GIFI code 1901 – Accumulated amortization of other tangible capital assets

Title GIFI code 1901 – Accumulated amortization of other tangible capital assets

Description	Operator (Note)	Amount
Transformer stations		325,798 00
Distribution stations	+	
Distribution Overhead lines	+	72,810 00
Distribution Transformers	+	104,716 00
Distribution meters	+	531,797 00
Distribution Underground lines	+	876,050 00
	+	
	Total	1,911,171 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Long-term Assets

SCHEDULE 100

Form identifier 2589

Account	Description	GIFI		Current year	Prior year
Long-term investments					
	* Long-term investments	2300		100	100
	Long-term investments		+	100	100
Other long-term assets					
	Future (deferred) income taxes	2421		1,070,302	
	Other deferred items/charges	2424		1,068,620	1,958,094
	Other long-term assets		+	2,138,922	1,958,094
	Total long-term assets	2589	=	2,139,022	1,958,194

***** Generic item

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Current Liabilities

SCHEDULE 100

Form identifier 3139

Account	Description	GIFI		Current year	Prior year
	* Bank overdraft	2600	+		424,343
Amounts payable and accrued liabilities					
	* Amounts payable and accrued liabilities	2620		4,354,088	4,049,300
	Amounts payable and accrued liabilities		+	4,354,088	4,049,300
	* Taxes payable	2680	+	374,929	
Short-term debt					
	Loans from Canadian banks	2701		1,915,574	2,410,504
	Short-term debt		+	1,915,574	2,410,504
	* Deferred income	2770	+	128,368	128,368
Due to related parties					
	* Due to related parties	2860		484,499	368,586
	Due to related parties		+	484,499	368,586
Other current liabilities					
	Deposits received	2961		377,590	236,840
	Other current liabilities		+	377,590	236,840
	Total current liabilities	3139	=	7,635,048	7,617,941

***** Generic item

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Attached Schedule with Total

GIFI code 2701 – Loans from Canadian banks

Title GIFI code 2701 – Loans from Canadian banks

Description	Operator (Note)	Amount
Current portion of LT debt		1,889,234 00
Derivatives	+	26,340 00
	+	
	Total	1,915,574 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Long-term Liabilities

SCHEDULE 100

Form identifier 3450

Account	Description	GIFI		Current year	Prior year
Long-term debt					
	* Long-term debt	3140		7,005,567	7,873,375
	Long-term debt		+	7,005,567	7,873,375
	* Deferred income	3220	+	3,094,653	2,840,351
	* Future (deferred) income taxes	3240	+	1,073,186	
Other long-term liabilities					
	* Other long-term liabilities	3320		2,629,587	2,834,232
	Deferred revenue from incomplete contracts	3328			74,948
	Other long-term liabilities		+	2,629,587	2,909,180
	Total long-term liabilities	3450	=	13,802,993	13,622,906

***** Generic item

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Attached Schedule with Total

GIFI code 3140 – Long-term debt

Title GIFI code 3140 – Long-term debt

Description	Operator (Note)	Amount
Long-Term debt		7,005,567 00
	+	
	+	
	Total	7,005,567 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Attached Schedule with Total

GIFI code 3320 – Other long-term liabilities

Title GIFI code 3320 – Other long-term liabilities

Description	Operator (Note)	Amount
Customer Deposits		
Employee Future Benefits	+	478,800 00
Other Regulatory liabilities	+	
Regulatory balances	+	2,150,787 00
	+	
	Total	2,629,587 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Shareholder Equity

SCHEDULE 100

Form identifier 3620

Account	Description	GIFI		Current year	Prior year
	* Common shares	3500	+	2,632,307	2,632,307
Contributed and other surplus					
	* Contributed and other surplus	3540		4,269,026	4,269,026
	Contributed and other surplus		+	4,269,026	4,269,026
	* Accumulated other comprehensive income	3580	+	-36,584	70,873
	* Retained earnings/deficit	3600	+	9,708,384	8,823,929
	Total shareholder equity	3620	=	16,573,133	15,796,135

***** Generic item

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Retained Earnings/Deficit

SCHEDULE 100

Form identifier 3849

Account	Description	GIFI		Current year	Prior year
	* Retained earnings/deficit – start	3660	+	8,823,929	8,314,935
	* Net income/loss	3680	+	1,384,455	1,008,994
Dividends declared					
	* Dividends declared	3700		500,000	500,000
	Dividends declared		–	500,000	500,000
	Retained earnings/deficit – end	3849	=	9,708,384	8,823,929

***** Generic item

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

Income statement information

Description	GIFI

Operating name 0001
Description of the operation 0002
Sequence number 0003 01

Account	Description	GIFI		Current year	Prior year
Income statement information					
	Total sales of goods and services	8089	+	24,198,363	26,677,590
	Cost of sales	8518	–	23,229,633	26,794,215
	Gross profit/loss	8519	=	968,730	-116,625
	Cost of sales	8518	+	23,229,633	26,794,215
	Total operating expenses	9367	+	4,123,805	4,119,962
	Total expenses (mandatory field)	9368	=	27,353,438	30,914,177
	Total revenue (mandatory field)	8299	+	29,641,101	31,982,190
	Total expenses (mandatory field)	9368	–	27,353,438	30,914,177
	Net non-farming income	9369	=	2,287,663	1,068,013
Farming income statement information					
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	2,287,663	1,068,013
	Total other comprehensive income	9998	=	-107,457	
Extraordinary items and income (linked to Schedule 140)					
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–	536,093	-269,677
	Current income taxes	9990	–	367,115	328,696
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	-107,457	
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	1,276,998	1,008,994

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Revenue

SCHEDULE 125

Form identifier 8299

Account	Description	GIFI		Current year	Prior year
	* Trade sales of goods and services	8000	+	24,198,363	26,677,590
	Total sales of goods and services	8089	=	24,198,363	26,677,590
Investment revenue					
	* Investment revenue	8090		45,799	56,869
	Investment revenue		+	45,799	56,869
Other revenue					
	* Other revenue	8230		5,396,939	5,247,731
	Other revenue		+	5,396,939	5,247,731
	Total revenue	8299	=	29,641,101	31,982,190

***** Generic item

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Attached Schedule with Total

GIFI code 9270 – Amount – Other expenses

Title GIFI code 9270 – Amount – Other expenses

Description	Operator (Note)	Amount
Distribution operations		1,114,974 00
	+	
	+	
	Total	1,114,974 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Attached Schedule with Total

GIFI code 8230 – Amount – Other revenue

Title GIFI code 8230 – Amount – Other revenue

Description	Operator (Note)	Amount	
Distribution Revenue		5,019,210	00
Other Operating Revenue	+	377,729	00
	+		
	+		
	Total	5,396,939	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Cost of Sales

SCHEDULE 125

Form identifier 8518

Account	Description	GIFI	Current year	Prior year
	* Purchases/cost of materials	8320 +	23,229,633	26,794,215
	Cost of sales	8518 =	23,229,633	26,794,215

***** Generic item

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Operating Expenses

SCHEDULE 125

Form identifier 9367

Account	Description	GIFI		Current year	Prior year
	* Amortization of tangible assets	8670	+	1,010,972	996,009
Interest and bank charges					
	* Interest and bank charges	8710		463,127	482,933
	Interest and bank charges		+	463,127	482,933
Other expenses					
	* Other expenses	9270		1,114,974	1,217,324
	Selling expenses	9273		573,154	547,188
	General and administrative expenses	9284		961,578	876,508
	Other expenses		+	2,649,706	2,641,020
	Total operating expenses	9367	=	4,123,805	4,119,962

***** Generic item

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Other comprehensive income

SCHEDULE 125

Form identifier 9998

Account	Description	GIFI		Current year	Prior year
	Defined benefit gains/losses	7002	+	-146,200	
	Income tax relating to components of other comprehensive income	7010	−	-38,743	
	Total other comprehensive income	9998	=	-107,457	

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and T4012*, T2 Corporation – Income Tax Guide.*
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the accountant who prepared or reported on the financial statements

		Yes	No
Does the accountant have a professional designation?	095	X	
Is the accountant connected* with the corporation?	097		X

Note

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

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

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report	1	X
Completed a review engagement report	2	
Conducted a compilation engagement	3	

Part 3 – Reservations

If you selected option 1 or 2 under **Type of involvement with the financial statements** above, answer the following question:

		Yes	No
Has the accountant expressed a reservation?	099		X

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client)	1	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	

		Yes	No
Were notes to the financial statements prepared?	101	X	

If **yes**, complete lines 104 to 107 below:

		Yes	No
Are subsequent events mentioned in the notes?	104		X
Is re-evaluation of asset information mentioned in the notes?	105		X
Is contingent liability information mentioned in the notes?	106	X	
Is information regarding commitments mentioned in the notes?	107	X	
Does the corporation have investments in joint venture(s) or partnership(s)?	108		X

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Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** Yes ☐ No ☒

If **yes**, enter the amount recognized:		**In net income** Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**211**	
Intangible assets	**215**		**216**	
Investment property	**220**			
Biological assets	**225**			
Financial instruments	**230**		**231**	
Other	**235**		**236**	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . **250** Yes ☐ No ☒

Did the corporation apply hedge accounting during the tax year? . . . . . **255** Yes ☐ No ☒

Did the corporation discontinue hedge accounting during the tax year? . . . . . **260** Yes ☐ No ☒

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . **265** Yes ☐ No ☒

If **yes**, you have to maintain a separate reconciliation.

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Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- 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. For more information, see the T2 *Corporation – Income Tax Guide*.
- All legislative references are to the *Income Tax Act*.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125 . . . . . 1,276,998 A

Add:

Provision for income taxes – current	101	367,115	
Amortization of tangible assets	104	1,103,773	
Loss on disposal of assets	111	23,657	
Non-deductible meals and entertainment expenses	121	1,789	
Reserves from financial statements – balance at the end of the year	126	574,218	
Subtotal of additions		2,070,552 ▶	2,070,552

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	9,973
2	Customer Deposits 12(1)(a)	377,590
3	capital contributions received 12(1)(x)	319,954
4	Regulatory adjustment	769,773
	Total of column 2	1,477,290 ▶ 296 1,477,290

Subtotal of other additions	199	1,477,290 ▶	1,477,290
Total additions	500	3,547,842 ▶	3,547,842 B

Amount A **plus** amount B . . . . . 4,824,840 C

Deduct:

Capital cost allowance from Schedule 8	403	1,806,061	
Reserves from financial statements – balance at the beginning of the year	414	425,135	
Subtotal of deductions		2,231,196 ▶	2,231,196

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Unrealized gain on derivatives	46,137
2	Customer Deposits 20(1)(m)	377,590
3	Amortization of deferred capital contributions	65,652
4	capital contributions received 13(7.4)	319,954
5	Tax included in net movement in regulatory balances	323,875
6	Tax on EFB	38,743
	Total of column 2	1,171,951 ▶ 396 1,171,951

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Subtotal of other deductions	499	1,171,951 ▶	1,171,951	
Total deductions	510	3,403,147 ▶	3,403,147	D
Net income (loss) for income tax purposes (amount C **minus** amount D)			1,421,693	E

Enter amount E on line 300 of the T2 return.

T2 SCH 1 E (17)

Canada

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Attached Schedule with Total

Line 295 – Amount

Title Line 295 – Amount

Description	Operator (Note)	Amount
Regulatory adjustment		407,400 00
Regulatory correction PY	+	362,373 00
	+	
	Total	769,773 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) of the ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Select this check box to add all the amounts to income calculated in Schedule 1. . . . . ☐

Ontario

A		
☒	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
☒	Ontario co-operative education tax credit	
☒	Ontario apprenticeship training tax credit	9,973
☐	Ontario computer animation and special effects tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario film and television tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario production services tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario interactive digital media tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario sound recording tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario book publishing tax credit	
☒	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
☐	Ontario business-research institute tax credit	
☐	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers;
  - the eligible amount of gifts of certified cultural property;
  - the eligible amount of gifts of certified ecologically sensitive land; or
  - the additional deduction for gifts of medicine made before March 22, 2017.
- All legislative references are to the federal *Income Tax Act*, unless otherwise specified.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts are eligible for a 5-year carryforward except for gifts of certified ecologically sensitive land made after February 10, 2014, which are eligible for a 10-year carryforward. Provincial food donation tax credits must be applied in the current tax year.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- A gift of medicine made before March 22, 2017 to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File a completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Subtotal	
Add: Total donations of less than $100 each	
Total donations in current tax year	

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Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year		400	1A	400	400
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240	400		400	400
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year	210				
Include on line 112 of Schedule 1 *Net Income (Loss) for Income Tax Purposes*					
Subtotal (line 250 **plus** line 210)			1B		
Subtotal (line 240 **plus** amount 1B)		400	1C	400	400
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		400	1D	400	400
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2)	260	400		400	400
Enter on line 311 of the T2 return					
Charitable donations closing balance (amount 1D **minus** line 260)	280				

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in line 260 (for donations made after December 31, 2013) **262**

Ontario community food program donation tax credit for farmers (line 262 **multiplied** by 25 %) 1E

Enter amount 1E on line 420 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1E. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in line 260 (for donations made after December 31, 2015) **263**

Nova Scotia food bank tax credit for farmers (line 263 **multiplied** by 25 %) 1F

Enter amount 1F on line 570 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 1F. For more information, see section 50A of the Nova Scotia *Income Tax Act*.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in line 260 (for donations made after February 16, 2016 and before January 1, 2019) **265**

British Columbia farmers' food donation tax credit (line 265 **multiplied** by 25 %) 1G

Enter amount 1G on line 683 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 1G. For more information, see section 20.1 of the British Columbia *Income Tax Act*.

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

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Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31	400	400	400
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2004-12-31			
14th prior year	2003-12-31			
15th prior year	2002-12-31			
16th prior year	2001-12-31			
17th prior year	2001-09-30			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)		400	400	400

***** For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes* **multiplied** by 75 % 1,066,270 2A

Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** 225

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) 227

The amount of the recapture of capital cost allowance in respect of charitable donations 230

Proceeds of disposition, **less** outlays and expenses** 2B

Capital cost** 2C

Amount 2B or 2C, whichever is less 235

Line 230 or 235, whichever is less 2D

Subtotal (**add** lines 225, 227 and amount 2D) 2E

Amount 2E **multiplied** by 25 % 2F

Subtotal (amount 2A **plus** amount 2F) 1,066,270 2G

Maximum allowable deduction for charitable donations (amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is less) 400 2H

***** For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

****** This amount must be prorated by the following calculation: eligible amount of the gift **divided by** the proceeds of disposition of the gift.

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Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			3A		
Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount 3A **minus** line 439)	440				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year	410				
Include on line 112 of Schedule 1					
Subtotal (line 450 **plus** line 410)			3B		
Subtotal (line 440 **plus** amount 3B)			3C		
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income	460				
Enter on line 313 of the T2 return					
Subtotal (line 455 **plus** line 460)			3D		
Gifts of certified cultural property closing balance (amount 3C **minus** amount 3D)	480				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2004-12-31			
14th prior year	2003-12-31			
15th prior year	2002-12-31			
16th prior year	2001-12-31			
17th prior year	2001-09-30			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

***** For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

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Part 4 – Gifts of certified ecologically sensitive land

		Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			4A		
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount 4A **minus** line 539)	540				
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014 (include on line 112 of Schedule 1)	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014 (include on line 112 of Schedule 1)	520				
Subtotal (**add** lines 550, 510, and 520)			4B		
Subtotal (line 540 **plus** amount 4B)			4C		
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			4D		
Gifts of certified ecologically sensitive land closing balance (amount 4C **minus** amount 4D)	580				

***** For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

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Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year*	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2004-12-31			
14th prior year	2003-12-31			
15th prior year	2002-12-31			
16th prior year	2001-12-31			
17th prior year	2001-09-30			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

***** For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

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Part 5 – Additional deduction for gifts of medicine

		Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			5A		
Additional deduction for gifts of medicine expired after five tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount 5A **minus** line 639)	640				
Additional deduction for gifts of medicine made before March 22, 2017 transferred on an amalgamation or the wind-up of a subsidiary	650				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	602				
Cost of gifts of medicine made before March 22, 2017	601				
Subtotal (line 602 **minus** line 601)			5B		
Amount 5B **multiplied** by 50 %			5C		
Eligible amount of gifts	600				

Federal

a _____ x (b _____ / c) = Additional deduction for gifts of medicine made before March 22, 2017 . . . . . 610 _____

Québec

a _____ x (b _____ / c) = Additional deduction for gifts of medicine made before March 22, 2017 . . . . . _____

Alberta

a _____ x (b _____ / c) = Additional deduction for gifts of medicine made before March 22, 2017 . . . . . _____

where:

a is the **lesser** of line 601 and amount 5C

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

Subtotal (line 650 **plus** line 610)		5D		
Subtotal (line 640 **plus** amount 5D)		5E		
Adjustment for an acquisition of control	655			
Amount applied in the current year against taxable income	660			
Enter on line 315 of the T2 return				
Subtotal (line 655 **plus** line 660)		5F		
Additional deduction for gifts of medicine closing balance (amount 5E **minus** amount 5F)	680			

***** For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

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Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2016-12-31			
2nd prior year	2015-12-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
7th prior year	2010-12-31			
8th prior year	2009-12-31			
9th prior year	2008-12-31			
10th prior year	2007-12-31			
11th prior year	2006-12-31			
12th prior year	2005-12-31			
13th prior year	2004-12-31			
14th prior year	2003-12-31			
15th prior year	2002-12-31			
16th prior year	2001-12-31			
17th prior year	2001-09-30			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

***** For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

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Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2016-12-31	
2nd prior year	2015-12-31	
3rd prior year	2014-12-31	
4th prior year	2013-12-31	
5th prior year	2012-12-31	
6th prior year*	2011-12-31	
7th prior year	2010-12-31	
8th prior year	2009-12-31	
9th prior year	2008-12-31	
10th prior year	2007-12-31	
11th prior year	2006-12-31	
12th prior year	2005-12-31	
13th prior year	2004-12-31	
14th prior year	2003-12-31	
15th prior year	2002-12-31	
16th prior year	2001-12-31	
17th prior year	2001-09-30	
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

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Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a),(a.1), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- All legislative references are to the federal *Income Tax Act*.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only if** the payer corporation is **connected.**

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing column J and K use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business Number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD 220	E Non-taxable dividends under section 83 230
1			2			

Total of column E (enter amount on line 402 of Schedule 1)

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	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d)[note 1] 240	F1 Eligible dividends (included in column F)	F2	G Dividends included in column F that was received **before** 2016 241	H Total taxable dividends paid by **connected** payer corporation (for tax year in column D) 250	I Dividend refund of the **connected** payer corporation (for tax year in column D)[note 2] 260	J Part IV tax before deductions. Dividends (from column G) received **before** 2016 **multiplied** by 33 1/3%[note 3] 270	K Part IV tax before deductions. Dividends received **after** 2015 (column F **minus** column G) **multiplied** by 38 1/3%[note 4] 275
1								
	Total of column F (include this amount on line 320 of the T2 Return)						**Total of column J** (enter amount on line a in Part 2)	**Total of column K** (enter amount on line b in Part 2)

1 If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270 or column 275 as applicable according to the date received. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For dividends received **before** 2016 from **connected** corporations, Part IV tax on dividends is equal to: column G **multiplied** by column I **divided** by column H.

4 For dividends received **after** 2015 from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by the result of column F **minus** column G.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received **before** 2016, before deductions (total of column J in part 1) . . . . . a

Part IV tax on dividends received **after** 2015, before deductions (total of column K in part 1) . . . . . b

Part IV tax before deductions (amount a **plus** amount b) . . . . . ▶ L

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) 320

Subtotal (amount L **minus** line 320) M

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax . . . . . 330 c

Non-capital losses from previous years claimed to reduce Part IV tax . . . . . 335 d

Current-year farm loss claimed to reduce Part IV tax . . . . . 340 e

Farm losses from previous years claimed to reduce Part IV tax . . . . . 345 f

Total losses applied against Part IV tax (total of amounts c to f) g

If your tax year begins after December 31, 2015:

Amount g **multiplied** by 38 1 / 3 % . . . . . h

If your tax year begins before January 1, 2016:

Amount b or M whichever is less

_____ ÷ 38 1 / 3 % . . . = _____ 1

Amount 1 or g, whichever is less 2

Amount g **minus** amount 2 3

Amount 2 _____ x 38 1 / 3 % = _____ i

Amount 3 _____ x 33 1 / 3 % = _____ j

Subtotal (amount i **plus** amount j) k

Amount h or amount k, whichever applies depending on your tax year start date . . . . . N

Part IV tax payable (amount M **minus** amount N, if negative enter "0") 360

(enter amount on line 712 of the T2 return)

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Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information according to each tax year of the recipient corporation.

	O Name of connected recipient corporation 400	P Business Number 410	Q Tax year-end of connected recipient corporation in which the dividends in column R were received YYYY/MM/DD 420	R Taxable dividends paid to connected corporations 430	R1 Eligible dividends (included in column R)
1	NIAGARA-ON-THE-LAKE ENERGY INC.	86376 1490 RC0001	2017-12-31	500,000	
2					

Total of column R 500,000

Total taxable dividends paid in the tax year to other than connected corporations **450**

Eligible dividends (included in line 450) 450a

Total taxable dividends paid in the tax year that qualify for a dividend refund
(total of column R **plus** line 450) **460** 500,000

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 500,000

Other dividends paid in the tax year (total of 510 to 540) . . . . .

Total dividends paid in the tax year **500** 500,000

Deduct:

Dividends paid out of capital dividend account **510**

Capital gains dividends **520**

Dividends paid on shares described in subsection 129(1.2) **530**

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year **540**

Subtotal (total of lines 510 to 540) ▶ S

Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount S) 500,000 T

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

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

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

	1 Class number * **200**	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) **201**	3 Cost of acquisitions during the year (new property must be available for use) (see note 1 below) **203**	4 Adjustments and transfers (see note 2 below) **205**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) **207**	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) (see note3 below) **211**	7 Reduced undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5 **minus** column 6)	8 CCA rate % (see note 4 below) **212**	9 Recapture of capital cost allowance (line 107 of Schedule 1) (see note 5 below) **213**	10 Terminal loss (line 404 of Schedule 1) **215**	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) (see note 6 below) **217**	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) **220**
1.	1	Dist'n Plant >87	4,370,164			0		4,370,164	4	0	0	174,807	4,195,357
2.	2	Dist'n Plant < 88	1,967,981			0		1,967,981	6	0	0	118,079	1,849,902
3.	1	Transformers > 87	3,365,049			0		3,365,049	4	0	0	134,602	3,230,447
4.	2	Transformers < 88	378,023			0		378,023	6	0	0	22,681	355,342
5.	1	Meters > 87	154,868			0		154,868	4	0	0	6,195	148,673
6.	2	Meters < 88	64,237			0		64,237	6	0	0	3,854	60,383
7.	1	Buildings	461,121			0		461,121	4	0	0	18,445	442,676
8.	2	Dist'n Stations	178,380			0		178,380	6	0	0	10,703	167,677
9.	8	Office equipment	105,631			0		105,631	20	0	0	21,126	84,505
10.	8	Stores/Comm/Supe etc	50,865			0		50,865	20	0	0	10,173	40,692
11.	10	Vehicles, trailers, transport equip	39,696	45,650		0	22,825	62,521	30	0	0	18,756	66,590
12.	10	Motor Vehicles	87,466			0		87,466	30	0	0	26,240	61,226
13.	8	Inventory spare part	9,154			0		9,154	20	0	0	1,831	7,323
14.	17	Telephone System	9,693			0		9,693	8	0	0	775	8,918
15.	8	Lighting	201			0		201	20	0	0	40	161
16.	17	Paving	8,415			0		8,415	8	0	0	673	7,742
17.	6	Fencing	2,408			0		2,408	10	0	0	241	2,167
18.	8	PCB Storage	334			0		334	20	0	0	67	267
19.	1	SCADA system	173,250			0		173,250	4	0	0	6,930	166,320
20.	2	Invent Dist'n Meter	26,863			0		26,863	6	0	0	1,612	25,251
21.	45	Computer hardware - new	1,466			0		1,466	45	0	0	660	806
22.	47	Distribution assets after Feb 22,	12,436,423	905,120		503,386	200,867	12,637,290	8	0	0	1,010,983	11,827,174
23.	50	Computer Hardware	132,068	17,583		0	8,792	140,859	55	0	0	77,472	72,179

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	1 Class number * 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use) (see note 1 below) 203	4 Adjustments and transfers (see note 2 below) 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) (see note3 below) 211	7 Reduced undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5 **minus** column 6)	8 CCA rate % (see note 4 below) 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) (see note 5 below) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) (see note 6 below) 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
24.	1b	Buildings	75,388			0		75,388	6	0	0	4,523	70,865
25.	8	Smart grid	245,449	204,754		0	102,377	347,826	20	0	0	69,565	380,638
26.	14.1		7,902			0		7,902	5	0	0	553	7,349
27.	12	Computer Software		128,951		0	64,476	64,475	100	0	0	64,475	64,476
		Totals	24,352,495	1,302,058		503,386	399,337	24,751,830				1,806,061	23,345,106

* Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

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

Note 2. Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost. Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

Note 3. The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

Note 4. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

Note 5. For every entry in column 9, "Recapture of capital cost allowance", there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

Note 6. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

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T2 SCH 8 (17)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	NIAGARA-ON-THE-LAKE ENERGY IN		86376 1490 RC0001	1					7,054,844
2.	Energy Services Niagara Inc		86360 6125 RC0001	3					143,511
3.	Town of Niagara-on-the-Lake		NR	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

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Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	EMPLOYEE FUTURE BENEFITS	330,064		478,800	330,064	478,800
2	AFDA	95,071		95,418	95,071	95,418
3						
	Reserves from Part 2 of Schedule 13					
	Totals	425,135		574,218	425,135	574,218

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.

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) **100**	Amount of contribution $ (see note 2) **200**	Registration number (RPP, RSUBP, PRPP, and DPSP only) **300**	Name of EPSP trust **400**	Address of EPSP trust **500**	T4PS slip(s) (see note 3) **600**
1	1	154,013	490251			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2

You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule	154,013	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	154,013	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")		C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer
(EPSP only)

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T2 SCH 15 (13)

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Schedule 23

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 tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group. Include 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 association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless 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 to which code 1 does not apply 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.

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 by 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 does not exceed $500,000.

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Allocating the business limit

Date filed (do not use this area) . . . . . 025 — Year Month Day

Enter the calendar year to which the agreement applies . . . . . 050 — Year: 2017

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . 075 — 1 Yes ☐ 2 No ☒

	1 Names of associated corporations 100	2 Business number of associated corporations 200	3 Asso-ciation code 300	4 Business limit for the year before the allocation $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400
1	NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	1	500,000	100.0000	500,000
2	NIAGARA-ON-THE-LAKE ENERGY INC.	86376 1490 RC0001	1	500,000		
3	Energy Services Niagara Inc	86360 6125 RC0001	1	500,000		
4	Town of Niagara-on-the-Lake	NR	4			
				Total	100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (D - $10,000,000). Details of this formula and variable D are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year, whichever is less.

T2 SCH 23 E (15)

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Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2016-12-31				
2015-12-31	2,000			2,000
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				*
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
				*
Total	2,000			2,000

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *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.
- 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 year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101	574,218	
Capital stock (or members' contributions if incorporated without share capital)	103	2,632,307	
Retained earnings	104	9,708,384	
Contributed surplus	105		
Any other surpluses	106	4,269,026	
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	9,769,927	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111		
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112		
Subtotal (**add** lines 101 to 112)		26,953,862 ▶	26,953,862 A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if

a) those lines applied to partnerships in the same manner that they apply to corporations, and

b) those amounts were computed without reference to amounts owing by the partnership

(i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or

(ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

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Part 1 – Capital (continued)

		Subtotal A (from page 1)	26,953,862 A
Deduct the following amounts:			
Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating 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		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
		Subtotal (**add** lines 121 to 124) ▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		26,953,862

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	100
A loan or advance to another corporation (other than a financial institution)	402	427,037
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	427,137

Notes:

1. 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 a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
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. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		26,953,862 C
Deduct: Investment allowance for the year (line 490)		427,137 D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	26,526,725

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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) 26,526,725 x (Taxable income earned in Canada / Taxable income) **610** 1,000 / 1,000 = **Taxable capital employed in Canada** **690** 26,526,725

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 tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

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

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

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada **711**

Total of all amounts each of which is the carrying value at the end of 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 during the year through a permanent establishment in Canada **712**

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) **713**

Total deductions (**add** lines 711, 712, and 713) ▶ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") **790**

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 for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . . F

Deduct: . . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") H

Calculation for purposes of the small business deduction (amount H x 0.225%) I

Enter this amount at line 415 of the T2 return.

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Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Operator (Note)	Amount
Current portion of LT debt		1,889,234 00
Long-term portion of LT debt	+	7,005,567 00
Customer Deposits	+	377,590 00
Due to town of ENSI	+	13,037 00
Due to town of NOTL (acct 2205 total)	+	484,499 00
Line of credit	+	
	+	
	+	
	Total	9,769,927 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Part 2 – A loan or advance to another corporation (other than a financial ir

Description	Operator (Note)	Amount
Special Deposits		377,590 00
Due from NOTL Energy Inc	+	22,923 00
Prepaids per BS	+	26,524 00
	+	
	Total	427,037 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for th

Description	Operator (Note)	Amount
Sch 13S reserves		574,218 00
	+	
	+	
	Total	574,218 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

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

		Provide only one number per shareholder				
	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

On: 2017-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 *Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . ☒ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

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Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year	100	5,875,166	A
Taxable income for the year (DICs enter "0") *	110		B
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less *	130		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140		
Subtotal (line 130 **plus** line 140)			C
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")	150		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))	190		D
Eligible dividends received in the tax year	200		
Dividends deductible under section 113 received in the tax year	210		
Subtotal (line 200 **plus** line 210)			E
Becoming a CCPC (amount W5 in Part 4)	220		
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)	230		
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)	240		
Subtotal (**add** lines 220, 230, and 240)	290		F
Subtotal (**add** amounts A, D, E, and F)		5,875,166	G
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)			
Subtotal (line 300 **minus** line 310)			H
GRIP before adjustment for specified future tax consequences (amount G **minus** amount H) (amount can be negative)	490	5,875,166	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount N3 in Part 2)	560		
GRIP at the end of the tax year (line 490 **minus** line 560)	590	5,875,166	

Enter this amount on line 160 of Schedule 55.

***** For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

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Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less B1

Aggregate investment income (line 440 of the T2 return) C1

Subtotal (amount B1 **plus** amount C1) ▶ D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") ▶ E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less G1

Aggregate investment income (line 440 of the T2 return) H1

Subtotal (amount G1 **plus** amount H1) ▶ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ▶ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") K1

GRIP adjustment for specified future tax consequences to the first previous tax year

(amount K1 **multiplied** by 0.72) **500**

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Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Second previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less B2

Aggregate investment income (line 440 of the T2 return) C2

Subtotal (amount B2 **plus** amount C2) ▶ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ▶ E2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less G2

Aggregate investment income (line 440 of the T2 return) H2

Subtotal (amount G2 **plus** amount H2) ▶ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ▶ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") K2

GRIP adjustment for specified future tax consequences to the second previous tax year

(amount K2 **multiplied** by 0.72) **520**

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Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2014-12-31

Taxable income before specified future tax consequences from the current tax year A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less B3

Aggregate investment income (line 440 of the T2 return) C3

Subtotal (amount B3 **plus** amount C3) ▶ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") ▶ E3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less G3

Aggregate investment income (line 440 of the T2 return) H3

Subtotal (amount G3 **plus** amount H3) ▶ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ▶ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") K3

GRIP adjustment for specified future tax consequences to the third previous tax year

(amount K3 **multiplied by** 0.72) **540**

Total GRIP adjustment for specified future tax consequences to previous tax years:

(**add** lines 500, 520, and 540) (if negative, enter "0") L3

Enter amount L3 on line 560 in part 1.

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Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year			A4
Eligible dividends paid by the corporation in its last tax year	B4		
Excessive eligible dividend designations made by the corporation in its last tax year	C4		
Subtotal (amount B4 **minus** amount C4)		▶	D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)			E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . ☐ Post amalgamation . . . . . ☐ Post wind-up . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year A5

The corporation's money on hand immediately before the end of its previous/last tax year B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses	C5	
Net capital losses	D5	
Farm losses	E5	
Restricted farm losses	F5	
Limited partnership losses	G5	
Subtotal (**add** amounts C5 to G5) ▶		H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses	I5	
Net capital losses	J5	
Farm losses	K5	
Restricted farm losses	L5	
Limited partnership losses	M5	
Subtotal (**add** amounts I5 to M5) ▶		N5
Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ▶		O5
Subtotal (**add** amounts A5, B5, and O5)		P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year R5

All the corporation's reserves deducted in its previous/last tax year S5

The corporation's capital dividend account immediately before the end of its previous/last tax year T5

The corporation's low rate income pool immediately before the end of its previous/last tax year U5

Subtotal (**add** amounts Q5 to U5) ▶ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Canada Revenue Agency / Agence du revenu du Canada

Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Do not use this area

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3		500,000	
Total taxable dividends paid in the tax year	100	500,000	
Total eligible dividends paid in the tax year	150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160	5,875,166	B
Excessive eligible dividend designation (line 150 **minus** line 160)			C
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	180		D
Subtotal (amount C **minus** amount D)			E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190		F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3			
Total taxable dividends paid in the tax year	200		
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)			G
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	280		H
Subtotal (amount G **minus** amount H)			I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290		J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2017-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
NIAGARA-ON-THE-LAKE HYDRO INC.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2000-07-01	1424833

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
8	Henegan Road	

240 Additional address information if applicable (line 220 must be completed first)
PO Box 460

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Virgil	ON	CA	L0S 1T0

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 [2] If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Klassen (Last name) **451** Jeffrey (First name)

454 Tyler (Middle name(s)),

460 [2] Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

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

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Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 2 Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number | **530** Street name/Rural route/Lot and Concession number | **540** Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town) | **570** Province/state | **580** Country | **590** Postal/zip code

Part 6 – Language of preference

600 1 Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

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CRA internal form identifier 547

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	705 First name	710 Middle name(s)
Syed	Hassan	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
541	Winston Road	36

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Grimsby	ON	CA	L3M 0C5

Director

Is this director a resident Canadian? . . . 795 **1** Yes ☐ **2** No ☐

(applies to directors of corporations with share capital only)

796 Date elected/appointed (Year Month Day):

797 Date ceased, if applicable (Year Month Day):

Officer information

		Date appointed (Year Month Day)		Date ceased, if applicable (Year Month Day)
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846	2016-05-11	847	2017-05-26
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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Once you have completed this page, complete the certification in Part 4 of this schedule.

CRA internal form identifier 547

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	705 First name	710 Middle name(s)
Marouf	Kazi	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
570	Ferndale Avenue	

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Fort Erie	ON	CA	L2A 6E3

Director

Is this director a resident Canadian? . . . **795** **1** Yes ☐ **2** No ☐

(applies to directors of corporations with share capital only)

796 Date elected/appointed Year Month Day:

797 Date ceased, if applicable Year Month Day:

Officer information

		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846	2017-05-11	847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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Once you have completed this page, complete the certification in Part 4 of this schedule.

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . . NIAGARA-ON-THE-LAKE HYDRO INC.

Taxation Year . . . . . 2017-01-01 to 2017-12-31

Jurisdiction . . . . . Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
☐	☐	☐	☐	X	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Corporation is associated . . . . . Y

Corporation is related . . . . . Y

Number of associated corporations . . . 3

Type of corporation . . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . . .

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		1,421,693
Taxable income		
Donations		
Calculation of income from an active business carried on in Canada		1,421,693
Dividends paid		500,000
Dividends paid – Regular	500,000	
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		5,875,166
Balance of the general rate income pool at the end of the year		5,875,166
Part I tax (base amount)		

Summary of federal carryforward/carryback information

Carryforward balances

Investment tax credits	2,000
Capital dividend amount	74,366
Financial statement reserve	574,218

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Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	1,421,693		
Taxable income			
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***			
Instalments and refundable credits			
Balance due/Refund (-)			
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

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Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
NIAGARA-ON-THE-LAKE HYDRO INC.	26,853,754	26,853,754	26,526,725	26,526,725
NIAGARA-ON-THE-LAKE ENERGY INC.	8,185	8,185	5,686	5,686
Energy Services Niagara Inc	1,692,031	1,692,031	481,838	481,838
Town of Niagara-on-the-Lake				
Total	28,553,970	28,553,970	27,014,249	27,014,249

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
Total			

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

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Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Net income	1,421,693	-18,286	-383,781	-51,083	1,527,596
Taxable income					1,522,076
Active business income	1,421,693				1,527,596
Dividends paid	500,000	500,000	500,000	250,000	
Dividends paid – Regular	500,000	500,000	500,000	250,000	
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	5,875,166	5,889,299	6,165,621	6,202,401	5,106,506
GRIP – end of the year	5,875,166	5,875,166	5,889,299	6,165,621	6,202,401
Donations			400		5,520
Balance due/refund (-)		-9,973	-100,000	-357,237	-136,179
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Taxable income before loss carrybacks	N/A	N/A			1,522,076
Non-capital losses	N/A	N/A			19,629
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			19,629
Adjusted taxable income after loss carrybacks	N/A	N/A			1,502,447

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Adjusted taxable income before current year loss carrybacks*	N/A				N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A				N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

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Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Part I					199,470
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against part I tax

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					28,841
Abatement/other*					350,078

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
ITC refund					
Dividend refund				19,345	
Instalments			90,000	327,892	464,071
Other*		9,973	10,000	10,000	

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

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Ontario

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Net income	1,421,693	-18,286	-383,781	-51,083	1,527,596
Taxable income					1,522,076
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income					1,522,076
Surtax					
Income tax payable before deduction					175,039
Income tax deductions /credits					41,795
Net income tax payable					133,244
Taxable capital					
Capital tax payable					
Total tax payable*					133,244
Instalments and refundable credits		9,973	10,000	10,000	4,822
Balance due/refund**		-9,973	-10,000	-10,000	128,422

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

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Commerce Place
21 King Street West Suite 700
Hamilton, ON L8P 4W7
Tel 905-523-8200
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PRIVATE AND CONFIDENTIAL

Mr. Timothy Curtis
Niagara-on-the-Lake Hydro Inc.
8 Henegan Road
Virgil ON L0S 1T0

June 7, 2018

Dear Mr. Curtis:

Corporate Income Tax Returns

Client Copy

We have enclosed the following income tax returns of Niagara-on-the-Lake Hydro Inc. (the "Company") for the year ended **December 31, 2017**:

- ☑ T2 – *Corporation Income Tax Return* – EXEMPT
- ☑ T183 *Information Return For Corporations Filing Electronically* (Federal – to be e-filed with CRA) - Exempt
- ☑ T2 – *Corporation Income Tax Return* (to be filed with Ministry of Finance) – PILS
- ☑ Instalment Schedule
- ☑ One copy of each return for your files

We have prepared these returns based on our understanding of the information provided to us by the Company and we recommend that you review the returns to ensure that all of the relevant facts are properly disclosed. When you are satisfied that the returns are in order, one copy of each return should be retained for your records (the copy stamped "Client Copy") and the remaining copies should be completed by an authorized signing officer of the Company and filed as described below.

DUE DATE OF RETURNS AND PAYMENTS

All returns must be filed with the respective taxing authorities by the due date if late filing penalties are to be avoided. We suggest that the returns be sent by registered mail and that the mailing receipt be kept on file in order to have evidence of the date of filing.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Any balances owing must be remitted by the due date or as soon as possible if interest charges are to be minimized.

T2 – *CORPORATION INCOME TAX RETURN* (FEDERAL) CRA COPY - EXEMPT

Signature

✍ The Form T183CORP - *Information Return for Corporations Filing Electronically* should be completed and signed.

Payment

No amount is payable for the **December 31, 2017** taxation year.

Mailing

✉ One copy of the signed Form T183CORP should be returned to us in the self-addressed envelope no later than **June 30, 2018** in order to have the Company's corporate income tax return filed on or before the due date for filing. Alternatively, you can fax it to **(905) 523-2222.**

T2 – *CORPORATION INCOME TAX RETURN* - MINISTRY OF FINANCE

Signature

✍ Form T2 – *Corporate Income Tax Return*, the certification section at the bottom of page 9 should be completed and signed.

Payment

A cheque in the amount of $**374,643** should be attached for the **December 31, 2017** taxation year. Payments should be made in Canadian funds and be made payable to the Minister of Finance. Your business number should be printed on the back of the cheque or money order.

Mailing

✉ One copy of the *T2 Corporate Income Tax Return* must be received by The Ministry of Finance, HYDRO PIL DIVISION, P.O. Box 620, 33 King Street West, Oshawa, Ontario, L1H 8E9 no later than **June 30, 2018**. The Company's account number should be recorded on each of the paper documents submitted.

NOTICES OF ASSESSMENT

If your Company receives a Notice of Assessment that does not agree with the returns prepared by us, please contact us so that we can determine whether any action should be taken. The Company has only 90 days (180 days in the case of Ontario) from the date of

Client Copy

mailing of the Assessment in which to object. Failure to respond within the prescribed time limit will cause the Company to lose its right to object to the Assessment.

INSTALMENTS

We have prepared and enclose an estimate of PILS tax instalments as applicable for the Company for the **2018** taxation year. The amounts were computed with reference to the Company's taxable income, taxable capital and taxes payable for prior years. If during the year it is evident that the taxable income or taxable capital for the current year will be substantially less than for the previous taxation year, your instalments may be recalculated. Please call your KPMG advisor in order that we may determine what course of action should be taken.

In order to avoid interest charges, the Ministry of Finance must receive the instalment payments no later than the date indicated on the attached schedule.

If you have any questions concerning these returns, or if we may be of any further assistance, please do not hesitate to contact us.

Yours truly,

Tony Italiano
Partner
905-523-2227

Enclosures

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