SUMMARY OF OM&A

1. SUMMARY OF OM&A EXPENDITURES

The test year OM&A expenses result from the business planning and work prioritization processes described in Section 2.1 of the Distribution System Plan found at Exhibit B1, Tab 1, Schedule 1. This process reflects a risk-based decision making approach to ensure appropriate and cost-effective investments that demonstrate Hydro One's commitment to aligning customer needs and preferences, responsible stewardship of the Company's distribution assets and rate impacts.

Hydro One Distribution's OM&A budget is grouped into the following investment categories: Sustainment, Development, Operations, Customer Care, Common Corporate and Property Taxes and Rights Payments.

Table 1 provides a summary of Hydro One Distribution's OM&A expenditures for the historical, bridge and test years.

Table 1: Summary of Recoverable OM&A Expenses ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Sustainment	325.7	304.6	316.5	323.7	361.4	334.5	367.1	346.7
Development	11.0	10.9	15.4	11.9	17.8	13.2	17.0	11.0
Operations	29.5	27.6	35.8	31.5	39.4	33.4	37.5	36.7
Customer Care	209.3	155.4	111.7	118.8	110.9	132.6	111.6	131.6
Common Corporate Costs and Other	94.4	69.1	59.0	72.0	54.8	54.4	54.7	53.9
Property Taxes & Rights Payments	4.6	4.8	4.7	4.6	4.9	4.7	5.0	4.9
Total	**674.5**	**572.5**	**543.1**	**562.6**	**589.1**	**572.8**	**593.0**	**584.8**
% Change (year-over-year)		*-15.1%*	*-19.5%*	*-1.7%*	*8.5%*	*1.8%*	*0.7%*	*2.1%*
% Change (Test vs. 2016 Actual)								*3.9%*

"Approved" figures reflect OEB-directed reductions to Sustainment OM&A and Common Corporate Costs and Other OM&A line items (specifically, budgets for vegetation management, LEAP funding, and compensation).

1.1 SUSTAINING

Sustaining OM&A represents expenditures required to maintain existing components of the distribution system to ensure they continue to function as designed. Hydro One manages its Sustaining OM&A by dividing the expenditures into the following four investment categories: (a) stations; (b) lines; (c) meters, telecom, and control; and (d) vegetation management.

These Sustaining OM&A investments fund both planned work and unplanned demand work and are intended to ensure operational effectiveness by maintaining an acceptable level of reliability, deliver on commitments to customers, and be responsive to public policy by complying with all legislative, regulatory, safety and environmental requirements. Planned OM&A work involves the inspection, verification, and planned maintenance or repair of existing assets. Unplanned demand OM&A work requires an immediate or timely response to address customer, safety and system needs. Sustaining OM&A details are provided in Exhibit C1, Tab 1, Schedule 2.

1.2 DEVELOPMENT

Development OM&A expenditures are required to perform technical studies and develop construction standards for the connection of load and generation customers to the distribution system. These expenditures also support research into new technologies and the development of power quality solutions. These investments ensure that the existing and forecast customer load and generation demands are met, system reliability is maintained, regulatory requirements are satisfied, and the impact of distributed generation connected to the system is effectively monitored.

Development OM&A investments are categorized as follows: (a) engineering and technical studies; (b) distributed generation connections; (c) distribution standards programs; (d) research development and demonstration; and (e) customer power quality programs. Development OM&A activities are described in detail in Exhibit C1, Tab 1, Schedule 3.

1.3 OPERATIONS

Operations OM&A investment funds the Operating function which coordinates and dispatches crews as required, plans for and reacts to system contingencies, schedules and coordinates planned outages, provides customer notifications, and monitors and reports on the performance of the distribution system. Operators at the Ontario Grid Control Centre ("OGCC") monitor the distribution system. Operations OM&A spending also supports Hydro One's environment, health and safety activities and the Smart Grid. Details of the expenditures are provided in Exhibit C1, Tab 1, Schedule 4.

1.4 CUSTOMER CARE OM&A

Hydro One's Customer Care OM&A funds are used to provide services to residential, small business, commercial, and industrial customers. The key functions of Customer Care are: (a) responding to customer inquiries when they contact the call center; (b) obtaining meter readings; (c) issuing timely and accurate bills; (d) processing customer payments; (e) collections program management, and (f) providing financial assistance to low-income customers through the OEB's Low-Income Energy Assistance Program ("LEAP"). Details of the expenditures under this program are provided in Exhibit C1, Tab 1, Schedule 5.

1.5 COMMON CORPORATE COSTS AND OTHER OM&A

The Common Corporate and other OM&A expenditures include costs associated with: common corporate functions and services ("CCFS"), planning, information technology, and cost of external revenues.

CCFS includes the following functions and services: corporate management, finance, people and culture, corporate relations, general counsel and corporate secretariat, regulatory affairs, security management, internal audit, and real estate and facilities. Other OM&A expenses include an environmental provision, indirect depreciation and other costs. Planning services include system investment and asset stewardship functions. IT activities include providing and managing computer systems (for example, hardware and software) and IT infrastructure.

Details of Common Corporate expenditures are provided in Exhibit C1, Tab 1, Schedules 6 to 10.

1.6 PROPERTY TAXES AND RIGHTS PAYMENTS

Hydro One is subject to property taxes in accordance with the *Electricity Act 1998*, the *Municipal Act 2001*, and the *Assessment Act 1990*. Hydro One also pays annual fees for the right to cross and/or occupy properties owned by third parties, such as railway companies and/or governmental bodies. Details of the expenditures under this program are filed at Exhibit C1, Tab 7, Schedule 4.

1.7 ONE-TIME COSTS - CHARITABLE AND POLITICAL DONATIONS

Hydro One is not seeking recovery of any one-time costs as described in section 2.4.3.4 of the Filing Requirements. Moreover and further to section 2.4.3.7 of the Filing Requirements, Hydro One confirms that neither charitable donations nor political donations have been included in this Application for recovery. Any charitable donations made by Hydro One are allocated to its non-regulated accounting segment, not Hydro One Distribution.

2. VARIANCE EXPLANATION

2.1 SUSTAINING

The proposed Sustaining OM&A spending for the 2018 test year is trending upward relative to the historic actual and forecast expenditures. However, the 2018 proposed level of spending remains below the previous OEB-approved levels.

The 2018 test year spend is about a 3.5% annual increase relative to the forecast expenditures over the 2016 and 2017 period. This increase over the two-year period is largely attributed to:

- An increase of approximately $7 million in the vegetation management program to address the backlog in vegetation maintenance, increase responsiveness to site-specific customer concerns, and more effectively mitigate emergent safety and reliability concerns; and
- An increase of approximately $12 million in the lines demand work program to address trouble calls and customer requests for underground cable locates.

The 2016 actual expenditure is in line with historic actual expenditures. The exception was in 2015 when the actual expenditure was strategically reduced below the approved amount to redirect funding to address increased costs associated with the implementation of Hydro One's customer information system ("CIS"), as documented in Exhibit C1, Tab 1, Schedule 5.

Both the 2016 actual and 2017 forecast expenditures are below the OEB-approved amounts primarily due to improvements in the vegetation management program. The forecast for the 2018 test year remains below the 2016 and 2017 OEB-approved amounts due to productivity improvements.

2.2 DEVELOPMENT

The proposed Development OM&A spending for the 2018 test year is a decrease of $2.2 million relative to the 2017 bridge year forecast, largely due to a decline in the engineering and technical service program caused by the planned modernization of the distribution system.

The 2017 bridge year expenditures forecast is $1.3 million higher than the 2016 actual expenditures, largely due to the increased focus on technology projects in the Distributions Standards Program, and the forecast increase in requests for the connection of distributed generation projects to Hydro One's distribution system and the ongoing cost of monitoring these distributed generators for power quality. The 2016 historic year actual expenditure is an increase of about $1.0 million relative to the actual expenditures in 2014 and 2015 due to increases in two of the Development OM&A programs. However, spending over this period is below the OEB-approved levels by an average of $4.7 million per year due to a reallocation of ESA fees to the Sustaining OM&A budget; changes in standards development; a wider selection of vendors which enabled pricing and service quality improvements; and a redirection in research focus.

2.3 OPERATIONS

Actual and forecast Operations expenditures are below OEB-approved amounts in 2015, 2016 and 2017 primarily due to the delayed upgrade of the Distribution Management System. Contributing factors also included program re-assessments and reductions to program expenditures.

2.4 CUSTOMER CARE

Customer Care OM&A expenditures in 2014 and 2015 were higher than OEB-approved levels due to: (a) the increased costs associated with the implementation of the CIS in May 2013; (b) the higher net bad debt levels that resulted from suspending Hydro One's collection program; (c) the market price of a new outsourcing contract, higher than expected transition costs associated with the new outsourcing contract; and (d) higher than forecast LEAP contributions.

Spending levels in 2016 were higher than OEB-approved levels as a result of improved customer service call centre targets, new service level guarantees, extended hours of operation for certain parts of the call center, improved bill accuracy targets, and additional LEAP contributions.

Spending in 2017 and 2018 is forecast to be higher than OEB-approved historical levels as a result of Distribution System Code amendments relating to interval meters and monthly billing (EB-2013-0311, EB-2014-0198); initiatives to improve bill accuracy targets; a higher net bad debt forecast; and the aforementioned improved customer service targets, hours of operation and service level guarantees.

2.5 COMMON CORPORATE AND OTHER OM&A

Overall Common Corporate costs are lower since 2014. Planning costs have decreased mainly due to succession planning. Common corporate functions and services costs have increased, primarily due to higher costs for corporate management, people and culture and internal audit. IT OM&A expenditures are trending lower on an annual basis primarily due to savings from several productivity initiatives. In 2016, increases in spending were required to support an increased capital portfolio. The cost of external revenue has been relatively flat.

Other OM&A has a larger negative value since 2014, which is favourable as it reduces total OM&A. Capitalized overheads and indirect depreciation increase with an increasing capital work programs. The environmental provision offsets work program costs as these costs have already been set aside and are drawn down as work progresses.

2.6 PROPERTY TAXES AND RIGHTS PAYMENTS

Actual and forecast property taxes and rights payments are materially in line with approved levels.

SUSTAINING OM&A

1. SUMMARY OF SUSTAINING OM&A

Sustaining OM&A represents expenditures required to maintain existing components of the distribution system to ensure they will continue to function as originally designed. Hydro One manages its Sustaining OM&A by dividing the expenditures into the following four investment categories:

- Stations – Expenditures that fund the work required to inspect, repair or maintain distribution stations or individual station components, as well as assess and carry out remedial work to reduce environmental contamination at distribution stations;
- Lines – Expenditures that fund the work required to inspect, repair or maintain distribution line sections or individual line components;
- Meters, Telecom, and Control – Expenditures that fund the work required to inspect, repair and maintain metering and control equipment, perform meter verification, and fund the cost of leasing telecommunication circuits; and
- Vegetation Management – Expenditures that fund the work required to keep assets clear of unwanted vegetation.

These sustaining OM&A investments fund both planned work and unplanned demand work and are intended to ensure operational effectiveness by maintaining an acceptable level of reliability, deliver on customer commitments, and address public policy responsiveness by complying with all legislative, regulatory, safety and environmental requirements.

The planned OM&A work involves the inspection, verification, and planned maintenance or repair of existing distribution system assets. Asset inspections are crucial in locating substandard or hazardous conditions in the distribution system and are required by the Distribution System Code in accordance with Section 4.4 "System Inspection Requirements and Maintenance".

Verification of metering equipment allows for compliance with the Federal Measurements Canada requirements on metering device accuracy and seal expiry management. Accurate metering devices are necessary to provide customers with accurate and timely bills. Planned maintenance optimizes the life span and performance of assets, and protects the system from the effects of premature failure. Repairing assets enables the ongoing safe and reliable operation of the system. However, an economic evaluation may determine that it is more cost-effective to replace an asset rather than to continue to repair or maintain it. These capital replacement activities are described in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 3.8.

The unplanned demand OM&A work requires an immediate or timely response to customer, safety and system needs. This work includes responding to service interruptions, resolving public safety hazards, replacing or repairing failed equipment, responding to customer requests, and providing underground cable locating services. More than one third of the Sustaining OM&A expenditures are related to these demand work activities.

The selection of sustaining OM&A investments is guided by the investment planning process described in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 2.1. This process has been completed for all planned and unplanned demand Sustaining OM&A investments to ensure that assets are managed prudently so as to meet customer, operational and regulatory requirements. Hydro One has been able to minimize the

OM&A requirement for 2018 through increased work efficiency resulting from a number of productivity initiatives outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.5. Hydro One anticipates that potential reductions applied to the test year spending are likely to have a compounding effect on cost pressures in the future. A summary of the historic, bridge and test year expenditures including Board-approved levels are provided in Table 1.

Table 1: Summary of Sustaining OM&A ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Stations	25.7	25.3	27.6	23.8	28.4	24.9	28.9	24.8
Lines	145.2	144.7	141.3	141.4	149.7	149.4	152.4	153.8
Meters, Telecom and Control	14.2	16.6	18.5	16.2	18.7	17.3	18.5	18.6
Vegetation Management	140.6	118.0	129.0	142.3	164.6	142.9	167.3	149.6
Total	**325.7**	**304.6**	**316.5**	**323.7**	**361.4**	**334.5**	**367.1**	**346.7**

2. VARIANCE EXPLANATION FOR SUSTAINING OM&A

The proposed Sustaining OM&A spending for the 2018 test year is trending upward relative to the historic actual and forecast expenditures; however 2018 proposed level of spending remains below the previous Board-approved levels.

The 2018 test year spend is about a 3.5% annual increase relative to the expenditures over the 2016 and 2017 period. This increase is largely attributed to:

- An increase of approximately $7 million in the vegetation management program over the two-year period to address the backlog in vegetation maintenance, increase responsiveness to site specific customer concerns, and more effectively mitigate emergent safety and reliability concerns; and

- An increase of approximately $12 million in the lines demand work program over the two-year period to address trouble calls and customer requests for underground cable locates to ensure customers maintain a level of service that is consistent with customer expectations and allows Hydro One to comply with the requirements set out in Section 4 of the Distribution System Code.

The 2016 actual expenditure is in line with the historic actual expenditures. The exception is 2015 when the actual expenditure was strategically reduced below the approved amount in order to redirect funding to address increased costs associated with the implementation of Hydro One's customer information system, as documented in Exhibit C1, Tab 1, Schedule 5.

Both the 2016 actual and 2017 forecast expenditures are below the Board-approved amounts primarily due to changes in the vegetation management program to improve work efficiencies while increasing responsiveness to customer needs and reducing impact on customer properties. The changes to the vegetation management program are documented in detail in Section 3.4 below.

The forecast for the 2018 test year is also below the 2016 and 2017 Board-approved amounts due to incorporation of customer preferences and productivity initiatives. During the Customer Engagement process, Hydro One's customers consistently ranked cost as a top priority and expressed a desire to see Hydro One demonstrate greater fiscal management and operational efficiency before considering rate increases. The second priority was to maintain reliable electricity service. These customer preferences have guided the development of the proposed Sustaining OM&A investments in 2018. Hence the proposed Sustaining OM&A investment plan is designed to keep rate impacts low, while providing reliability consistent with customer expectations, by leveraging productivity initiatives as outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.5.

3. TEST YEAR FORECAST

A summary of Hydro One's test year Sustaining OM&A investments are described herein for each of the four investment categories.

3.1 STATIONS

Hydro One owns, operates, and maintains 1,005 distribution and regulating stations. Distribution Stations step down voltage from transmission or sub-transmission levels to primary distribution voltage for distribution to commercial, industrial, farm, year-round residential and seasonal residential customers. Regulating Stations are a special type of station that maintains voltage within the prescribed limits in response to load variations that can cause voltage increases or decreases. Distribution Station facilities typically contain the following components: station transformers and regulators, reclosers, breakers, switches, fuses, station structures, fences, grounding systems, station service transformers, insulators, bus, and spill containment systems. Hydro One also owns, operates and maintains a fleet of 30 mobile unit substations ("MUSs") that are used to provide emergency power restoration in the event of a transformer or other station component failure, carrying the station load during maintenance and capital activities, and load relief for distribution stations as required.

Stations Sustaining OM&A funding covers investments required to maintain assets located within these distribution and regulating stations, as well as to maintain the mobile unit substations. The Stations Sustaining OM&A investments are divided into three programs:

1. Stations Demand and Planned Corrective Maintenance, which funds the OM&A investments to respond to emergency failures and to address equipment deficiencies at distribution and regulating stations;
2. Planned Preventive Station Maintenance, which funds the OM&A investments to reduce the risk of equipment failure at distribution and regulating stations; and
3. Land Assessment and Remediation, which funds the OM&A investments to test and carry out remedial work to manage contaminated soil at distribution and regulating stations.

Required funding for the 2018 test year, along with the spending levels for the bridge and historical years are provided in Table 2 for each program.

Table 2: Stations Sustaining OM&A ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Stations Demand and Planned Corrective Maintenance	8.2	10.3	9.4	10.3	10.0	9.6	10.2	9.8
Planned Preventive Station Maintenance	8.7	9.1	12.5	9.5	12.2	10.5	12.4	10.8
Land Assessment and Remediation	8.8	6.0	5.7	4.0	6.2	4.7	6.3	4.1
Total	**25.7**	**25.3**	**27.6**	**23.8**	**28.4**	**24.9**	**28.9**	**24.8**

The overall Stations Sustaining OM&A expenditures for the 2018 test year is in line with the 2017 bridge year forecast and the average spend over the historic years 2014 to 2016.

3.1.1 Stations Demand and Planned Corrective Maintenance

The stations demand and planned corrective maintenance programs address both (i) the emergent repair of station equipment identified through trouble calls from a customer in relation to a service interruption or through station inspections of equipment that will potentially result in service interruptions if not addressed when identified, and (ii) the planned repair of deficiencies that are identified through station inspections and preventive maintenance, though are not emergent in nature.

A station interruption can impact up to 10,000 customers per occurrence. Hydro One must address these station interruptions to maintain reliable service in accordance with good utility practice in order to comply with legal and regulatory requirements. Hydro One's performance in responding to interruptions is reflected by service quality indicators specified in the Distribution System Code, Section 7, and in the Electricity Distribution Rate Handbook.

The outcomes this stations demand and planned corrective maintenance program will achieve are as follows:

- Respond to component failures (i.e. transformers, regulators, reclosers, switches and fuses) at distribution and regulating stations to ensure timely power restoration;
- Correct situations where equipment failure is imminent that would cause a power interruption if not addressed when identified, allowing for system reliability to be maintained;
- Correct situations which present a safety hazard to customers or Hydro One personnel;

- Correct deficiencies discovered during station inspections and planned preventive maintenance activities (i.e. high dissolved gas analysis results, thermovision overheating results) that cannot be deferred until the next maintenance cycle;
- Address corrective actions required to the stations site (i.e. damage to breaker buildings, and MUS access roads leading into stations) that pose reliability issues to the distribution system; and
- Correct deficiencies to mobile unit substations and the strategic spare transformer inventory to ensure the equipment is in operable condition for deployment in case of a failure to ensure timely restoration of customer power.

When the resolution of this work involves the repair of a component, such work is charged to this OM&A program. If the resolution involves the replacement of damaged or defective equipment, this replacement is charged to the Distribution Station Demand Capital Program as outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 3.8, ISD Reference # SR-01.

Due to the variable nature of demand work, Hydro One develops forecast investment levels for the stations demand and planned corrective maintenance program based on historical averages. The proposed spending for the 2018 test year is an increase of $0.2 million which is largely in line with the 2017 bridge year forecast expenditures after factoring in inflation.

3.1.2 Planned Preventive Station Maintenance

The planned preventative station maintenance program addresses the inspection, testing and preventative maintenance of station equipment in line with regulatory requirements and industry-standard practices. This maintenance program includes:

Inspection:

- Visual inspection of station assets, as required by Appendix C – Minimum Inspection Requirements of the Distribution System Code, to identify reliability issues, environmental issues, structural problems, safety hazards, equipment defects and signs of vandalism. Hydro One's rural stations are inspected twice per year and urban stations are inspected monthly;
- Thermography inspection of all station power equipment to identify hot spots in any of the electrical equipment. Hydro One's distribution station electrical equipment is inspected annually; and
- Inspections of transformer spill containment systems as outlined in the Environmental Compliance Approvals issued by the Ministry of the Environment and Climate Change ("MOECC"). These inspections are to identify cracks, damage, or any deterioration that would reduce its effectiveness to contain oil spilled from the transformer. Hydro One inspects its spill containment systems in line with the frequencies outlined by the MOECC for each specific site.

Testing:

- Oil testing and analysis of all station transformers to identify their internal condition. The oil samples taken from transformer main tanks and tap-changer compartments are sent to a third-party lab to obtain industry-standard diagnostic test results including Dissolved Gas Analysis, Moisture Content and Furan Analysis. If there is an unsatisfactory oil sample result, further diagnostic testing and internal inspection is undertaken. Hydro One performs oil testing and analysis on transformers annually;
- Power factor testing of all 115 kV distribution station transformers to verify the integrity of the transformer insulation material and to ensure they are functioning correctly. Hydro One performs power factor testing when the transformers are removed from service for maintenance. Situations when transformers are removed

from service for maintenance are outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 2.3.1.1; and

- PCB testing of oil-filled power equipment at stations to determine level of Polychlorinated Biphenyl ("PCB") contaminated oil, in accordance with Environment Canada regulations requiring the removal of all insulating oil with PCB contamination levels equal to and above 50 ppm by year end 2025. Depending on the level of PCB contamination, Hydro One will either retro-fill or replace the contaminated equipment. Hydro One will perform on average 620 PCB tests annually.

<u>Preventative Maintenance</u>:

- Planned maintenance of station power equipment in order to mitigate the risk of failures by ensuring the safe and reliable operation of the equipment. The preventive maintenance of the station equipment is bundled where possible to minimize the number of planned outages. Further details on each station asset's preventative maintenance activities are outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 2.3.1;
- Planned maintenance of mobile unit substations in order to ensure a reliable, deployable and safe fleet. Hydro One inspects and maintains each MUS's electrical equipment annually. The MUS trailers are also inspected annually as required under the *Ontario Highway Traffic Act*;
- Planned maintenance of strategic spares includes inspection and maintenance of spare distribution transformers in order to ensure reliable, deployable spare units. The strategic spares are critical to support the transformer replacements required under demand circumstances. Hydro One performs this maintenance typically every two years; and
- Planned maintenance of the grounds and site including: inspection of fences, access roads, foundations and drainage systems during station inspections, weed control

performed two to three times per year based on growth rate, and grass cutting performed up to twice per month based on growth rate and surrounding population density.

This maintenance of station equipment ensures the continued operation of the distribution system which plays an important role in maintaining the level of reliability to customers. The outcomes this program will achieve are as follows:

- Reduce the risk of equipment failure, which can impact service reliability to customers;
- Minimize life cycle costs by limiting the amount of corrective maintenance and capital replacement in future years; and
- Operate in an environmentally responsible manner that minimizes the risk to human health and the environment and remain in compliance with Environment Canada regulations with respect to PCB contamination.

Hydro One develops forecast investment levels for the planned preventative station maintenance program based on a combination of time-based inspections and testing frequencies, and an estimation of condition-based maintenance utilizing historical quantities. The proposed spending for the 2018 test year is an increase of $0.3 million relative to the 2017 bridge year forecast expenditures. This increase accounts for inflation and maintenance of assets which have been deferred.

3.1.3 Land Assessment and Remediation

The primary focus of the land assessment and remediation program is to reduce the human and ecological risks from distribution station soil contamination. There are a number of distribution stations where the level of on-site soil contamination exceeds the applicable Ministry of Environment land-use criterion. This soil contamination has occurred over time as a result of application of certain long lasting chemicals; such as wood preservatives, arsenic-based herbicides, mineral insulating oil containing PCBs, and miscellaneous other materials. The historical usage of these chemicals met all applicable environment regulations and guidelines at the time they were first used; however, environmental regulations have changed.

These contaminated distribution stations have the potential to cause adverse effects on human health and the environment, therefore Hydro One is assessing its stations and implementing either remedial measures to treat, remove or otherwise manage the contamination found off-site, or on-site management controls to mitigate future off-property impacts where environmental risks are significant.

The land assessment and remediation program consists of sample testing to determine contamination levels, installation of monitoring wells, capping sites in order to prevent off-site contamination, and remediation of off-sites determined to be contaminated through testing.

The outcome this program will achieve is to ensure that Hydro One operates in an environmentally responsible manner that minimizes the risk to human health and the environment and remains in compliance with applicable Ministry of Environment regulations.

Hydro One develops forecast investment levels for the land assessment and remediation program based on the number of remaining high risk sites to be assessed for contamination levels, and an estimation informed by historic experience on the percentage of high risk sites that will require remediation upon testing. The proposed spending for the 2018 test year is about a \$0.6 million decrease relative to the 2017 bridge year forecast expenditures. At this forecast investment level, this program is estimated to be completed by 2025.

3.2 LINES

Hydro One owns, operates and maintains approximately 122,000 circuit kilometers of distribution lines province-wide to deliver power to Hydro One customers. Distribution lines consisting of: poles, conductor, insulators, transformers, switches, fuses, surge arresters, voltage regulators, reclosers, capacitors, and grounding devices; are constructed on road allowances where possible, or on rights-of-way that Hydro One can legally access and occupy.

Lines Sustaining OM&A funding covers investments required to maintain assets located on the distribution lines. The Lines Sustaining OM&A investments are divided into four programs:

1. Demand Work, which funds the OM&A investments to respond to (i) Trouble Calls to restore system outages, (ii) Locate Underground Cables, and (iii) Disconnect and Reconnect customers on request;
2. Line Maintenance, which funds the OM&A investments to maintain the integrity of the lines equipment and patrol the distribution system;
3. PCB Equipment and Waste Management, which funds the OM&A investments to inspect and test equipment for PCB contamination and to manage both PCB and non-PCB waste in compliance with environmental regulations; and
4. Other Services, which funds the OM&A investments to respond to customer inquiries, rent idle transmission lines, track service quality indicators, fund specific community events, and complete joint use audits.

Required funding for the 2018 test year, along with the spending levels for the bridge and historical years are provided in Table 3.

Table 3: Lines Sustaining OM&A ($Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Trouble Calls	77.1	72.9	64.8	68.8	65.9	76.5	67.7	77.9
Underground Cable Locates	23.8	20.9	17.9	10.9	17.4	13.6	16.9	14.6
Disconnects/ Reconnects	11.9	12.5	9.7	13.5	9.9	12.2	10.1	12.5
Line Maintenance	12.3	14.9	23.5	19.1	23.9	16.3	24.4	17.5
PCB Equipment and Waste Storage	5.1	7.7	11.3	10.8	18.3	15.2	18.7	15.4
Other Services	15.0	15.8	14.1	18.4	14.3	15.5	14.7	15.8
Total	**145.2**	**144.7**	**141.3**	**141.4**	**149.7**	**149.4**	**152.4**	**153.8**

The overall Lines Sustainment OM&A expenditures for the 2018 test year is an increase of 3% relative to the 2017 bridge year forecast primarily due to anticipated increase in customer requests for underground cable locates, and inflation.

3.2.1 Trouble Calls

The trouble call program addresses the restoration of service to customers impacted by an unplanned power interruption. Such unplanned power interruptions on the distribution system are largely due to line component failures or contact with right-of-way vegetation caused by severe weather conditions. Depending on the specific circumstances, these interruptions can vary in size, from impacting single customers for brief periods of time to impacting thousands of customers for several hours. Trouble calls may also be used to respond to customer complaints or to correct defects on the distribution system that present a safety concern or could result in an imminent service interruption.

Hydro One must address these trouble calls in order to comply with legal and regulatory requirements, to correct known hazards and to maintain reliable service in accordance with good utility practice. Hydro One's performance in responding to trouble calls is reflected by service quality indicators specified in the Distribution System Code, Section 7 as discussed in Exhibit A, Tab 5, Schedule 3.

When the resolution of a trouble call involves the repair of an affected component or the clearing of fallen vegetation, such work is charged to this program. If the resolution involves the replacement of damaged or defective equipment, this replacement is charged to the Trouble Calls and Storm Damage capital program discussed in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 3.8, ISD Reference # SR-07.

The trouble call program is reactive in nature and as such its volume of work varies based on a number of external factors. These factors include weather, equipment failure, and the volume of customer power quality complaints. Due to the variable nature of demand work, Hydro One develops investment levels based on forecast volumes and costs using observed historical averages. The proposed spending for the test year is based on an expected volume of 42,645 calls per year. The proposed spending for the 2018 test year is an increase of $1.4 million relative to the 2017 bridge year forecast expenditures due to inflation.

3.2.2 Underground Cable Locates

The underground cable locates program provides the service of locating and marking Hydro One underground plant for customers and contractors who request this information. Responding to these requests is in everyone's best interest as anyone excavating near a cable may cause damage to these costly assets and cause harm to members of the public. This service is provided in accordance with the Electrical Safety

Authority's "Guidelines for Excavating in the Vicinity of Distribution Lines" and in order to comply with legal requirements set out in Ontario Regulation 22/04.

This program is intended to minimize utility equipment damage while providing worker safety to those excavating in proximity to buried utility plant. In order to encourage the use of this service, the program costs are not recovered through end user charges. This approach is consistent with the practice followed by other regulated utilities, including cable TV, telephone service and natural gas utilities.

Due to the variable nature of demand work, Hydro One develops investment levels based on forecast volumes and costs using observed historical averages with adjustments to this forecast based on projected impact of any changes to the distribution system or to the planned investment programs. The proposed spending for the test year is based on an expected volume of 200,000 cable locate requests per year. The proposed spending for the 2018 test year represents an increase of $1.0 million relative to the 2017 bridge year forecast expenditures. However this level is still below the 2017 Board approved level due to the changes Hydro One initiated to the "call before you dig" program in September 2015 to outsource a majority of the cable locates to an external service provider resulting in lower unit costs. Further details on this outsourcing initiative are outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.5.1.2.

3.2.3 Disconnects/Reconnects

The service disconnects and reconnects program addresses customer requests for isolation of customer owned assets from the distribution system. This isolation may be requested by the customer to allow for safe conditions to facilitate working on customer owned equipment. Responding to these requests is in everyone's best interest as anyone working without isolation may cause harm to themselves or members of the public.

This program is intended to provide customers safe electrical isolation of their service in order for them to conduct work. This service is provided to each customer once per year at no cost, as specified in Hydro One's Conditions of Service, in order to encourage customers to maintain their facilities and to work safely.

Hydro One must address these customer requests in order to comply with legal requirements set out in Hydro One's Conditions of Service which is required in accordance with the Distribution System Code. Hydro One's performance in responding to service disconnects and reconnects is reflected by service quality indicators specified in the Distribution System Code, Section 7 as discussed in Exhibit A, Tab 5, Schedule 3.

Due to the variable nature of demand work, Hydro One develops investment levels based on forecast volumes and costs using observed historical averages. The number of service disconnection and reconnection requests has increased over the past several years. The proposed spending for the test year is based on an expected volume of 14,250 disconnect and reconnect requests per year. The proposed spending for the 2018 test year is an increase of $0.2 million which is relatively in line with the 2017 bridge year forecast expenditures when factoring in inflation.

3.2.4 Line Maintenance

The line maintenance program addresses the inspection, testing, and ongoing preventive and corrective maintenance on line equipment in line with regulatory requirements and industry-standard practices. This maintenance program includes:

<u>Inspection:</u>

- Line patrol of distribution lines as required by Appendix C – Minimum Inspection Requirements of the Distribution System Code, to identify public safety hazards, damaged equipment, or any other defects that may impact the safe and reliable operation of the distribution system. The data collected during the line patrol is a key component in the assessment of condition of line equipment. Hydro One patrols one-sixth of all rural feeders and one-third of all urban feeders each year to identify defects for corrective action.

Testing:

- Sounding (hammer) tests of distribution poles to ensure the integrity of the pole. Hydro One performs this testing in conjunction with the distribution line patrols. Other techniques, including boring tests for poles and time domain reflectometry tests for submarine cables, are also employed when necessary.

Maintenance:

- Preventive maintenance of line equipment (including line reclosers, regulators, insulators, and three-phase air break and load break switches) in order to mitigate the risk of failures by ensuring the safe and reliable operation of equipment. Hydro One performs this maintenance on a planned basis; some of the maintenance activities are time-based and others are based on number of operations or condition of equipment. The proposed spending for the test year is based on an expected volume of 290 assets maintained per year;
- Corrective maintenance of line equipment focusing on the repair and replacement of minor defective components such as: broken guy wires, damaged insulators, and faulty lightning arresters. All defects are identified and logged during line patrols. The defects are categorized based on the requirements of the Distribution System Code and corrected in an appropriate time frame. Where possible, defect corrections are combined with other work to improve operational efficiency. The proposed spending for the test year is based on an expected volume of 9,210 defect corrections per year; and

- Sentinel light program to maintain the existing outdoor lighting for rural customers that has been in existence over 20 years. Hydro One has a contractual obligation to honour commitments made by the former Ontario Hydro for existing installations, but no longer accepts requests for new sentinel light installations. The proposed spending for the test year is based on an expected volume of 2,000 maintenance responses per year.

The maintenance of these line assets ensures the continued operation of the distribution system which plays an important role in maintaining the level of reliability to customers. The outcomes this program will achieve are as follows:

- Reduce the risk of equipment failure, which can impact service reliability to customers; and
- Operate in a responsible manner that minimizes the potential of safety risks that the failure of the equipment poses to the public and Hydro One employees.

Hydro One develops investment levels based on forecast volumes and costs using observed historical averages with adjustments to this forecast based on projected impact of any changes to the distribution system or to the planned investment programs. The proposed spending for the 2018 test year is an increase of $1.2 million relative to the 2017 bridge year forecast expenditures. This increase accounts for inflation and anticipated increase in defect corrections.

3.2.5 PCB Equipment and Waste Storage

The PCB equipment and waste management program includes the inspection and testing of distribution line equipment potentially contaminated with PCBs, along with the management of waste generated during the course of operating and maintaining distribution assets. This program includes:

- Inspection and testing of oil-filled distribution line equipment to determine their PCB contamination level in accordance with Environment Canada PCB regulations requiring the removal of all PCB's in oil-filled equipment greater than 50 ppm by year end 2025. Any equipment with PCB content greater than 50 ppm threshold is replaced under the Lines PCB Equipment Replacements capital program, described in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 3.8, ISD Reference # SR-08; and
- Waste management of all contaminated and non-contaminated waste streams (such as PCB and non- PCB oil, hydraulic oil, lead, cadmium, mercury, etc.) associated with distribution lines day-to-day operations and maintenance. This includes cleanup, notification, documentation, restoration, transportation, storage, containment, security, inventory, inspection and reporting of these wastes. As well as the disposal of the waste (i.e., preparation, loading, shipping and destruction) once economical quantities of a particular waste class are gathered.

The outcomes this program will achieve are as follows:

- Ensure that Hydro One operates in an environmentally responsible manner that minimizes the risk to human health and the environment; and
- Ensure that Hydro One remains in compliance with applicable regulations.

Hydro One develops investment levels based on a targeted completion year of 2025 to meet regulations. The proposed spending for the test year is based on a forecast of approximately 27,595 PCB inspections and testing per year. The proposed spending for the 2018 test year is an increase of $0.2 million relative to the 2017 bridge year forecast expenditures.

3.2.6 Other Services

The Other Services program addresses miscellaneous services not funded within other distribution OM&A investments. The specific investments funded are:

Customer Inquiries - This is a customer focused program that includes the work required to respond to inquiries concerning customer services, bills, location of Hydro One assets on customer properties, planned and unplanned outages, power quality complaints, and clarifications on policies. The number of inquiries can vary from one year to the next.

Investigations and Data Collection - This program includes the work required to respond to requests for detailed information on distribution station and line assets. It addresses information requirements related to requests for the condition of selected assets, public and employee safety hazards, unacceptable system performance, audits of joint use facilities and data required to support responses to customer reliability concerns.

Miscellaneous Services - This program includes a number of activities; pole rental payments to Local Distribution Companies (“LDCs”) where Hydro One wires are supported by these poles, LDC switching requests, collecting and reporting service quality indicators to the Ontario Energy Board on an annual basis, payments to the Electrical Safety Authority for regulatory oversight costs, and miscellaneous engineering and environmental support.

Transmission Idle Lines Rental - This expenditure is for the annual rental payments to Hydro One Transmission for Hydro One Distribution's use of transmission facilities to supply power to customers at distribution voltages.

Hydro One develops forecast investment levels for the Other Service programs based on historic demand for each investment and the risk of not meeting the forecast demand. The proposed spending for the 2018 test year is an increase of $0.3 million relative to the 2017 bridge year forecast expenditures. This increase is driven by an increase in customer inquiries related to line relocations.

3.3 METERS, TELECOM AND CONTROL

Hydro One currently owns, operates and maintains revenue meters of two main types: (i) Retail Revenue Meters; and (ii) Wholesale Revenue Meters. The retail revenue meters are used to measure energy consumption for retail customers. Whereas the wholesale revenue meters are used to settle the purchase of energy where the point of supply is directly connected to the IESO-controlled grid.

Metering Sustaining OM&A funding covers investments required to operate and maintain the existing metering assets. The Metering Sustaining OM&A investments are divided into three programs:

1. Retail Revenue Meters, which funds the OM&A investments to perform routine and corrective maintenance;
2. Wholesale Revenue Meters, which funds the OM&A investments to perform routine and corrective maintenance, and to support IESO registration or inspection processes; and

3. Telecom, Monitoring & Control, which funds the OM&A investments to enable collection of energy consumption data, and to control and operate sectionalizing switches and electronic reclosers installed on distribution system.

Required funding for the 2018 test year, along with spending levels for the bridge and historic years are provided in Table 4 for each category.

Table 4: Meters, Telecom and Control Sustaining OM&A ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Retail Revenue Meters	8.4	10.9	12.6	10.7	12.7	8.3	12.3	9.1
Wholesale Revenue Meters	2.2	2.1	2.4	1.8	2.4	2.8	2.5	3.1
Telecom, Monitoring and Control	3.5	3.6	3.5	3.7	3.6	6.2	3.7	6.4
Total	**14.2**	**16.6**	**18.5**	**16.2**	**18.7**	**17.3**	**18.5**	**18.6**

The overall Metering Sustaining OM&A expenditures for the 2018 test year is an increase of $1.2 million relative to the 2017 bridge year forecast; however the 2018 proposed spending remains in line with the 2017 Board-approved level. The changes in the Metering Sustaining OM&A expenditures are a result of increasing telecom, monitoring, and control program costs for leased circuits and smart meter telecom management fees; offset by a reduction in the retail revenue meters as a result of a portion of the meter replacements qualifying to be capitalized under GAAP accounting rules.

3.3.1 Retail Revenue Meters

Retail revenue meters are required to be operated, maintained and verified in accordance with requirements of the *Electricity and Gas Inspection Act*, Measurement Canada, and the market rules. There are three types of retail revenue meters utilized on the Hydro One distribution system based on retail customers' average monthly demand. The types include:

- Approximately 1.2 million smart meters measuring energy consumption for residential and other customers whose average monthly demand is 50 kW or less under the Time of Use ("TOU") pricing scheme;
- About 7,100 electronic demand meters for small business customers with an average monthly electricity demand greater than 50 kW; and
- About 3,800 interval meters for existing business customers whose demand exceeds 1,000 kW, recently connected customers whose demand exceeds 50 kW and customers below the threshold who have requested interval meters.

The retail revenue meter program addresses the inspection, testing and maintenance of retail revenue meters in accordance with regulatory requirements. Meter sampling entails the verification of the accuracy by an accredited meter verifier every six or ten years depending on meter classification. Typical meter verifications involve the testing of a statistically derived sample group of meters, according to a sampling program monitored and regulated by Measurement Canada. If the sample passes, then all meters in that sample group are deemed verified; however, if the sample fails, then all meters in that sample group are required to be replaced. For meters that do not qualify to be sampled, such as commercial or industrial meters, then each meter seal must be individually verified.

This program also manages inventory for the advanced metering infrastructure (i.e., meters, collectors, repeaters, current transformers, potential transformers and metering accessories) by maintaining adequate stock of metering equipment to meet the needs for annual meter re-verification program, service upgrades, emergencies and replacement of failed or defective/damaged meters and instrument transformers.

The outcome of this program enables Hydro One to meet its regulatory commitments for meter re-verification and meter sampling programs; as well as to adequately manage the advanced metering infrastructure device inventory.

Hydro One develops investment levels based on Measurement Canada guidelines for meter statistical sampling and historical failure rates for managing the advanced metering infrastructure device inventory. The proposed spending for the 2018 test year is an increase of $0.8 million relative to the 2017 bridge year forecast expenditures; however, it is a decrease relative to historic years as a result of a portion of the meter replacements qualifying to be capitalized under GAAP accounting rules.

3.3.2 Wholesale Revenue Meters

Wholesale revenue meters are required to be operated, maintained and verified in accordance with the IESO wholesale market rules. As of the end of 2016, Hydro One continues to assume the accountability for 405 legacy wholesale revenue meters ("WRMs") used to settle Hydro One energy purchases from the IESO-administered market, in accordance with market rules.

The wholesale revenue meter program is required to provide preventative and corrective maintenance, meter re-sealing and verification, trouble call response, IESO registration, and routine maintenance as required by the IESO market rules. Wholesale revenue meters are also subject to IESO inspections to verify compliance of metering installations with technical specifications contained in the market rules. Any identified deficiencies must be corrected within the prescribed time limits. In general, wholesale meters are re-verified or re-sealed every six years.

The outcomes this program will achieve are to provide servicing for all WRMs to ensure accurate wholesale billing by the IESO, and to comply with the market rules and Measurement Canada regulations.

Hydro One develops investment levels based on IESO wholesale metering requirements, the number of wholesale metering points and Hydro One historical maintenance levels for corrective maintenance. The proposed spending for the 2018 test year is an increase of $0.3 million relative to the 2017 bridge year forecast expenditures. This trend is a result of new stations built with new wholesale metering points and LDC boundary changes resulting in Hydro One inheriting additional wholesale metering points.

3.3.3 Telecom, Monitoring and Control

A telecommunication link to retail smart meters is required for the remote interrogation of the meters in order to obtain energy consumption data for billing processes. Hydro One also has telecommunication requirements associated with some sectionalizing switches which remotely control feeders, and provide monitoring and control of some distribution stations from the Distribution Management System.

The telecom, monitoring and control program is required to:

- Maintain and troubleshoot the telecommunication infrastructure which collects energy consumption data from the retail smart meters; and
- Maintain telecommunication infrastructure in order to facilitate the upgrade of demand metered customers with electronic demand meters. Hydro One is looking to leverage its existing network for these meters to minimize third-party telecom charges. However, where this option is not available, telecom leased circuits will be used to provide remote interrogation.

The outcomes this program will achieve are to ensure the continued operation of the distribution system which plays an important role in maintaining the level of reliability to customers and to ensure collection of energy consumption data required for customer billing.

As Hydro One continues to modernize its distribution network, there will be a need for further telecommunication capability to control the new intelligent devices (such as sectionalizing switches, electronic reclosers, etc.) to provide sufficient network coverage.

Hydro One develops investment levels based on the communication requirements for wholesale metering, retail metering and monitoring/control requirements. These are typically leased telecom circuits by third-party telecom providers. The proposed spending for the 2018 test year is an increase of only $0.2 million relative to the 2017 bridge year forecast expenditures; but represents a significant increase relative to historic years. This trend is a result of the increase in telecommunication requirements resulting from smart meters, metering leased circuits, the allocation of smart meter telecom support costs and the modernization of the distribution network.

3.4 VEGETATION MANAGEMENT

Hydro One has approximately 112,000 km of distribution rights-of-way which traverse three forest regions in the Province of Ontario. The predominant region, the Great Lakes - St. Lawrence forest region, consists of mixed conifer and deciduous forests stretching from the edges of the Great Lakes and the St. Lawrence River west to the Manitoba boarder. The other two regions include the deciduous forests of southwestern Ontario and the boreal forests of northern Ontario.

The vegetation management program maintains clearances to the distribution network within these rights-of-ways to provide an acceptable and sustainable level of reliability, manage vegetation safety hazards, provide improved access to assets for maintenance and restoration of power, and minimize environmental, ecological and social impacts of clearing activities.

Since the last rate filing the vegetation management program has undergone a significant reorganization to improve upon the areas of opportunity identified by the Auditor General of Ontario, the Ontario Energy Board and peer benchmarking. This reorganization consists of three changes that have been implemented to improve the efficiency and impact of the vegetation management programs.

The first significant change is the amalgamation of the landowner notification, brush control and line clearing programs into a single vegetation management treatment. The programs were amalgamated to drive work efficiency by synchronizing right-of-way management, reducing the number of trips required to complete a unit of work and reducing the impact the work has on customer's properties.

The second significant change is the classification of Hydro One's right-of-ways into two categories. The first category is high impact right-of-ways in which Hydro One's strategy will be to focus on performing vegetation management on an optimum cycle to better mitigate large outages, improve asset condition and realize the cost benefits of executing work on-cycle. The second category is focused on the lower impact right-of-way inventory in which Hydro One will manage within the tactical maintenance program using a flexible, risk-based approach that targets vegetation management on the worst performing and oldest assets in the inventory. The flexibility of this tactical maintenance program will allow Hydro One to more effectively address emerging reliability and condition concerns raised internally and by Hydro One's customers.

The third significant change is an increased focus on the hazard tree removal and demand vegetation management programs. This additional funding will allow for Hydro One to ensure high quality and reliable service to customers by being more responsive to site specific customer concerns and to more effectively mitigate emergent safety and reliability concerns.

Through these changes Hydro One is building the foundation of a long-term strategy to regain control of backlogged maintenance and shorten the average maintenance cycle. The required funding for the 2018 test year, along with the spending levels for the bridge and historical years are provided in Table 5.

Table 5: Vegetation Management Sustaining OM&A ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Landowner Notification *	9.2	6.6	7.3	6.9	10.1	0.0	10.0	0.0
Line Clearing *	97.9	93.7	82.4	87.4	104.6	0.0	107.3	0.0
Brush Control *	23.9	7.7	31.6	35.0	42.8	0.0	42.8	0.0
Cycle Clearing	0.0	0.0	0.0	0.0	0.0	80.3	0.0	79.9
Tactical Maintenance	0.0	0.0	0.0	0.0	0.0	48.5	0.0	57.4
Demand Vegetation Management	9.5	9.9	7.4	13.0	6.8	10.0	6.9	10.2
Hazard Tree Removal	0.2	0.0	0.3	0.0	0.3	4.0	0.3	2.1
Total	**140.6**	**118.0**	**129.0**	**142.3**	**164.6**	**142.9**	**167.3**	**149.6**

** In 2017, Hydro One has reorganized the structure of the vegetation management program such that the Landowner Notification, Line Clearing, Brush Control programs are now integrated under the new Cycle Clearing and Tactical Maintenance programs.*

The vegetation management forecasts for the bridge and test year reflect the changes in program structure noted above. The overall vegetation management OM&A expenditure for the 2018 test year is an increase of 4.7% relative to the 2017 bridge year forecast. This increase represents the pacing of the vegetation management work programs in line with the long-term strategy to regain control of backlogged maintenance and reduce average maintenance cycles. However, compared to the last rate application (EB-2013-0416), the current proposed 2018 forecast expenditure has been reduced, as a result of efficiency improvements, while maintaining the same volume of work as the previous 2018 plan.

3.4.1 Cycle Clearing

The cycle clearing program is a planned maintenance program focused on the right-of-way inventory that has the largest impact on Hydro One customers. Assets managed within this program will be cleared at their optimal cycle length which is between four and eight years depending on the feeder's location and the feeder specific management objectives. These cycle lengths are in line with the vegetation management benchmarking study outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.6, which recommends Hydro One bring its distribution system to four to eight year flexible maintenance cycle. Managing the cycle clearing program on-cycle allows for cost effective vegetation management, mitigates sharp increases in tree outages, limits the environmental and social impacts of operations and reduces employee and public safety risks posed by overgrown power lines.

The Cycle Clearing program includes:

- Landowner notification and job planning which is required to produce site specific work packages that comply with internal and external regulations and guidelines;
- Trimming and removing vegetation along the right-of-way edge to prevent trees from falling into the power lines and to re-establish clearances to energized equipment; and

- Managing vegetation on the right-of-way floor to provide access to power line assets for maintenance and emergency repair and also to prevent smaller vegetation from growing and conflicting with power lines in the future.

The outcomes this program will achieve are as follows:

- Mitigate tree related outages, which impact service reliability to customers,
- Improve asset condition by preventing tree and wire contacts and by reducing the amount of biomass interfering with the right-of-way, and
- Improved unit prices and life cycle costs on the most impactful assets within the distribution system.

Hydro One develops investment levels for the cycle clearing program based on a forecast of level of work to manage the high impact rights-of-way on their optimum cycle, factoring in regional fluctuations in unit prices, the costs savings of executing work on cycle discussed in Exhibit B1, Tab 2, Schedule 1, and the productivity initiatives discussed in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.5. To manage this inventory on-cycle, the proposed spending for the test year is based on a forecast of 8,500 km of right-of-way being managed each year. The proposed spending for the 2018 test year is in line with the 2017 bridge year forecast expenditures. The slight decrease in budget is reflective of the ongoing reduction of backlog within the cycle clearing inventory.

3.4.2 Tactical Maintenance

The tactical maintenance program is a flexible planned program that provides targeted vegetation management on feeder sections not managed within the cycle clearing program. The tactical maintenance program performs the same activities as noted above on lower impact rights-of-way using a risk-based prioritization that considers reliability, asset condition and age, as well as feedback from Hydro One customers.

The outcomes the program will achieve are improved asset condition, localized reliability improvements and localized improvement in customer satisfaction.

Hydro One develops investment levels for the tactical maintenance program based on a forecast level of work to manage overgrown vegetation, factoring in regional fluctuations in unit prices, and the productivity initiatives discussed in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.5. The proposed spending for the 2018 test year is an increase of approximately $9 million relative to the 2017 bridge year forecast expenditures. This increase is primarily to allow another 750 kilometers of right-of-way (to a total of 4,250 kilometers) to be cleared in 2018 in order to further reduce asset age, improve reliability and improve asset condition in line with Hydro One's long-term strategy to reduce its average maintenance cycle as recommended in benchmarking study discussed in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 1.6.

3.4.3 Demand Vegetation Management

The demand vegetation management program addresses emergent work identified by a breadth of sources that can be categorized into: (i) customer generated (i.e. customers, property owners, municipalities, and government ministries); and (ii) internally generated (i.e. deficiencies found during scheduled patrols or through normal operations). This program includes restoring clearances to energized equipment and removing hazardous trees that pose an immediate danger to the safe and reliable distribution of power. The objective of the demand vegetation program is to provide prompt corrective action that reduces risk while improving customer satisfaction.

This program is driven by external demand for vegetation management. Due to the variable nature of demand work, Hydro One develops investment levels for the demand vegetation management program based on historical demand and corrective action is planned as the demand arises. The proposed spending for the 2018 test year is in-line with the 2017 bridge year forecast expenditures; however this level is significantly increased compared to the 2017 Board approved level to reflect the increasing trends in demand work and the commitment to be more responsive to customer needs.

3.4.4 Hazard Tree Removal

The hazard tree removal program consists of two parts: (i) the planned program that provides mid-cycle inspection of high impact assets; and (ii) correcting defects found during the inspection. This program involves the trimming or removal of vegetation in contact with the power lines or that pose a high risk of falling and causing a power interruption.

Due to the criticality of the circuits and the downstream impacts of a tree-caused outage on those circuits, the hazard tree removal pilot program proved to be a cost-effective planned approach to corrective vegetation maintenance mid-cycle. Therefore Hydro One developed the investment level for the hazard tree removal program based on expanding the program to include a greater proportion of the asset inventory each year.

The proposed spending for the 2018 test year reflects this increased focus and expansion of the hazard tree removal program beyond the pilot program funding of $0.3 million annually. This additional funding will allow Hydro One to be more responsive to site specific customer concerns and to more effectively mitigate emergent safety and reliability concerns.

DEVELOPMENT OM&A

1. SUMMARY OF DEVELOPMENT OM&A

Development OM&A represents expenditures required to perform technical studies and develop construction standards for the connection of load and generation customers to the distribution system. These expenditures also support research into new technologies and the development of power quality solutions. These expenditures are for the benefit of Hydro One's customers and are critical to the safe, reliable and efficient operation of the distribution system.

Hydro One manages its Development OM&A investments by dividing the expenditures into the following five categories:

1. Engineering and Technical Studies;
2. Distributed Generation Connections;
3. Distribution Standards Program;
4. Research Development and Demonstration; and
5. Customer Power Quality Program.

Development OM&A investments will ensure that the existing and forecast customer load and generation demands are met, distribution system reliability is maintained, legal and regulatory requirements are satisfied, and the impact of distributed generation connected to the distribution system is effectively monitored. These investments will also support research and implementation of new technology that will help improve the efficiency of the distribution system and address power quality concerns experienced by Hydro One's distribution customers.

The selection of Development OM&A investments is guided by the planning process described in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 2.1 to ensure that investments are managed to meet customer, operational and regulatory requirements. A summary of the historic, bridge and test year expenditures including Board-approved levels are provided in Table 1.

Table 1: Summary of Development OM&A ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Engineering and Technical Studies	4.0	3.8	4.7	4.2	4.7	3.9	4.7	1.7
Distributed Generation Connections	2.6	2.5	2.2	2.5	2.0	3.2	2.0	2.9
Distribution Standards Program	3.9	3.4	5.6	3.3	5.8	4.4	6.0	4.5
Research Development and Demonstration*	0.4	1.2	2.9	1.8	5.2	1.6	4.3	1.6
Customer Power Quality Program	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.2
Total	**11.0**	**10.9**	**15.4**	**11.9**	**17.8**	**13.2**	**17.0**	**11.0**

** In 2016, investments in smart grid related studies were integrated under the new Research Development and Demonstration ("RD&D") program; as such costs associated with these studies prior to 2016 have been included under RD&D in the above table.*

2. VARIANCE EXPLANATION FOR DEVELOPMENT OM&A

The proposed Development OM&A spending for the 2018 test year is a decrease of $2.2 million relative to the 2017 bridge year forecast expenditures. This decrease is largely attributed to a decline in the engineering and technical service program corresponding to the planned modernization of the distribution system. This planned modernization with real time monitoring capability will reduce the funding requirement for the collection of feeder loading data over time.

The 2017 bridge year forecast expenditures is an increase of $1.3 million relative to the 2016 historic year actual expenditures. This increase is largely attributed to the increased focus on technology projects in the Distributions Standards Program, and the forecast increase in requests for connection of distributed generation projects to Hydro One's distribution system and the ongoing cost of monitoring these distributed generators for power quality.

The 2016 historic year actual expenditure is an increase of about $1.0 million relative to the actual expenditures in 2014 and 2015 due to increases across two of the programs: (i) Engineering and Technical Studies; and (ii) Research Development and Demonstration. However, spending over this period is below the Board-approved levels by an average of $4.7 million per year. This trend is largely attributed to:

- The re-allocation of the annual fee that Hydro One pays to the Electrical Safety Authority from the Development OM&A Distribution Standards budget to the Sustaining Other Services OM&A budget.
- The change in the standard development approach to include the development of a new standard as part of the capital project that requires the standard. This change reduces the Distribution Standards scope to only the work that is required to make the general design.
- The change in focus of the Research Development and Demonstration program from renewable generation research to emerging technologies research and productivity improving technologies. As well as negotiation of external contracts for research services to allow for a broader choice of vendors with the expectation to realize improvements in pricing, service quality and timeliness.

The forecast for 2018 test year is also below the previous year's Board-approved amounts. During the customer engagement process, Hydro One's customers consistently prioritized low cost and wanted Hydro One to do its best to limit increases in rates while maintaining reliability. These customer preferences have guided the development of the proposed Development OM&A investments in 2018. The proposed Development OM&A investment plan is designed to keep rate impacts low, while providing reliability consistent with customer expectations.

3. TEST YEAR FORECAST

A summary of Hydro One's test year Sustaining OM&A investments are described herein for each of the five categories.

3.1 ENGINEERING AND TECHNICAL STUDIES

The Engineering and Technical Studies program involves the gathering and analysis of system data to identify capability and reinforcement needs. This program also sustains and supports the customized tools that are used to perform various technical studies.

Distribution system data must be routinely collected to ensure that up-to-date and accurate information on the operating characteristics of the distribution system is available. The data collected is used to create models and conduct various studies to assess the adequacy of the distribution system to meet system requirements and customer demand to ensure the reliable operation of the electrical system. Load flow analyses and over-current protection studies are conducted on a six-year cycle to ensure that the Hydro One Distribution system is compliant with the Distribution System Code and associated supply standards (e.g., voltages maintained within acceptable limits). These studies are also needed to minimize line losses and mitigate safety risks on the system. Minor impact studies on components of the system, system impact studies and short circuit studies to facilitate customer connections or upgrades are also performed on an as-needed basis.

These studies are critical to effective management of the distribution system and are required to support capital investment decisions – both planned (i.e., system modifications, protection coordination) and unplanned (i.e., new connections, power quality complaints) as documented in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 3.8. These studies also ensure Hydro One can effectively analyze the needs of the system to meet customer's reliability and service quality requirements and ensure continued performance of the distribution system by mitigating the risks of: electrically overloading system assets that can result in equipment damage or lead to higher line losses, voltage degradation, increased frequency of outages, and increased outage duration.

Hydro One develops investment levels based on forecast volumes and costs using historical volumes, unit costs, and future anticipated needs. The Engineering and Technical Studies proposed spending for the 2018 test year is about a 55% decrease relative to this program's 2017 bridge year forecast expenditures. This decrease corresponds to the planned modernization of the distribution system with real time monitoring capability, which will decrease the funding requirement for the collection of feeder loading data over time. The real time monitoring capability will promote planning efficiency by allowing the system information to be available at any time.

3.2 DISTRIBUTED GENERATION CONNECTIONS

The Distributed Generation Connections program addresses the study, coordination, project estimating, and power quality monitoring required for the connection of distributed generation customers. Hydro One's investment plans are based on Ministry of Energy directives on distributed generation facilities and the Independent Electricity System Operator feed-in-tariff and renewable energy procurement programs. The distributed generation connection forecast for 2018 is 701 projects, as outlined in Exhibit B1, Tab 1, Schedule 1 the Distribution System Plan, Section 3.5.2.

This program will ensure the reliable connection of these distribution generators through the:

- Development of preliminary cost estimates with an itemized estimate for the overall connection;
- Investigation of power quality through data collection and analysis at the point of connection and along the Hydro One distribution system surrounding the distributed generator, on a demand basis;
- Ability to monitor power quality for all distributed generators larger than 250 kW, on an ongoing basis. The collection and storage of this data is required to proactively monitor system performance to aid in identifying potential issues and problems early on in order to maintain power quality on the Hydro One distribution system;
- Development of connection impact assessment reports that identify upgrades, if any, required to the system to enable distributed generation connections;
- Execution of system impact assessment applications that analyze the impact on the system to connect the generator, as well as the needs of the system to meet generator requirements; and
- Co-ordination of the connection to the distribution system.

This work is required in order to comply with Hydro One's distribution license requirements to connect generators meeting the criteria identified in the Distribution System Code.

Hydro One develops investment levels based on forecast volumes and costs using historical volumes, unit costs, and future anticipated needs. The Distributed Generation Connections proposed spending for the 2018 test year is about an 8% decrease relative to this program's 2017 bridge year forecast expenditures due to lower forecast generation connection requests.

3.3 DISTRIBUTION STANDARDS PROGRAM

The Distribution Standards Program supports the planning, design, installation, operations, and maintenance of Hydro One's distribution system by maintaining and developing new distribution technical standards for power system assets such as stations, transformers, lines, and other distribution equipment.

Hydro One's distribution technical standards define suitable equipment and provide consistent design approaches. This ensures clear direction is in place for field employees to conduct work procedures in order to safe-guard electric utility employees and the public where electrical supplies are installed, operated and maintained. The use of repeatable and consistent designs provide alternatives for resourcing work internally or externally, standardize maintenance plan and maintenance approach to avoid any additional cost incurred due to different variations of designs, and cost savings from bulk purchasing using standardized technical specifications.

Standards also incorporate Company policies and requirements to ensure compliance with regulations such as the Electrical Distribution Safety (O.Reg. 22/04) and the Electrical Safety Code (O.Reg. 164/99). Hydro One Distribution monitors and influences emerging industry standards and requirements for new standards mainly through participation in Canadian Standards Association working groups.

Hydro One develops investment levels based on forecast volumes and costs using historical volumes, unit costs, and future anticipated needs. The Distribution Standards program proposed spending for the 2018 test year is in line with the 2017 bridge year forecast expenditure.

3.4 RESEARCH DEVELOPMENT AND DEMONSTRATION

The corporate Research, Development and Demonstration ("RD&D") program is a critical component of Hydro One's ability to meet its strategic objectives and prepare for the incorporation of new and emerging technologies. The work of RD&D falls into two broad categories:

1) **Disruptive technologies**

Assessing and investigating the benefits and risks of future-oriented "disruptive" technologies which are new to the industry and present material growth opportunities and/or risks. The main areas of "disruptive" technologies that are a focus of current RD&D efforts are:

- Energy Storage: The adoption of energy storage is expected to be one the most impactful disruptive technologies affecting utilities over the coming decade due to rapidly declining cost and mass production. Energy storage has potential benefits to utilities in terms of peak load shifting (thereby having a positive effect on deferring asset replacement), frequency regulation (improving power quality for customers), reserve capacity (providing better reliability), and improved voltage support.

- Microgrids: A microgrid is a group of interconnected loads, generation and storage which can operate as "standalone/isolated" grids or can be utility connected. Microgrids represent a technological challenge, a threat (in terms of loss of customers from the traditional grid space), an opportunity to improve customer reliability and a potential business opportunity. They also offer a potential solution for customer service in hard-to-reach areas such as islands, avoiding costs of long distribution or submarine cable connections.

- Electric Transportation: A key contributor to energy demand growth in Ontario will be the electrification of transportation. The provincial and federal governments have begun offering funding to promote electric car adoption. Hydro One is actively monitoring developments related to electric vehicles, and participating in a variety of discussion groups and research projects. In addition to electric vehicles (cars), it is expected that other forms of electric transportation will emerge quickly, such as electric buses. If transit authorities in the province decide to deploy a large number of electric buses, significant demands on lines and station assets will result. There is currently an electric bus trial demonstration taking place in Ontario through the Canadian Urban Transportation Research and Innovation Consortium ("CUTRIC"), and Hydro One has been participating.

2) **Innovative technologies**

Investigating better ways of doing current work, with the potential to improve efficiency, health, and safety for ongoing work and maintain the reliability of the distribution system. The main areas of "innovative" technologies that are a focus of current RD&D efforts are:

- Enhancing Distributed Generation Connectivity: This project will review how to enhance distributed generation connectivity with existing technologies, and emerging smart inverters and energy storage technologies. It will also review modeling and system studies for evaluating current and increased connections.

- Protection of Meters from Overvoltage: The overall objective of this study is to assess the ability of existing smart meters to withstand temporary overvoltages and provide information on potential failure scenarios. The project will review the type of surge protection devices used to withstand overvoltages; define the type of specific overvoltage testing that should be done by the manufacturer to satisfy overvoltage tolerance requirements, and determine what additional protection circuitry/methodology options might be required to protect smart meters from overvoltages.

- Asset Management Practices: The scope of this study is to determine, through the use of a survey, the current asset management practices used by utilities including how assets are prioritized for replacement, how they define functional requirements for replacements, how they determine asset condition, and maintenance policies and practices in order to determine common practices and areas for improvement or further study.

- Reliability and Resiliency Practices: This project identifies and illustrates noteworthy practices and guidelines used by utilities to achieve service reliability and resiliency goals, and will identify, document and share leading practices for maintaining and improving distribution system reliability as well as system resiliency during major weather events.

Hydro One conducts much of this RD&D work through partnerships with various industry, academic and government partners such as the Electric Power Research Institute ("EPRI"), the Centre for Energy Advancement through Technological Innovation ("CEATI"), the University of Toronto, and the University of Western Ontario.

These RD&D efforts are in full alignment with new and developing governmental initiatives (for example: the Ontario government's new Climate Change Strategy and the federal government's support of the Paris Climate Accord). Hydro One develops the investment levels based on prospective project requests. The RD&D program proposed spending for the 2018 test year is in line with the 2017 bridge year forecast expenditure.

3.5 CUSTOMER POWER QUALITY PROGRAM

Feedback obtained from customer consultations indicated that the majority of power quality ("PQ") events were voltage sags causing the interruption of customer equipment. It was also evident that there is a need to help customers understand power quality characteristics and the resiliency of their equipment. The customer power quality program is designed to address the quality of delivered power, which can materially impact customer operation and satisfaction. The program includes: expanding the power quality monitoring capability for distribution customers, and providing third-party audits to assist customers to identify ways to improve their equipment's resiliency to power quality events.

The PQ monitoring capability expansion is achieved by leveraging customer's existing retail revenue meter functionality to provide power quality data into Hydro One's power quality monitoring network. The benefits of this monitoring at customer's site include: shorten power quality event investigation durations; identification of customer's load interruption during an event; and identification of the level of customer's equipment power quality resiliency.

Third-party audit consists of an onsite inspection of customer's equipment to identify the power quality resiliency weak links, analysis of available power quality data, and recommendations for mitigating measures to improve equipment's resiliency to such events. Improving power equipment resiliency reduces the frequency of equipment tripping and any associated production losses for companies.

Historically, PQ monitoring and investigations were conducted on an 'after-the-fact' basis and the scope of an investigation was limited to Hydro One equipment only. In 2017, Hydro One created a formal PQ program to manage customers' PQ issues proactively by providing customers with information about PQ events and recommendations to mitigate equipment tripping and production losses. Hydro One develops investment levels based on forecast volumes of customers that will enrol in the PQ monitoring program and customers that require a third-party PQ audit. The proposed spending for the 2018 test year is in line with the 2017 bridge year forecast expenditure.

OPERATIONS OM&A

1. SUMMARY OF OPERATIONS OM&A

Hydro One understands that customers prefer that rates be kept low and that current levels of reliability be maintained. The company has looked for solutions company-wide to increase productivity and efficiency before asking customers to pay more. Developing a culture of continuous improvement is pivotal to producing a business plan and application that aligns customer preferences, the condition and compliance needs of its assets, and rate impacts. This Exhibit discusses Hydro One's investment plan for Operations OM&A and the solutions it has found to provide customers with value for their money.

The Operations function coordinates and dispatches crews as required, plans for and reacts to system contingencies, schedules and coordinates planned outages, provides customer notifications, and monitors and reports on the performance of the Distribution System. Under the current operating environment, Operators at the Ontario Grid Control Centre ("OGCC") monitor the Distribution System at Transformer Stations for correct voltage levels, power quality, equipment loading, and equipment alarms. Operations OM&A investments are required to support these functions.

Hydro One is committed to the safety of its employees, its customers, the public and the environment. Operations OM&A initiatives support environment, health and safety activities required for due diligence. These initiatives align with Hydro One's strategic objectives to meet its legal obligations. Operations OM&A expenses also include funding for Smart Grid technologies in order to facilitate green energy and conservation initiatives. Newly-integrated smart devices on the Distribution System are monitored to ensure alignment with exisiting infrastructure and optimize the impact on distribution operations.

Operations OM&A programs are divided into four categories: Operations; Operations Support; Environment, Health and Safety; and Smart Grid.

- Operations account for the staff required for real-time and planned distribution operating functions and back office support activities.

- Operations Support ensures that the various systems, tools and facilities are kept current and functional. This includes the accounting and support of processes, activities and functions.

- Environment, Health and Safety funds initiatives required to support environmental, health and safety activities and corporate health and safety objectives.

- The Smart Grid Program will fund the maintenance and support of the smart grid, associated computer tools, as well as additional staff to leverage the new smart grid business capabilities and opportunities.

Details regarding the programs underpinning each of the four categories can be found in the Sections 3 and 4 below. Funding levels for each of the programs are illustrated in Table 1.

Table 1: Summary of Operations OM&A ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Operations	17.7	18.1	16.9	19.6	17.1	18.4	17.1	18.5
Operations Support	4.6	4.4	5.4	4.8	5.4	4.9	5.5	4.9
Environment, Health and Safety	1.4	1.5	2.7	1.6	2.8	2.0	2.6	1.8
Smart Grid*	5.9	3.5	11.0	5.6	14.1	8.2	12.4	11.5
Total*	**29.5**	**27.6**	**35.8**	**31.5**	**39.4**	**33.4**	**37.5**	**36.7**

*Rounding Errors account for up to $0.1M in variance

2. VARIANCE EXPLANATION

- Operations expenditures increased in 2015 to $18.1M, over the OEB-approved amount of $16.9M, and increased in 2016 to $19.6M, over the OEB-approved amount of $17.1M. The increases over that period were due to the inclusion of a shift premium for control room staff, collective agreement obligations, the transfer of three employees from Power System IT to Network Operating, and an increase associated with additional governance and oversight expenditures.

- Actual and forecast Operations Support expenditures are below OEB-approved amounts in 2015 and 2016. Hydro One considers these reductions sustainable and has planned for expenditures during the test years below the historic OEB-approved levels. This trend is due to program re-assessments and subsequent reductions to program expenditures. These reductions were directly related to the use of data based on historical trends, the current advantages and efficiency of the geographical information system, and distribution operating maps and diagrams.

- Environment, Health and Safety increases from historic to bridge and test years were due to ongoing audit requirements to maintain OHSAS 18001 (Occupational Health & Safety Management System) certification (new audit contract anticipated in 2019), conducting the Safety System Evaluation every two years (as part of Hydro One's Journey to Zero), Hazard Hamlet public safety program (visits to schools, fall fairs and community events), increased requirements for eLearning packages, and updates to the Protection and Control Training Laboratory.

- Smart Grid expenditures for 2015 to 2017 are trending below OEB-approved values as the rollout of the Distribution Management System upgrade was delayed in favour of the next version of the application. This delayed the requirement for sustainment activities of the Distribution Management System and reduced the funding requirements. The Distribution Management System Upgrade Project is currently in flight and is expected to be completed in 2018.

3. DISCUSSION

Operations on the Distribution System are carried out at the OGCC. The OGCC is a shared facility for the operation of the distribution and transmission systems. Back-up operating facilities are located at a separate site to mitigate contingencies in the event the OGCC or its computer systems become unavailable. The Distribution Operations Management Centre ("DOMC") was integrated into the OGCC in 2003. It was consolidated with Hydro One Transmission's real-time operations in 2004.

The cost assigned to Hydro One Distribution for Operations and Operations Support at the OGCC, and Environment, Health and Safety are based on the approach summarized in Exhibit C1, Tab 4, Schedule 1.

Operations OM&A require and are facilitated by Information Technology (IT) tools, systems and infrastructure such as those set out in Table 2.

Table 2: Information Technology Tools

System:	Description:
Outage Response Management System (ORMS)	A Distribution Outage Management Centre tool used to automatically analyze trouble calls from the Customer Call Centre. This aids in prediction of the problem location and estimates the number of customers affected by that problem, including outages and other emergencies. This information is then used to facilitate optimal dispatch of field crews.
Integrated Voice Communication and Telephony (IVCT)	Provides voice communication management between the control centres, the IESO, Hydro One field staff, connected customers, and emergency services and includes the Interactive Voice Response (IVR) outage communication tool used to manage incoming customer calls for status of outages.
Provincial Mobile Radio System	Used by operators at the OGCC and the Field Operations Centres to maintain continuous contact with field crews.
Wireless Telecom System	Used to send and receive Supervisory, Control and Data Acquisition (SCADA) signals with smart grid devices.
Distribution Management System (DMS)	This system monitors and controls Distribution System assets by employing advanced applications, such as fault location, and channels that information back to the control room. Operators are then able to make informed operating decisions. This provides a platform for Hydro One to manage its smart grid devices.
Network Outage Management System (NOMS)	The outage management tool that is used for planning, scheduling, assessing and executing equipment outages.
Utility Work Protection Code (UWPC)	This program contains the necessary information and tools to support the development of the application, processing, and logging of Work Protection.
Electronic Logging	System of record for control room activities.
OGCC Weather System	This tool provides real-time weather information regarding storm systems, icing conditions and lightning activity to anticipate probable unplanned interruptions.

System:	Description:
Control Room Wallboards and Displays	Display real-time information provided by OGCC systems and tools in the control room.
Media Notifications	To provide local media and civic authorities with electronic notifications regarding unplanned outage events and restoration efforts. This ability is especially critical during storms and other weather-related events.

4. TEST YEAR FORECAST

4.1 OPERATIONS

Specific Operations functions include managing planned and unplanned outages, coordinating emergency response and monitoring system performance. These activities are described in greater detail below:

Management and Implementation of Planned Outages:
Planned outages on the Distribution System are managed from the control room. These outages would typically account for 5% to 15% of the duration of all Hydro One Distribution customer outages. Applications for planned outages are coordinated to capture efficiencies and mitigate impacts on customers. This involves:

- Assessing all connected electrical equipment and devices that would be included in outage planning to determine appropriate limits and control actions;
- Identifying and notifying customers of upcoming outages through means such as the auto-dialer, phone, fax, newspapers, flyers, radio, door-to-door visits, and providing network outage updates to customers via Hydro One’s mobile applications;

- For planned outages, Hydro One considers and addresses customer concerns regarding outage times and dates. Where possible, planned outages are rescheduled. In other instances, the work scope is modified to restrict the outage to realize better arrangements; and
- Ensuring that all established safety procedures and guidelines are followed during outage work activities to ensure the safety of Hydro One staff, customers and the public.

To maintain performance, Hydro One will continue bundling planned equipment outages. This initiative will be further advanced by improving equipment bundling functionality within the Network Outage Management System ("NOMS"). This will enable better identification of items of equipment that may be bundled. In 2016, Hydro One implemented an operational effectiveness exercise to better manage planned outages by focusing on an improved health measure. This will improve System Average Interruption Duration Index ("SAIDI") as a result of the expected reduction in unplanned outages. Bundling outages has resulted in an ability to measure total number of planned outages when matched to staff available to perform the work. Hydro One measures bundled outages as a percentage of the total number of planned outages to better manage and monitor planned outages and to improve productivity and customer satisfaction.

Response and Management of Unplanned Outages:

Equipment failures, tree and vegetation contact, road accidents, severe weather and lightning result in service interruptions to the Distribution System that cause unplanned outages. Unplanned outages typically account for 85% to 95% of Hydro One total customer outage durations on the Distribution System. Restoration efforts depend on field crews locating the fault condition and performing the associated repairs. Affected customers are also kept advised of the status of interruption through the IVR system. This way, customers are provided with updates on job status from crews that are actively engaged in work. An estimated time for restoration of supply is also provided. Customers are actively encouraged to register online through the Hydro One My Account Login to receive outage notification information, outage updates and expected restoration times through text messages and emails. Different suites and options are available so customers can choose from the array of information that they prefer.

In addition, Hydro One has provided and made available a free, downloadable mobile outage tracking application that is compatible with Android, BlackBerry and iPhone, smartphone and tablet devices. This allows customers to identify a specific power outage and the affected areas to determine whether these were planned or emergencies. The crew status, estimated time of power restoration, cause (if known) and the number of customers affected anywhere within Hydro One service area are available through this program. As of September 2016, Hydro One's mobile outage application was downloaded more than 340,000 times.

Hydro One's Distribution Storm Surveys program surveys customers in areas that have recently experienced outages. Through these surveys, Hydro One learned that 95% of customers surveyed, who had also downloaded the application, described it as "somewhat" or "very easy to use". Use of the application among surveyed customers grew from 7% to 19% for the period August 2015 to March 2016. Customers surveyed during this period indicated that it was their main information source for major event outages. There was a concurrent reduction from 44% to 33% in the amount of surveyed customers that used direct telephone calls to report outages over the same time period.

The Hydro One Distribution Storm Surveys program began in 2015 and includes customer outage application questions. Over the 2018 to 2022 test years, customer specific feedback will be instrumental in improving Hydro One's understanding of customer expectations. This will include implementing the necessary changes to improve customer communication channels and information related to outages (i.e., restoration times, affected areas, cause of interruption and notifications for unplanned outages), processes, and tools, as determined by customer needs and preferences.

Hydro One has implemented a robust call-screening process at the Distribution Outage Management Centre ("DOMC") to assist in incident response and determine if reported outages are from customer-owned equipment failures or Hydro One's system. This identification is made prior to dispatching crews. When a customer reports a problem that is caused by the failure of their own equipment, Hydro One can realize operational savings by not dispatching field crews to the site of this reported outage. In these circumstances, the customer is informed that the problem was not on the Hydro One system and advised to engage their local electrician to resolve the problem. This has, on many occasions, been done only after crews have responded to such calls and determined that there were no issues on the Hydro One system.

Hydro One continues to review technologies, processes, and best practices to more effectively serve customers to align customer needs and preference, the condition of the system's assets and rate impacts. Improving real-time communication with customers and increasing distribution automation, automatic fault locates and isolation help minimize restoration times, outage duration, and operating costs, which are distribution system outcomes that customers value.

Emergency Response Coordination:

The Hydro One Distribution Emergency Response System is activated for widespread interruptions due to weather impacts. This response varies according to the effect of the weather event, the locations where problems occur, and number of customers affected together with the expected time to restore service. During the event, DOMC Operators dispatch crews based on volume and severity of power-off calls until the command system is switched to Field Operations Centre Dispatch mode. At the Field Operations Centres, supervisors dispatch crews at a local level and manage emergency response with firsthand knowledge of the actual problems and more efficient allocation of resources. For larger emergency conditions, which may be more widespread, Incident Command Centres ("ICCs") and Forward Command Posts ("FCPs") are activated to manage Hydro One's response with the local area command arrangements. The DOMC Operators would assist with media notifications to inform and update customers, municipalities and other agencies of outage progress and other Hydro One response updates.

System Performance Monitoring and Reporting:

Information on System Reliability is used to identify issues and challenges. This is then reviewed and appropriate action to support sustainment and subsequent developmental decisions are addressed. A report on system performance is also made to the OEB. Data required to calculate the Hydro One accepted standard reliability indices, such as System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI), is collected at the OGCC.

Outage inquiries from customers are reviewed and the data extracted from the various applications and systems to trend emerging performance issues and to establish additional plans that may be required. Data gathering and monitoring continue to identify opportunities to further improve system performance, while maintaining focus on reliability and reducing customer and system interruptions. Network Operating, specifically, the Customer Operating Support group has increased Hydro One's focus on communication with customers, providing system statistics that will allow customers to make more informed decisions on investments, outage planning and operations.

Operations Summary:

Continued funding of these investments will allow Hydro One Operations to deliver its core functions of managing the real time Distribution System, which includes scheduling and overseeing planned outages, reacting to unplanned outages, coordinating emergency response, monitoring system performance, and communicating with stakeholders. Through these, Hydro One can continue to deliver cost-effective service to customers. Cost variability from year-to-year can be affected by factors such as storm activity, volume of planned outage requests, and unplanned interruptions.

4.2 OPERATIONS SUPPORT

As highlighted under the Discussion Section of this Exhibit, Hydro One Operations relies on a number of systems and associated technical competencies, tools, and equipment to manage and operate the Distribution System and a fully online and real-time capable Backup Control Centre ("BUCC"). Operations Support funding for these systems and tools include expenditures for ongoing software updates and hardware upgrades to provide additional monitoring and control ("DMS"), support costs for ORMS, updates to the Distribution Operating maps and station diagrams, emergency preparedness, and the allocated portion of the maintenance of operating facilities at the OGCC and the BUCC.

Distributed Generation connections are connected to the Distribution System and will continue to significantly influence system operation and requirements for ongoing support (e.g. changes to station and operating diagrams, data collection activities and updates to the DMS network model). Operations Support investment programs are described in detail below.

Operating Power System IT Support (PSIT):

This investment provides funding to maintain support for operating computer tools and systems related to the operation of Hydro One Distribution assets. Investment categories include system applications, data services, architecture and infrastructure management, voice communication systems, IT building facilities, system control support, and program management. PSIT ensures continuity and availability of systems through required support, maintaining the viability of systems for operational response, dispatch, communication, and outage planning. Proper lifecycle sustainment practices will mitigate costly extended support, break-fix emergency repairs, and impactful outages.

Integrated Voice Communication Telephony (IVCT) Support:

This investment funds the maintenance program for the Control Room's voice communication system and provides for essential expert telecommunications support. The integrated voice system is the OGCC's method of communicating with customers and field crews involved in the coordination and operation of the Distribution System. Customers surveyed on Hydro One's Interactive Voice Response ("IVR") Outage line indicated that they were satisfied with improvements to the IVR's ease of use of the automated menu, amount of information provided, accuracy of information and the system providing information correctly the first time. The IVR provides integrated access and intelligent call routing to provide efficient management of hundreds of control room calls each day. Hydro One collects customer feedback regarding the IVCT and will endeavor to accommodate changes and provide needed functionality to suit customer preferences.

OGCC Data Collection & Information Updates:

This investment funds the demand category work required to update the Distribution System Connectivity Information and to gather accurate field information describing equipment additions and changes on the Distribution System. Accurate and timely data collection is required to ensure safe and reliable operation and management. Field data updates ensure that the ORMS and DMS accurately represent the Distribution System. Accurate information is also required to communicate the most up to date information to customers. This program was re-baselined to meet historical and seasonal demand and has since been reduced going forward by 50% of the 2015 budget.

Operating Emergency Preparedness – Lines:

This investment funds the annual work required of Provincial Lines to perform emergency generator testing, emergency communications testing, annual reviews of emergency preparedness procedures and the execution of emergency drills. Emergency preparedness is the means by which regulatory requirements are maintained for business and operational continuity and to minimize customer impact in the event of a failure or incident.

Field Verification of Distribution Station (DS) Operating Diagrams:

Funds for this investment verify the accuracy of DS operating diagrams. An annual work program is required to verify the continued accuracy of the operating diagrams and to create diagrams for any newly installed Distribution Station or system element. These diagrams are used by the Control Room and field staff to create UWPC Work Protections and Supporting Guarantees for both internal and external staff to establish and maintain safe working conditions. In 2016, this program was reduced by 50% as this program was re-baselined to meet seasonal and historical demand.

Distribution Operating Maps (DOM) Maintenance & DS Operating Diagrams:

This investment funds the demand category work required to maintain, update and print Distribution Operating Diagrams and Maps. In order to improve operational process, Hydro One has moved from a CADD based map system to a Geographic Information System (“GIS”), reducing the amount of effort required to record updates in response to changes on the Distribution System. This has resulted in savings to the customer as funding for the program has been reduced annually by $0.6M, whilst maintaining data accuracy. In addition, Hydro One is reviewing its ability to print maps locally, which may further reduce spending over the test years.

Distribution Storm Management Customer Satisfaction Surveys:
This investment is required for the DOMC satisfaction surveys program, which is critical for obtaining Hydro One customer feedback on measuring planned, unplanned and storm event outage management performance. This data has been assessed and has shown a positive increase in customer satisfaction with the IVR, Hydro One outage application and communication for planned and unplanned outages. The storm surveys program will continue to leverage customer specific feedback to further improve Hydro One services, visibility and communication.

Operations Support Summary:
This funding will ensure the required maintenance and support of the Distribution Operations systems and tools required to execute core functions. Over the five-year test period, the annual expenditure for Operations Support will be at or below the 2017 OEB-approved expenditure. This forecast shows Hydro One's commitment to finding efficiencies and increasing productivity before asking customers to pay more.

4.3 ENVIRONMENT, HEALTH AND SAFETY

The Environment, Health and Safety programs funded through "Greener Choices" and "Environment, Health and Safety" span both Transmission and Distribution.

These drivers support environment, health and safety programs that are required to meet legal obligations and ensure a level of due diligence commensurate with the size and scale of Hydro One. In addition, these programs fund activities to meet the corporate Environment and Safety performance targets.

Greener Choices programs support the Corporate Environment Policy by: (i) promoting employee awareness on how environmental impacts can be reduced; (ii) creating a culture of conservation within Hydro One; (iii) helping to make its facilities more energy efficient and waste conscious; and (iv) reducing emissions from the company's fleet. In 2015, Hydro One received the Canadian Electricity Association Sustainable Electricity Company designation for its effort in this area.

Environment, Health and Safety activities (which support the Corporate Health and Safety Policy and Public Safety Policy) funded by this investment include:

- Occupational and non-occupational injury/illness support for medical assessments of workplace injuries and illnesses (occupational); audiometric testing for noise exposed employees (testing is the primary method to measure hearing loss, the effectiveness of engineering/administrative controls and the proper use of hearing protection devices). Hearing tests are vital as they identify the beginning of noise-induced hearing loss long before an employee will notice it; the Care Management Program which provides the right care at the right time for Hydro One employees who suffer a major medical absence of five days or more (non-occupational); and pandemic planning (occupational and non-occupational);

- Hazardous Materials Management which identifies hazardous materials and establishes a protocol for on-going management of these materials in the workplace as per the Occupational Health and Safety Act (i.e. designated substances such as asbestos, lead and mercury). Formal programs have been established for managing asbestos and lead-containing materials in Hydro One workplaces;

- Public safety which includes school presentations by Hydro One Lines employees using Hazard Hamlet models, participation in community events, fall fairs, media campaigns and the development and production of educational materials to inform and educate members of the public about the hazards associated with Hydro One assets;

- Proactive forums to assist the health and safety of employees by raising awareness and providing education about health, wellness and lifestyle issues, as well as employee health screening clinics and flu shot clinics;

- E-learning modules continue to be developed and refreshed to enable employees to be trained remotely allowing for timely and immediate delivery of required training. E-learning contributes to employee competence and reduces delivery costs;

- Development and casting implementation of new training media to improve the effectiveness of trades training. Approaches include: web, video streaming, mobile learning, simulation, and knowledge-transfer technologies. This is used in trades and technical training and will contribute to ensuring future skilled labour for the maintenance and operation of Hydro One assets;

- The Hydro One Journey to Zero initiative supports the corporate goal of reaching world class safety performance by 2019. This initiative began in 2010 and has instilled a culture of continuous improvement in Hydro One's health and safety performance with the ultimate objective of achieving an injury-free workplace.

Part of the program's success can be attributed to the formation of cross-functional teams to identify specific functional areas impacting safety performance and the selection of a remedial or educational course of action for implementation that includes establishing corporate goals to measure success;

- Maintenance of Hydro One OHSAS 18001 Registration includes ongoing system and field audits to ensure Hydro One's Health & Safety Management System ("HSEMS") is meeting the OHSAS standard and closing any identified gaps. The HSEMS was first registered in 2013 and external audits of the system have shown steady reduction in the number of audit findings. The HSEMS demonstrates how Hydro One implements the Corporate Health and Safety, Environment and Public Safety Policies;

- Ice and Water rescue training for staff who work on and around water and ice so that they are prepared for the hazards in these environments; and

- The Species at Risk program ensures compliance with revised federal and provincial regulations that requires protection of migratory birds, endangered species, and protection of their habitat. Hydro One ensures that it meets the regulations by developing and maintaining special treatment requirements for areas containing migratory birds and endangered species and developing and implementing a system to effectively relay these requirements to staff responsible for developing work programs.

Environmental Health & Safety Summary:

Environment, health and safety costs remain stable from historic to bridge and test years.

4.4 SMART GRID

Hydro One has been making investments in Smart Grid since the Green Energy Plan filed in EB-2009-0096 was approved by the OEB. Hydro One continues the process of modernizing its Distribution System, primarily, through the growth of its set of smart grid assets. These smart grid devices and systems will serve customers by improving reliability and enabling management of an evolving Distribution System. This funding will be for operating, maintaining and supporting these assets as part of its normal utility operations.

Operations for Smart Grid:

This funding provides for staff to operate the smart grid assets to support proactive distribution operations. As the Distribution System is modernized through the deployment of new smart grid assets in the control room and in the field, distribution operations can become more proactive. Hydro One will be able to remotely monitor and control parts of the Distribution System and respond to operational issues immediately, as they arise, without having to wait for customers to call in an outage.

Operations Support for Smart Grid:

This funding provides for the maintenance and support of smart grid systems. Hydro One has already installed a base of new smart grid assets including a Distribution Management System, an analytics system, and a tool to leverage smart meters in operations. These systems will also require support and maintenance. The investment will provide:

- staff to support the computer infrastructure and software systems;
- staff to maintain the Distribution Network Model;
- software maintenance;

- licensing fees and other costs; and
- staff to maintain installed smart grid field devices.

Telecommunications Support:

This funding provides for the third-party telecommunication costs required to maintain communication with smart grid assets deployed on the Distribution System. This funding will enable Supervisory Control and Data Acquisition ("SCADA") for Operations to control and monitor smart grid assets.

Smart Grid Summary

As per the Board's direction in the Renewed Regulatory Framework (October 2012), Hydro One has integrated its smart grid investment into its normal investment plans. Hydro One will continue funding Operations OM&A for Smart Grid to operate and sustain its growing set of smart grid investments. There will also be an increase in funding over the period for additional telecommunication systems and maintenance of a growing fleet of smart grid assets.

CUSTOMER CARE OM&A

1. SUMMARY OF CUSTOMER CARE OM&A

Hydro One's distribution system is among the largest in North America, providing approximately 1.3 million customers in many of Ontario's most hard to reach locales with a safe, reliable connection to the electricity they need to live their lives. At Hydro One, connection is about more than just wires and poles – it is about understanding customer needs and providing solutions that meet those needs. Hydro One's Customer Care OM&A funds customer-facing activities that serve the needs of its customers, which include residential, small business, commercial, and industrial customers.

Table 1 details the funding that allows Hydro One to: (a) respond to customer inquiries when they contact the call center; (b) obtain meter readings; (c) issue timely and accurate bills; (d) process customer payments; (e) manage a collections program to recover revenue; and (f) provide financial assistance to low-income customers through the Ontario Energy Board's Low-Income Energy Assistance Program (LEAP).

Through its interactions with customers, Hydro One aims to educate customers about their bill, explain electricity prices and smart meters, provide energy usage analytics, and offer social service assistance to low-income customers. Successful execution of these primary activities leads to meaningful improvements in customer satisfaction and customer perception. Hydro One will monitor several key measures, as outlined in Table 10, in order to continually shape its vision of an enhanced customer experience.

Table 1 consolidates information previously provided in Hydro One's last distribution rate application (EB-2013-0416) in Tables 1 to 3 of Exhibit C1, Tab 2, Schedule 5, as described in the notes to Table 1.

Table 1: Summary of Customer Care OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Call Center Operations (1)	79.5	56.4	38.5	41.5	38.8	43.8	39.9	44.5
Meter Reading	23.5	18.7	14.9	17.8	14.3	19.4	14.0	19.2
Third Party Support (2)	13.6	13.2	12.2	14.1	12.5	14.0	12.9	14.6
Field Support	4.9	12.0	7.1	14.0	7.3	10.0	7.5	8.1
Regulatory Compliance (LEAP)	2.2	4.2	2.1	4.1	2.2	4.3	2.3	4.3
Net Bad Debt	66.8	29.5	15.5	6.8	15.4	21.1	14.4	21.1
Customer Care Staffing (3)	18.9	21.5	21.3	20.5	20.4	20.1	20.6	19.8
Total Customer Care OM&A (4)	**209.3**	**155.4**	**111.6**	**118.8**	**110.9**	**132.6**	**111.6**	**131.6**

(1) Previously referred to as "Customer Service Operations", "Customer Operations" and "Settlements".
(2) Previously referred to as "Service Support" and "Service Enhancements".
(3) Previously referred to "Customer Service Management", "Customer Business Relations", "Customer Care Management", "Customer Experience", and "Conservation and Demand Management".
(4) Costs associated with the Smart Grid Pilot are now included in the Exhibit C1, Tab 1, Schedule 4 (Operations OM&A) Exhibit.

2. VARIANCE EXPLANATION

2.1 CALL CENTER OPERATIONS

Table 2: Call Centre Operations OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Call Center Operations	79.5	56.4	38.5	41.5	38.8	43.8	39.9	44.5

Call Centre Operations reflect Hydro One's costs under its outsourcing agreement with Inergi LP to deliver customer-facing services, including: call center services, billing, collections, settlements, and distributed generation services to Hydro One customers. Customers contact Hydro One in several ways, including telephone, interactive voice recognition (IVR), letters, fax, email, and through the company's website. In 2016, the call center handled over 2.7 million calls from customers and responded to over 63,000 emails.

In 2014 and 2015, actual expenditures were higher than OEB-approved levels due to the increased costs associated with the implementation of Hydro One's Customer Information System ("CIS") in May 2013 and the following support period.

Hydro One also initiated a competitive Request for Proposal in 2014 in preparation for the expiration of the outsourcing agreement. As a result, actual expenditure was higher than OEB-approved levels in 2015 due to the market price of the new outsourcing contract, higher than expected transition costs associated with the new outsourcing contract, and the elimination of a sub-contractor.

In 2016, spending levels were 7% higher than OEB-approved levels as a result of improved customer service targets within the call center, new service level guarantees, and extended hours of operation for certain parts of the call center. As a result, expenditure will also be higher than OEB-approved levels in 2017 and beyond. Furthermore, annual expenditure is expected to increase year-over-year due to an inflation provision in the contract.

Additional information relating to the Inergi outsourcing arrangement is set out in Exhibit C1, Tab 5, Schedule 1, including information on the service quality assurances and governance structure applicable to the arrangement.

2.2 METER READING

Table 3: Meter Reading OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Meter Reading	23.5	18.7	14.9	17.8	14.3	19.4	14.0	19.2

Hydro One has approximately 1.3 million smart meters deployed across the province. However, approximately 150,000 meters require a manual meter read due to the limited geographical reach of the Smart Meter Network infrastructure. As a result, this program supports automated reading of smart meters through the Smart Meter Network infrastructure and manual meter readings for hard-to-reach customers.

Meter Reading costs were higher than OEB-approved levels in 2014 and 2015 due to the implementation of the CIS and the following support period. Forecasted expenditures in 2016 and 2017 are also higher than OEB-approved levels as a result of improved bill accuracy targets, whereby 98% of bills are issued on actual meter readings.

Spending in 2017 and 2018 is forecast to be higher than OEB-approved levels as a result of amendments to the Distribution System Code ("DSC") (EB-2013-0311), requiring distributors to install an interval meter on any installation that is forecast to have a monthly average peak demand during a calendar year of over 50 kW. Expenditures will decline in 2018 versus 2017 as a result of system enhancements in the field and improvements to the smart meter network infrastructure.

2.3 THIRD PARTY SUPPORT

Table 4: Third Party Support OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Third Party Support	13.6	13.2	12.2	14.1	12.5	14.0	12.9	14.6

This funding is required for third party services, including: postage services, e-billing services using Canada Post's ePost solution, toll-free phone numbers for the call center, payment processing services, the collection of customer feedback and surveys, and collection agency costs for outstanding final-billed accounts. The majority of these costs are dictated by market prices and/or competitive procurement processes.

Third Party Support costs were higher than OEB-approved levels in 2015 and 2016 due to unexpected increases in postage rates and lower than expected uptake in ePost. In order to mitigate increasing postage costs in 2017 and over the Custom IR term, Hydro One launched a new e-billing solution at the end of 2016. This new solution also offers customers more choice and a variety of self-service functionality.

2018 test year expenditure is 17% higher than OEB-approved levels in 2016 as a result of increasing postage rates and an amendment to section 2.6.1A of the DSC (EB-2014-0198), which requires that distributors issue bills to non-seasonal residential customers and general service under 50 kW customers on a monthly basis.

2.4 FIELD SUPPORT

Table 5: Field Support OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Field Support	4.9	12.0	7.1	14.0	7.3	10.0	7.5	8.1

Field Support costs fund Customer Care field activities, including disconnection of electricity due to non-payment, reconnection when payment is received, investigation of high bill inquiries, and other services that require an on-site field visit.

In 2014, spending was lower than the approved level since field collections were suspended from May 2013 (when Hydro One implemented its new CIS) to early 2015.

Spending levels in 2015 and 2016 were higher than OEB-approved levels as Hydro One gradually resumed on-site field visits and disconnections. In addition, Hydro One examined all customer-facing policies and practices. Hydro One introduced new customer friendly policies. For example, one such policy mandated that Hydro One deliver a door-hanger to a sub-set of vacant properties prior to disconnection. In addition, as an extension to its annual pause on disconnections, Hydro One launched a Winter Relief Program in 2016. This new initiative helps customers who are experiencing extreme hardship get their electricity service reconnected for the winter. This program is about doing the right thing for Hydro One customers to help get them back on track for the future.

2018 test year expenditure is 42% lower than 2016 expenditure, as it is expected that field collection volumes will return to normal. In addition, the introduction of remote disconnect technology in mid-2016 will result in a reduction in field collection expenditures in 2017 and beyond.

2.5 REGULATORY COMPLIANCE (LEAP)

Table 6: Regulatory Compliance (LEAP) OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Regulatory Compliance (LEAP)	2.2	4.2	2.1	4.1	2.2	4.3	2.3	4.3

Hydro One administers and funds approximately $1.7 million annually to the Low-Income Energy Assistance Program (LEAP), which provides emergency relief to eligible low-income customers. This amount represents 0.12% of Hydro One Distribution's revenue requirement, as mandated by the Ontario Energy Board (EB-2008-0150). The United Way of Greater Simcoe manages this fund as Hydro One's lead agency.

In recent years, the number of low-income customers has increased as customers are struggling with increasing energy bills. Demand for the program from Hydro One customers exceeds the OEB's mandate. In 2015 and 2016, Hydro One's contribution to LEAP was approximately $2 million more than the OEB's 0.12% revenue requirement.

In 2017 and beyond, Hydro One anticipates that demand for LEAP funding will continue to increase. As a result, test year expenditure is approximately twice as high as the OEB-approved level. Hydro One plans to contribute additional funding in 2017 and beyond.

2.6 NET BAD DEBT

Table 7: Summary of Net Bad Debt OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Net Bad Debt	66.8	29.5	15.5	6.8*	15.4	21.1	14.4	21.1

*This is net of a one-time provision adjustment in 2016.

Hydro One is focused on helping customers stay current with their bills and providing a variety of payment options in order to keep arrears at a minimum. This cost category reflects bad debt expenses, net of recoveries.

In 2014 and 2015, Net Bad Debt expenses were higher than OEB-approved levels due to the suspension of Hydro One's collections program from May 2013 to early 2016 related to the implementation of CIS.

Hydro One's bad debt provision rates reflect the company's best estimate of overdue accounts receivable balances and amounts that will be uncollectable or written off in the future. This is based on the aging of accounts receivables, the probability of default, and historical trends.

In December 2013, shortly after the implementation of the CIS, the provision rates were revised to reflect the increased risk of uncollectible accounts receivables following Hydro One's decision to suspend all collections activity.

Because Hydro One's collections risk profile improved since the reactivation of collections in 2016, Hydro One modified its provision rates in 2016 to more accurately reflect its bad debt exposure. This resulted in a one-time adjustment that was approved by Hydro One's external auditors and resulted in a $12.6 million reduction in 2016.

Increasing revenues over the term of the Custom IR will result in increased expenditures from 2017 to 2022. Despite increasing revenues, Hydro One is committed to reducing Net Bad Debt as a percentage of revenue from 2017 to 2022. In 2017 and 2018, Net Bad Debt will return closer to historical norms (meaning before Hydro One's recent CIS implementation), adjusted for increased revenue. As a result, 2018 test year expenditure will be higher than OEB-approved levels in 2016.

2.7 CUSTOMER CARE STAFFING

Table 8: Customer Care Staffing OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Customer Care Staffing	18.9	21.5	21.3	20.5	20.4	20.1	20.6	19.8

This expenditure includes labour costs to oversee the Customer Care programs, including the call center, billing, meter reading, collections, settlements, distributed generation services, and project delivery and implementation. Since a large portion of services within the Customer Care department are either outsourced or provided by external vendors, Customer Care staff also provides strategic direction and oversight of Hydro One's partners and implements changes. A number of customer care services are also delivered directly by Hydro One employees, including escalated customer inquiries.

Customer Care staffing expenditure increased from 2014 to 2015 as Hydro One focused on a renewed level of service for customers. Bridge and test year expenditure is lower than 2016 OEB-approved levels due to efficiencies achieved from headcount reductions through attrition. Costs are expected to remain relatively constant over the planning period.

3. TEST YEAR FORECAST

As outlined in Section 1.3 of the Distribution System Plan provided as Exhibit B1, Tab 1, Schedule 1 (the "DSP"), the top priority of Hydro One Distribution customers is keeping their bills as low as possible. Hydro One is committed to reducing Customer Care OM&A expenditure per customer in the test year and over the term of the Custom IR. Hydro One's performance against this metric from 2014 to 2018 is set out in Table 9 below. Hydro One is striving to strike a balance between increased customer service while maintaining or reducing operational expenditure. In addition to monitoring its unit costs, Hydro One intends to achieve the outcomes described in Section 3.1, Table 10.

Table 9: Customer Care OM&A Allocated to Distribution Cost per Customer

Customer Service	**Historic**			**Bridge**	**Test**
	2014 Actual	**2015 Actual**	**2016 Actual**	**2017 Forecast**	**2018 Forecast**
Total OM&A (Million)	$209.3	$155.4	$118.8	$132.6	$131.6
Number of Customers (Million)	1.27	1.27	1.28	1.29	1.30
Customer Care OM&A Cost per Customer	**$165**	**$122**	**$93**	**$103**	**$101**

3.1 CUSTOMER FOCUS OUTCOMES

As outlined in Exhibit A, Tab 4, Schedule 1, Hydro One is on the cusp of a customer service transformation guided by three strategic pillars – "Easy to Do Business With", "Always There for Our Customers", and "Always Connected". These pillars will have a positive impact on how Hydro One serves its customers.

Customer Care OM&A funding will allow Hydro One to provide timely and accurate bills consistently across its entire customer base, respond to customer inquiries in a timely manner, resolve customer inquiries the first time they contact Hydro One, and improve customer satisfaction at every interaction. During every interaction, Hydro One aims to educate customers about their bills, explain electricity prices and smart meters, provide energy usage analytics, and provide social service assistance for low-income customers.

Hydro One also provides conservation and demand management programs, which are aimed at reducing customers' individual consumption, providing opportunities to potentially lower a customer's bill, and reducing the overall consumption on the electricity grid. These programs are available for all customers, including residential, commercial, and industrial customers. Since funding for these Independent Electricity System Operator ("IESO") programs is recovered through the Global Adjustment Mechanism, these costs are not included in this Application.

In 2016, Hydro One also began offering a new customer service model. Customer Care representatives visited communities around the province and with customers face-to-face. The local outreach and presence in the community provides a valuable service in educating customers about their electricity usage and providing them with opportunities to enrol in financial and electricity conservation programs.

The model allows the Hydro One team to enrol customers in conservation programs, collaborate with community service organizations to help low-income customers, and ensure qualified customers are taking advantage of the Province of Ontario's Ontario Electricity Support Program. Hydro One plans to extend this customer service model more broadly across the province over time.

Hydro One will monitor the measures outlined in Table 10 and use the results to enhance its vision of the ideal customer experience. In all cases, the 2017 and 2018 targets are higher than 2016 results with year-over-year improvements. Additional performance metrics are discussed in Section 1.4 of the DSP (Performance Measurement).

Table 10: Customer Focus Measures

Customer Focus Outcome	Measure	2014	2015	2016	2017 Target	2018 Target
Timely and Accurate Bills	Billing Accuracy	95%	99%	99%	99%	99%
Easy to Do Business With	Telephone Calls Answered in 30 Seconds	70%	76%	74%	80%	80%
	First Call Resolution	79%	82%	82%	85%	86%
Being There for Customers When They Need Us	Overall Customer Satisfaction	85%	85%	84%	86%	87%
	Handling of Unplanned Outages	75%	76%	75%	76%	77%
Educate and Assist Customers	My Account Customer Satisfaction	75%	78%	79%	81%	83%

3.2 OPERATIONAL EFFECTIVENESS OUTCOMES

Hydro One is committed to listening to customers, understanding their needs and preferences, modifying work activities accordingly, and enhancing the customer experience, as discussed in Exhibit A, Tab 4, Schedule 1. Hydro One is implementing a number of capital investment initiatives to improve customer satisfaction and address changing customer needs and expectations. These initiatives are described in more detail in Section 3.8 of the DSP, specifically Investment Summary Documents GP16 and GP28 to GP33. Several of these capital initiatives are expected to yield Customer Care benefits, as outlined in Table 11.

Table 11: Operational Effectiveness Outcomes

Productivity Initiative	Benefit	Expected Benefits
My Account Self-Service	Hydro One's enhanced "My Account" self-service website, scheduled to go-live mid-2017, is expected to improve My Account satisfaction, provide a more convenient solution for customers, and increase the number of self-service transactions completed online.	300,000 self-service transactions are expected to be completed online by 2018, up from 90,000 in 2016. In addition, My Account customer satisfaction is expected to increase to 83% over the same time horizon (as outlined in Table 10).
eBilling	Hydro One's new ebilling solution and high usage alerts, launched December 2016, is expected to increase ebilling penetration, ultimately reducing postage costs.	545,000 customers are expected to sign up for ebilling by 2022, resulting in $17 million of OM&A savings from 2017 to 2022 due to reduced postage costs.
Bill Redesign	An updated bill format, expected to launch mid-2017, will make it easier for customers to understand their bill and increase their understanding of their electricity consumption.	Customer understanding of how their bill is calculated is expected to increase. This will contribute to Hydro One's overall customer satisfaction target of 87% by 2018 (as outlined in Table 10).
Remote Disconnect	Remote disconnect technology, launched mid-2016, will reduce the number of truck rolls required in the field in order to disconnect customers in arrears and will reconnect customers in a more timely fashion.	Field Support OM&A expenditure is expected to decline by $3 million annually since less truck rolls will be required.

SUMMARY OF COMMON CORPORATE OM&A

1. SUMMARY OF COMMON CORPORATE OM&A

Hydro One allocates Common Corporate OM&A costs to its distribution and transmission businesses and to each unregulated accounting segment based on clearly articulated shared functions and services and an established cost allocation approach based on cost causality principles. Table 1 summarizes Hydro One's total Common Corporate OM&A costs over the historic, bridge and test years.

Table 1: Summary of Total Common Corporate OM&A Costs ($ Millions)

	Historic			Bridge	Test
Description	**2014 IRM**	**2015**	**2016**	**2017**	**2018**
Planning	47.6	47.4	45.1	47.7	47.5
Common Corporate Functions & Services	173.9	187.5	186.6	200.0	201.3
Information Technology	166.0	142.5	143.8	145.7	137.9
Cost of External Revenue	15.6	14.2	9.1	9.4	8.9
Other OM&A*	(266.1)	(235.8)	(242.8)	(286.8)	(282.2)
Total	**137.1**	**155.8**	**141.7**	**115.9**	**113.5**

*Includes the pension adjustment described in Exhibit C1, Tab 1, Schedule 7.

Table 2 summarizes Hydro One Distribution's portion of the Common Corporate OM&A costs over the historic, bridge and test years.

Table 2: Summary of Common Corporate OM&A Costs Allocated to Distribution

($ Millions)

	Historic					**Bridge**		**Test**
Description	**2014 IRM**	**2015**		**2016**		**2017**		**2018**
	Actual	**Actual**	**Approved**	**Actual**	**Approved**	**Forecast**	**Approved**	**Forecast**
Planning	15.0	16.4	18.4	12.2	17.8	13.3	17.6	13.3
Common Corporate Functions & Services	76.8	80.5	77.3	85.8	76.8	87.2	76.7	88.0
Information Technology	109.3	85.8	85.7	85.3	86.4	85.6	86.1	80.4
Cost of External Revenue	4.5	5.4	2.1	4.3	2.1	4.5	2.1	4.6
Other OM&A*	(111.3)	(119.0)	(124.4)	(115.5)	(128.3)	(136.1)	(127.8)	(132.3)
Total	**94.4**	**69.1**	**59.0**	**72.0**	**54.8**	**54.4**	**54.7**	**53.9**

*OEB-directed reductions for compensation are reflected in this line item. Includes the pension adjustment described in Exhibit C1, Tab 1, Schedule 7.

Hydro One Common Corporate OM&A costs are comprised of: Common Corporate Functions and Services ("CCFS") as detailed in Exhibit C1, Tab 1, Schedule 7; Planning as detailed in Exhibit C1, Tab 1, Schedule 8; Information Technology ("IT") as detailed in Exhibit C1, Tab 1, Schedule 9; Cost of External Revenue as detailed in Exhibit C1, Tab 1, Schedule 10; and Other OM&A as detailed in Exhibit C1, Tab 1, Schedule 7.

Hydro One uses a centralized shared services model to deliver its common services to its transmission and distribution businesses and to its affiliated companies as described in Attachment 1 to Exhibit C1, Tab 4, Schedule 1. Many organizations have adopted a common corporate cost model as an effective method of delivering common services to multiple subsidiaries and/or multiple business units.

Since 2009, Hydro One has applied a cost allocation methodology developed by Black and Veatch Corporation that utilizes a breakdown of activities and drivers. In 2016, Hydro One commissioned Black and Veatch Corporation to update the methodology to allocate common costs among the business entities using the common services, as discussed in Exhibit C1, Tab 4, Schedule 1.

2. VARIANCE EXPLANATION

Planning costs increased from 2014 to 2015 due to the establishment of a program management office. Costs in 2016 and beyond are forecast to be lower than OEB-approved amounts due to a June 2016 pension revaluation that reduced pension contribution operating expenses as detailed in Exhibit C1, Tab 2, Schedule 2.

CCFS costs have increased since 2014, primarily due to higher costs for Corporate Management, People and Culture and Internal Audit. The reasons for this increase are detailed in Exhibit C1, Tab 1, Schedule 7.

IT OM&A expenditures in 2017 and 2018 are trending lower on an annual basis primarily due to savings from several productivity initiatives as identified in the Distribution System Plan provided as Exhibit B1, Tab 1, Schedule 1 (the "DSP"), Section 1.5. Historical spending levels were materially in line with OEB-approved forecasts.

The Cost of External Revenue has been relatively flat since 2014. The actuals are higher than OEB-approved amounts, mainly due to higher volumes of contestable emergency restoration work, Hydro One Remotes vegetation management assistance, and emergency services.

Other OM&A has been decreasing since 2014, which is more favourable as it reduces the OM&A portion of revenue requirement. Capitalized overheads and indirect depreciation increase with increasing capital work programs. The environmental provision offsets work program costs as these costs have already been set aside and are drawn down as work progresses. Other OM&A is less favourable than OEB-approved amounts in 2015 and 2016 due to the reduced environmental provision matching the reduced PCB work program. The pension adjustment described in Exhibit C1, Tab 1, Schedule 7 is reflected in Other OM&A.

COMMON CORPORATE FUNCTIONS AND SERVICES AND OTHER OM&A

1. INTRODUCTION

Hydro One has identified certain functions that provide common services to all business units: corporate management, finance, people and culture, corporate relations, general counsel and corporate secretariat, regulatory affairs, security management, internal audit, and real estate and facilities. It was determined that these functions could be shared effectively by all business units, avoiding costly and unnecessary duplication. These functions are referred to as "common corporate functions and services" ("CCFS").

The allocation of CCFS costs between Hydro One Distribution, Hydro One Transmission, its shareholder and other affiliates is determined by the common cost allocation methodology described in Exhibit C1, Tab 4, Schedule 1. The allocation of these costs between Hydro One and its affiliates is governed by affiliate service level agreements described in Attachment 1.

This Exhibit discusses CCFS costs and other OM&A expenses, which are comprised of credits associated with capitalized overhead, environmental provisions, indirect depreciation and other costs.

2. VARIANCE EXPLANATION

Table 1 presents the total CCFS costs for Hydro One between 2014 and 2016, the bridge year and the first test year 2018.

Table 1: Summary of Total Common Corporate Functions and Services OM&A ($ Millions)

	Historic			Bridge	Test
Description	**2014 IRM**	**2015**	**2016**	**2017**	**2018**
	Actual	**Actual**	**Actual**	**Forecast**	**Forecast**
Corporate Management	9.2	16.4	16.1	23.4	23.3
Finance	40.0	39.1	38.1	41.8	40.4
People and Culture	12.8	13.6	15.6	16.4	16.2
Corporate Relations	19.5	17.3	15.2	15.8	17.5
General Counsel and Secretariat	8.7	8.6	10.1	10.0	10.1
Regulatory Affairs	23.0	24.1	23.3	22.6	22.9
Security Management	3.5	4.2	4.6	4.4	4.5
Internal Audit	3.6	4.2	4.9	6.8	6.9
Real Estate and Facilities	53.6	60.0	58.6	58.7	59.5
Total CCF&S Costs	**173.9**	**187.5**	**186.6**	**200.0**	**201.3**

Total CCFS costs increase from 2015 to 2018 primarily due to the following factors:

- higher Corporate Management costs from 2015 to 2017 due to increases in compensation resulting from the recruitment of senior managers with proven track-records of delivering on targeted commercial objectives (under this new leadership, incremental productivity savings are expected to significantly offset these increased costs as identified in the Distribution System Plan in Exhibit B1, Tab 1, Schedule 1 (the "DSP"), Section 1.5);
- higher Internal Audit costs mainly from 2015 to 2017 resulting from an increased staffing requirement to address an expanding work program to support construction and capital project audit capabilities. Increased staffing to support these capabilities will ensure the team can adequately support the work program;
- higher People and Culture costs from 2014 to 2017, primarily due to increased training costs for: (a) a larger new graduate population; and (b) existing employees, specifically on the topic of the "craft of management", with a focus on managers and

- supervisors requiring additional resources and skills to meet new requirements. Examples include: (a) building and sustaining new compensation structures; (b) a renewed focus on performance management; and (c) a renewed focus on change management intended to maximize the value of corporate change initiatives; and
- higher Corporate Relations costs starting in 2018 are anticipated costs associated with retendering Hydro One's largest outsourcing arrangement.

Table 2 shows the amounts that have been allocated to Hydro One Distribution during the same time period.

Table 2: Summary of Common Corporate Functions and Services OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Corporate Management	2.4	2.4	2.4	4.3	2.4	5.6	2.4	5.7
Finance	16.4	16.2	18.0	16.6	17.6	16.9	17.3	16.3
People and Culture	5.8	6.8	5.7	7.3	5.4	7.8	5.4	7.7
Corporate Relations	10.5	9.6	6.6	7.6	6.6	7.6	6.6	8.3
General Counsel and Secretariat	3.8	3.6	4.1	4.5	4.1	4.2	4.2	4.3
Regulatory Affairs	13.0	13.6	12.0	14.0	12.4	12.8	12.1	13.0
Security Management	1.9	2.2	2.5	2.5	2.4	2.3	2.4	2.4
Internal Audit	1.2	1.6	1.1	2.2	1.1	3.1	1.1	3.1
Real Estate and Facilities	21.8	24.5	24.8	26.9	24.7	26.9	25.2	27.3
Total CCF&S Costs	**76.8**	**80.5**	**77.3**	**85.8**	**76.8**	**87.2**	**76.7**	**88.0**

The increases in the Hydro One Distribution portion of CCFS costs are due to the same factors noted above for increases in total CCFS costs.

Table 3 shows the detailed breakdown between labour, non-labour and where appropriate, other costs included in the CCFS costs.

Table 3: Summary of Corporate Common Costs ($ Millions)

Description	Cost Type	Total Costs		Distribution Portion	
		2017 Forecast	2018 Forecast	2017 Forecast	2018 Forecast
Corporate Management	Labour	16.0	16.3	4.1	4.2
Corporate Management	Non-Labour	7.4	7.0	1.5	1.4
Corporate Management	**Total**	**23.4**	**23.3**	**5.6**	**5.7**
Finance	Labour	23.9	22.7	9.6	9.1
Finance	Non-Labour	6.6	6.0	2.6	2.4
Finance	Inergi	11.4	11.6	4.6	4.7
Finance	**Total**	**41.8**	**40.4**	**16.9**	**16.3**
People and Culture	Labour	13.1	13.4	6.2	6.4
People and Culture	Non-Labour	3.3	2.8	1.6	1.3
People and Culture	**Total**	**16.4**	**16.2**	**7.8**	**7.7**
Corporate Relations	Labour	10.5	10.6	5.1	5.1
Corporate Relations	Non-Labour	5.4	6.9	2.6	3.3
Corporate Relations	**Total**	**15.8**	**17.5**	**7.6**	**8.3**
General Counsel and Secretariat	Labour	5.7	5.8	2.4	2.5
General Counsel and Secretariat	Non-Labour	4.3	4.3	1.8	1.8
General Counsel and Secretariat	**Total**	**10.0**	**10.1**	**4.2**	**4.3**
Regulatory Affairs	Labour	8.9	9.0	4.2	4.2
Regulatory Affairs	Non-Labour	2.0	1.6	0.9	0.7
Regulatory Affairs	OEB / Other Costs	11.7	12.3	7.7	8.0
Regulatory Affairs	**Total**	**22.6**	**22.9**	**12.8**	**13.0**
Security Management	Labour	4.1	4.2	2.1	2.2
Security Management	Non-Labour	0.4	0.4	0.2	0.2
Security Management	**Total**	**4.4**	**4.5**	**2.3**	**2.4**
Internal Audit	Labour	5.7	5.8	2.6	2.6
Internal Audit	Non-Labour	1.0	1.0	0.5	0.5
Internal Audit	**Total**	**6.8**	**6.9**	**3.1**	**3.1**
Real Estate and Facilities	Labour	7.0	7.1	1.7	1.7
Real Estate and Facilities	Non-Labour	2.4	2.3	0.6	0.6
Real Estate and Facilities	Facility[1]	49.3	50.1	24.6	25.0
Real Estate and Facilities	**Total**	**58.7**	**59.5**	**26.9**	**27.3**
Total Corporate Common	**Total CCC**	**200.0**	**201.3**	**87.2**	**88.0**

[1]The Facility line in Table 3 relates to work program costs that make up part of the CCFS costs as opposed to labour or non-labour costs.

2.1 CORPORATE MANAGEMENT

Corporate Management represents those functions responsible for providing overall strategic direction to Hydro One. Corporate Management costs relate to the Board of Directors, the Chief Executive Officer, the Treasurer, the Chief Financial Officer ("CFO"), the Ombudsman and the General Counsel and Corporate Secretariat as advisors to the Board of Directors and corporate officers on overall strategic matters. Table 4 presents the details of the total Corporate Management costs.

Table 4: Summary of Total Corporate Management OM&A ($ Millions)

Description	Historic			Bridge	Test
	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Forecast	Forecast
President/CEO Office	2.3	5.8	2.6	2.4	2.4
Chair Office	0.3	0.3	0.3	0.3	0.3
Corporate Common LTD	-	-	-	1.1	1.2
Ombudsman Office	-	0.1	1.3	1.6	1.6
CFO Office	0.7	1.1	2.6	1.3	1.3
Investor Relations	-	0.6	0.3	1.0	1.0
EVP Strategy Office	-	-	0.8	6.1	6.2
Treasurer's Office	-	-	-	0.0	0.0
Board	1.6	3.7	3.2	3.5	3.5
Corp. Secretariat	0.3	0.3	0.3	0.4	0.4
General Counsel – VP	0.4	0.5	1.7	0.8	0.8
Donations	0.6	0.9	0.9	1.1	1.1
Value Growth	3.0	3.0	2.1	3.8	3.5
Total Corporate Management	**9.2**	**16.4**	**16.1**	**23.4**	**23.3**

The General Counsel and Corporate Secretariat costs included in the Corporate Management costs in Table 4 are specifically for the Chief Legal Officer and Corporate Secretary. These costs are separate from the specific line item for General Counsel and Secretariat costs in Table 1, which cover the rest of the department costs.

Total CCFS costs reflected in Table 1 increase partly as a result of higher Corporate Management costs. A large part of this increase is due to the inclusion of $6.3 million of costs that are not recoverable from transmission or distribution customers. These are costs associated with: (a) the "value growth" team engaged in acquisitions; (b) corporate donations; and (c) investor relations. The balance of the increase is largely due to increased salaries in this group. As Hydro One has been evolving, the Company has hired several new senior executives at market rates, with the expectation that further incremental productivity savings will more than offset these increased costs, as identified in the DSP, Section 1.5. Table 5 shows the distribution portion of the Corporate Management costs.

Table 5: Summary of Corporate Management OM&A Allocated to Distribution
($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Corporate Management	2.4	2.4	2.4	4.3	2.4	5.6	2.4	5.7

Details of the Hydro One Distribution portion of the Corporate Management costs are listed in Table 6.

Table 6: Summary of Corporate Management OM&A Allocated to Distribution ($ Millions)

Description	Historic			Bridge	Test
	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Forecast	Forecast
President/CEO Office	0.6	1.0	0.7	0.9	0.9
Chair Office	0.2	0.1	0.1	0.1	0.1
Corporate Common LTD	-	-	0.5	0.6	0.6
Ombudsman Office	-	0.0	0.4	1.3	1.3
CFO Office	0.4	0.2	0.9	0.5	0.6
Investor Relations	-	-	-	-	-
EVP Strategy Office	-	-	-	-	-
Treasurer's Office	-	-	-	-	-
Board	0.8	0.7	0.9	1.6	1.6
Corp. Secretariat	0.3	0.1	0.1	0.2	0.2
General Counsel – VP	-	0.2	0.8	0.3	0.3
Donations	-	-	-	-	-
Value Growth	-	-	-	-	-
Total Corporate Management	2.4	2.4	4.3	5.6	5.7

The increase in Corporate Management costs from 2015 to 2018 forecast for Hydro One Distribution stem from changes in executive compensation.

2.2 FINANCE

Hydro One's Finance division provides strategic advice and services related to planning, processing, recording, reporting and monitoring all financial transactions taking place within the company. The Finance division performs the following functions: corporate controller services, corporate tax services, treasury services, and business planning and financial support. Table 7 provides an overview of the Hydro One Distribution portion of finance costs.

Table 7: Summary of Finance Costs Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Finance	16.4	16.2	18.0	16.6	17.6	16.9	17.3	16.3

In 2015, business performance support services moved from the corporate controller function to the company's Regulatory Affairs division, reducing costs partially in 2015 with the balance in 2016. In 2016 the business performance organization was moved to Asset Management in order to achieve synergies with system reliability reporting. These services support the development of business strategies by conducting studies on corporate performance in areas such as reliability, work program performance, productivity and cost savings management. Table 8 shows a full breakout of organizational change.

Table 8: Performance Management Cost ($ Millions)

Group	2014	2015	2016	2017
	Actual	Actual	Actual	Forecast
Corporate Controller	2.2	1.0	-	-
Regulatory Affairs	-	1.2	2.3	-
Operations Planning	-	-	-	2.3

This removal of Performance Management costs from Finance and some savings relating to administrative savings identified in the DSP, Section 1.5, are offset by increased labour costs required mainly in the Corporate Tax, Controller and Business Planning and Decision Support groups and with the development of a separate Chief Risk Officer group.

The Finance organization performs multiple functions, which are described below.

2.2.1 CORPORATE CONTROLLER

The Corporate Controller function provides leadership and direction regarding financial reporting, corporate and regulatory accounting, accounting and internal control policies, and procedures to ensure statutory and regulatory compliance and consistency with generally accepted accounting principles. The group is also accountable for the pay and expense management functions; ensuring payroll runs are on time and accurate and ensuring that the automated expense reporting tool is working as designed.

This function oversees the development of actual financial information and manages reporting processes for appropriate audiences or stakeholders. This function is also responsible for managing and providing direction to the company on internal control matters, employing measures such as "organization authority registers" and financial policies and procedures. It also provides leadership on compliance with Ontario securities laws, including Bill 198, and the Multi-Jurisdictional Disclosure System rules for a foreign-issuer registered with the U.S. Securities Exchange Commission.

Many routine financial services are outsourced to Inergi LP, such as accounts payable, accounts receivable, fixed asset accounting, general accounting, planning budgeting and reporting and pension support, human resources pay services, and a number of administrative services. The costs of these outsourced services comprise a major portion of the corporate controller costs and are detailed in Exhibit C1, Tab 5, Schedule 1.

The Corporate Controller's function manages increasingly complex statutory and regulatory filing requirements (external reporting, regulatory reporting, reporting related to debt and equity offerings). These requirements are continually evolving and require timely and accurate compliance. Timely compliance helps to maintain the Company's positive standing with capital markets, which helps to keep financing costs down.

The Corporate Controller group is also responsible for adherence to regulatory and accounting principles, which ensures the accuracy of financial reporting. Accuracy of reported numbers is critical to the organization as it maintains Hydro One's credibility with its economic regulator as well as with the OSC/SEC and the capital markets. This confidence in Hydro One's externally filed information is key in maintaining the company's favourable standing with lenders, thereby maintaining (or reducing) borrowing costs.

Also included in Corporate Controller costs are costs associated with the Chief Risk Officer's department and the Company's business planning and decision support function. The Chief Risk Officer's department provides an enterprise wide approach to managing risk and embeds risk management into the strategy of the organization. Corporate Risk provides uniform processes to assist decision makers in the understanding of uncertainty and how it can be measured, mitigated and exploited, leading to informed choices, prioritized actions, and resources allocation in line with Hydro One's risk appetite and tolerances.

The Corporate Controller group is also responsible for business planning and financial support. Some of these functions include:

- establishing and leading the annual business planning and budgeting processes;
- performing business case reviews, business valuations, transaction support;
- developing and maintaining financial models;
- providing analytical support for a variety of financial planning and reporting processes; and
- compiling forecast information for the appropriate audiences or stakeholders.

2.2.2 CORPORATE TAX

Corporate Tax services manage the tax affairs (namely, compliance, audits and planning) for each legal entity, partnership and trust within the Hydro One group of companies. This includes matters related to corporate income taxes, harmonized sales tax, debt retirement charge, land transfer tax, payroll and non-resident withholding tax, and the employer health tax. Corporate Tax services ensure that internal and external tax compliance requirements are met. Moreover, tax consulting services are provided to other departments with respect to payroll tax, taxable benefits, agreements, financing, and all transactions and information about tax costs for regulatory purposes.

2.2.3 TREASURY

Treasury costs are associated with the following activities:

- executing on borrowing plans and issuing commercial paper and long-term debt;
- ensuring compliance with securities regulations, banks and debt covenants;
- managing the company's daily liquidity position, control cash and manage the company's bank accounts;
- settling all transactions and managing relationships with creditors; and
- communicating with debt investors, banks and credit rating agencies.

A portion of the treasury budget is recovered through the cost of long-term debt, as stated in Exhibit D1, Tab 2, Schedule 2.

Included in treasury costs are expenses for the negotiation and purchase of insurance policies, and claims management and settlement. These expenses cover premiums paid for corporate shared services insurance coverage and the cost to self-insure against liability exposures that are either not covered by insurance policies or fall below the specified deductibles.

Table 9 shows the premiums for all of Hydro One Inc.'s insurance policies and the cost of self-insurance for the 2014-2018 period. Premiums paid for Corporate Functions and Services Insurance Policies are liability policies that cannot be readily assigned to a specific line of business. Self-insurance costs for the 2017 and 2018 period reflect the company's risk exposures, its long-term history of claims, the deductible on the liability policies, and liability payments to third parties. The main contributor to self-insurance costs are third-party claims, which can fluctuate from year to year.

Table 9: Hydro One Inc. Insurance Costs ($ Millions) – Distribution Portion

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Premiums paid for Corporate Functions and Services Insurance Policies *	0.6	0.7	0.6	0.7	0.7	0.8	0.8	0.8
Self-insurance Cost	1.2	0.5	0.7	0.6	0.6	0.7	0.7	0.7
Total	**1.8**	**1.2**	**1.3**	**1.3**	**1.3**	**1.5**	**1.5**	**1.5**

*The cost of other insurance coverage that applies to only certain lines of business is captured and reported by the lines of business where coverage is applicable

2.3 PEOPLE AND CULTURE

The People and Culture organization ensures that Hydro One has the policies, systems and programs to attract, manage, engage and retain a high performing workforce to execute business strategy. The organization provides human resources consulting, leadership development and recruiting, diversity and resourcing programs, compensation and benefits services, and labour relations services.

Table 10 provides an overview of the Hydro One Distribution portion of People and Culture costs.

Table 10: Summary of People and Culture Costs Allocated to Distribution
($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
People and Culture	5.8	6.8	5.7	7.3	5.4	7.8	5.4	7.7

Cost increases from 2014 through to 2017, are primarily due to increased training costs for: (a) a larger new graduate population; and (b) existing employees, specifically on the topic of the "craft of management", with a focus on managers and supervisors requiring additional resources and skills to meet new requirements. Examples include: (a) building and sustaining new compensation structures; (b) a renewed focus on performance management; and (c) a renewed focus on change management intended to maximize the value of corporate change initiatives.

The People and Culture organization performs multiple functions, which are described below.

2.3.1 HUMAN RESOURCES OPERATIONS

Hydro One's human resources function provides advice and guidance to managers, supervisors and employees on a myriad of issues related to human resources policies and procedures, collective agreement administration, staffing and other large initiatives that impact staff.

2.3.2 TALENT MANAGEMENT

The Talent Management function recommends and administers policy in areas related to external hiring and leadership development. This function manages all of Hydro One's management/leadership development activities, including the assessment of high-potential succession candidates and miscellaneous specialized one-off hiring initiatives, as required. The Talent Management function also manages Hydro One's principal cyclical hiring and on-boarding processes, Hydro One's new graduate training and development program, and the Company's diversity plan.

2.3.3 COMPENSATION AND BENEFITS

The compensation and benefits function manages compensation, benefits, reporting and master data for all Hydro One's employees and pensioners by ensuring the accurate application, record-keeping and security of such information. This function provides regular, strategic reports to senior management on topics such as retirement demographics, headcount, overtime, and data for OEB submissions. This function facilitates the Company's participation in industry-wide compensation, benefit and pension surveys. It also administers Hydro One's pension plan for approximately 7,100 pensioners and the benefits program for all employee groups.

2.3.4 LABOUR RELATIONS

The Labour Relations function provides advice, guidance and training to managers regarding collective agreements and labour legislation and manages the grievance and arbitration process. The company is a party to 24 collective agreements and a number of mid-term agreements and letters of understanding. The Labour Relations function negotiates and administers all such agreements and letters of understanding.

2.4 CORPORATE RELATIONS

Table 11 provides an overview of the Hydro One Distribution portion of Corporate Relations costs.

Table 11: Summary of Corporate Relations Costs Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Corporate Relations	10.5	9.6	6.6	7.6	6.6	7.6	6.6	8.3

Hydro One's Corporate Relations costs includes labour and non-labour expenses associated with First Nations and Métis Relations, Corporate Affairs and Government Relations, and Outsourcing Services, as outlined in Table 12.

Table 12: Corporate Relations Distribution Portion Cost Details ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
First Nations and Métis Relations	1.6	0.9	1.2	1.1	1.2	1.3	1.2	1.3
Corporate Affairs and Government Relations	5.8	7.5	4.2	5.5	4.2	5.0	4.2	5.0
Outsourcing Services	2.6	1.2	1.2	1.0	1.3	1.4	1.3	2.1
Executive Office	0.4							
Total Corporate Relations	**10.5**	**9.6**	**6.6**	**7.6**	**6.6**	**7.6**	**6.6**	**8.3**

In the Corporate Affairs and Government Relations departments, costs in 2014 and 2015 were higher than in 2016 due to the successful expansion of the Electricity Discovery Centre, which was launched in 2013. Hydro One's mobile education trailer features approximately 1,000 square feet of interactive exhibits to explain Ontario's power system, help customers better manage their energy consumption and costs, and educate children about electrical safety. The Electricity Discovery Centre and its team will continue to tour Ontario, meeting customers face-to-face, in their communities, to gain a better understanding of their needs and preferences and leave them with a better perspective of the role Hydro One plays in the electricity system. Forecast costs for 2017 and 2018 are flat relative to 2016 costs but somewhat higher than the 2017 OEB-approved amounts. This is due to an enhanced focus on customer communication and self-service transactions, including the company's corporate website, self-service My Account portal, and outage app as detailed in the DSP, Section 1.5,

For Outsourcing Services, 2014 costs were higher than in 2015 due to costs associated with the completion of the last retendering of Hydro One's largest outsourcing arrangement. The increase beginning in 2018 includes anticipated costs associated with retendering this same outsourcing arrangement again.

The Corporate Relations organization performs multiple functions, which are described below.

2.4.1 FIRST NATIONS AND MÉTIS

Hydro One owns and maintains assets situated on reserve land and within traditional territories of First Nations and Métis peoples. The team's main objective is to develop and maintain mutually beneficial long-term relationships with First Nations and Métis communities that are serviced by Hydro One. The team's core mandate includes, where appropriate, undertake together with the Crown, consultation with First Nations & Métis peoples and communities in the early stages of, and throughout, projects or other activities that may impact their Aboriginal rights and/or treaty rights; continue to build positive, mutually beneficial relationships with First Nations and Métis communities; help Hydro One employees understand the unique legal, historical and cultural significance of First Nations and Métis peoples, for the purpose of promoting effective relationships with First Nations and Métis customers and communities; promote business and workforce development for First Nations & Métis peoples.

The team provides ongoing advice and support on matters related to First Nations and Métis communities and these include promoting opportunities and undertaking outreach activities with: (a) People and Culture for Workforce Development, Employment and Training opportunities; (b) Supply Chain for Business Development opportunities; (c) Customer Care for customer service matters; (d) Real Estate for permitting matters on reserve; (e) Provincial Lines/Forestry for various contract opportunities; (f) Environmental Engineering & Project Support for consultation and project impact mitigation opportunities; and (g) Planning for Transmission and Distribution Assets Management and Network Connections and Development matters such as First Nation Net Metering Projects.

Hydro One has implemented new customer service offerings for First Nations customers and communities across Ontario. Since 2016, representatives from Hydro One have visited First Nations communities around the province to meet with Chiefs and Councils, conducted community information sessions, and engaged in one-on-one sessions with individual customers to address their unique needs. The local outreach and presence in the community helps educate customers about their electricity usage and enrolls customers in various financial and electricity conservation programs. Furthermore, additional effort has been required for communication and engagement with First Nations and Métis communities regarding various initiatives and projects. This involves more regular interaction and resource intensive travel to the communities served by Hydro One.

2.4.2 CORPORATE AFFAIRS AND GOVERNMENT RELATIONS

The Corporate Affairs and Government Relations function develops customer communication material to ensure customers are aware of the Company's programs, services, power outages, rate changes, etc. The team is also accountable for customer education and safety programs, corporate reputation, media relations, community investment, employee communications, and web communications for Hydro One's corporate website.

The Corporate Relations function also manages the company's relationship with key external stakeholders, such as the government, Ministry of Environment, energy regulators, elected officials, municipal associations, industry associations, and energy sector stakeholders, in order to address customer needs. The team is responsible for providing various lines of business with public affairs and community relations advice during the environmental, legal and regulatory approvals phases of a project to ensure requirements are met and public consultations are conducted. The team leads public consultation, environmental assessments, and community engagement functions in support of new development projects, maintenance and forestry programs.

2.4.3 OUTSOURCING SERVICES

Outsourcing Services is accountable for governing the Inergi LP (Inergi) outsourcing Agreement by ensuring that contracted services are delivered and that Hydro One maintain a collaborative working relationship with the supplier. It is also responsible for managing the design, development, and implementation of new service delivery agreements with Hydro One's outsourcing suppliers (e.g., retendering or potential new outsourcing). The services outsourced currently include: infrastructure management, application development and maintenance, customer service operations, settlements, payroll, finance and accounting, and source to pay.

2.5 GENERAL COUNSEL AND CORPORATE SECRETARIAT

Table 13 provides an overview of the distribution portion of General Counsel and Corporate Secretariat costs.

Table 13: Summary of General Counsel and Secretariat Costs Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
General Counsel and Secretariat	3.8	3.6	4.1	4.5	4.1	4.2	4.2	4.3

Historical actuals are materially in line with OEB-approved forecasts.

The General Counsel and Corporate Secretariat group provides legal advice and direction to Hydro One and its affiliates, as well as overall guidance in the areas of corporate structure, governance, business ethics and the business code of conduct. It performs the following primary functions:

- ensuring compliance with law and providing legal services relating to all of Hydro One's activities, including the Company's major borrowing and financing initiatives, regulatory matters, mergers and acquisitions, litigation, transmission and distribution operations, employer-related activities, corporate governance-related matters, and health, safety and environment activities;

- providing corporate secretariat services, which includes supporting the Chair of the Board of Directors, the Board of Directors, and its committees and advising on a variety of board-related matters, such as best practices and emerging trends and issues in the area of corporate governance; and
- providing advice and direction with regard to Hydro One's Code of Conduct, ensuring appropriate actions are taken to resolve known or suspected violations.

The level of required legal and corporate secretarial services is driven by capital and OM&A activities and increasing regulatory and legislative oversight. Most of the legal work is performed in-house. External legal services are retained when in-house expertise is not available or when the workload exceeds the capacity of the internal legal group.

2.6 REGULATORY AFFAIRS

Hydro One's Regulatory Affairs division manages the company's relationships with regulatory bodies such as the OEB, the IESO, and the National Energy Board. It is responsible for developing regulatory strategy and coordinating submissions to these organizations and participating in regulatory initiatives.

Table 14 provides an overview of the Distribution portion of Regulatory Affairs costs.

Table 14: Summary of Regulatory Affairs Costs Allocated to Distribution

($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Regulatory Affairs	6.6	7.1	4.0	6.6	4.0	5.1	3.9	4.9
OEB/ Other Costs	6.4	6.5	7.9	7.4	8.4	7.7	8.3	8.0
Total	**13.0**	**13.6**	**12.0**	**14.0**	**12.4**	**12.8**	**12.1**	**13.0**

The increase in Regulatory Affairs' costs in 2015 and 2016 is primarily attributable to the inclusion of the business performance management costs previously included in Finance costs. This transition is discussed in Section 2.2 of this Exhibit. The Regulatory Affairs' cost will decrease in 2017 and 2018 as a significant portion of this group moved to Planning to benefit from system reliability reporting synergies. Table 8 shows a breakout of the organizational change. This decrease is offset by increased staffing needs related to an aggressive regulatory agenda.

The Regulatory Affairs division performs compliance, applications, pricing and load forecasting, and regulatory reporting. These functions are described in this section.

2.6.1 COMPLIANCE

The regulatory Compliance function ensures Hydro One's compliance with the regulations and policies of the OEB, the IESO, and the National Energy Board ("NEB") as they apply to Hydro One's distribution and transmission businesses.

2.6.2 APPLICATIONS

The Applications function coordinates, prepares and processes regulatory applications and provides support to witnesses in regulatory proceedings and business support staff. These services are provided for a wide range of regulatory applications, including distribution and transmission revenue requirement applications, transmission leave–to-construct applications, and applications related to mergers, acquisitions, amalgamations, divestitures and area and system supply planning.

2.6.3 PRICING AND LOAD FORECASTING

This function provides pricing and cost allocation analysis and support for rate applications. This work entails developing rates for transmission and distribution tariffs and supporting the preparation and defense of rate proposals. The function also assists with the implementation of approved transmission and distribution rates.

The load forecasting and load data management functions are included within the Regulatory Affairs group. Load forecasts are developed to enable system planning and financial planning which underlie Hydro One's financial forecasts. The load forecast function provides load forecast data including the capture of conservation and demand management impacts. Load forecast staff supports the company’s business units and the IESO with forecasting analysis and evaluation, covering matters such as time of use, bypass and embedded generation. This function also provides analytical support for conservation and demand management projects and provides load research analysis.

2.6.4 PERFORMANCE MANAGEMENT

In May 2015, the Business Performance management function moved to the Regulatory Affairs division from the Finance division. Except for the individuals responsible for OEB Reporting, the group was moved to Planning in late 2016.

2.6.5 ONTARIO ENERGY BOARD (OEB) / OTHER COSTS

The OEB/Other costs also include the external costs associated with applications filed with regulatory bodies. Specifically, these costs stem from the provision of notice, stakeholder and consultation activities, provision of expert studies and witnesses, hearing-related expenses, intervenor cost awards, and miscellaneous items like printing and shipping. Over the test period, Hydro One anticipates filing two major revenue requirement applications, several facility applications, as well as filings related to real estate and regional planning efforts.

The OEB/Other costs also include Hydro One's share of the OEB's costs, including expenses related to the OEB's quarterly assessments, proceedings and intervenor cost awards, and regulatory license assessments.

Under the *Ontario Energy Board Act, 1998*, the OEB is required to recover all of its annual operating costs. Almost all of its costs are recovered from gas and electricity distributors and electricity transmitters. A small fraction of OEB costs are recovered from the IESO and Ontario Power Generation and from licensing fees and penalties. OEB costs that are subject to recovery include expenses related to staff, office space, administration and overheads. These costs are allocated to one of five categories: electricity distribution, electricity transmission, gas distribution, IESO, and Ontario

Power Generation. Hydro One's share of OEB costs is derived from the allocations to electricity distribution and transmission.

2.7 SECURITY MANAGEMENT

Table 15 provides an overview of the distribution portion of Security Management costs.

Table 15: Summary of Security Management Costs Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Security Management	1.9	2.2	2.5	2.5	2.4	2.3	2.4	2.4

Historical actuals are materially in line with OEB-approved expenditures.

The Security Management function exists to enable Hydro One's success primarily in the protection of assets (including people, property and information), development and maintenance of business continuity and emergency preparedness and response plans, and to assist in the reliable delivery of electricity. Security Management adds value by establishing security standards for the enterprise and working with all lines of business to provide advice, coordination and solutions to achieve the standard. This supports the reliable delivery of electricity, the protection of Hydro One's assets, and the resumption of business in the event of an all-hazards (i.e. natural, technological or human-caused) incident. Effective asset protection and recovery can be the primary differentiating factor between success and failure for Hydro One's business objectives.

The Security Program at Hydro One is continually being enhanced with new capabilities that are driven by the following factors:

- Requirement to remain appropriately positioned against an evolving threat landscape that is increasing in complexity and sophistication. This requires Hydro One to augment and deploy new protective technologies and processes to safeguard assets;
- Requirement to meet increasing regulatory and legislation requirements, which in turn, drives the need for additional security capabilities and compliance requirements; and
- Increasing expectations of customers and stakeholders that entrust Hydro One to safeguard their sensitive information.

2.8 INTERNAL AUDIT

Table 16 provides an overview of the distribution portion of Internal Audit costs.

Table 16: Summary of Internal Audit Costs Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Internal Audit	1.2	1.6	1.1	2.2	1.1	3.1	1.1	3.1

The increase in the bridge and test year costs is the result of an increased need for improved Internal Audit capability and capacity due to more stringent governance needs. This has led to the Internal Audit group recruiting additional staff to help manage the increased workload.

The Internal Audit group reports on a functional basis to the Audit Committee of the Board of Directors and administratively to the CFO. It provides independent and objective assurance and consulting services designed to add value and improve Hydro One's operations. The group's mandate is to provide independent assurance to management of the company and to the Board of Directors that internal controls are designed and operating effectively in areas of material business risk, both financial and non-financial, and to follow-up and report on timeliness and effectiveness of management actions to address findings from past audits.

The Internal Audit group helps Hydro One accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance processes.

2.9 REAL ESTATE AND FACILITIES

Table 17 provides an overview of the Hydro One Distribution portion of Real Estate and Facilities costs.

Table 17: Real Estate and Facilities Costs Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Real Estate	1.7	1.7	1.9	2.2	1.9	2.3	1.9	2.3
Facilities	20.1	22.8	22.9	24.7	22.8	24.6	23.3	25.0
Total	**21.8**	**24.5**	**24.8**	**26.9**	**24.7**	**26.9**	**25.2**	**27.3**

Real Estate and Facilities OM&A funding for the test year is required for the facilities work program that responds to current and future anticipated work space accommodation needs. This includes new facilities in the field. The facilities work program accounts for approximately 93% of total Real Estate and Facilities OM&A funding in 2017 and 2018. The funding requirements in these years mainly reflect facilities' fixed operating costs.

Table 17 includes historic performance, where notably the ongoing net cost increase from 2014 is contributed mainly by Facilities costs. The change in Facilities costs during this time period have been effected by the following factors: higher costs attributable to an increased volume of projects and maintenance in the field spread over 150 sites; contract costs to Brookfield and the transitional cost of retaining impacted Hydro One staff, pending retirements and job transfers; and increased fixed operating costs i.e., the cost of space including utilities.

2.9.1 REAL ESTATE SERVICES

The Real Estate Services function manages Hydro One's land rights portfolio across the Province. This involves maintaining rights across over 200,000 acres of owned corridor, easement and "statutory right" properties and acquiring any new rights needed to ensure the safe and reliable operation of the transmission and distribution system. In addition, this function oversees the management of Hydro One's rights associated with distribution and transmission lands, stations and other property.

The Real Estate Services key work activities include:

- managing the acquisition of new real estate rights, which supports the Company's distribution and transmission development and reinforcement project initiatives across the province including those designed to accommodate renewable power sources on the grid, which aligns with the RRFE outcomes Operational Effectiveness and Public Policy Responsiveness;

- managing the provincial secondary land use program on behalf of the Ministry of Infrastructure/Infrastructure Ontario (leasing transmission corridor lands to external parties);
- managing easement, other rights agreements on public/private sector, railway and other lands;
- managing First Nations land use permit settlements on reserve lands;
- managing about 500,000 unregistered, low-voltage, real estate rights agreements;
- providing specialized real estate service activities including managing property tax payments to municipalities, appealing property tax assessments, and providing employee relocation services; and
- maintaining geographic information system – property record database.

More specific support is provided on a selected project basis. This includes provision of land ownership information, damage claim settlement, road access and other rights acquisitions. Specialized real estate services are provided as necessary. This includes assessment appeals, payment of property taxes on lands/buildings, and employee relocation services as appropriate.

2.9.2 FACILITIES

The Facilities work program addresses all aspects of company work space requirements. This involves managing company-owned facilities and a portfolio of leased facilities as well as overseeing the construction of new facilities. The work program focuses on providing and maintaining in compliance with laws and applicable codes: (a) storage and garage facilities that meet business requirements, and (b) employee workspace at sites across the province including head office, administrative and service centres, the OGCC, and other work locations (for example, the London Call Centre).

The Facilities function is accountable for:

- the management of 50 contract lease agreements for workspace rented from other parties, including renewals and contractual obligations undertaken regarding payment of rent, operating expenses and taxes;
- the coordination of activities related to the ongoing management, operation, maintenance and inspection of 90 administrative/service centres, OGCC;
- managing support services for head office space, such as the provision of office supplies, coordinating office moves and providing tenant services; and
- developing accommodation strategies and acquiring new employee/trades workspace in line with operational requirements.

Facilities expenses include, but are not limited to, leasing costs, contract management costs for head office, as well as costs for administrative facilities, service centres, and other work locations (for example, the London Call Centre). A significant portion of the facilities' workload needs are met using outsourcing partners, such as Brookfield Global Integrated Solutions, as described in Exhibit C1, Tab 5, Schedule 1. Facilities costs are largely driven by space needs which are determined by Hydro One's work programs, business and regulatory requirements, and fixed cost contractual obligations.

The majority of the Facilities work program costs are fixed. The Facilities work program is driven by fixed-cost contractual obligations, which arise primarily through lease agreements. For example, rent, operating and tax costs are fixed by lease agreements. Other costs are set by Hydro One's contracts with service providers for facility maintenance and other services. It is expected that fixed facility cost components (such as utilities, property taxes, operational costs) will continue to rise.

3. TEST YEAR FORECAST

3.1 CUSTOMER FOCUS OUTCOMES

As outlined in Section 1.3 of the DSP, the top priority of Hydro One Distribution customers is keeping their bills as low as possible. While CCFS costs have increased, the extra expenditures should lead to improved productivity through better overall management. This is the goal of the new management team now in place and several productivity examples are detailed in the DSP, Section 1.5. Increased audit services will contribute to this improved performance as well.

Funding allocated to Corporate Relations will support a Customer Focus outcome to improve customer satisfaction. With every interaction at the Electricity Discovery Centre, Hydro One aims to educate customers about their bill, help customers better manage their energy consumption and costs, and educate children about electrical safety. Furthermore, relationships with First Nations and Métis communities, key external stakeholders, and local communities will continue to evolve, which will result in improved engagement during all stages of Hydro One development projects. Expenditure is expected to remain constant over the planning period.

3.2 OPERATIONAL EFFECTIVENESS OUTCOMES

Productivity and employee engagement are areas of focus for the new management team. With ongoing improvements in engagement, workforce performance improvements are anticipated.

3.3 PUBLIC POLICY RESPONSIVENESS OUTCOMES

The Audit function at Hydro One ensures internal processes are performing as expected and ensures compliance with related codes, standards and regulations.

3.4 FINANCIAL PERFORMANCE OUTCOMES

The CCFS groups, specifically the Corporate Management group, manage the Company as a whole to perform as well as possible. Hydro One has hired new managers with track records of results at executive compensation levels consistent with the market. Most of it is variable to ensure that the executives are incented to deliver on the stated RRFE-compliant outcomes described in the DSP Section 1.4 and 1.5.

4. OTHER OM&A

Other OM&A expenses are comprised of credits associated with capitalized overhead, environmental provisions, indirect depreciation and other costs as listed in Table 18.

Table 18: Distribution Other OM&A ($ Millions)

Description	**Historic**					**Bridge**		**Test**
	2014 IRM	**2015**		**2016**		**2017**		**2018**
	Actual	**Actual**	**Approved**	**Actual**	**Approved**	**Forecast**	**Approved**	**Forecast**
Capitalized Overhead	(79.0)	(88.1)	(85.9)	(86.1)	(81.4)	(83.9)	(80.2)	(83.0)
Environmental Provision	(11.1)	(10.5)	(14.2)	(12.0)	(22.0)	(17.8)	(22.4)	(17.3)
Indirect Depreciation	(12.4)	(13.2)	(13.2)	(13.6)	(13.7)	(14.0)	(14.0)	(14.4)
Other	(8.8)	(7.1)	(11.2)	(3.8)	(11.2)	(12.7)	(11.2)	(10.5)
Pension Adjustment	-	-	-	-	-	**(7.7)**	-	**(7.1)**
Total	**(111.3)**	**(119.0)**	**(124.4)**	**(115.5)**	**(128.3)**	**(136.1)**	**(127.8)**	**(132.3)**

4.1 CAPITALIZED OVERHEAD CREDIT

Capitalized overheads represent the portion of allocated Common Corporate and/or business unit functions and services that support capital work. These costs are included in Common Corporate services and the budgets of other lines of business. OM&A expenses are thus reduced by the capitalized amounts.

Capitalized OM&A costs are charged to capital work based on a capital overhead rate derived from the allocation and capitalization studies performed by Black & Veatch, as described in Exhibit D1, Tab 3, Schedule 1.

4.2 ENVIRONMENTAL PROVISION

In 2001, Hydro One first recognized a liability on its balance sheet for the present value of the future estimated environmental expenditures needed to manage the risks associated with two legacy environmental issues inherited from Ontario Hydro. These risks pertained to polychlorinated biphenyls and two chemically contaminated lands. Future expenditures are required to inspect, test and remediate the contamination. Environmental work is initially recognized in the Sustaining OM&A work program and is detailed in Exhibit C1, Tab 1, Schedule 2. The amount is then removed from OM&A as the costs are charged to the balance sheet provision. The offsetting environmental regulatory asset is amortized based on the pattern of expenditure. The resultant impact on revenue requirement of this environmental work is nil, since the amortization expense is grouped with "Depreciation and Amortization" on the operating statement.

As identified in Exhibit C1, Tab 1, Schedule 2, Section 3.1.3, the work program is being re-paced to end by 2025. Lower program expenditures leads to a reduced offsetting provision.

4.3 INDIRECT DEPRECIATION

Transportation and Work Equipment ("TWE") charges in the OM&A work programs include depreciation expense associated with the asset being used. For accounting classification purposes, it is necessary to remove this depreciation amount from OM&A work programs and appropriately charge it as a depreciation expense. The credit increases in the test years due to the expanded use of TWE in the larger Sustainment, Development and Operations work programs.

4.4 OTHER COSTS

These costs represent material unexpected or non-recurring expenses. For example, they include items such as adjustments to provisions, vacation reserves, Gregorian or fiscal adjustments and inventory adjustments. For this Application, also included in these costs is the OM&A component of the Employee Share Ownership Program, the Long Term Incentive Program and the union share grants described in Exhibit C1, Tab 2, Schedule 1.

4.5 PENSION ADJUSTMENT

Hydro One received an updated actuarial valuation report dated December 31, 2016, which is described in Exhibit C1, Tab 2, Schedule 2. As a result of the updated valuation, the plan's operating expenses have decreased. Further details are set out in Exhibit C1, Tab 2, Schedule 2. Hydro One has reflected this change in the "Pension Adjustment" line in Table 18, reducing bridge and test year forecasts from those originally filed.

COMMON CORPORATE OM&A - PLANNING

1. SUMMARY OF PLANNING OM&A

As described in the Distribution System Plan provided as Exhibit B1, Tab 1, Schedule 1 (the "DSP"), Hydro One plans its transmission and distribution businesses using an asset management model. These plans are designed to maintain or replace, as necessary, transmission and distribution assets in a cost-effective manner, so that they continue to function as originally designed.

The total costs associated with the planning function for the historical, bridge and test years are shown in Table 1.

Table 1: Summary of Total Common Corporate OM&A – Planning ($ Millions)

Description	Historic			Bridge	Test
	2014 IRM	2015	2016	2017	2018
	Actual	Actual	Actual	Forecast	Forecast
Planning	47.6	47.4	45.1	47.7	47.5

Of these total costs, Table 2 shows the amounts that have been allocated to Hydro One Distribution during the same time period.

Table 2: Summary of Common Corporate OM&A – Planning Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Planning	15.0	16.4	18.4	12.2	17.8	13.3	17.6	13.3

Planning plays a critical role specifying investments in Hydro One's distribution and transmission businesses. Despite planning a growing transmission and distribution work program, ongoing efforts have allowed Planning to control costs, as a percentage of the work planned and awarded for execution as shown in Table 3.

Table 3: Total Planning Costs to Work Release/Award

	Historic		Actual	Bridge	Test
Description	**2014**	**2015**	**2016**	**2017**	**2018**
Planning Costs, excluding Insurance ($M)	42	41	39	41	41
Transmission/Distribution Work Planned/Awarded ($B Net)	1.8	1.9	2	2	2.2
Planning Costs to Work Planned Ratio	**2.3%**	**2.2%**	**2.0%**	**2.1%**	**1.9%**

2. OVERVIEW

The Planning organization develops the corporation’s investment plan (including its transmission and distribution system plans), manages Hydro One’s Research, Development and Demonstration investments, scopes network expansions and new or modified customer connections, and undertakes the asset management of distribution and transmission assets. Planning’s accountabilities promote the Renewed Regulatory Framework outcomes of operational effectiveness, customer focus and public policy responsiveness by: addressing distribution customers’ needs for new or modified connections and reliability requirements, initiating investments that enable public policy, maintaining asset/reliability performance and responding to changing industry and regulatory standards and broader policy initiatives.

Planning's activities include:

- identifying potential asset and system needs by monitoring equipment condition and reliability performance;
- scoping and developing candidate investments to address asset and customer needs and business requirements;
- coordinating planning with customers, including responding to customer requests for new or expanded connections and addressing customer concerns regarding reliability or power quality;
- leading coordinated infrastructure planning through the bulk and regional planning process described in the DSP, Section 1.2;
- conducting the investment planning process described in the DSP, Section 2.1;
- developing functional standards to optimize the life-cycle costs of transmission and distribution assets while maintaining system safety and reliability as assets age and deteriorate;
- managing the investment development and investment release processes, engaging with service delivery units to enable the effective execution of specific investments;
- as of the fourth quarter of 2016, performing reliability analytics, producing reports and conducting special studies in such areas as reliability performance, which are tasks previously performed by the company's Regulatory Affairs division;
- obtaining customer feedback regarding potential investments;
- supporting the redirection of funds and re-prioritizing investments in response to unforeseen events and work execution opportunities, integrating changes into future investment plans;
- interfacing and collaborating with neighbouring utilities, regulatory and planning authorities on matters of planning direction, requirements, policy and guidance;

- providing expertise on various national and international industry entities, forums and standard-setting bodies including the International Council on Large Electric Systems, the Canadian Electricity Association, NERC, the Northeast Power Coordinating Council, the IESO, the International Electrotechnical Commission, the Institute of Electrical and Electronics Engineers, the National Institute of Standards and Technology and the North American Transmission Forum;
- overseeing the development, implementation and maintenance of research, development and demonstration initiatives that address operational and strategic challenges in conjunction with industry and research organizations such as the Electric Power Research Institute and the Centre for Energy Advancement through Technological Innovation; and
- providing technical support to conduct investigations and specialized studies for, and developing technical solutions for Hydro One stakeholders, such as those investigating power system disturbances, short circuit studies, power quality and harmonic assessments, delivery point and system reliability analysis, stray voltage investigations, geomagnetic disturbance research, and reliability performance assessments.

In addition to these activities, Planning staff actively participate in reliability standards development processes in order to monitor and track the status of all proposed new and revised reliability standards. Planning staff also serve as the transmitter representative on the IESO Technical Panel, which reviews and recommends amendments to the Ontario wholesale electricity market rules and advises the IESO board of directors on specific technical issues related to the operation of the Ontario electricity market.

Included in Common Corporate OM&A, Hydro One Distribution has allocated its share of Planning amounts for property, boiler and machinery insurance. The costs are provided in Table 4:

Table 4: Property, Boiler and Machinery Insurance ($ Millions)
(Total and Allocated to Distribution)

	Historic		Actual	Bridge	Test
Description	**2014**	**2015**	**2016**	**2017**	**2018**
Total Property, Boiler and Machinery Insurance	5.9	6.1	6.1	6.3	6.3
Distribution Allocated Property, Boiler and Machinery Insurance	2.3	2.3	2.7	2.9	2.9

3. VARIANCE EXPLANATION

Amounts that have been allocated to Hydro One Distribution, previously shown in Table 2 have been presented again, below.

Table 5: Summary of Common Corporate OM&A – Planning Allocated to Distribution ($ Millions)

Description	**Historic**					**Bridge**		**Test**
	2014 IRM	**2015**		**2016**		**2017**		**2018**
	Actual	**Actual**	**Approved**	**Actual**	**Approved**	**Forecast**	**Approved**	**Forecast**
Planning	15.0	16.4	18.4	12.2	17.8	13.3	17.6	13.3

Actual expenditures in 2015 were approximately 11% less than the 2015 budget proposed in Hydro One's last distribution rate filing (EB-2013-0416), as shown in Table 5, due to the effects of its succession planning strategy and productivity initiatives. As documented in previous filings, as a succession planning strategy, the Planning function experienced steady growth over the 2007 to 2011 period and a gradual decrease over the 2012 to 2014 period.

Actual costs in 2015 were approximately 9% higher than 2014 actuals. Contributing to this increase was the establishment of a program management office to provide governance and promote the integration of cross-organizational initiatives

Costs for 2016 declined by about 26% from 2015 levels, as a result of an updated actuarial pension valuation, which reduced operating expenses across Hydro One. This decrease was partially offset by a 17% increase to insurance expenses as shown in Table 4. Further background on this pension adjustment is provided in Exhibit C1, Tab 2, Schedule 2.

Bridge year forecast costs are anticipated to marginally increase over the 2016 actuals, to respond to regulatory and asset renewal requirements, changing customer expectations, new industry standards and codes and the transfer of the performance management function from Regulatory Affairs in late 2016.

The test year forecast is expected to be in line with the bridge year forecast, and reflects an ongoing effort to control costs, which is consistent with the feedback received through the customer engagement process, during which customers consistently indicated that lower electricity bills was their top priority.

4. TEST YEAR FORECAST

4.1 CUSTOMER FOCUS OUTCOMES

The Planning organization recognizes the importance of providing service that responds to customers' needs and preferences and strives to address these needs in meaningful ways, including:

- participating in formal customer engagement workshops with local distribution companies ("LDCs"), large distribution accounts ("LDAs") and commercial and industrial customers, where these needs and preferences were identified;
- evaluating alternative investment strategies to minimize rate increases, an indicated preference of end-use customers, where potential asset, safety and reliability impacts can be reasonably managed; and
- developing investments to respond to specific customer needs and preferences, including power quality monitoring and improvement investments, performance improvement investments to address reliability outliers and targeted large distribution account and mid-size industrial customer reliability enhancements, a priority for large customers. Further information on these investments is included in the DSP, Section 3.8, Investment Summary Documents SS-03 and SS-06.

4.2 OPERATIONAL EFFECTIVENESS OUTCOMES

The complexity of the planning environment continues to evolve to address stringent compliance and legal requirements, including the removal of PCB contaminated oil above 50 ppm from Hydro One's system by 2025, regulatory and performance expectations including enhanced customer engagement requirements, the regional planning process, and industry standards and codes.

The workload within the Planning organization has increased over the last five years and is anticipated to increase further through to the test year and forecast period as discussed in the DSP, Section 1.1 and the Exhibit C1, Tab 1, Schedule 2. Despite inflation and continued cost pressures associated with planning a growing work program, Hydro One intends to control its planning function costs through ongoing process improvements including:

- enhanced collaborative planning to provide greater upfront visibility to investments under development;
- staff training and development; and
- an integrated approach to data, systems, and processes, leading to improved asset management practices.

4.3 PUBLIC POLICY RESPONSIVENESS

The Planning organization continues to support the achievement of public policy objectives through the identification and development of investments that deliver on obligations mandated by government and regulatory bodies, including participation in the regional planning process endorsed by the OEB. These include:

- investments to address load growth as identified in IESO needs and screening assessments and regional infrastructure plans. Examples include the development of feeders from the new Leamington and Enfield transformer stations, as identified in the Windsor-Essex and GTA East Regional Infrastructure Plans, respectively. Additional information on these investments is included in DSP, Section 3.8, Investment Summary Document SS 02. These investments are also consistent with Section 3.3 of the Distribution System Code, as they improve system operating characteristics and relieve system capacity constraints; and

- planned expansion of advanced metering infrastructure, which will improve Hydro One's billing accuracy by increasing the number of customer meters that have the capability to provide billing settlement data electronically. This investment will enable a further migration of customers to time of use pricing and is consistent with Section 7.11 of the Distribution System Code to provide accurate and timely billing. Additional information on these investments is included in DSP, Section 3.8, Investment Summary Document SA 03.

COMMON CORPORATE OM&A - INFORMATION TECHNOLOGY

1. SUMMARY OF INFORMATION TECHNOLOGY OM&A

Information Technology ("IT") refers to the computer systems (hardware, software and applications) and the data and voice communication systems that support Hydro One's business processes and allow employees to perform their work. Whether it is by keeping Hydro One customers in contact with the Call Centre or providing a platform to monitor usage online, IT systems are also vital to maintaining communication between Hydro One and its customers.

IT work programs include both OM&A and capital items and involve: the ongoing maintenance and sustainment of existing and newly commissioned applications and technologies; the development and implementation of new technologies or systems; the provision of business telecom services; and the overall management and control of the information technology program. IT capital plans are addressed in the Distribution System Plan ("DSP") provided as Exhibit B1, Tab 1, Schedule 1.

Technology costs are managed through Hydro One's IT governance process, which allows planners to look proactively at IT strategy, project expenditures, and service delivery, and align technology spending with business and corporate objectives. Senior business managers provide guidance, direction and support to the decision-making for corporate technology decisions.

Table 1 provides a summary of Hydro One's total IT OM&A expenditures for the period 2014 to 2018. The total includes costs allocated to Hydro One's transmission, distribution and unregulated accounting segments.

Table 1: Summary of Total IT OM&A for Hydro One ($ Millions)

Description	Historic			Bridge	Test
	2014 IRM	2015	2016	2017	2018
	Actual	Actual	Actual	Forecast	Forecast
IT Sustainment	84.1	87.2	82.5[1]	82.6[1]	78.8[1]
IT Development	44.8	18.0	22.1[2]	23.0	20.4
IT Security	-	-	-	2.6	2.4
Business Telecom	17.8	17.3	18.1[1]	18.4[1]	18.4[1]
IT Management & Project Control	18.6	20.0	21.1	19.1	17.9
Cornerstone	0.7	-	-	-	-
Total	**166.0**	**142.5**	**143.8**	**145.7**	**137.9**

[1] Hydro One's 2017-2018 transmission cost of service application (EB-2016-0160) included costs allocated to Hydro One's transmission and distribution accounting segments and excluded costs allocated to its unregulated accounting segment.
[2] The 2016 figure reflects the increase in spending required to support an increased capital portfolio.

Table 2 is a summary of IT OM&A expenditures allocated to Hydro One Distribution for the period 2014 to 2018.

Table 2: Summary of IT OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
IT Sustainment	51.4	55.4	54.4	51.2	53.8	51.2	52.6	48.8
IT Development	41.4	12.6	12.4	15.9[1]	13.8	15.5	14.9	13.4
IT Security	-	-	-	-	-	1.6	-	1.5
Business Telecom	8.0	8.6	8.1	8.3	8.3	8.3	8.3	8.3
IT Management & Project Control	8.2	9.2	10.8	9.9	10.6	9.0	10.3	8.4
Cornerstone	0.3	-	-	-	-	-	-	-
Total	**109.3**	**85.8**	**85.7**	**85.3**	**86.5**	**85.6**	**86.1**	**80.4**

[1] The 2016 figure reflects the increase in spending required to support an increased capital portfolio.

2. VARIANCE EXPLANATION

2.1 IT SUSTAINMENT

Sustainment costs support Hydro One IT applications and infrastructure. Some of these costs are paid to Inergi LP ("Inergi") pursuant to the current outsourcing contract that was negotiated in 2015 following a competitive procurement process. The remaining costs are for third-party software or hardware license and maintenance fees.

Table 3 shows the specific expenditures for IT sustainment.

Table 3: IT Sustainment OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Base IT Sustainment Services	40.2	43.1	40.9	37.5	39.8	36.5	38.9	34.3
Third Party Contracts	11.2	12.3	13.5	13.7	14.0	14.7	13.7	14.5
Total	**51.4**	**55.4**	**54.4**	**51.2**	**53.8**	**51.2**	**52.6**	**48.8**

Historical actuals are largely in line with OEB-approved expenditures. The 2016 actual, 2017 forecast, and 2018 test year expenditures are trending lower on an annual basis due to savings from productivity and procurement initiatives. The 2015 actual expenditure was 7.8% larger than 2014 actual expenditures due to the transition to the current Inergi contract for Base IT Sustainment Services.

"Base IT Sustainment Services" refers to the IT services outsourced to Inergi. Base IT services can be broken down into four categories:

(1) Application maintenance - Work to maintain, address and fix matters associated with approximately 800 business software applications used by the various business units across the province;

(2) Data centre services - The operations, maintenance, and management of hardware (servers, mainframe, storage area network and data storage devices), operating systems, associated applications and infrastructure located at the data centre (production and backup) facilities;

(3) Distributed server sustainment – Support services to maintain and operate the application and file servers used to run business applications and administration systems such as file sharing, e-mail exchange, web hosting and security monitoring systems; and

(4) Help desk and desk-side support - Daily management and maintenance services delivered to employees across the province by telephone, remotely, or through field technicians.

The small spending increase in Base IT Sustainment Services in 2015 was due to the transition to the current Inergi contract. Cost declines starting in 2016 through to the 2018 test year are attributable to several productivity initiatives described in Section 1.5 of the DSP.

Third Party Contract costs are comprised of fees related to hardware maintenance and software license and maintenance fees paid to third-party vendors of IT applications and infrastructure. Hydro One's usage and payment of fees is typically subject to annual audits by third-party vendors.

Third Party Contract fees in 2015 were higher relative to 2014 due to higher Microsoft Enterprise software license fees and higher usage volumes. In 2016, costs increased further to purchase support from Oracle for items that were previously unsupported.

Costs are expected to increase in 2017 and 2018 due to licensing costs for expanded functions of the enterprise systems, such as the SAP platform and corporate customer initiatives such as Opower.

2.2 IT DEVELOPMENT

The development budget covers application upgrades, enhancements, and the OM&A portions of capital projects. The funds are required to maintain applications at vendor-supported levels and to support enhancements to those applications. These funds are divided into three categories:

(1) Enhancements - include changes to SAP and Non-SAP systems to meet legal/regulatory requirements, to deliver business functionality that meets the objectives of the business, and to further Hydro One's application rationalization strategy;
(2) Upgrades - Necessary software releases, periodic version upgrades, and application replacements that do not meet the total capital threshold of $2 million; and
(3) Impact of Capital Projects - Business process re-engineering costs, such as training and change management costs, that are required when new or revised IT applications are introduced but are not capitalized as per Hydro One's accounting practices.

Table 4: IT Development OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Enhancements	38.9[1]	6.0	6.6	6.5	7.3	5.8	7.9	5.1
Upgrades	2.5	4.8	4.7	5.5	5.5	5.4	5.8	4.8
Impact of Capital Projects	0.0	1.8	1.1	3.9[2]	1.0	4.3	1.2	3.5
Total	**41.4**	**12.6**	**12.4**	**15.9**	**13.8**	**15.5**	**14.9**	**13.4**

[1] The 2014 spending level reflects CIS remediation and stabilization costs.
[2] The 2016 figure reflects the increase in spending required to support an increased capital portfolio.

The proposed IT Development OM&A expenditure for the 2018 test year is 15.7% lower than the 2016 actual expenditure. This decrease is largely attributed to lower expenditures to support the capital portfolio and savings from productivity initiatives. The 2016 actual expenditure is about 61.6% lower than 2014 actual expenditure and about 26.2% higher than the 2015 actual expenditure. The 2016 actual and 2017 forecast are 15.2% and 4.0% higher, respectively, than OEB-approved amounts primarily due to an increase in spending that was required to support an increased capital portfolio. The forecast for the 2018 test year is also below the 2016 and 2017 OEB-approved amounts primarily due to lower expenditures to support the capital portfolio and savings from productivity initiatives.

Enhancements costs for 2014 reflect post-CIS system stabilization work and the implementation of system changes deferred from 2012. The decrease in enhancement forecast costs for 2016 through 2018 is due to savings from productivity initiatives.

Starting in 2015 through to the 2017 bridge year, costs of upgrades increased due to the software refresh program and minor upgrades to keep other applications and infrastructure in a vendor-supported state. Hydro One has offset the increase with productivity and procurement initiatives that have kept 2016 actual and 2017 and 2018 forecast costs of upgrades below OEB-approved amounts.

The higher 2016 actual and 2017 forecast for capital project-related spending is attributable to higher IT capital project spending in 2016, which is reflected in the DSP, Section 3.2.

2.3 IT SECURITY

As threats of cyber attacks and other crimes launched on IT systems increase, Hydro One is committed to the security of its computer and data systems. Table 5 reflects new IT Security costs to remediate and improve security capabilities in accordance with an increased threat landscape, audit reviews, and industry practices. Funding will drive: continuous improvement in the security awareness program; security threat intelligence and analysis through improved machine-to-machine threat information exchange with providers like the Canadian Cyber Threat Exchange and Electricity Information Sharing and Analysis Center; increase vulnerability testing by vendors to validate the security controls implemented to protect Hydro One's assets and identify potential risks for remediation; and application security remediation.

Table 5: IT Security OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
IT Security	-	-	-	-	-	1.6	0.0	1.5

IT security funding will improve the overall security posture, efficiency and productivity under a consolidated 7x24x365 security event management team that provides proactive monitoring, security incident management and situational awareness of IT threats. It will also improve data security by monitoring, protecting and providing data security awareness. Vulnerabilities will be identified and remediated. This funding will also implement governance and compliance protocols, reflecting legal requirements (such as Bill 198 and NERC CIP) and corporate standards, to prevent unauthorized access to data and IT systems.

2.4 BUSINESS TELECOM

Business telecom costs cover data and voice telecommunications services and associated operation and maintenance of Hydro One's telecom network, which is comprised of a mixture of company-owned and leased facilities and equipment. Changes in costs vary with the addition of data and voice telecom capacity at sites throughout the province and security-related services for the expanding telecom network. These costs are primarily costs for third-party services. They are reflected in Table 6.

Table 6: Business Telecom OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Operations and Carrier Management	3.3	3.7	3.4	3.6	3.6	3.6	3.6	3.7
Field Services	1.1	1.0	0.8	0.8	0.8	0.8	0.8	0.8
Voice and Data Network Services	3.6	3.9	3.9	3.7	3.9	3.7	3.9	3.6
Mobility Services[1]	-	-	-	0.2	0.0	0.2	0.0	0.2
Total	**8.0**	**8.6**	**8.1**	**8.3**	**8.3**	**8.3**	**8.3**	**8.3**

[1] Mobility Services costs moved to IT from each business division's non-labour costs starting in 2016.

The proposed Business Telecom OM&A expenditure for the 2018 test year is the same as the 2016 actual expenditure. The 2015 actual expenditure was higher than the OEB-approved amount due to a change in the allocation of cost to Hydro One Distribution.

The 2016 actual and 2017 forecast expenditures are in line with the OEB-approved amounts due to savings from IT productivity and procurement initiatives. In spite of adding mobility services expenditures, Business Telecom expenditures remain stable from 2016 through to the 2018 test year and in line with the 2016 and 2017 OEB-approved amounts primarily due to savings from productivity and procurement initiatives.

Business Telecom costs are divided into four categories:

(1) Operations and Carrier Management – Telecommunications management services provided by Hydro One Telecom Inc. ("Hydro One Telecom") to provide telecommunications monitoring and network operations for Hydro One's power system and business operations;
(2) Field Services - Maintenance and repair of voice and data telecom equipment. Field services also include the handling of connection changes for moves, additions, changes, and deletions ("MACDs");
(3) Voice and Data Network Services - Use of third-party voice and data circuits and equipment; and
(4) Mobility Services – Mobile phone services.

Operations and Carrier Management costs are stable from 2016 through 2018. Hydro One Telecom will play a critical role in security event monitoring for Hydro One's critical networks and information systems.

In 2011, an independent industry review was conducted which concluded that:

> [T]he [Hydro One Telecom] Network Operation Center is performing networking monitoring functions at a more efficient level than comparable Canadian utilities' 24x7 telecommunication operation.

The report confirmed that an electricity utility has unique requirements pertaining to its telecommunication system that are not easily met by a third-party non-electricity utility carrier. It also confirmed the cost and operational benefits of this arrangement:

> Cost of services increases to [Hydro One] since 2002 have been less than if the network monitoring function had remained within [Hydro One]. [Hydro One Telecom] continues to achieve efficiency gains relative to its peer group of utilities, and has now achieved the status of most efficient in performing the network monitoring function. The differentiating factor for the [Hydro One] operations as compared to the benchmarked utilities is that they have found a way to interject a commercial telecommunication approach with a solid power system telecommunication operation to bring a successful and cost effective solution to both businesses.

There is no year-over-year cost increase for Field Services from 2016 through to the 2018 test year.

The costs for Voice and Data Network Services decrease in 2018 due to a new contract negotiated with carriers in 2016.

Starting in 2016, Mobility Services costs are included in the IT OM&A budget. Previously, they were embedded in each business unit's costs. A centralized mobility services operation results in costs savings, service simplification and improved governance. In 2018, there is no increase in this line item. The proposed costs for 2017 and 2018 reflect savings from a negotiated mobility contract rate reduction.

2.5 IT MANAGEMENT & PROJECT CONTROL

The IT Management and Project Control function develops and implements IT strategies, policies and processes, IT architectural standards for application interoperability, infrastructure capacity, network security, regulatory compliance, and IT governance. IT Management and Project Control responsibilities include hardware procurement, training, detailing vendor responsibilities, architecture development, and research services. Table 7 reflects the historical and projected spending for this function over the bridge and test years.

Table 7: IT Management & Project Control OM&A Allocated to Distribution ($ Millions)

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
IT Management	7.4*	8.0	9.5	9.0	9.3	7.7	9.0	7.3
Project Support and Control	0.8	1.2	1.3	0.9	1.3	1.3	1.3	1.1
Total	**8.2**	**9.2**	**10.8**	**9.9**	**10.6**	**9.0**	**10.3**	**8.4**

*Cost restrictions and costs charged back to projects.

The proposed IT Management and Project Control expenditure for the 2018 test year is about 15.2% lower than the 2016 actual expenditure. The 2015 actual expenditure, the 2016 actual expenditure, and 2017 forecast expenditure are all below their respective OEB-approved amounts. Hydro One attributes these decreases to an updated actuarial pension valuation, which reduced operating expenses across the company, lower headcount, and higher capitalization of OM&A costs due to increased IT capital projects portfolio expenses, as reflected in the DSP, Section 3.2.

These expenses are divided into two categories:

(1) IT Management – Costs of planning, coordination and management of Hydro One's IT infrastructure, outsourced services and IT projects; and
(2) Project Support and Control – Costs pertaining to standard project management services for the delivery of all projects impacting information systems, which are closely related to IT development work.

Ongoing efforts to control costs have allowed Hydro One to forecast lower 2018 IT Management costs than 2015 actual, 2016 actual and 2017 forecasts. The Project Support and Control cost forecast for the 2018 test year is below the 2016 and 2017 OEB-approved amounts primarily due to savings from aforementioned productivity initiatives.

3. TEST YEAR FORECAST

As outlined in Section 1.3 of the DSP, Hydro One customers have indicated that keeping costs as low as possible is their top priority. Before asking customers to pay more, Hydro One is reducing costs and increasing its productivity. The result is an investment plan that aligns customer preferences, asset needs and rate impact. As discussed throughout this Exhibit, Hydro One IT has been a source of a number of productivity initiatives that offer customers value for money.

3.1 CUSTOMER FOCUS OUTCOMES

The proposed IT OM&A expenditures reduce the risk of prolonged IT system outages and reduce the costs of unplanned investments. IT OM&A expenditures ensure key systems and generated data are available to support customer service programs and work management programs. For example:

- Customer information systems enable the effective delivery of call center, meter reading, billing, collections and settlement services to Hydro One customers through reliable, secure and cost-effective information systems. It enables the achievement of Hydro One customer satisfaction Performance Metric outlined in the DSP, Section 1.4, Table 8; and
- Work management systems enable timely connection of customers, outage management and demand-related activities. It enables the achievement of Operation Effective outcomes outlined in the DSP, Section 1.4, Table 8.

3.2 OPERATIONAL EFFECTIVENESS OUTCOMES

Operational effectiveness includes reliability and cost of service. Application and infrastructure reliability requirements are determined by business criticality. These systems are engineered to deliver reliability at a determined support level.

Reliability of service is defined in terms of a support level ("SL") designation assigned to an application after it is placed into service. The SL contains a set of characteristics and expectations that determine the standards to which these systems will be subsequently maintained. Hydro One IT ensures that all systems are designed and operated such that their target service level is met in the most cost-effective manner possible.

"Cost of service" is defined as IT spending as a percentage of total company operating expenses. For the purposes of this metric, "IT spending" includes both OM&A and capital expenditures. "Operating Expenses" includes OM&A, cost of power and depreciation. Background on this metric is available in Section 1.6 of the DSP.

IT spending as a percentage of operating expenses is an indicator of the size of a company's IT budget. Higher IT spending could indicate inefficiencies, such as unmanaged demand and inefficient contract management. Alternatively, it could indicate a company's strategy to use IT investments to enable broader operational productivity (possibly reducing other business operating expenses) and/or other business objectives. IT touches most business processes. The percentage of IT spending as a percentage of total company Operating Expenses is a useful metric that ensures Hydro One builds and sustains the IT capabilities it needs while keeping costs down.

Table 8: IT Spend As Percentage of Operating Expense

Description	Historic		Bridge	Test
	2015 Actual	2016 Actual	2017 Forecast	2018 Forecast
IT spend as % of operating expense	3.6%	4.5%	4.2%	3.6%

The 2016 and 2017 figure reflects the increase in IT capital spend required to support an increase capital portfolio in comparison to 2015.

3.3 PRODUCTIVITY INITIATIVES

Hydro One has made significant investments in enterprise class technology to improve its operational effectiveness. Among the most notable investments are SAP, Microsoft and a Geographic Information System ("GIS"). These systems provide direct connections between customers and Hydro One's call centre, ensure that bills are timely and accurate and enable several other functions that serve customers on a 24-7 basis. The enterprise systems also provide the backbone of business operations within finance, human resources, supply chain, as well as asset management and work management. The reliability of these systems is critical in keeping Hydro One running effectively and improving customer satisfaction levels.

The list of productivity initiatives driving the OM&A savings in IT are described in Section 1.5 of the DSP.

COMMON CORPORATE OM&A - COST OF EXTERNAL REVENUE

1. SUMMARY OF OM&A COSTS OF EXTERNAL REVENUE

This Exhibit details Hydro One Distribution's costs for regulated and unregulated external revenues that are not included in other OM&A programs. Regulated Revenues are based on OEB-approved specific service charges, which are detailed in Exhibit H1, Tab 2, Schedule 3, whereas Unregulated Revenues are based on charges determined by Hydro One Exhibit E1, Tab 1, Schedule 2 which describes the associated external revenues over the 2014 to 2022 period.

In this Exhibit, the cost of Regulated Revenue consists of: new connections primarily of subdivision and rural residential facilities, service upgrades to increase supply capacity, street light maintenance, and forestry work. The cost of Unregulated Revenue includes costs associated with Hydro One Remotes transport work equipment used for emergency services and Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") training and development.

Table 1: Summary of OM&A Costs of External Revenue ($ Millions)

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Cost of Regulated Revenue	1.7	2.1	1.0	1.3	1.0	1.6	1.1	1.6
Cost of Unregulated Revenue	2.8	3.3	1.0	3.0	1.1	2.9	1.1	3.0
Total	**4.5**	**5.4**	**2.1**	**4.3**	**2.1**	**4.5**	**2.1**	**4.6**

Witness: Joel Jodoin

2. VARIANCE EXPLANATION

2.1 COST OF REGULATED REVENUE

The cost of Regulated Revenue consists of miscellaneous services such as: customer new connects and service upgrades, street light maintenance and forestry work. The cost variance year-over-year from 2014 to 2018 is minimal due to the services remaining constant. The cost variance between the actual or forecast figures for the period 2015 to 2017 and the OEB-approved amounts is due to higher contestable emergency work, customer connections and joint use services, which consists of construction activities and vegetation management.

2.2 COST OF UNREGULATED REVENUE

The cost of Unregulated Revenue is comprised of costs associated with Hydro One Remotes transport work equipment usage on emergency services and MEARIE training and development. The costs for the period 2014 to 2018 are constant at $3 million. The variance between actual or forecast figures and the OEB-approved levels for those years is due to higher than forecast revenue from MEARIE for the training and development of Metering Technicians, Lineman, Forestry, Protection Engineers and Technicians and for assistance with Hydro One Remotes vegetation management and emergency services. These revenues are discussed in Exhibit E1, Tab 1, Schedule 2.

STAFFING AND EMPLOYEE COMPENSATION

1. INTRODUCTION

This Exhibit outlines Hydro One Network Inc.'s ("Hydro One") total compensation and corporate staffing strategies. Hydro One acknowledges the concerns of its customers regarding the need to keep costs as low as possible, and also feedback from the Ontario Energy Board and other external stakeholders regarding compensation and employee headcount. In response, and guided by a company-wide commitment to aligning customer needs and preferences, responsible stewardship of the Distribution system, and rate impact, Hydro One has made gains in either reducing or limiting compensation costs and actively managing the efficiency and size of its work force, taking into account the size of its work programs. At the same time, in order to accomplish the work program reflected in this Application and deliver on the outcomes that it is committing to, it is necessary for Hydro One to attract, motivate, engage and retain a highly skilled and high performing workforce with appropriate compensation systems.

2. THE PEOPLE STRATEGY

The People Strategy is a critical component in driving high performance and achieving corporate objectives. The three key objectives of the People Strategy are: (i) aligning the workforce in support of the corporate strategy and goals; (ii) building human capital capacity; and (iii) driving employee performance. The framework to achieve these objectives is the overall talent management process as shown in Figure 1.

The People Strategy is the framework that guides the Talent Management process. The focus is to ensure Hydro One has the right people in the right jobs at the right time to deliver expected results.

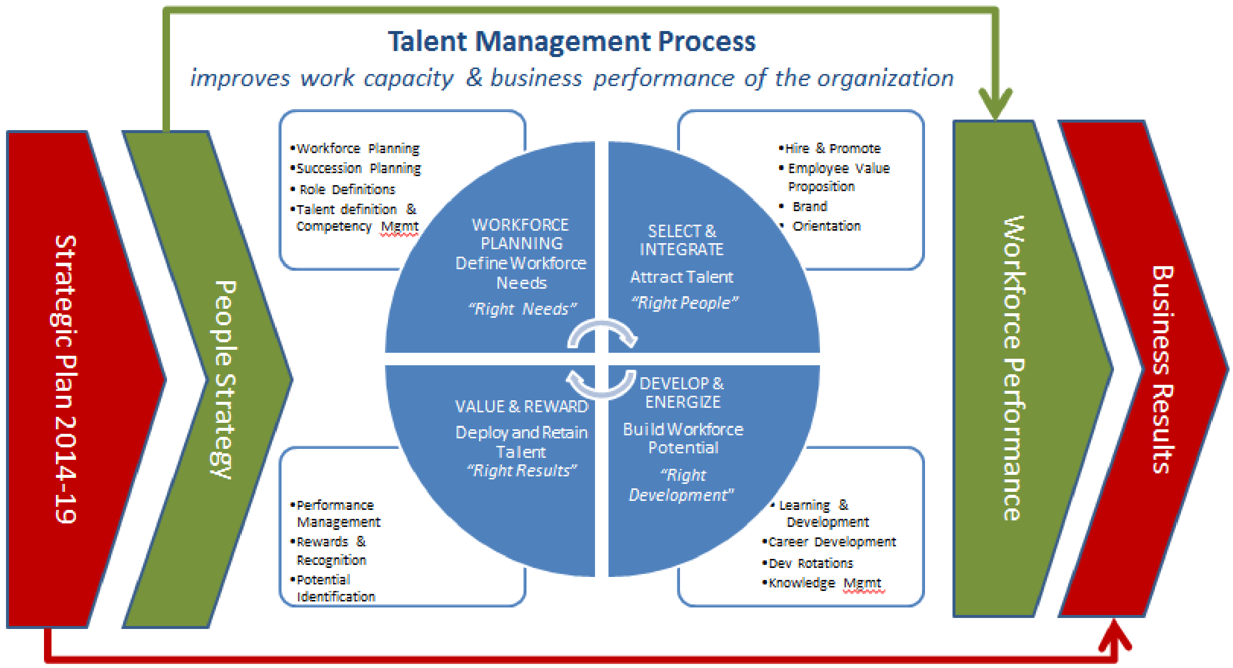

Figure 1: The People Strategy

3. EMPLOYEE CLASSIFICATIONS

3.1 REGULAR EMPLOYEES

Regular Employees of Hydro One can be placed in three categories:

Management staff (MCP): MCP employees are excluded from union representation because they carry out managerial duties or work on confidential labour relations matters or legal matters. MCP employees represent approximately 10% of Hydro One regular employees.

PWU represented staff (PWU): The PWU is an industrial union that represents the trades, operators, technicians and clerical workers. They perform line work, forestry, electrical, mechanical, protection and control, meter reading, stock keeping, system operation, technical and clerical/administrative work. The PWU also administers a hiring hall of contingent workers to meet fluctuating work demands, (e.g., work peaks and special projects), performing primarily supplemental construction and maintenance work. The PWU represents over 65% of Hydro One employees.

Society represented staff: The Society of Energy Professionals ("The Society") is a professional union that represents engineers, technical, administrative and supervisory staff. They perform engineering, high level technical and administrative work as well as supervisory functions. The Society represents approximately 25% of Hydro One regular employees.

3.2 TEMPORARY EMPLOYEES

Temporary employees are employees in any of the three categories set out above, engaged in work that is not of a continuing nature.

3.3 CASUAL WORKERS

Although the PWU does perform some construction work, the majority is performed by the Building Trades Unions ("BTU"), under agreements with the Electrical Power

Systems Construction Association[1] ("EPSCA"), the Labourers, and members of the Canadian Union of Skilled Workers ("CUSW").

Seventeen construction BTU's supply a contingent workforce through their hiring halls, negotiating their collective agreements with EPSCA. These represent the construction trades employed by Hydro One, with the exception of those represented by the CUSW and the Labourers.

The CUSW is a construction union that Hydro One negotiates with directly as opposed to via the EPSCA.

The CUSW represents lines and electrical tradespersons who work on transmission construction, including the construction of lines over 50 kV, transmission stations, switchyards, substations, system control centres, and associated telecommunications systems. Construction employees are contingent workers, accessed through the hiring halls to perform specific work programs and then laid off. They are paid a total wage package (including benefits and pension payments) for each hour worked. This relationship ensures that workers with the required skill set are hired in the right location for only the exact duration of the work assignment and that Hydro One has no on-going obligations with respect to benefits or pension for them.

[1] The Electrical Power Systems Construction Association negotiates and administers collective agreements on behalf of Hydro One, Ontario Power Generation, Bruce Power and other contractors performing work in the Electrical Power System Sector under the Ontario Labour Relations Act.

3.4 CONTRACT STAFF

Contract Staff are individuals engaged as independent contractors, not on the Corporation's payroll. Contract staff are retained for their particular skill sets on projects, or to perform other work that is not of an ongoing nature. They are engaged at Hydro One for varying amounts of time and paid varying amounts commensurate with their skill sets and the market rate for that skill. Contract staff are tracked by work programs or activities and not by headcount. Where applicable, the procurement of contract staff is governed by the terms of the collective agreements between the Corporation and its respective unions where applicable.

4. DEMOGRAPHICS

Hydro One continues to face challenges associated with the availability of some skilled and professional staff to operate, sustain and develop its transmission and distribution systems. An aging workforce and a scarcity of certain core skills in the electricity industry continue to be a human resource risk.

4.1 RETIREMENTS

At year-end 2016, 959 employees or approximately 18% of Hydro One employees (transmission and distribution) were eligible for an undiscounted retirement. By 2022, a further 755 Hydro One staff will be eligible for an undiscounted retirement. Cumulatively, this represents approximately 32% of the 2016 year end headcount total of Hydro One employees. On average, over 185 regular employees have retired each year between 2011 and 2016. This is shown in Figure 1. This trend is expected to continue through the next decade and is consistent with challenges faced by other utilities in the electricity sector. Although attrition can result in the loss of skilled and experienced talent, it also provides an opportunity to further transform the organization.

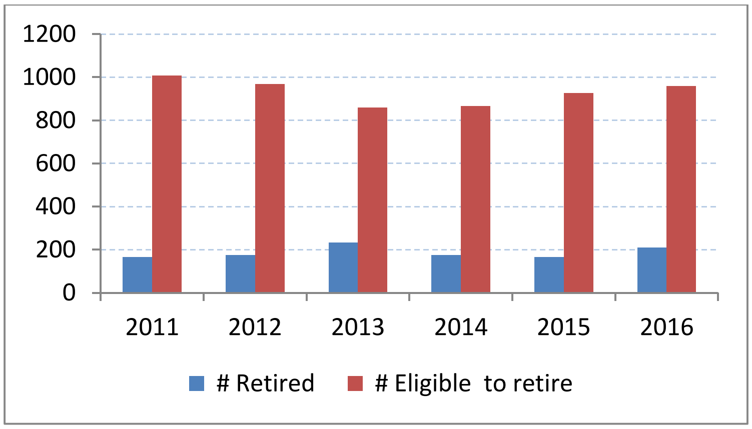

Figure 1: Retirement Eligibility and Retirements (2011 – 2016)

4.2 AGING WORKFORCE

The average age of Hydro One's regular employees is 45.3 years. The overall age distribution in 2013 and 2016 is shown in Figure 2. Employees under the age of 30 represent 12.8% of the regular workforce, an increase from 10.5% at year-end 2013. Employees aged 50 or over represent 39.3% of the workforce. This segment of the workforce has many years of experience, but is poised to exit the organization through retirement.

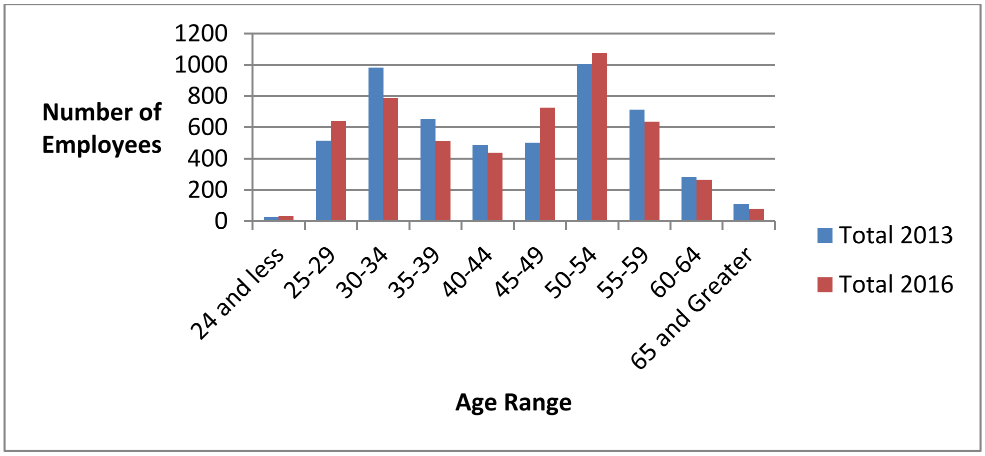

Figure 2: Age Range of Regular Employees 2013 vs 2016

To address these demographic challenges, Hydro One has been proactively implementing a number of initiatives which are discussed in the sections that follow.

5. RESOURCE FLEXIBILITY

On March 2, 2017, Hydro One announced an organizational change for its Asset Management group, establishing separate leadership accountability for Transmission and Distribution operations complemented by enhanced centralized support in Planning, Engineering, Shared Services and System Operations. This change was made to improve operational outcomes by establishing clear accountability and ownership of results. Notwithstanding this change, Hydro One maintains an integrated workforce for its transmission and distribution businesses. This allows Hydro One to take advantage of economies of scale and efficiencies that would not be available through separate transmission and distribution operations, such as an integrated asset management strategy, centralized grid control, and centralized fleet operations. Other centralized functional support is provided in the areas of Finance, Human Resources and Customer Support.

Hydro One utilizes a work-based approach to staffing, whereby the Company resources according to work programs rather than planning the work around the number of internal resources available. To address the fluctuating and seasonal nature of work programs, the Company maintains as much flexibility as possible by utilizing a variety of labour resources, including regular, temporary, hiring hall and contract staff.

Matching staff to dynamic work programs requires a managed approach to staff planning. The Company must consider the amount of work to be done, the nature of the work and the skills required. At the same time, the Company must identify the most cost-effective means of acquiring needed skills, within the constraints of the collective agreements. Demographic and skills analyses are conducted to ensure that Hydro One retains the appropriate talent in the present and is positioned properly in the market to attract the talent required in the future.

Progress has been made in maintaining the appropriate number and mix of staff required to complete the Company's planned work programs. However, Hydro One's highly skilled jobs require long learning curves, so it is essential that the Company hire well in advance of forecast retirements.

6. HEADCOUNT

Hydro One recognizes the concerns expressed in previous OEB Decisions with respect to rising headcount. Furthermore, the OEB has expressed a concern that Hydro One has not presented its resourcing requirements on a Full Time Equivalent basis (“FTE”). In this

Application, Hydro One has provided reporting on FTEs[2]. In the future, Hydro One expects to incorporate the FTE metric into its business planning and performance management processes. Table 1 illustrates the forecast FTEs for 2017 to 2022. Total Regular FTEs and total Networks FTEs in 2022 are expected to be 2.0% and 1.3% lower respectively than in 2017.

Table 1: Full Time Equivalents (FTE) - 2017 to 2022

		2017	2018	2019	2020	2021	2022
Regular	MCP	679	675	671	669	668	668
	Society	1375	1380	1376	1370	1363	1363
	PWU	3480	3444	3423	3413	3403	3395
	Total	**5534**	**5499**	**5470**	**5452**	**5434**	**5426**
Non-Regular	MCP	29	28	28	28	27	27
	Society	51	46	41	41	41	41
	PWU	165	140	138	138	137	137
	Total	**245**	**214**	**207**	**207**	**205**	**205**
Casual	PWU HH	1374	1465	1400	1401	1407	1408
	Casual Construction	1428	1428	1428	1428	1428	1428
Total FTE's		**8581**	**8606**	**8505**	**8488**	**8474**	**8467**

Figure 3 illustrates that Hydro One employs a large number of non–regular casual employees (PWU Hiring Hall and Construction Hiring Hall) and temporary employees through the year to execute on its various work programs. The use of non-regular resources reduces overall compensation costs since non-regular staff do not join pension or benefit programs, are not entitled to paid vacation days off, and can be deployed in a more flexible manner. The Company uses casual labour to appropriately supplement its

[2] FTE assumptions: (1) A budgeted regular position is 1 FTE; (2) For non-regular positions, unless budgeted for less than 1 year, a non-regular position is 1 FTE; and (3) For casual (Hiring Hall and Casual Construction), FTE's are determined by "person months"/12.

required workforce to complete its capital work program using the lowest cost labour in the context of collective agreements commitments.

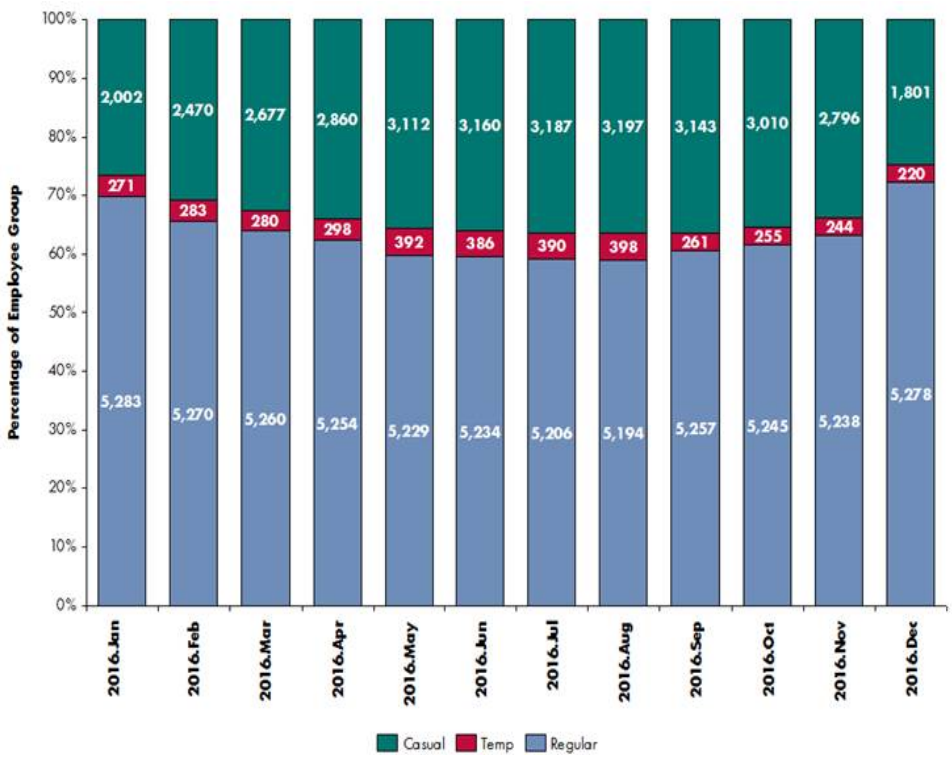

Figure 3: Percent Use of Employee Categories (January – December 2016)

As discussed in this Exhibit, Hydro One's work program is expected to grow throughout the test period while the FTE complement, shown in Table 1 remains relatively stable. Despite the increase in planned work, there are a number of initiatives currently underway to manage the FTE complement, as discussed below.

Construction

Construction Services has a highly flexible construction workforce designed to respond to the demands of its work program. Although the direct hire casual building trades workforce is scalable, there is a practical limit to its size defined by the volume of work that can be safely and efficiently planned and managed by internal staff. The current staffing strategy shows a flat regular staffing complement with a plan to utilize a combination of internal resources, engineering subcontracts, construction contracts or arrangements contracted on a fixed-price basis to execute the growth in the work program. This allows Hydro One to grow safely and acquire new capabilities quickly, while maintaining its flexibility to provide the best value to our customers.

Engineering

Hydro One is working to complete both an increasing volume of engineering work as well as advancing engineering deliverables earlier in the project lifecycle to create an intentional backlog of construction-ready projects. Despite substantially growing capital work programs, Hydro One regular staff accountable for Engineering has decreased in recent years and is anticipated to remain generally flat in the coming years.

Improved organizational alignment of different engineering functions has enabled more integrated solutions across project definition and project execution phases, and Hydro One has made a number of process and organizational improvements resulting in increased output from the engineering group. Substantial work has been done to standardize engineering processes and design packages, resulting in improved on-time delivery rates and overall project cost effectiveness. Engineering prepares the technical specifications that feed external Engineering, and acts as Owner's Engineer to ensure quality and compliance.

Resources to deliver on the growing future capital work programs is planned to be achieved through increased utilization of external engineering partners, coupled with continuous improvement of internal processes. The portion of the engineering portfolio completed externally has continued to grow over recent years, from roughly 14% in 2012 to roughly 25% in 2016, and is anticipated to reach approximately 30% through 2018.

Lines

In early 2016 Provincial Lines consolidated all Technical First Line Managers (FLMs), Supervising Technicians, Meter Technicians, Area Distribution Engineering Technicians and Meter Reader Data Collectors into one technical organization. The creation of this new more focused group ensured that resources are optimized across all the zones and that roles and responsibilities for all are clear and consistent. Provincial Lines moved all distribution project crews and apprentice crews into a single newly created zone. The purpose of this reorganization was to ensure consistent and optimum utilization of hiring hall project crews. It also allowed for more focus on apprentice development.

Outsourcing work has also provided opportunities for resource optimization by ensuring skilled internal resources are available for work programs that better align with qualifications.

Additionally, two key initiatives planned over the test period are expected to positively impact performance: Move to Mobile and the Pole Replacement Program.

The use of innovative technology, being implemented through the Move to Mobile (M2M) project, will enable real time completion and verification of data, reducing administrative office effort and increase field productivity through geographic based auto-scheduling.

The Pole Replacement program focuses on two aspects of planning. The first is to strategically select poles to be replaced based on priority and selection criteria and align this with Forestry's annual trimming cycle. The second is to bundle poles that are nearing end of life or showing premature signs of decay on the same feeder.

Forestry

While the Forestry work program increases significantly throughout the planning period, the core philosophy is to perform more work for the dollars spent. This will be accomplished by maximizing the current Forestry efficiency initiatives (e.g., the Muskoka Project) as well as looking at further opportunities to utilize mechanical crews and resource mix to continue to perform more work for the same dollars.

Stations Maintenance

The overall Stations Work Program is increasing over 2016 levels. The increases are primarily the result of the need to ramp up the PCB testing and retro-fill programs. These programs must be completed by 2025. Maintenance programs outside of the PCB program are essentially flat in Distribution. Stations is managing this by increasing its temporary workforce over the planning period while at the same time reducing its regular workforce to recognize the fact that when the PCB program is completed the overall program will be smaller in size than it is today and efficiency improvements will occur in planning, scheduling and execution.

Stations is planning to introduce a new scheduling tool in 2017 which will allow it to more effectively plan and schedule its work with greater efficiency than currently exists.

7. RECRUITMENT

Hydro One continues to hire, albeit at a lesser level than previous years, into its Apprentice and Graduate Training Programs to help address the significant wave of retirements in its critical trades, technical and engineering groups.

Since January 1, 2004, 473 graduate trainees have been hired through the Company's on-campus recruitment program. Not only do new graduates bring much needed skills but also new perspectives and fresh energy. The New Graduate program is a two-year training program for recent university graduates. The program is designed to provide new graduates with the skills, knowledge and experience needed to become successful and productive employees. The New Graduate program consists of three main components: (i) corporate training; (ii) technical training; and (iii) rotations.

Hydro One also continues to recruit into trades apprenticeship and technical training programs and has partnered with a number of universities and colleges. Hydro One has taken a leadership role in support for power system engineering programs, assisting in the development on-line power system engineering programs and providing scholarships to encourage enrolment in key areas where the Company faces labour shortages.

Hydro One will also continue its support of the University and College Co-Op Education Program, hiring approximately 300 co-op students a year. This is a mutually beneficial process. Hydro One gains bright, skilled workers trained in the latest theories and practices for four-month or eight-month work-terms, while the students gain practical and relevant work experience that can be used to develop their future careers. Hydro One has also found that the co-op programs have proven to be a rich source of talented candidates for graduate trainee positions by offering the Company an opportunity to assess the student's "fit" and long-term potential with the Company. Once hired, Hydro One's experience shows that these former co-op students have a shorter learning curve than other new hires with no previous Hydro One experience.

Hydro One believes a sustainable and longer-term strategy is to invest in programs where knowledge transfer is the key objective. Programs such as New Graduate and Apprentice Hiring, and knowledge documentation all contribute to ensuring knowledge is transferred to more junior staff.

7.1 APPRENTICE HIRING

Through structured in-house apprenticeship programs, Hydro One has and continues to revitalize its trades employee base in order to ensure a ready supply of trades talent. Hydro One's main apprenticeship programs are Powerline Technician, Utility Arborist, Electrician and Truck and Coach Mechanics. Table 2 illustrates the number of apprentices hired from 2010 to 2016. Based on the anticipated number of retirements expected in trades classifications and the increases in labour demand as a result of additional work requirements, Hydro One expects to continue investing in apprentices as a viable source of talent for skilled trades. Apprenticeships are part of the PWU Hiring Hall and therefore not eligible to join the Hydro One pension or benefit programs.

Table 2: Apprentice Hiring

Year	Lines	Forestry	Stations	Fleet
2010	100	24	36	4
2011	32	16	15	4
2012	48	36	4	3
2013	64	32	22	6
2014	80	40	20	7
2015	80	24	12	5
2016	80	24	18	4

8. LEADERSHIP AND SENIOR MANAGEMENT DEVELOPMENT

The primary objective of this program is to ensure that Hydro One has a systematic management development framework. This helps ensure the Company retains a competitive advantage by developing, maintaining, and enhancing those management competencies deemed to be essential. In 2015, a new mandatory curriculum was introduced for managers and supervisors. The goal of this program is to ensure that all managers and supervisors have a common knowledge and skill set to lead their teams.

Through proper development and training of managers and supervisors, they will have the tools to be effective managers

8.1 SUCCESSION PLANNING

A Succession Planning Process has been developed for all senior management staff within the Company. The program's goal is to ensure that for each of the senior management positions, at least two successor candidates have been identified, and that a developmental plan for each of the candidates is developed and implemented. In order to transition to a new commercially focused organization, new external senior managers with the requisite skill set and experience have also been recruited into the organization.

8.2 PERFORMANCE MANAGEMENT

Hydro One continues to develop a performance management strategy aligned with our pay-for-performance philosophy. The year-over-year enhancements to the process and system better emphasize goal-setting, ongoing coaching and feedback, performance reviews, calibrations and employee incentives aligned with corporate and individual success at all managerial levels of the organization. The outcome-based approach improves performance by having managers set clear expectations about what employee success looks like and collaboratively work with their MCP employees to:

- Document three to four clearly defined goals with key success measures;
- Align personal goals with the overall corporate strategy and business objectives;
- Provide clarity around the Hydro One core values, behaviours and competencies used to achieve goals;
- Offer coaching, feedback and development required to support employee goal achievement, growth and high performance; and

- Improve transparency and communication about how differentiated rewards and recognition are determined and achieved.

8.3 ENGAGEMENT

Hydro One continues to focus on employee engagement throughout the workforce. Engaged employees bring their best effort to work every day and are a competitive advantage. Engaged employees have a demonstrated positive impact on business outcomes: improving profitability, productivity, customer satisfaction and shareholder value and decreasing safety incidents and absenteeism. Engagement survey results allow the Company to focus its continuous improvement processes at the local level, while comparing performance outcomes to best-in-class external benchmarks. By measuring the key drivers of employee engagement and following through on what employees are indicating, Hydro One is able to identify and remove barriers, and recognize and reward great performance.

8.4 TRAINING

Non-technical training supports our employees in their skill and competency development and is focused on developing our employees in their current roles. The majority of our training encompasses supervisory and leadership development. We recognize that few people understand intuitively every aspect of the role of a manager/supervisor, but provided they positively value the role and the process of managing people, it is possible to teach them the accountabilities, skills and practices that make up their role. Hydro One's success, in a large part, depends on having a talented and engaged workforce led by excellent managers and supervisors. We have a core mandatory curriculum for managers and supervisors which is designed to provide a consistent knowledge and skill base. We consider training to be the foundation for development and expect that mastery comes from practice and coaching post-classroom.

9. COMPENSATION

9.1 MANAGEMENT COMPENSATION PLAN (MCP)

The Ontario Government decided to broaden the ownership of Hydro One pursuant to an initial public offering ("IPO") of Hydro One's common shares in order to strengthen the long-term performance of Hydro One and generate value for Ontarians. In conjunction with this sale, the Province further agreed that it would act as an investor, and not as a manager of Hydro One. To facilitate this change, the Province appointed an Independent Board of Directors.

The Hydro One Board of Directors determined that in order to improve the performance of the Company, it was necessary to increase the commercial orientation of the organization; that is, increase the Company's focus on customers, create greater corporate accountability for performance outcomes, and drive company-wide increases in efficiency and productivity.

In order to achieve its commercial objectives, the Independent Board of Directors determined that senior managers with proven track-records of delivering the targeted commercial objectives were needed. The individuals with these skills have been added to Hydro One's senior leadership team and have been empowered by the Board of Directors to achieve these commercial objectives. It became critical that the Company design a compensation structure to attract, motivate, and retain high-performing talent to execute on the corporate strategy.

To assist with this work, Hydro One engaged Willis Towers Watson to undertake competitive market assessments and sought advice from and Hugessen Consulting[3] to determine the basis for the components of a new management compensation program. Willis Towers Watson completed two compensation benchmarking studies. The studies for MCP bands 2-4 and MCP bands 5-10 can be found in Attachments 1 and 2 to this Exhibit, respectively. Please refer to Attachment 3 for the Hugessen Consulting executive compensation benchmarking study.

The MCP compensation strategy is driving a cultural shift to commercial company norms, with new shareholder expectations and an increased focus on customers, productivity, efficiency and accountability.

Hydro One offers MCP employees a total cash package that consists of a fixed component (base salary) and a variable, at risk pay component (Short Term Incentive Plan or "STIP"). A small number of key leadership employees also have a long-term variable pay component ("LTIP") as part of their compensation. Each of these compensation components is critical to Hydro One's ability to acquire talent and retain a high-performing workforce. Hydro One's compensation philosophy is to align target total rewards at or below market median, as reflected in the Willis Towers Watson design elements. In addition, the compensation plan is intended to provide a balance of fixed and variable or "at risk" compensation with a much greater emphasis on variable compensation for more senior management that is tied to achieving specific outcome measures.

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[3] Hugessen Consulting Inc. is an independent consulting firm that specializes in providing objective compensation advice to Boards of Directors. Willis Tower Watson was engaged to provide objective compensation consulting services to Hydro One Management. Both organizations provide world-class compensation design, governance, research and advice.

9.2 COMPETITIVE MARKET ASSESSMENTS

The Hydro One Board of Directors engaged Hugessen Consulting to provide objective counsel regarding an appropriate compensation framework for a new Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and more broadly, on a new compensation structure to be established in 2016. A primary reference group was identified that consisted of the four largest utilities listed on the TSX plus four other TSX listed companies in the broader energy sector of comparable scope and complexity to Hydro One. For additional compensation market data, 30 additional companies on the S&P/TSX 60 index were reviewed. The target total direct pay for the CEO is positioned close to the average of the four other larger utilities and is in the bottom quartile of the 30 companies on the S&P/TSX 60 index. Similarly, the target total direct pay for the CFO is in the bottom quartile of the S&P/TSX 60 index.

The 2016 compensation framework includes a number of best practices for management compensation programs, including:

- Target pay is balanced between fixed and variable pay and between short and long-term incentives;
- Align target awards with market median (P50);
- Leveraging a segmented role approach (Core vs. Support roles);
- Capped payout opportunities within the STIP and LTIP programs;
- LTIP awards are granted annually and have overlapping performance periods thereby requiring substantially higher levels of performance to achieve results;
- Share ownership guidelines and post-employment equity hold periods for executives; and
- Clawback and anti-hedging policies.

Willis Towers Watson conducted market assessments for MCP Bands 2-10 (EVP to Administrative roles). Executive level (Bands 2-4) compensation was assessed against a peer group consisting of twenty-one companies that included utilities and other Canadian publicly-traded companies. The results show that Hydro One is positioned around the 25th percentile in terms of salary and target total cash. On a total rewards basis, the absence of a long-term incentive program positions Hydro One below the 25th percentile. With the introduction of a new MCP compensation structure in 2016, the compensation for executives is targeted at P50 (market median) of the external peer group.

Non-executive level (Bands 5-10) compensation was assessed by segmenting these roles into Core Operations and Support Services. Core Operations roles were assessed against 28 Canadian utilities. Core Operational roles require specific education, skills and knowledge in a professional area that is directly related to the Transmission, Distribution or regulation of power. Support Services positions require education, skills and/or knowledge not necessarily specific to the utility business. On a total rewards basis, Core Operation roles are positioned at market median or slightly below market median depending on whether the assessment included the current Defined Benefit Pension or the new Defined Contribution Pension Plan. Support Services roles were assessed against 76 companies. On an aggregate basis, Hydro One's position relative to market for non-executive total rewards is aligned at or slightly above market median.

In situations where current incumbents are below market median as determined by these market assessments, future compensation increases will be managed and approved based on demonstrated successful performance.

9.3 MCP BASE SALARIES

MCP base salaries are adjusted through a merit program that recognizes individual performance, behaviours, potential, internal relativities and external benchmarking**.** To better reflect and respond to the realities of the external labour market and internal compensation issues, non-represented roles have been reorganized into either Executive (Bands 1-4), Core Operations and Support Services positions. External Peer groups have been established for each segment and future base pay adjustments will be based upon external benchmarking against peer roles, performance and positioning within the salary band range. This targeted approach will restrict the base salary adjustments for employees already above market median.

9.4 INCENTIVE-BASED COMPENSATION

Incentive-based or variable/at risk compensation is a common feature of compensation strategies in publicly-traded companies. Incentive-based compensation rewards performance and allows the Company to attract, motivate and retain qualified employees in a competitive labour market. A shift away from variable pay in favour of increased base salaries would increase Hydro One's fixed costs and reduce the company's ability to align employee performance with business objectives.

9.4.1 SHORT TERM INCENTIVE PLAN (“STIP”)

MCP employees are eligible for annual incentive-based pay as a component of their total cash compensation. A new STIP has been introduced in 2016 that supports the MCP compensation strategy. This Plan is designed to:

- reward participants for the achievement of annual team (corporate) and individual performance goals;
- align corporate goals and objectives with individual goals;
- focus on short-term goals and immediate priorities; and
- reward and retain top performers.

STIP rewards are based on Company performance, measured against a balanced Team scorecard, and individual performance, measured against three to four goals that are aligned with the Company's objectives. The balanced Team scorecard is based on financial and non-financial objectives such as customer satisfaction, operational results and safety. Focusing on these metrics and meeting the corporate targets will ultimately benefit Hydro One's customers. The final 2017 Team Scorecard is provided as Attachment 4 to this Exhibit. A draft version of the 2017 Team Scorecard had been filed in Hydro One's most recent transmission rate application (EB-2016-0160).

9.4.2 INDIVIDUAL GOALS FOR EXECUTIVES

Individual goals for executives are complementary to the Team Scorecard and are expected to reflect goals directly related to the executives' scope of accountability. The Team Scorecard represents 80% of the Short Term Incentive targets for Executives, with the remaining 20% represented by individual goals. Consistent with the Team Scorecard for 2017, the Individual Scorecard is made up of weighted measures (with a minimum of 10% given to any one measure). Performance is assessed on each goal.

9.4.3 LONG TERM INCENTIVE PROGRAM ("LTIP")

An LTIP was introduced in 2016 for select senior leaders and is designed to:

- reward executives for longer-term value creation and foster alignment with shareholder interests;
- support line-of-sight and achievement of near-term objectives that lead to long-term value creation;
- attract and retain top talent ; and
- align compensation with current market practices.

LTIP is a common element of executive compensation plans in the labour markets where Hydro One competes for top executive talent. LTIP plans are a key component of executive compensation that enables Hydro one to source and retain experienced executives from the broader labour market; in particular individuals who have the skills and experience necessary to execute on Hydro One's goals to become a more customer focused, efficient utility. Without an LTIP, Hydro One would not have been competitive and therefore unable to attract recent senior level appointments tasked with delivering on the $383 million in productivity savings initiatives and customer service improvements outlined in this Application.

Individually and collectively, the executive leadership team is leading Hydro One's transformation to a commercially focused organization. In addition to the Chief Executive Officer, executive recruitment has been focused on experienced business leaders with a broad range of industry experience, since 2015. Examples include:

- Chief Operating Officer: Over 30 years' experience in Transmission and Distribution with executive experience in large publicly traded organizations such as Pacific Gas & Electric and ComEd.
- Executive Vice President – Customer Service: Experienced executive who has worked in several industries and most recently in the airline industry as the

president of West Jet Encore, a company renowned for world class customer service;

- Chief Financial Officer: Considerable executive level experience in public company governance, debt and equity capital raising, mergers and acquisitions and information technology;
- Executive Vice President – Strategy & Corporate Development: Significant experience in strategy, business development and financial expertise in the electric power, natural gas, and water utility sectors; and
- Chief Legal Officer: Significant years of experience, most recently as a senior partner at a leading law firm in Canada, including leadership of the Capital Capital Markets Group, Mining Group and International Business Development strategy.

This leadership team is accountable to the Hydro One Board to deliver on the transformation of the company. As outlined in the Distribution System Plan (DSP), Section 1.5, Hydro One has commenced a number of initiatives to reduce costs while maintaining service quality and work outputs. These productivity initiatives are summarized and quantified in Section 1.5 of the DSP, and total approximately $383 million over the 2018 to 2022 test period.

To ensure that Hydro One is achieving its Productivity and cost efficiency goals, it has aligned its planning, execution and reporting functions around performance outcomes. These outcomes are based upon the Renewed Regulatory Framework (RRF) that the Ontario Energy Board (OEB) has implemented for use in both Transmission and Distribution regulatory proceedings. Productivity Performance Metrics are included in both the regulatory and Team scorecard, and are reviewed quarterly by the Executive Leadership Team.

Approximately 45 executive and senior management employees participate in the 2016 LTIP Program. Participation in the LTIP is determined by the Hydro One Board annually and is restricted to key talent. The intent of this plan is to provide a balance between short-term performance and long-term success. Long-term Incentive Plans are also an effective retention tool to incent talented senior leaders to remain with the organization. LTIP plans enable senior leadership participants to be rewarded for creating long-term value and commitment to an organization and benefits the shareholders and customers. LTIP has been recognized and approved for recovery in the rates of other rate regulated entities subject to the Board's oversight; notably Union Gas Limited and Enbridge Gas Distribution Inc.

9.4.4 EMPLOYEE SHARE OWNERSHIP PLAN ("ESOP")

MCP employees are eligible to participate in an ESOP. MCP employees can contribute up to 6% of their base salary and Hydro One will provide a 50% match on contributions to a maximum of 3% of base salary. The introduction of the ESOP is an important element of the total compensation program as it will: (i) promote an ownership mentality amongst employees; (ii) facilitate the attraction and retention of talent; (iii) and enhance employee engagement and productivity through company ownership.

9.5 THE LABOUR RELATIONS ENVIROMENT

Approximately 90% of employees at Hydro One are represented by a trade union. Hydro One is legally required to negotiate collective agreements with the employees' bargaining representatives. These collective agreements establish the terms and conditions of the employment relationship for a fixed period of time. Hydro One inherited collective agreements from Ontario Hydro, which established terms of employment. These legacy collective agreements have established a 'floor' upon which future negotiations are based. While legacy collective agreements continue to strongly influence current Hydro One collective agreements, Hydro One has done much to change the status quo. Hydro One has been successful in incrementally reducing costs and/or increasing productivity through collective bargaining.

In labour agreements, more so than commercial contracts, parties must also consider their longer term relationship. Hydro One's Human Resources strategy is to negotiate fair and reasonable collective agreements to foster and promote healthy union–management relationships.

Hydro One has been able to achieve reasonable settlements with moderate incremental cost reductions and increased flexibility in a variety of areas in every round of collective bargaining since 2001. Examples include:

- elimination of costly incentive pay plans;
- economic increases that are in line or below industry norms;
- reductions and cost containment in benefit improvements;
- introduction of new salary schedules with lower starting rates and lower maximum rates;
- introduction of a less costly pension plan;
- increased employee pension contributions;
- increased flexibility to contract out work;
- reduction in the hourly rate for a variety of jobs;
- increased flexibility to move staff;
- increased utilization of contingent workers;
- introduction of less costly classifications;
- greater shift scheduling flexibility; and

- reduction in temporary work headquarter costs.

9.5.1 UNIONIZED EMPLOYEES ‑ COMPENSATION AND RECENT COLLECTIVE BARGAINING OUTCOMES

When the Province decided to proceed with an IPO of Hydro One, the Government directed Hydro One to commence collective bargaining with its unions. The Government also decided to coordinate the negotiations at Ontario Power Generation ("OPG") and its unions with the Hydro One negotiations. This resulted in 'sector' negotiations at a central table where the mandate and focus was to settle all monetary items. Local non-monetary issues were negotiated by the respective employer and unions.

The parties successfully negotiated collective agreements that marked a significant paradigm shift in three key areas that will benefit Hydro One, employees and ratepayers:

1) Instead of traditional base wage adjustments, the parties agreed to lower base adjustments[4] with lump sum payments. Compensation cost escalation is further restrained in perpetuity as other "wage sensitive" compensation items, such as overtime premiums, allowances and pension benefits, are not impacted as much as would be the case if higher base wages were negotiated. The agreed to increases for PWU and Society staff are shown in Table 5.

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[4] Historically, Hydro One's represented employees received in the range of 2% to 3.5% base wage adjustments through collective bargaining. The average base rate increase in 2016 of 23 Ontario-based Local Distribution Companies was 2.45%.

Table 5: Negotiated PWU and Society Base Rate and Lump Sum Increases

Year	PWU	Society
2015	1% Base rate 1% Lump Sum	2.25 % base rate
2016	1% Base Rate 2% Lump Sum	.5% Base rate 1% lump sum
2017	1% Base Rate	.5% Base rate 2% lump sum
2018	-	.5% Base Rate

2) As part of the collective bargaining settlements with the PWU and Society, represented employees will be eligible to receive shares of Hydro One Limited. The philosophical shift to a compensation model that provides for below average base wage increases, combined with lump sum payments and share grants reduces the overall cash portion of compensation. Awarding share grants also instils a sense of ownership in employees. Aligning company interests with employee interests has produced consequential ratepayer benefits.

The first share grant day for eligible PWU represented employees is April 1, 2017. Additional shares will be granted in each of the following eleven years. The first grant date for eligible Society represented employees is April 1, 2018, with additional shares granted for the following eleven years. In order to be eligible for share grants, employees must remain employed with Hydro One.

3) Pension costs were reduced by increasing employee pension contributions and reducing future pension benefits. In addition to advancing the progression to a 50-50 cost-sharing for pension benefits, it is also significant in that the increase in pension contributions more than offsets the costs of the share grant program for both unions.

Other notable negotiated outcomes include:

1) Increased resourcing flexibility was achieved by negotiating enhancements to utilize temporary employees longer and to contract out more work. Hydro One annually performs approximately 200,000 cable locates and by contracting out this work, unit costs have dropped from $107.00 to $56.00; and
2) Favourable future pension service benefit accrual impacts for active employees and new hires pensions including:
    - increased early retirement eligibility rule of 85 (up from 82) commencing in 2025; and
    - adjustment to number of years for final average earnings from 3 to 5 years commencing in 2025.

9.6 CASUAL CONSTRUCTION EMPLOYEES

The construction workforce has a favourable compensation cost structure, in that this workforce:

- is paid an industry standard wage (for building trades governed by EPSCA Collective Agreements) or wages that are either competitive and in some cases less than other rates in the industry;
- does not join the Hydro One pension plan;
- does not join the Hydro One group benefit plan;
- does not have entitlement to sick leave benefits;
- does not have paid scheduled vacation time off;
- is more easily deployed to work throughout the province;
- is more easily dismissed when work load fluctuates; and
- is accessed through the union hiring halls to perform specific work programs and laid off when it is no longer required.

Hydro One negotiates directly with CUSW and through the EPSCA, Hydro One is bound to collective agreements negotiated for the other 17 Building Trade Unions. In 2015, Hydro One negotiated a three-year collective agreement with CUSW (May 1, 2014 to April 30, 2017). Negotiated wage increases include a 1% base wage adjustment in each year. CUSW wage rates are generally lower than those paid to similar classifications represented by the International Brotherhood of Electrical Workers (IBEW) as shown in Table 6. Hydro One also negotiated increased flexibility to contract out some construction work.

Table 6: CUSW Rates versus IBEW Rates – 2015 ($)

Union	Base Wage ($)	Total Base Package ($)[5]
CUSW (Hydro One)	40.98	54.33
IBEW Windsor	37.84	59.99
IBEW Port Hope	42.78	59.81
IBEW Ottawa	42.99	59.94
IBEW Sudbury	42.99	59.94
IBEW Thunder Bay	44.29	59.22
IBEW South	42.85	61.28
IBEW Hamilton	41.16	60.61
IBEW Sarnia	46.10	60.80

Wages paid to the remaining Building Trade Unions are the industry wage paid by all employers in the electrical power systems sector when performing work on Ontario Power Generation, Bruce Power and Hydro One property in Ontario.

[5] Total Wage package includes Base Pay, Vacation & Statutory Pay, Welfare, Pension and Union Fund

10. COMPENSATION COSTS

In previous cost of service applications, including the last Transmission application EB-2016-0160, a payroll table was filed that included both Transmission and Distribution compensation reflecting only compensation for employees on payroll at year end. To respond to concerns raised by the Board and intervenors, Hydro One filed an undertaking during the oral phase of the Transmission Application to provide Transmission-related compensation and to expand the compensation data in order to provide a more comprehensive overview of transmission compensation. Hydro One committed on best efforts basis to present compensation data in a similar format for future cost of service applications. The compensation allocated to the Distribution business is shown in Appendix B.

Given a large number of employees for Hydro One Networks contribute to both Transmission and Distribution activities, the Hydro One payroll system does not allow compensation to be specifically allocated to Transmission or Distribution and, conversely, design decisions in the financial system limit the ability to identify specific components of total wages within the costing of the work programs.

Certain allocating assumptions were made in order to provide the compensation data in Appendix B:

- In order to estimate total labour spending embedded in the bridge and test years, the same methodology used in the Black & Veatch "Review of Overhead Capitalization Rates" as outlined in Exhibit D1, Tab 3, Schedule 1, Attachment 1 was applied. More specifically, this study uses the Labour Content Method to identify the estimated percentage of labour spending within both Distribution and OM&A and Capital spending;

- Employees often work on both Transmission and Distribution work activities (i.e. Fleet Services, centralized Grid Control Center). In order to estimate the employee headcount supporting the distribution business activities only, a ratio of total distribution compensation to total compensation was forecast based on the total Networks FTE complement; and
- Hydro One has assumed base salary increases of 2% for MCP staff over the Custom IR period. Annual base salary increases of 1% have been assumed for PWU staff and casual construction staff from 2018 onwards. Increases of 0.5 % have been assumed for Society staff from 2019 onwards.

Appendix B provides actual total compensation cost for Hydro One Distribution for 2014 to 2016 and forecast total compensation cost for bridge year 2017 and test years 2018 to 2022. Over the test period, total compensation for the Distribution business increases by 2.5%. In light of the increasing Distribution work program, Hydro One believes that this modest increase in compensation cost is reasonable and reflective of improving productivity.

Figure 4 compares the compensation for the Distribution business to the total Distribution work program over the period 2014 to 2022. Hydro One's Distribution related total compensation increases by 2.5% whereas the Distribution work program is expected to increase by 19%. The declining trend in compensation spending as a percentage of total work program spend is indicated by the solid line in Figure 4.

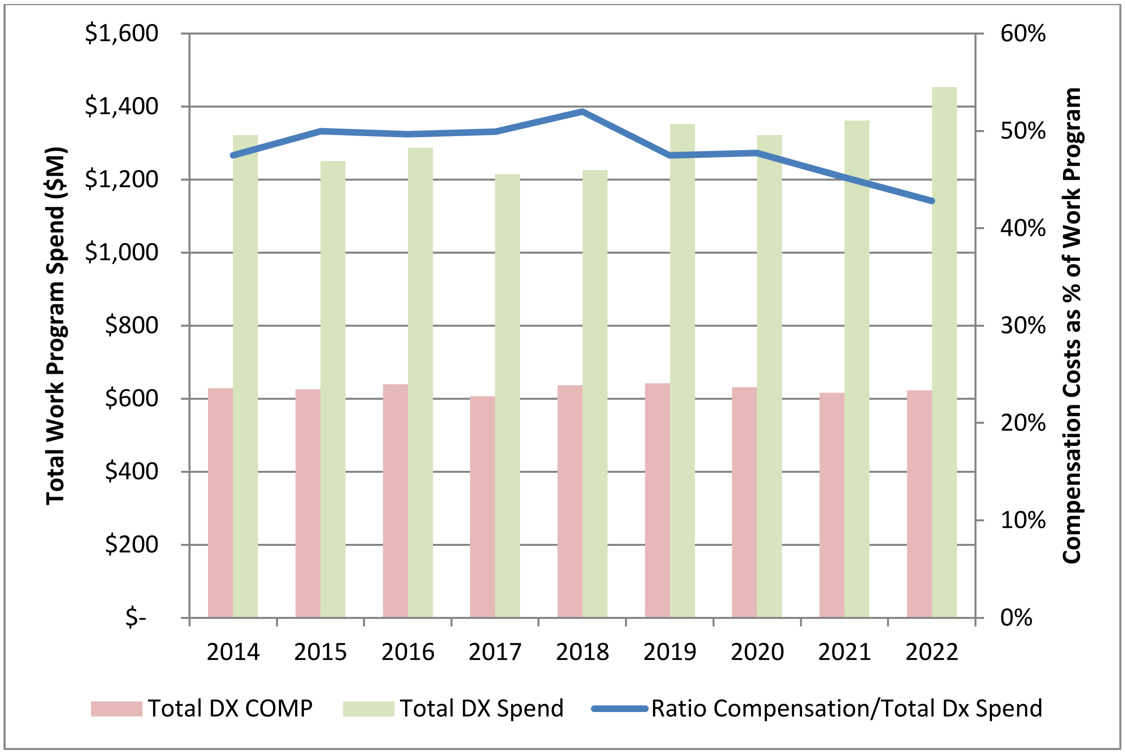


Figure 4: Hydro One Distribution Compensation vs. Total Work Program (OM&A and CapEx)

10.1 EXECUTIVE COMPENSATION ALLOCATION

Table 7 shows the percentage of compensation recovered through this Application for the Hydro One Chair, Board members and members of the Executive Leadership Team.

Table 7: Compensation Allocation for Executive Compensation

Position	Rate Recovery	% Recovered in DX Application
Chairperson	Yes	44.77%
Board Members	Yes	45.84%
President and CEO	Yes	38.44%

Position	Rate Recovery	% Recovered in DX Application
Chief Financial Officer	Yes	42.49%
COO	Yes	41.18%
EVP and Chief Human Resources Officer	Yes	47.53%
Chief Legal Officer	Yes	42.36%
EVP, Customer Care & Corp. Relations	Yes	85.47%
EVP, Strategy and Corp. Development	No	0.00%

The costs and allocation for the Corporate Management group is described in more detail in Exhibit C1, Tab 1, Schedule 7. The increase in Corporate Management costs from 2015 to 2018 f for Hydro One Distribution arise from changes in compensation, however a higher percentage of the cost is allocated to the Shareholder, therefore there is a reduced impact to the regulated businesses, including Distribution ratepayers.

Table 8 compares the percentage of compensation borne by the Shareholder for key roles in the Corporate Management costs between this current Application and the Distribution Application for 2015-2017.

Table 8: Allocation of Corporate Management Costs Borne by Shareholder (Current vs. Prior Application)

Position	% of Compensation Costs Borne by Shareholder (2018-2022 Distribution Application)	% of Compensation Costs Borne by Shareholder (2015 – 2017 Distribution Application)
Chairperson	5%	.93%
Board Members	5%	0%
President and CEO	20%	2.3%
CFO	10%	1.56%

10.2 TOTAL COMPENSATION STUDIES

In a series of Board Decisions (EB-2006-0501, EB-2010-0002 and EB-2013-0416) the Board expressed concerns with increasing compensation levels at Hydro One. The Board directed Hydro One to conduct total compensation studies that would provide useful and reliable information concerning Hydro One's compensation costs, and how they compare to those of other regulated transmission and/or distribution utilities in North America.

In the Ontario Energy Board's Decision in the Hydro One Distribution Rate Application, proceeding EB-2013-0416, Hydro One was directed to undertake:

"A compensation study similar to the study filed as part of this application to allow benchmarking to comparable companies."

As a result, four total compensation studies (2008, 2011, 2013, and 2016) have been conducted by Mercer Canada. The 2016 Total Compensation Study is provided in Attachment 5 to this Exhibit.

Hydro One understands the need to restrain compensation cost; however the Company must also attract and engage highly skilled employees, in the face of an aging workforce and competition for similar skills in a unionised environment. Despite these challenges, Hydro One has been successful in balancing the competing pressures of reducing compensation costs and attracting and maintaining an engaged workforce. Ratepayers benefit from the skills, quality and expertise of Hydro One employees. Table 9 compares the results of all four studies, and compares Hydro One compensation to the Market Median.

Table 9: Mercer Compensation Benchmarking Study Results vs. Market Median
Total Compensation Above/(Below) Market Median

Employee Group	2008 Survey Results	2011 Survey Results	2013 Survey Results	2016 Survey Results	Total Change from 2008 to 2016
Management	(1)%	(17)%*	(1)%	2%	3%
Society	5%	5%	9%	11%	6%
PWU	21%	18%	12%	16%	(5)%
Overall	17%	13%	10%	14%	(3)%

* Management employee group positioning of -17% to market median likely impacted by legislative freezing of non-represented compensation

The 2016 study findings show that on an overall weighted average, Hydro One was positioned approximately 14% above market median. While the 2016 results have slightly reversed the otherwise positive trend in noted in the previous studies, there are a number of factors that provide context to these results:

1. Above median roles such as the Field Services Coordinator (1.19 of P50), Business Analyst A (1.39 of P50) and Engineer B (1.30 of P50) have resulted due to a wage compression issue at Hydro One. These roles tend to have feeder pools from both higher level and higher paid unionized Society of Energy Professionals ("the Society") or Power Workers' Union ("PWU") positions. On promotion, employees in these positions are placed higher on the wage schedule than staff recruited externally. The compression issue is not as relevant for more senior roles and the positioning relative to P50 improves, for roles such as Engineer D (1.04 of P50), Engineer E (.92 of P50), and Area Superintendent (.86 of P50). For example, the typical career path for an Engineer B would be Engineer D and then Engineer E. The outcome of compensation in excess of Market Median is largely attributable to these roles.

2. As the structural compression issue cannot be solved in the short term, Hydro One has been successful in reducing costs by employing fewer employees in some of these roles that are above market median as shown in Table 10. Cumulatively, this represents a $21.9M savings per year.

Table 10: Mercer Compensation Benchmarking Study Results – Number of Employees in Above Market Median Positions (2016 vs. 2013)

	2016 Study		2013 Study
Position	**Multiple of P50**	**# of Hydro One Incumbents**	**# of Hydro One Incumbents**
Drafter II	1.11	21	33
Area Distribution Technician	1.33	151	180
Engineer B	1.30	176	271

3. In 2015, Hydro One negotiated three-year collective agreements with lower than average base wage adjustments, lump sums and increased employee pension contributions with the PWU and the Society of Energy Professionals. Since the data for the Mercer Study was collected as of September 1, 2016, the full impact of these savings is not reflected in the Study. Lower base wage adjustments have ongoing savings in that other wage sensitive items such as overtime rates and allowances are not as impacted. It is expected that Hydro One's positioning to market median will improve in each of 2017 and 2018 as a result of these negotiations.

4. The Mercer Benchmarking Study compares total compensation "entitlements" (i.e., base salary, STIP, LTIP, pension and benefits) against the comparator peer groups. For pension and benefits, the study uses a standard approach and methodology based on industry norms and then compares Hydro

One and the peer groups expected value of pension and benefits using this approach instead of the specific demographics and assumptions for Hydro One and each of the organizations in the peer group. The study does not account for the impact of Hydro One's negotiated cost-saving initiatives such as future pension benefit reductions or the updated pension valuation filed with the OEB.

5. Many of the peer companies have Defined Contribution Pension Plans. This has a negative impact on Hydro One's positioning relative to P50. Hydro One has closed the Defined Benefit Plan for non-represented employees and has implemented a Defined Contribution Plan ("DC Plan"). As the DC Plan was only recently introduced, benefits are not realized in the Mercer Study results.

11. COMPARISON OF COLLECTIVE AGREEMENTS

When assessing the effectiveness of Hydro One's collective agreements, the Company compares compensation wage scales for similar PWU-represented and Society-represented classifications in other Ontario Hydro successor companies. Hydro One competes for staff with these companies and is vulnerable to losing staff to these organizations. All these wage scales have the same starting point, which is the establishment of the successor companies in 1999.

Table 11 summarizes the base rate percentage change for each of the Ontario Hydro successor companies over from 1999 through 2017 for similar classifications. Appendix C provides details for each classification.

Table 11: Average Base Rate Percentage Change for Selected Classifications (1999-2017)

Organization	PWU	Society
Hydro One	62%	36%
Ontario Power Generation	87%	37%
Organization	**PWU**	**Society**
Bruce Power	110%	43%
Independent Electricity System Operator	NA	40%

Compared to these four other companies, Hydro One has been successful in controlling costs in collective bargaining since demerger to the benefit of all ratepayers.

11.1 POWER LINE TECHNICIAN RATE COMPARISON

Within Ontario, the largest LDCs are Hydro One Networks Inc., Toronto Hydro Electric System Limited, Alectra, Hydro Ottawa Limited, and London Hydro Inc... Each of the LDCs employs Power Line Maintainers ("PLMs"). Table 12 compares the PLM rate at various LDCs to the PLM rate at Hydro One Networks. The PLM classification was chosen since it represents a highly skilled and highly populated classification that is core to the Hydro One Distribution business and to the other LDCs within Ontario.

Table 12: Power Line Maintained Wage Comparison Across Utilities

Company	Number of Employees	Wage – 2016 ($/Hr.)	% Difference
Toronto Hydro	800	43.58	4.90%
Enersource (Alectra)	249	42.55	2.40%
Horizon (Alectra)	285	41.89	0.80%
Oakville Hydro	63	41.87	0.80%
Cambridge	36	41.84	0.70%
Hydro One	**5400**	**41.54**	**-**
Milton Hydro	33	41.42	-0.30%
Brant Power	12	40.97	-1.40%
Algoma Power	33	40.86	-1.60%
Guelph Power	68	40.72	-2.00%
Kitchener-Wilmot	73	40.36	-2.80%

NOTE: DATA SORTED BY WAGE

*Hydro One uses a multi-skilled position called a Regional Maintainer–Lines classification ("RLM") ($44.86/hr – 2016). The Hydro One rate of $41.54/hr in Table 12 reflects the Power Line Technician rate on the current Hydro One wage schedules. The RLM uses the PLM as the base job with additional duties such as lead hand, contract monitor, establishment and holding of work protection as well as additional technical, trade and customer relations skills beyond the Power Line Maintainer classification.

Table 12 illustrates that the PLM rate at Hydro One ranges from being slightly below to slightly above other LDCs in Ontario. Despite the rates being very close, the type of work and skills required at Hydro One are often more complex. Hydro One employees often work in a more rural setting than their counterparts in other LDCs. As a consequence, Hydro One employees can work in conditions and with equipment not normally required at other LDCs. Trades employees working on lines maintenance often work on both Distribution and Transmission assets and are required to be knowledgeable and proficient with overhead, underground and submarine cable. Again, this is not typical of the PLM role at other Ontario LDCs.

12. PENSIONS

In EB-2010-0002, the Board stated that: "Hydro One must demonstrate measurable progress towards having its pension contributions reflect those prevailing in the public sector generally. The evidence suggests that an employee contribution level of 50% is the norm". Hydro One has strived to increase employee contributions and reduce benefits with all employee groups. Hydro One has demonstrated this commitment to reducing pension costs by:

- Introducing lower cost defined benefit plans for MCP employees (2004) and Society employees (2005);
- Increasing employee pension plan contributions annually since 2013 for all employee groups (see Figure 5 for PWU represented employee pension contributions and Appendix A for employee contributions for other employee groups);
- Closing the Defined Benefit Pension Plan for new externally hired MCP employees as of September 30, 2015, and introducing a new Defined Contribution Pension Plan; and
- Reducing future service benefits for all current PWU and future PWU employees as well as Society legacy pension plan members by adjusting the number of years for determining the final average earnings from three years to five years and increasing the early undiscounted pension eligibility from Rule of 82 to Rule of 85 (both effective March 31, 2025).

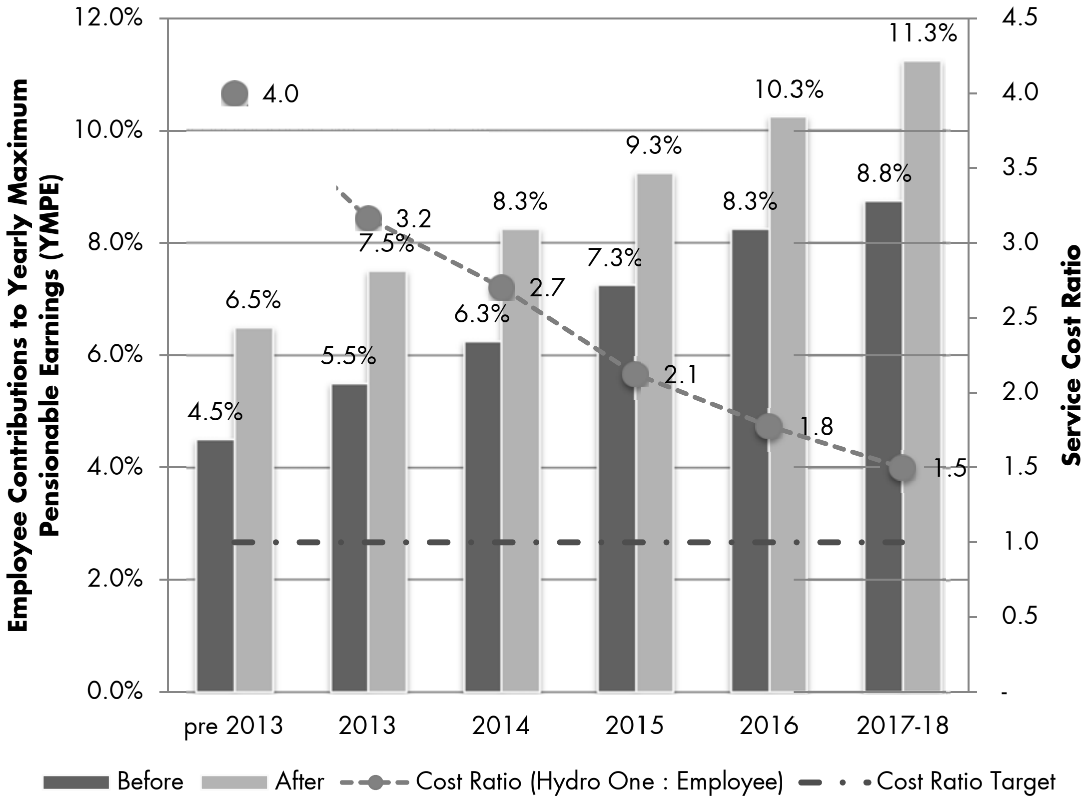


Figure 5: PWU employee pension contribution increases 2013-2018

Table 13 shows annual savings as a result of the increased employee contributions.

Table 13: Annual Savings from Increased Employee Pension Contributions (DX)

Year	$M
2018	$10.9
2019	$12.0
2020	$11.9
2021	$11.5
2022	$11.7

In summary, Hydro One has been successful in reducing pension costs by:

- making incremental increases every year since 2013 in employee pension contributions for all employee groups; and
- Improving the ratio of employer and employee cost sharing by moving towards the 50%-50% cost sharing ratio.

As described in Exhibit C1, Tab 2, Schedule 2, the employee contribution rate to the pension plan has increased. Hydro One engaged Willis Towers Watson to provide an estimate of the savings to the Company. These estimated savings are reflected in the cash pension costs provided in Table 13, as well as the pension expense that is included in Hydro One's operating and capital expenses provided in this application for the test years 2018 through 2022.

APPENDIX A:

Employee Pension Contributions for Other Employee Groups

The following figures illustrate the increasing employee pension plan contributions annually since 2013 for Society-represented employees (Legacy and post November 2005 members) and Management Compensated staff.

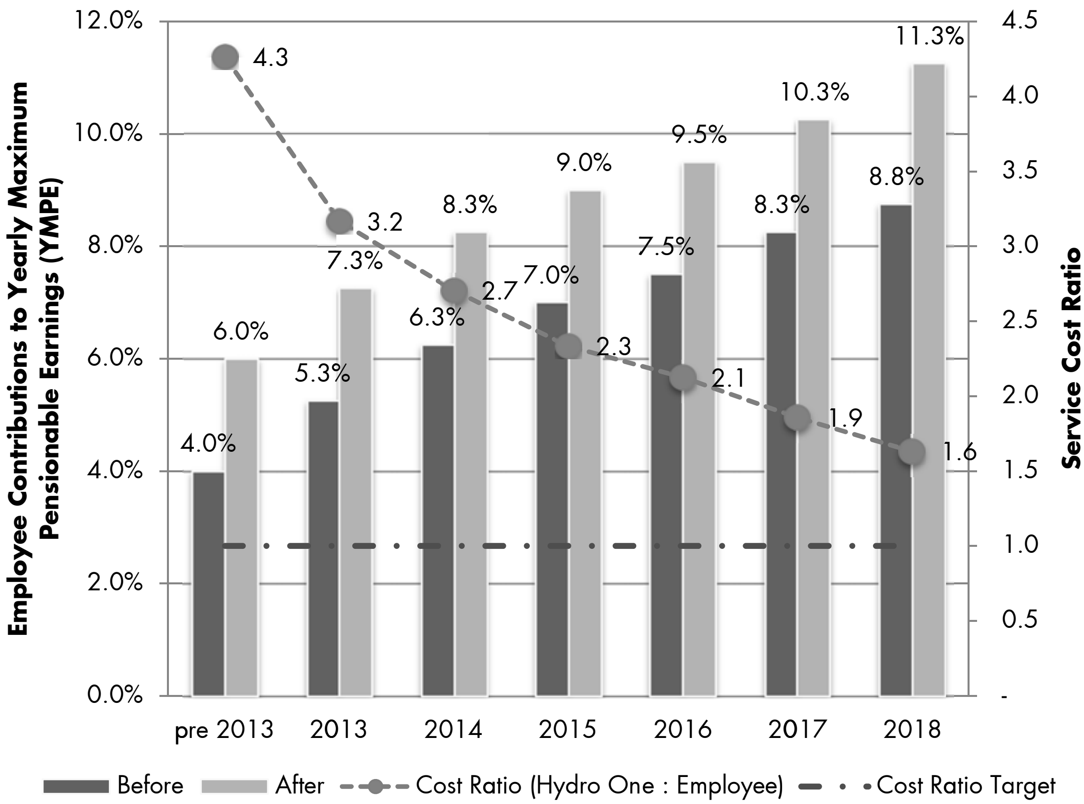
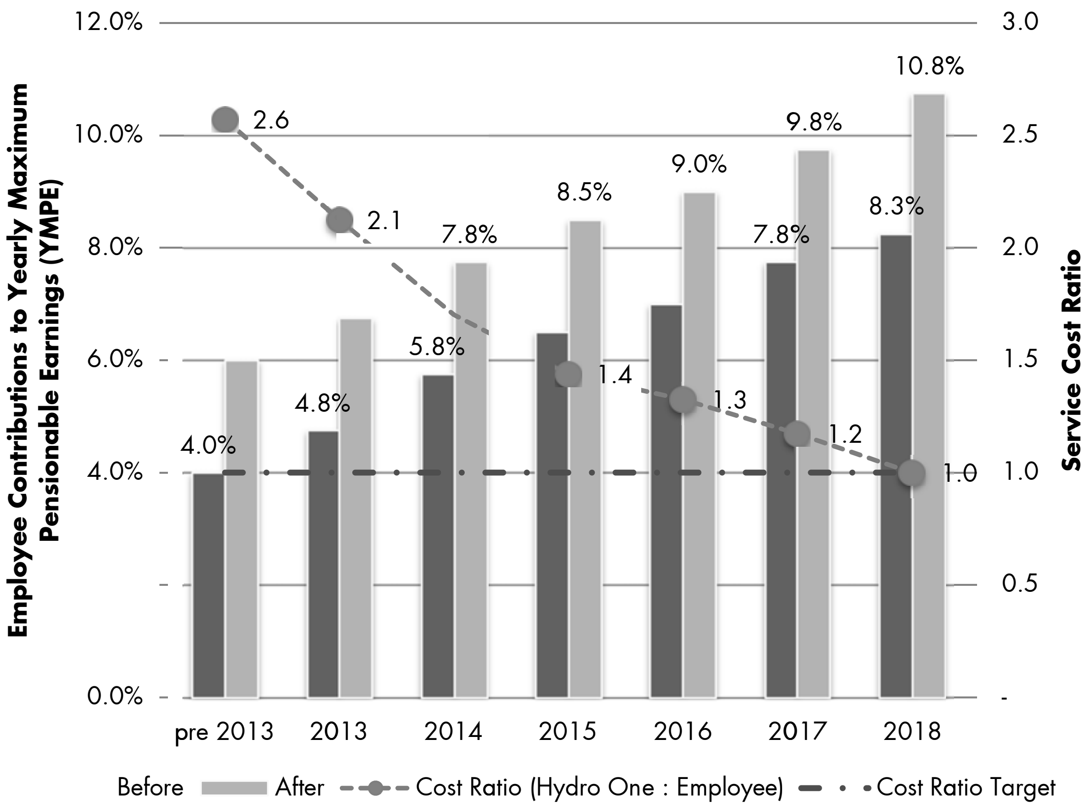


Figure 1: Society Pension Changes - Legacy Pension Plan



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3 **Figure 2: Society Pension Changes - Post November 2005 Members**

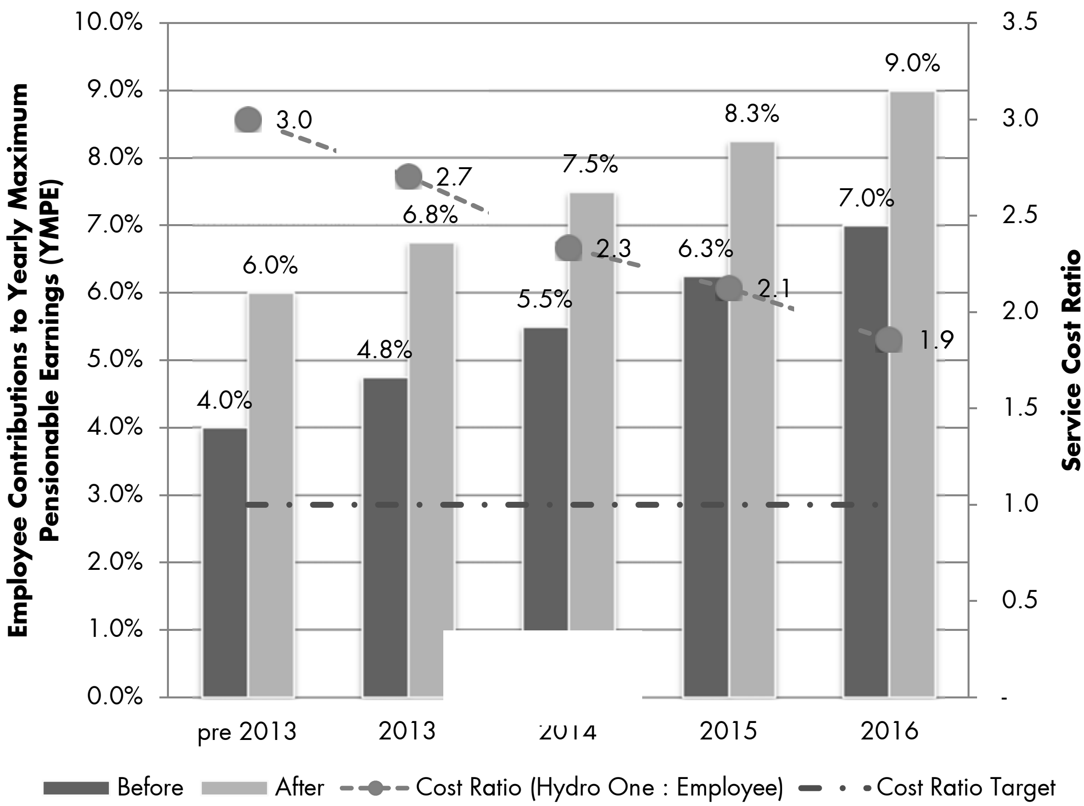

Figure 3: MCP Pension Changes

APPENDIX B:

Hydro One Distribution-Allocated Compensation Costs (2014-2022)

MCP	2014	2015	2016	2017	2018	2019	2020	2021	2022
Base Pay	38,364,187	40,563,964	44,021,905	46,690,212	49,074,770	49,579,097	48,886,318	47,873,177	48,830,640
Burdens	25,773,061	27,562,357	23,117,573	24,741,693	26,300,050	26,570,328	26,199,056	25,656,095	26,169,217
Other Allowances	3,965,808	2,783,396	4,313,744	4,048,628	4,279,923	4,348,970	4,300,665	4,217,666	4,302,019
STI	4,769,024	5,280,942	6,280,535	5,974,927	6,316,270	6,418,168	6,346,880	6,224,391	6,348,879
LTI			926,143	3,893,438	5,824,760	5,625,313	5,464,256	5,300,842	5,441,212
ESOP			799,197	902,159	911,181	920,293	929,496	938,791	948,178
Dx Total	**72,872,080**	**76,190,658**	**79,459,097**	**86,251,056**	**92,706,954**	**93,462,169**	**92,126,670**	**90,210,961**	**92,040,145**

Society	2014	2015	2016	2017	2018	2019	2020	2021	2022
Base Pay	75,689,891	77,185,295	79,896,923	80,327,794	85,406,940	85,271,924	82,738,905	79,558,999	79,956,794
Overtime	4,029,156	3,788,344	5,240,140	3,010,299	3,036,352	3,042,689	3,044,569	3,044,157	3,059,378
Lump Sums			757,623	1,385,814	-	-	-	-	-
Burdens	50,848,469	52,445,778	41,956,906	42,566,643	45,771,113	45,698,755	44,341,265	42,637,096	42,850,282
Share Grants					1,489,275	1,474,306	1,410,069	1,300,342	1,228,666
Dx Total	**130,567,516**	**133,419,417**	**127,851,592**	**127,290,550**	**135,703,681**	**135,487,675**	**131,534,808**	**126,540,595**	**127,095,120**

PWU	2014	2015	2016	2017	2018	2019	2020	2021	2022
Base Pay	166,554,177	168,767,821	178,400,835	171,624,220	177,985,805	181,793,217	177,529,193	171,927,760	173,268,590
Overtime	39,001,377	32,831,201	45,703,166	25,592,126	25,589,719	26,267,680	26,452,850	26,639,098	26,842,237
Lump Sums		1,551,922	3,233,471	-	-	-	-	-	-
Burdens	111,891,096	114,674,170	93,685,049	90,945,694	95,385,789	97,426,249	95,141,082	92,139,174	92,857,749
Share Grants				3,991,098	4,050,829	4,010,113	3,835,388	3,536,931	3,341,972
Dx Total	**317,446,650**	**317,825,115**	**321,022,520**	**292,153,138**	**303,012,142**	**309,497,259**	**302,958,514**	**294,242,963**	**296,310,548**

Temps	2014	2015	2016	2017	2018	2019	2020	2021	2022
Casual Trades	72,600,869	70,901,026	78,244,679	79,448,861	84,499,557	82,600,879	83,157,282	83,816,562	84,689,539
MCP	1,165,082	1,226,207	1,752,571	1,311,379	1,340,578	1,362,206	1,347,075	1,276,025	1,301,545
Society	2,453,938	2,421,692	2,232,127	1,999,422	1,865,953	1,651,304	1,608,948	1,554,693	1,562,466
PWU	11,017,691	6,617,444	7,533,423	4,405,702	3,999,795	3,993,690	3,910,613	3,768,268	3,805,951
Overtime	14,126,632	10,757,207	14,214,548	7,744,112	8,063,695	7,959,683	8,042,002	8,139,071	8,223,240
Other Allowances	-	-	-	-	-	-	-	-	-
Burdens	6,436,628	5,938,744	6,694,070	6,144,266	6,586,151	6,515,853	6,589,437	6,699,604	6,980,664
Dx Total	**107,800,840**	**97,862,320**	**110,671,417**	**101,053,740**	**106,355,729**	**104,083,616**	**104,655,358**	**105,254,223**	**106,563,405**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Dx Compensation	**628,687,087**	**625,297,510**	**639,004,626**	**606,748,484**	**637,778,506**	**642,530,718**	**631,275,350**	**616,248,742**	**622,009,219**

Note: Other allowances include items such as meal, boot, standby and shift allowances, vacation payout and MCP general benefits payout. Burdens include government obligations, pension, benefits and OPEB.

APPENDIX C

PWU REPRESENTED POSITIONS

	1999	2013	2017	% Change
Mechanical Maintainer/Regional Maintainer Mechanical				
Hydro One	$28.23	$42.48	$45.32	61%
OPG	$29.08	$50.08	$53.01	82%
Bruce Power	$29.08	$57.10	$62.41	115%
Shift Control Technician/Regional Maintainer – Electrical				
Hydro One	$28.23	$42.48	$45.32	61%
OPG	$30.31	$50.08	$53.01	75%
Bruce Power	$30.31	$57.27	$62.60	107%
Clerical – Grade 56 (based on a 35-hour work week)				
Hydro One	$21.46	$32.30	$34.46	61%
Bruce Power	$21.46	$35.59	$39.87	86%
Clerical – Grade 58 (based on a 35-hour work week)				
Hydro One	$24.20	$36.42	$38.85	61%
OPG	$24.20	$38.95	$41.23	70%
Bruce Power	$24.20	$40.13	$44.96	86%

Regional Field Mechanic/Transport & Work Equipment Mechanic				
Hydro One	$26.20	$39.43	$42.08	61%
OPG	$26.20	$50.08	$53.01	102%
Bruce Power	$26.20	$49.71	$54.33	107%
Stockkeeper				
Hydro One	$23.27	$36.75	$39.21	69%
OPG	$23.27	$38.95	$41.23	77%
Bruce Power	$23.27	$44.88	$49.06	111%
Labourer				
Hydro One	$19.03	$28.63	$30.54	60%
OPG	$19.03	$38.95	$41.23	117%
Bruce Power	$19.03	$44.88	$49.06	158%

SOCIETY REPRESENTED POSITIONS

	1999	2013	2017	% Change
MP2				
Hydro One	$77,954	$100,078	$105,661	36%
OPG	$77,954	$101,333	$107,019	37%
Bruce Power	$77,954	$102,113	$111,818	43%
IESO	$77,954	$118,068	$109,522	41%

MP4				
Hydro One	$88,651	$113,801	$120,115	35%
OPG	$88,651	$115,171	$121,634	37%
Bruce Power	$88,651	$116,045	$127,211	44%
IESO	$88,651	$134,218	$124,498	40%
MP6				
Hydro One	$100,756	$129,350	$136,603	36%
OPG	$100,756	$130,950	$138,299	37%
Bruce Power	$100,756	$131,907	$144,586	44%
IESO	$100,756	$152,617	$141,508	40%

Hydro One

Executive Compensation Benchmarking

Draft for Discussion

OCTOBER 16, 2015

TOWERS WATSON

1) Introduction

- Hydro One engaged Towers Watson to complete a competitive market assessment of its total rewards package for management compensation plan (MCP) employees. This benchmark review focuses on executive roles (Bands 1-4)
  - Our analysis is based on Hydro One's current organizational structure and role responsibilities, and will need to be refreshed as it transitions to an autonomous publicly-traded company. As such, use of this data and any program changes it informs should be paced with the evolution of the organization
- In the prospectus, Hydro One outlined the use of a primary reference group of eight utility/energy companies ("**Utility Peer Group**") along with a secondary reference group of the 30 smallest members of the S&P/TSX 60 index
- While the primary reference group likely provides sufficient market data for the CEO and CFO, a larger sample will be needed for the rest of the executive team (approximately 25 incumbents in total). This is to account for different executive roles that may exist within each company and to capture the broader labour market for Hydro One's executives
- An expanded peer group of 21 companies was developed and approved by the HR Committee at the August 24, 2015 meeting ("**Executive Peer Group**"). The criteria used to establish this "asset intensive" group of companies includes:
  - Inclusion of 8 companies in the primary reference group (Utility Peers)
  - Canadian publicly-traded (excluding mining and oil & gas)
  - Revenue between 1/3x to 3x Hydro One
  - Assets between $10 billion and 3x Hydro One
- The chart on the following page provides further details on Hydro One's positioning relative to the two peer groups. Further scope details (including market capitalization, net income, geographic complexity, # of employees) are outlined in **Appendix I**

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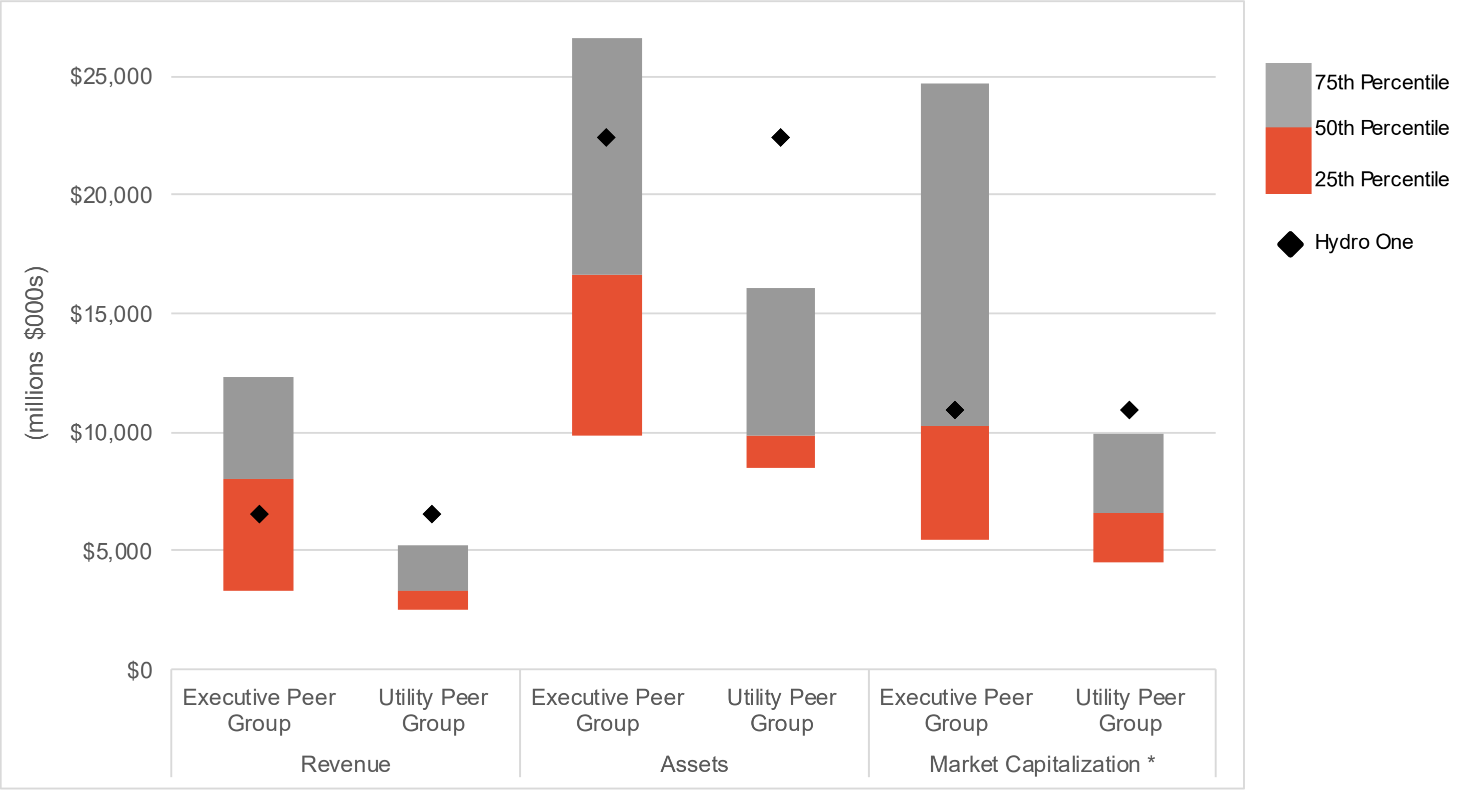
2) Comparing Peer Group Organization Profiles

- The companies in the Utility Peer Group tends to be smaller than the full Executive Peer Group with Hydro One positioned as one of the largest companies in the sample
- Hydro One is positioned around the 50th percentile relative to the full Executive Peer Group for all measures excluding assets, which are positioned between the 50th and 75th percentiles



* Hydro One market capitalization is based on an estimate of $11 billion

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2) Comparing against Fortis' Peer Group

- As requested and since Fortis is similar in size and profile to Hydro One, the following compares the full Executive Peer Group with Fortis' disclosed peer group. Eight Hydro One peers are in Fortis' peer group, which also includes US utilities (given their US presence) and other Canadian mining/oil & gas companies (given their BC/Alberta presence)
- In terms of assets, the size of companies in both peer groups are fairly comparable

Fortis - Comparator Group (n=36)				
AGL Resources	CMS Energy	MDU Resources Group	PPL	**TransAlta**
Alliant Energy	**Emera**	Methanex	Public Services Enterprise Group	**TransCanada**
Ameren	**Enbridge**	New Jersey Resources	SCANA	UGI
ATCO	Encana	NiSources	Sempra Energy	Wisconsin Energy
Atmos Energy	Finning International	Northeast Utilities	**SNC-Lavalin**	
Canadian National Railway	First Quantum Minerals	**Pembina Pipeline**	Talisman Energy *	
Canadian Pacific Railway	Gibson Energy	Pinnacle West Capital	Teck Resources	
CenterPoint Energy	Goldcorp	Potash Corp of Saskatchewan	TECO Energy	

		Revenue	Assets	Market Cap	Net Income
	25th Percentile	$3,942	$9,886	$5,405	$343
	50th Percentile	$6,471	$17,271	$6,707	$506
	75th Percentile	$8,499	$27,116	$15,340	$1,290
Fortis Inc.	Electric Utilities	$5,401 41P	$26,628 75P	$10,203 65P	$379 29P

Hydro One Peers - Executive Peer Group (n=21)				
Agrium	**Canadian Pacific Railway**	**Enbridge**	**Pembina Pipeline**	**TransCanada**
AltaGas	Canadian Tire	Fortis	Rogers Communications	
ATCO	Capital Power	Intact Financial	**SNC Lavalin**	
Bombardier	CGI Group	Inter Pipeline	TELUS	
Canadian National Railway	**Emera**	Keyera	**TransAlta**	

		Revenue	Assets	Market Cap	Net Income
	25th Percentile	$3,298	$9,839	$5,419	$282
	50th Percentile	$7,980	$16,640	$10,203	$604
	75th Percentile	$12,298	$26,575	$24,706	$1,373
Hydro One	Gas and Energy Utilities	$6,548 45P	$22,500 67P	$11,000 52P	$749 57P

Hydro One's peer group tends to include more eastern Canadian companies

Data has been sourced from S&P's Capital IQ. Revenue, Assets and Net Income are reflective of the most recent fiscal year-end. Market capitalization reflects a 3 month average beginning July 1, 2015. All data is in millions.
* The acquisition of Talisman by Repsol w as finalized on May 8, 2015
Companies in blue are U.S. Utility organizations. **Bolded Companies are used by both Hydro One and Fortis**

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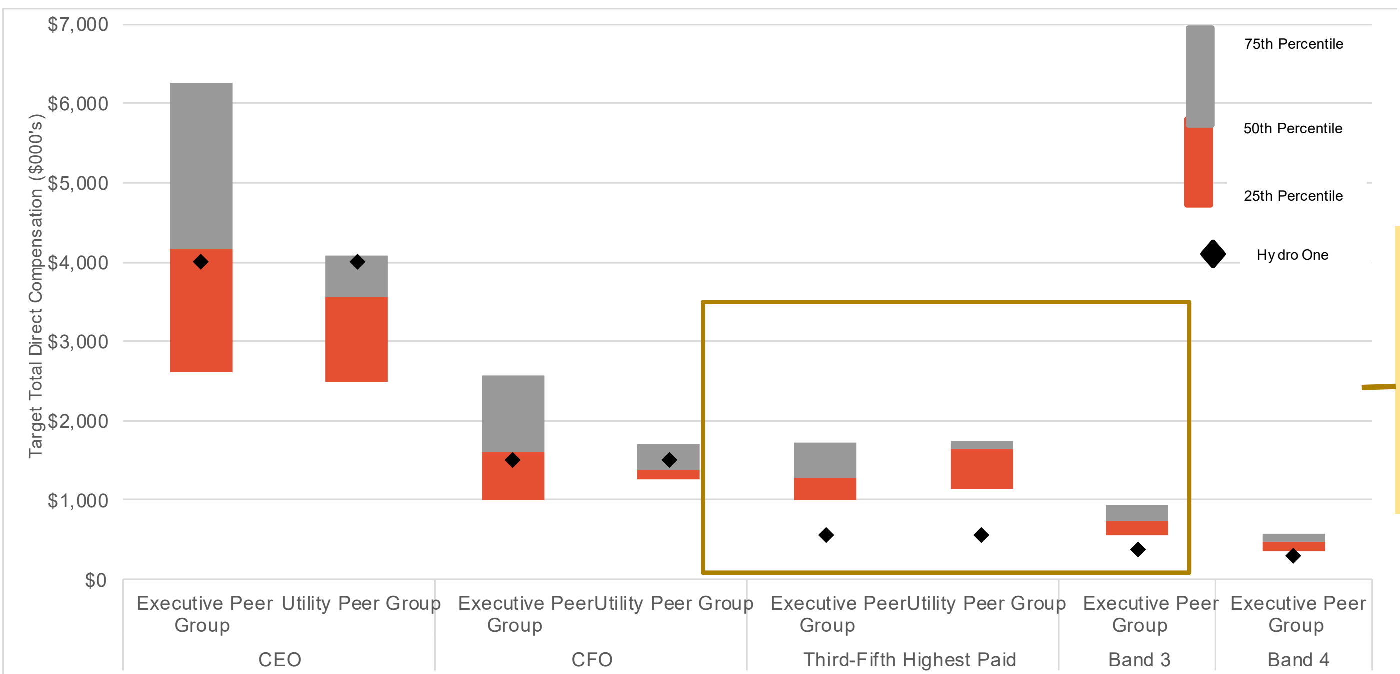
3) Comparing Peer Group Compensation Levels

- The market compensation data for the Utility Peer Group tends to be positioned lower than the Executive Peer Group (i.e., the 75th percentile of the Utility Peer Group is aligned with the 50th percentile of the Current Peer Group), except for the 3rd-5th highest paid executives where the 50th percentile for the Utility Peer Group is higher
  - The difference for the CEO/CFO appears to be correlated with the smaller size of the Utility Peer Group relative to the Executive Peer Group



Market 50th	$4,160		$3,568	$1,600		$1,372	$1,285		$1,649	$735	$463
Hydro One		$4,000			$1,500			$548		$365	$285

The below market positioning (<25th percentile) of the roles below CEO/CFO is primarily due to the absence of long-term incentives

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3) Market Compensation Data – Bands 3 and 4

- On average, Hydro One is positioned around the 25th percentile in terms of salary and target total cash (TTC = salary + short-term incentives). The absence of long-term incentives reduces Hydro One's positioning to below the 25th percentile on a TDC basis (TDC = TTC + long-term incentives)

($000's)		Base Salary				Target Total Compensation				Total Direct Compensation (TDC)			
Band	**# Hydro One Incs**	**Avg. Hydro One**	**Avg. P25**	**Avg. P50**	**% + P50**	**Avg. Hydro One**	**Avg. P25**	**Avg. P50**	**% + P50**	**Avg. Hydro One**	**Avg. P25**	**Avg. P50**	**% + P50**
Band 3 *(SVP)*	6	**$252**	$272	**$311**	*-19%*	**$365**	$392	**$464**	*-21%*	**$365**	$561	**$735**	*-50%*
Band 4 *(VP)*	14	**$219**	$209	**$246**	*-11%*	**$285**	$269	**$334**	*-15%*	**$285**	$358	**$463**	*-38%*
Weighted Average	**20**	**$229**	**$227**	**$266**	12%	**$309**	**$313**	**$374**	15%	**$309**	**$429**	**$545**	39%

- On average, Hydro One's incentives are positioned at the 25th percentile of the market
  - Target bonuses are positioned between the 25th and 50th percentiles for Band 3 but below the 25th percentile for Band 4, and Hydro One does not currently have a long-term incentive plan

(as a % of salary)		Target Bonus			Long term Incentives		
Band	**# Hydro One Incs**	**Avg. Hydro One ***	**Avg. P25**	**Avg. P50**	**Avg. Hydro One**	**Avg. P25**	**Avg. P50**
Band 3 *(SVP)*	6	**45%**	43%	**49%**	-	57%	**86%**
Band 4 *(VP)*	14	**30%**	33%	**36%**	-	46%	**62%**
Weighted Average	**20**	**38%**	**38%**	**42%**		**51%**	**74%**

* Represents 75% of maximum

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4) Interpretation / Next Steps

- In reviewing the market data, we offer the following comments:
  - **Disclosure** - the current prospectus outlines the use of a primary and secondary reference. While the primary reference has not changed (i.e., the Utility Peer Group), depending on the named executive officers (NEOs) in next year's proxy circular, the use of the revised secondary reference may need to be disclosed (i.e., a custom group of 21 companies – the Executive Peer Group - rather than the 30 smallest companies of the S&P/TSX 60)
  - **Pay positioning** – Hydro One's compensation tends to be positioned at the high end of the Utility Peer Group and – for the CEO/CFO - at the 50th percentile of the Executive Peer Group, commensurate with Hydro One's size relative to the peers
    - This can also be addressed / highlighted within next year's proxy circular
  - **Transition / implementation** – the Executive Peer Group can be considered somewhat aspirational, representing the future growth of the organization and its requisite talent needs. Compensation levels for current incumbents do not immediately need to be aligned with the market 50th percentile and can be transitioned over time (e.g., 1 to 3 years) depending on the incumbent and the pace of organizational change. Experienced new hires may need to be positioned closer to the market 50th percentile upon hire
  - **Peer group review process** – the selection criteria, underlying peer companies, and the use of the Utility Peer Group (for select NEOs as the primary reference group) will need to be reviewed regularly for appropriateness on a go-forward basis
    - Potential future additions: some balance of US companies, PotashCorp, Bunge, Mosiac
    - Potential future deletions (due to size and/or financial challenges): CN Rail, Capital Power, AltaGas, Keyera, TransAlta, Bombardier

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Appendices

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Peer Group Summary

Utility and Executive Peer Groups

Company	Scope Information (millions $000s)							
	Industry	Revenue	Assets	Market Cap	Net Income	Total # of Employees	Geographic Scope	# of Business Units
Utility Peer Group								
AltaGas	Energy Services & Utilities	$2,401	$8,413	$4,765	$130	1,700	North America	3
ATCO Group	Energy Services & Utilities	$4,554	$17,689	$4,449	$420	9,170	International	4
Emera Inc.	Energy Services & Utilities	$2,972	$9,844	$6,234	$433	3,530	Canada, U.S. Carribean	6
Fortis Inc.	Energy Services & Utilities	$5,401	$26,628	$10,203	$379	10,000	Canada, U.S. Carribean	8
Inter Pipeline Ltd.	Energy Services & Utilities	$1,556	$8,647	$9,041	$335	875	Canada, Europe	4
Keyera Corp.	Energy Services & Utilities	$3,624	$3,851	$6,868	$230	900	Canada & U.S.	2
Pembina Pipeline Corporation	Energy Services & Utilities	$6,069	$11,262	$12,505	$383	1,111	Canada	4
TransAlta Corporation	Energy Services & Utilities	$2,623	$9,833	$2,080	$182	2,786	Canada, U.S., Australia	2
Other Asset Intensive Companies								
Agrium Inc.	Fertilizers and Agricultural Chemicals	$16,042	$17,108	$18,919	$714	15,500	International	2
Bombardier Inc.	Aerospace and Defense	$20,111	$27,614	$3,630	-$1,260	65,050	International	4
Canadian National Railway	Railroads	$12,134	$31,792	$60,843	$3,167	25,530	North America	1
Canadian Pacific Railway Ltd.	Railroads	$6,620	$16,640	$31,861	$1,476	14,698	Canada & U.S.	4
Canadian Tire Corporation	General Merchandise Stores	$12,463	$14,553	$9,978	$604	19,754	Canada	3
Capital Power Corporation	Energy Services & Utilities	$1,228	$5,420	$2,080	$46	730	Canada & U.S.	1
CGI Group Inc.	IT Consulting and Other Services	$10,500	$11,234	$15,238	$859	68,000	International	12
Enbridge Inc.	Energy Services & Utilities	$37,641	$72,857	$46,884	$1,405	11,000	Canada & U.S.	3
Intact Financial Corporation	Property and Casualty Insurance	$7,980	$20,580	$12,064	$782	11,326	Canada	1
Rogers Communications Inc.	Wireless Telecommunication Services	$12,850	$26,522	$23,213	$1,341	27,000	Canada	3
SNC Lavalin Group Inc.	Construction and Engineering	$8,239	$10,011	$6,072	$1,333	42,003	International	4
TELUS Corporation	Integrated Telecommunication Services	$11,927	$23,217	$26,199	$1,425	42,700	Canada	2
TransCanada Corporation	Energy Services & Utilities	$10,185	$58,947	$33,253	$1,840	6,059	North America	3

Utility Peer Group Percentile Statistics (n=8)

		Revenue	Assets	Market Cap	Net Income	Total # of Employees	Geographic Scope	# of Business Units
	25th Percentile	**$2,457**	**$8,472**	**$4,528**	**$194**	**953**	-	**2**
	50th Percentile	**$3,298**	**$9,839**	**$6,551**	**$357**	**2,243**		**4**
	75th Percentile	**$5,189**	**$16,082**	**$9,913**	**$411**	**7,760**		**6**
Hydro One	**Gas and Energy Utilities**	**$6,548 Highest**	**$22,500 84P**	**$11,000 82P**	**$749 Highest**	**7,856 75P**	**Canada**	**3 33P**

Executive Peer Group Percentile Statistics (n=21)

		Revenue	Assets	Market Cap	Net Income	Total # of Employees	Geographic Scope	# of Business Units
	25th Percentile	**$3,298**	**$9,839**	**$5,419**	**$282**	**2,243**	-	**2**
	50th Percentile	**$7,980**	**$16,640**	**$10,203**	**$604**	**11,000**		**3**
	75th Percentile	**$12,298**	**$26,575**	**$24,706**	**$1,373**	**26,265**		**4**
Hydro One	**Gas and Energy Utilities**	**$6,548 45P**	**$22,500 67P**	**$11,000 52P**	**$749 57P**	**7,856 39P**	**Canada**	**3 50P**

Data has been sourced from S&P's Capital IQ. Revenue, Assets and Net Income are reflective of the most recent fiscal year-end. Market capitalization reflects a 3 month average beginning July 1, 2015

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Ryan Resch, MBA

Managing Director, Executive Compensation

Ryan is a Managing Director in the Toronto office of Willis Towers Watson. He joined the firm's Vancouver office in 2003 and has been the Business Leader for the Executive Compensation Practices in Vancouver (2010-2013) and Toronto (2013-2017).

Ryan has extensive experience on corporate governance issues related to executive and director compensation. He works with boards and senior management to develop the compensation philosophy and pay strategy, assess compensation competitiveness and create compensation plans that link pay with performance, align participant and shareholder interests and support the desired risk profile. He assists in the design of short- and long-term (equity) incentive plans including the selection of effective performance measures, the calibration of incentive targets and the identification of the related tax, accounting and legal implications.

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Ryan works with a variety of publicly-traded, privately-held, joint venture and government organizations across many industries, including financial services, retail, oil and gas, energy marketing, utilities, mining, high technology, and transportation.

Ryan holds a Master of Business Administration specializing in Management and Organizational Studies from Simon Fraser University and a Bachelor of Commerce specializing in Entrepreneurial Management from Royal Roads University. He is a Certified Compensation Professional ("CCP") with WorldatWork, a member of the Institute of Corporate Directors (ICD), and a regular speaker on executive compensation and governance matters. Ryan is on the Ontario Chapter Executive for the ICD and is currently enrolled in the ICD Director Education Program through the Rotman School of Management.

SPEAKING ENGAGEMENTS AND PUBLICATIONS (MOST RECENT)

Event	Topic	Date
Conference Board of Canada – Compensation Research Centre	Shifting the Compensation Cost Paradigm	June 2016
6th Annual Executive Compensation Roundtable	The Future of Stock Options	May 2016
HR Professional Association of Ontario – Annual Conference	Trends in Executive Compensation	January 2016
Blakes / Willis Towers Watson	Strategies for Executive Compensation	September 2015
WorldatWork – Canadian Conference	Top 10 Executive Compensation Guiding Principles	September 2014
Institute of Corporate Directors: Directors' Journal	Effectively Setting Performance Targets	November 2013
Solium – Annual Conference	Trends in Executive Compensation	May 2013
Willis Towers Watson – Day of Learning	Hitting the Bulls Eye on Pay-for-Performance	May 2013

Contact: Ryan Resch
Willis Towers Watson
175 Bloor Street East, South Tower, Suite 1701
Toronto, ON M4W 3T6
Telephone: 416.960.7099
ryan.resch@willistowerswatson.com

FORM A

Proceeding:........................

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is ...Ryan Resch.........(*name*). I live at ...Toronto... (*city*), in the ..province.... (*province/state*) of ...ontario..... .

2. I have been engaged by or on behalf of ..Hydro One.... (*name of party/parties*) to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date ....

R Resch.

Signature

Hydro One

Competitive Compensation Review

Management Compensation Plan
Non-Executive Bands
October 16, 2015

Draft for Discussion

TOWERS WATSON

Executive Summary

- Hydro One engaged Towers Watson to complete a competitive market assessment of its total rewards package for management compensation plan (MCP) employees (588 incumbents)
- Our analysis is based on Hydro One's current organizational structure and role responsibilities, and will need to be refreshed as it transitions to an autonomous publicly-traded company. As such, use of this data and any program changes it informs should be paced with the evolution of the organization
- This benchmark review focuses on non-executive roles (Bands 5-10). A review of executive roles is underway and will be provided separately. The market research was conducted on a segmented basis (refer to **Appendix II** for the peer groups used in the analysis). Consistent with Hydro One's compensation philosophy, roles are benchmarked against comparator organizations best representing the underlying skill sets required. The two segments identified for benchmarking purposes include: Core Operational and Support segments, each representing 50% of the Band 5 – 10 population
- Seventy seven percent of Hydro One's incumbents are in roles covered by this benchmark review. In our experience, this is a strong representative sample
- ***On an aggregate basis, Hydro One's position to market is aligned "at" or slightly above market median; with above market variances more attributable to the support segment***

		Base Salary			Total Target Cash (TTC)			Total Direct Compensation (TDC)		
Band	# Hydro One Benchmarked Incumbents	Avg. Hydro One	Avg. P50	% + P50 Base Salary	Avg. Hydro One	Avg. P50	% + P50 TTC	Avg. Hydro One	Avg. P50	% + P50 TDC
Band 5 *(Director)*	49	$167	$150	***11%***	$204	$183	***12%***	$204	$191	***7%***
Band 6 *(Mgr/Prof)*	118	$135	$129	***5%***	$155	$142	***9%***	$155	$142	***9%***
Band 7 *(Mgr/Prof)*	229	$117	$107	***10%***	$130	$116	***12%***	$130	$116	***12%***
Band 8 *(Admin)*	19	$74	$68	***9%***	$80	$73	***9%***	$80	$73	***9%***
Band 9 *(Admin)*	35	$64	$61	***6%***	$69	$65	***7%***	$69	$65	***7%***
Band 10 *(Admin)*	3	$55	$50	***10%***	$57	$52	***8%***	$57	$52	***8%***
Weighted Average	**453**	**$121**	**$112**	**8%**	**$137**	**$124**	**11%**	**$137**	**$125**	**10%**

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Results by Hydro One Band
by Segment – Core Operational

Core Operational Roles - Definition
Requires specific education, skills and knowledge in a professional area that is directly related to concepts and methods associated with the transmission, distribution and regulation of power. Examples include: Operations, Engineering, Skilled Trades

Core Operational

Band	# Hydro One Benchmarked Incumbents	Base Salary: Avg. Hydro One	Base Salary: Avg. P25	Base Salary: Avg. P50	Base Salary: Avg. P75	Base Salary: % + P50	Total Target Cash (TTC): Avg. Hydro One	TTC: Avg. P25	TTC: Avg. P50	TTC: Avg. P75	TTC: % + P50	Total Direct Compensation (TDC): Avg. Hydro One	TDC: Avg. P25	TDC: Avg. P50	TDC: Avg. P75	TDC: % + P50
Band 5 *(Director)*	14	$169	$153	$173	$184	*-2%*	$207	$174	$207	$231	*0%*	$207	$174	$222	$267	*-7%*
Band 6 *(Mgr/Prof)*	64	$137	$128	$145	$159	*-6%*	$158	$136	$164	$183	*-4%*	$158	$136	$164	$200	*-4%*
Band 7 *(Mgr/Prof)*	125	$122	$108	$120	$131	*2%*	$136	$117	$131	$148	*4%*	$136	$117	$131	$151	*4%*
Weighted Average	**203**	**$130**	**$118**	**$132**	**$144**	**1%**	**$148**	**$127**	**$146**	**$165**	**1%**	**$148**	**$127**	**$147**	**$174**	**0%**

- In aggregate, the core operational segment of Hydro One is aligned with the market median of Base Salary and Target Total Cash (TTC)
- Market positioning is also aligned with market median on a Total Direct Compensation (TDC) basis, although relative positioning drops somewhat at Band 5 due to some market comparators providing long-term incentives at this level (Director).
- *Implications – development of a segmented salary structure aligned with market 50th percentile, that is also aligned with current pay levels, will minimize compression concerns relative to bargaining unit "feeder roles". Any adjustment to target bonuses needed would be limited although consideration for implementation of long-term incentive eligibility at Band 5 may be warranted as these plans are finalized*

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Results by Hydro One Band
by Segment – Support

Support Roles - Definition
Roles that require education, skills and knowledge that are not specific to the transmission, distribution and regulation of power. Examples of such functions include Finance, Human Resources and Information Technology.

Support

		Base Salary					Total Target Cash (TTC)					Total Direct Compensation (TDC)				
Band	# Hydro One Benchmarked Incumbents	Avg. Hydro One	Avg. P25	Avg. P50	Avg. P75	% + P50	Avg. Hydro One	Avg. P25	Avg. P50	Avg. P75	% + P50	Avg. Hydro One	Avg. P25	Avg. P50	Avg. P75	% + P50
Band 5 *(Director)*	35	$166	$129	$141	$160	***18%***	$203	$156	$173	$197	***17%***	$203	$156	$179	$213	***14%***
Band 6 *(Mgr/Professional)*	54	$132	$100	$109	$121	***22%***	$152	$107	$116	$132	***31%***	$152	$107	$116	$136	***31%***
Band 7 *(Mgr/Professional)*	104	$111	$82	$91	$102	***22%***	$124	$89	$100	$115	***24%***	$124	$89	$100	$115	***24%***
Band 8 *(Admin)*	19	$74	$61	$68	$76	***9%***	$80	$65	$73	$85	***9%***	$80	$65	$73	$85	***9%***
Band 9 *(Admin)*	35	$64	$56	$61	$67	***6%***	$69	$59	$65	$70	***7%***	$69	$59	$65	$70	***7%***
Band 10 *(Admin)*	3	$55	$44	$50	$54	***10%***	$57	$46	$52	$56	***8%***	$57	$46	$52	$56	***8%***
Weighted Average	**250**	**$113**	**$87**	**$95**	**$107**	**19%**	**$129**	**$96**	**$106**	**$121**	**22%**	**$129**	**$96**	**$107**	**$124**	**21%**

- In aggregate, the support segment of Hydro One is at or above the market 75th percentile of Base Salary and TTC for management level roles and closer to the 50th percentile for administrative levels
- Similar findings with respect to TDC as per the core operational segment
- *Implications – development of a segmented salary structure that is lower than the core operational structure, but slightly higher than the market 50th percentile to address compression with bargaining unit “feeder roles”, particularly in Bands 6/7. This would enable management of actual salaries against lower range midpoints over time. Any adjustment to target bonuses needed would be limited although consideration for implementation of long-term incentive eligibility at Band 5 may be warranted as these plans are finalized*

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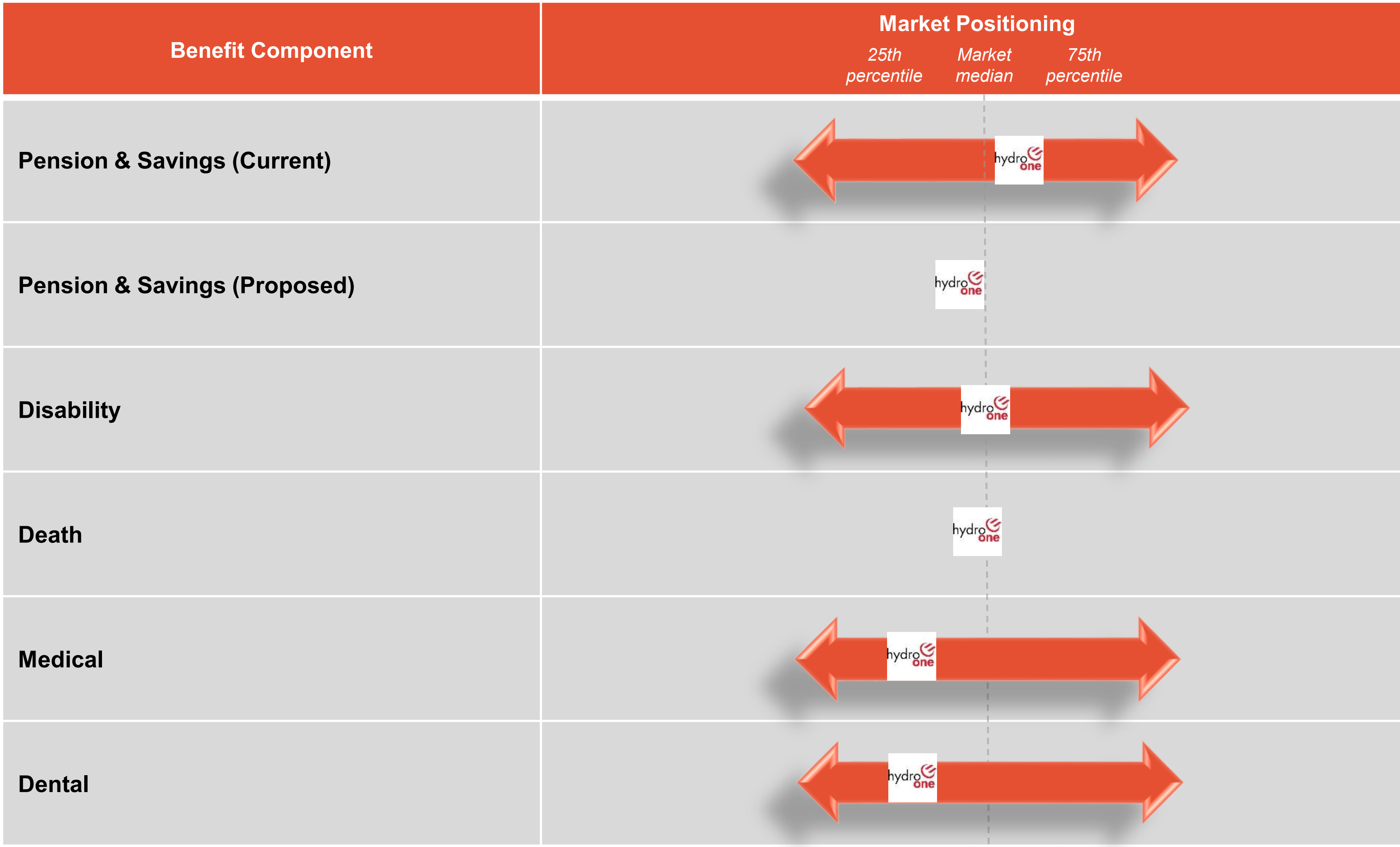
Role of Pension & Benefits in Total Reward Positioning



Hydro One and market comparators reflect pension and benefit plans available to new hires, the impact of grandfathered or legacy benefits are not reflected

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Next Steps Based on Benchmarking Results

- Develop recommendations (including transition planning considerations):
  - Before the end of 2015:
    - Salary structures and related administrative guidelines
    - 2016 merit increase budget and implementation guidelines
    - STI / LTI target recommendations for 2016
    - Integration with executive benchmarking and resulting STI & LTI design recommendations to ensure appropriate cascade
  - Q1 2016:
    - Actual 2016 LTI awards (if applicable)
    - Any identified benefit considerations

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Appendices

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Compensation Benchmark Methodology

- The following outlines the various data elements summarized in this report:

Element	Hydro One	Market	Peer Group
Salary	Average salary for all incumbents in specific benchmark job codes (as of April 2015)	2015 actual salaries	Segmented peer groups: • Core Operational • Support
Target bonus *(as a % of salary)*	Target bonus by band (target bonus is adjusted to 75% of potential bonus)	Short-term incentive target	
Target total cash (TTC)	Salary + target bonus	Salary + target bonus	
Long-term incentives *(as a % of salary)*	Target long-term incentive by band	Expected value of long-term incentives	
Total direct compensation (TDC)	TTC + long-term incentives	TTC + long-term incentives	

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Peer Group
Core Operational

Company n=28							
Core Utility Peers		Other Utility Peers					
1	ATCO Group	8	Alberta Electric System Operator	15	GDF SUEZ	22	Northland Power Inc.
2	Capital Power Corporation	9	AltaLink	16	Horizon Utilities Corporation*	23	Nova Scotia Power Inc.
3	Emera Inc*	10	BC Hydro Power & Authority	17	Hydro Ottawa Limited*	24	Ontario Power Generation
4	Enbridge Inc.	11	Bruce Power LP	18	Hydro-Quebec	25	Powerstream Inc.*
5	Fortis Inc.*	12	Enersource Hydro Mississauga Inc.*	19	Independent Electricity System Operator	26	SaskEnergy Incorporation*
6	TransAlta Corporation	13	ENMAX Corporation	20	NB Power Holding Corporation*	27	SaskPower
7	TransCanada Corporation	14	EPCOR Utilities Inc.	21	Newfoundland and Labrador Hydro Electric Corporation	28	Toronto Hydro Electric

*Not currently included in 2015 analysis database

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Peer Group
Support

Company n=76							
1	AGCS North America	20	Compass Group Canada	39	Loblaw Companies Limited	58	Samuel, Son & Co., Ltd
2	AIG Insurance Company of Canada	21	CPP Investment Board	40	Magna International Inc.	59	Scotia Bank
3	Allstate Insurance Company of Canada	22	Deloitte	41	Manulife Financial Corporation	60	Shoppers Drug Mart
4	Amex Canada, Inc.	23	Delta Hotels and Resorts	42	Maple Leaf Foods Inc.	61	Siemens Canada Limited
5	Bank of America (BANA)	24	Economical Mutual Insurance Company	43	McCain Foods Limited	62	Sun Life Financial
6	Bank of Montreal	25	Export Development Canada	44	Molson Coors Canada	63	Tech Data Canada
7	Barrick Gold Corporation	26	Ford Motor Company of Canada, Limited	45	NAV CANADA	64	The Coca-Cola Company - Canada
8	Bruce Power	27	GDF SUEZ	46	Nissan Canada, Inc	65	The Co-operators General
9	Cadillac Fairview Corporation Limited	28	GE Energy	47	Northbridge Financial Corporation	66	The Law Society of Upper Canada
10	Canada Post	29	General Dynamics Land Systems - Canada	48	Northland Power Inc.	67	TMX Group Limited
11	Canadian Broadcasting Corporation/Radio Canada	30	General Electric Canada	49	Ontario Power Generation	68	Toronto Hydro Electric
12	Canadian Imperial Bank of Commerce	31	Gerdau Long Steel North America	50	OPSEU Pension Trust	69	Toronto-Dominion Bank
13	Canadian Nuclear Safety Commission	32	Healthcare of Ontario Pension Plan	51	Parmalat Canada	70	Toyota Motor Manufacturing Canada
14	Capital One Canada	33	Honda of Canada Manufacturing	52	Procter & Gamble Inc.	71	Treasury Board of Canada Secretariat
15	Celestica Inc.	34	Hospital for Sick Children	53	Purolator Inc.	72	Unilever Canada
16	Chartwell Retirement Residences	35	Hyundai Auto Canada Corp.	54	RBC Financial	73	United States Steel Canada
17	Chrysler Canada Inc.	36	Independent Electricity System Operator	55	Revera Inc	74	University Health Network
18	Cineplex Entertainment	37	Intact Financial Corporation	56	Rogers Communications Inc.	75	Whirlpool Canada LP.
19	Coca-Cola Refreshments	38	Kinross Gold Corporation	57	Royal & SunAlliance Canada	76	Ontario Workplace Safety & Insurance Board

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Peer Group
Pension & Benefits

Company n=21			
1	ATCO Group	12	EPCOR Utilities
2	Bombardier Inc.	13	Fortis Inc.
3	British Columbia Hydro and Power Authority	14	Hydro Quebec
4	Bruce Power	15	Intact Financial Corporation
5	Canadian National Railway Company	16	Ontario Power Generation
6	Canadian Tire Corporation, Limited	17	Rogers Communications Inc.
7	Capital Power Corporation	18	SNC Lavalin Inc.
8	CGI Group Inc.	19	Toronto Hydro-Electric System Limited
9	Emera Inc.	20	TransAlta Corporation
10	Enbridge Gas Distribution Inc.	21	TransCanada Pipelines Limited
11	ENMAX Corporation.		

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Ryan Resch, MBA

Managing Director, Executive Compensation

Ryan is a Managing Director in the Toronto office of Willis Towers Watson. He joined the firm's Vancouver office in 2003 and has been the Business Leader for the Executive Compensation Practices in Vancouver (2010-2013) and Toronto (2013-2017).

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Contact: Ryan Resch
Willis Towers Watson
175 Bloor Street East, South Tower, Suite 1701
Toronto, ON M4W 3T6
Telephone: 416.960.7099
ryan.resch@willistowerswatson.com

FORM A

Proceeding:……………………

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Ryan Resch (*name*). I live at Toronto (*city*), in the province (*province/state*) of Ontario.

2. I have been engaged by or on behalf of Hydro One (*name of party/parties)* to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

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4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date Apr 24, 2017

R Resch.

Signature

Hydro One

Updated Discussion Notes
- Preliminary CEO/CFO Pay Benchmarking

Table of Contents

Introduction & Context

Hydro One is pursuing an IPO in Fall 2015, privatizing its transmission and distribution business lines

- Anticipate that the new entity will be ~$13-16B in Market Cap, and ~$21-24B in total enterprise value (source: Goldman Sachs' Jan 2015 estimates) – by far the largest player in the industry in Canada, and unique in that it is a "pure play" transmission and distribution company (i.e. no generation)

Our Understanding of the "New" Hydro One:

- Large challenge will be to make the business more efficient, especially the distribution unit
- Expects to be a consolidator in the industry (starting by acquiring relatively smaller players, but eventually moving to more sizable targets)
- Anticipates being a yield play, with some growth as well
- Fully independent professional board
- Will be 100% regulated by the OEB initially, but no other government regulation
- Will not be under legislative compensation constraints

Introduction & Context (cont'd)

Talent Requirement:

- Will require professional managers with proven public company leadership experience
- Significant experience with unions
- Strong focus on financial performance and capital market activities
- Expected to be paid in line with market
- Board will be exposed to public scrutiny

The following slides outline:

- Our initial thoughts on the pay benchmarking peer groups for the "New" Hydro One
- Key findings from our preliminary market pay review of the CEO / CFO roles
- Straw model illustrations of alternative CEO / CFO Total Direct Compensation* ("TDC") packages for discussion purposes only
- Illustrative sample of key terms and conditions

**salary + target short term incentive + target long term incentive = TDC*

Compensation Philosophy

Philosophy in respect of market reference and target positioning:

- Primary reference is a group of comparably-sized TSX utility issuers and other companies that have business models of a similar complexity (i.e. pipeline and storage business)
- Given the limitation of direct industry peers, and for broader context only, considered TSX60 pay levels as additional market reference – Hydro One is expected to be just below the mid-point of TSX60 as measured by estimated market capitalization (i.e. pro forma ranking 34^{th} among TSX60 issuers, based on the market capitalization as of April 27, 2015)
- Compensation programs will be designed to be competitive in order to attract, retain, and motivate the high-calibre talent required to ensure the future success of Hydro One, without targeting a specific market positioning against the primary reference group (e.g. P50)

See following pages detailing the primary pay benchmarking peer group and other market reference points

Primary Peer Group and Other Reference Groups

Preliminary Peer Groups

In our view, Hydro One will be a relatively unique entity in the Canadian capital markets:

- It will be a large issuer by most common sizing standards (i.e. revenue, assets, enterprise value), and we anticipate it will be just below the mid-point of TSX60 as measured by estimated market capitalization
  - This poses inherent challenge in identifying peersof similar size within the same industry
  - Hydro One's presence on TSX60 will lead to increased visibility of its pay practices (in addition to its high profile in Ontario politics)
- It will also be different from many of its industry peers in that initially virtually 100% of its activities will be regulated

Our approach to deal with these inherent challenges is the use of a number of market reference points as a "**triangulation exercise**" in order to set overall context for executive pay for these two top roles

We have identified a combined "primary reference" group, including the four largest TSX utilities, against which to benchmark CEOs and CFOs of the "New" Hydro One, and other groups intended for use as additional market context. Please refer to the next two pages for a summary of these groups

Preliminary Peer Groups (cont'd)

High

Market Pay Levels

Reference Groups

TSX60[1]
Med Mkt Cap = $17,511
Med TDC = $8,324

TSX60 – Bottom 30[1]
Med Mkt Cap = $9,551
Med TDC = $6,737

US Utility Distributors[2] – CEO
Med TEV = $15,755
Med TDC = $7,229

Primary Group:
a) TSX Large Utilities, and
b) TSX Pipeline/Storage Companies

P75 TEV = $15,918	P75 TDC = $3,911
P50 TEV = $12,980	P50 TDC = $3,364
P25 TEV = $9,175	P25 TDC = $2,722

Large Utilities – CEO TDC:

Fortis ($24B TEV) - $5.1M

ATCO ($15B TEV) - $4.0M

Emera ($11B TEV) - $3.6M

TransAlta ($9B TEV) - $3.9M

Hydro One – IPO
Market cap ~$15B
(Ranks 34th among the TSX60 issuers)

Reference Groups

Government owned utilities[3]
Med Rev = $4,543
Med TDC = $1,201

US Utility Distributors[2] – Top Operating Role
Med TEV = $15,755
Med TDC = $2,165

Low

Source: S&P Capital IQ; All financial figures are in CAD $M; all pay figures are in CAD $000s
1. 2013 Target TDC as per Hugessen TSX60 proxy analysis
2. Approximated target values using most recent actuals - converted to CAD
3. Latest proxy data and Annual Information reports

Preliminary Peer Groups (cont'd)

		Market Reference Points	Reasons for relevance	Points of differentiation (Ref. Groups vs. Hydro One)
Primary Peer Group *(a & b combined)*		**a) TSX Utilities Companies**	• Similar business, at least in part (distribution and transmission) • Larger players – similar scale	• More complex (including integrated utilities with generating capacities) • Relatively less regulated • Includes some smaller players as well
		b) TSX Pipeline / Storage Companies	• Similar size • Similar complexity • Some regulations apply	• Different business models • Mostly Western Canada
Other Reference Groups	**Of Interest**	TSX60 Constituents a) TSX60 b) Bottom 30	• Hydro One will likely become a TSX60 constituent • We estimate that Hydro One will fall just under the median of constituents (on a market cap basis)	• Large variation of business models, pay levels, etc.
	Other Context	US Utility Distributors (CEO / CFO roles)	• Similar size • Similar business model (selected "pure play" distribution companies)	• US pay practices (i.e. high "water mark") • Including US comparators in peer group could lead to public scrutiny
		US Utility Distributors – Top Ops / Business Division Heads (for the CEO role only)	• Similar size • Similar business model (selected "pure play" distribution companies) • Possible talent pool	• Including US comparators in peer group could lead to public scrutiny • The particular roles studied may not be directly applicable
		Government-owned utilities	• Similar business model • Similar regulatory environment	• Compensation constraints by ongoing legislation (Ontario) • Limited / unusual compensation practices and disclosure • Different talent pool

See next page for details of the primary peer group

Primary Peer Group

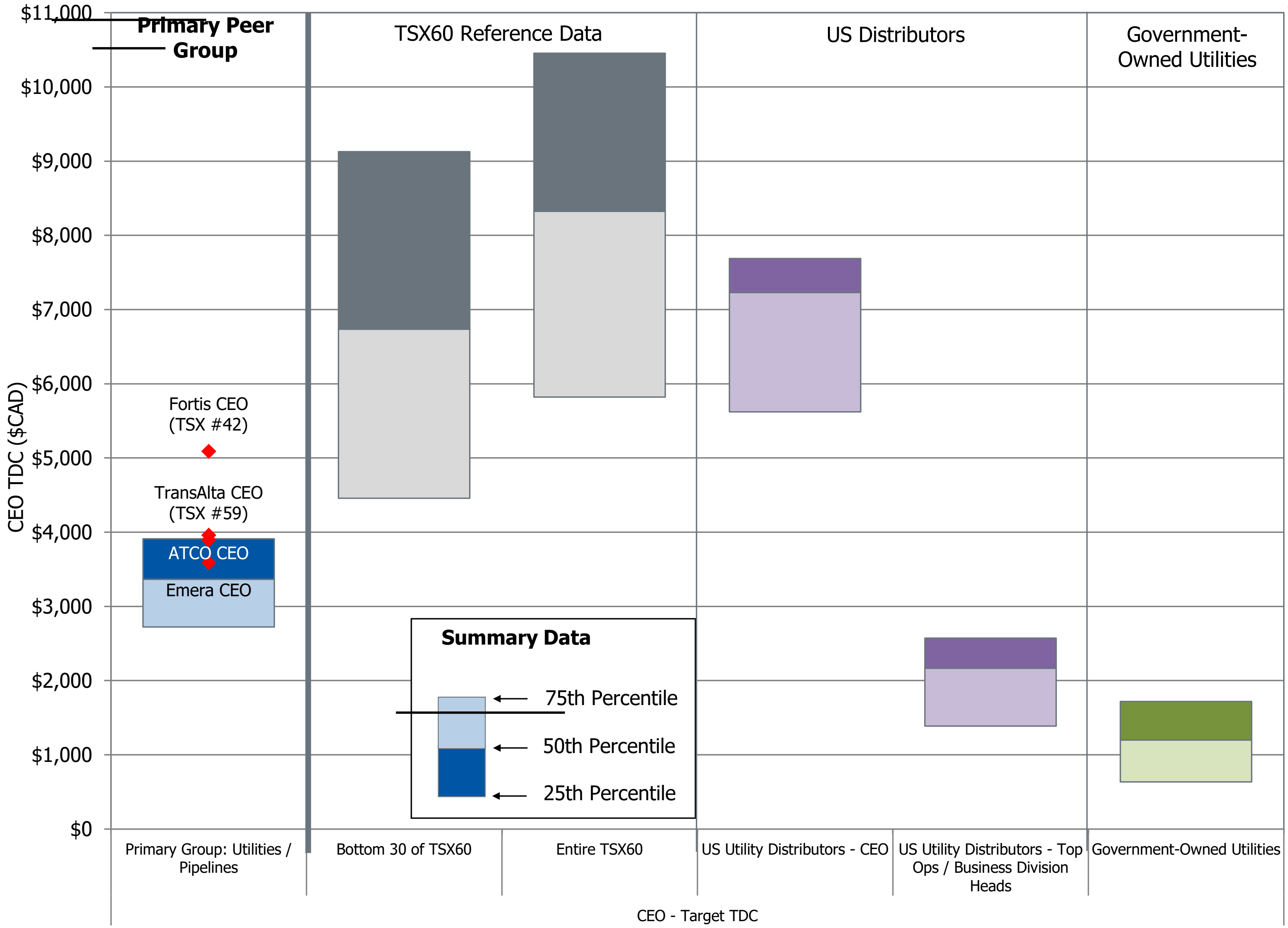
- Given the uniqueness of Hydro One, there are limited comparably sized direct industry peers (i.e. 4 large utilities) and other companies that have a similar complexity of business (i.e. 4 pipeline/storage companies) – see below a summary of the primary pay benchmarking peer group (n = 8)

Company	Industry Sector	Primary Industry	TEV	Market Cap	Revenues	Assets	EBITDA
Fortis Inc.	Utilities	Electric Utilities	$24,461	$10,863	$5,401	$26,628	$1,711
ATCO Ltd.	Utilities	Multi-Utilities	$15,229	$5,323	$4,554	$17,689	$1,664
Emera Incorporated	Utilities	Electric Utilities	$10,759	$5,950	$2,972	$9,844	$987
TransAlta Corp.	Utilities	Independent Power Producers and Energy Traders	$8,859	$3,310	$2,441	$10,050	$969
Pembina Pipeline Corporation	Energy	Oil and Gas Storage and Transportation	$17,988	$14,292	$6,069	$11,262	$932
Keyera Corp.	Energy	Oil and Gas Refining and Marketing	$8,858	$7,576	$3,624	$3,851	$599
AltaGas Ltd.	Energy	Oil and Gas Storage and Transportation	$9,281	$5,544	$2,401	$8,413	$502
Inter Pipeline Ltd.	Energy	Oil and Gas Storage and Transportation	$15,201	$10,364	$1,556	$8,647	$698
Summary Statistics							
75th Percentile			$15,918	$10,489	$4,766	$12,869	$1,156
Median			**$12,980**	**$6,763**	**$3,298**	**$9,947**	**$951**
25th Percentile			$9,175	$5,489	$2,431	$8,589	$673
Hydro One Inc.	**Utilities**	**Electric Utilities**	***$22,000***	***$15,000***	**$6,548**	**$22,550**	**$1,833**
			95%	*MAX*	*MAX*	*93%*	*MAX*

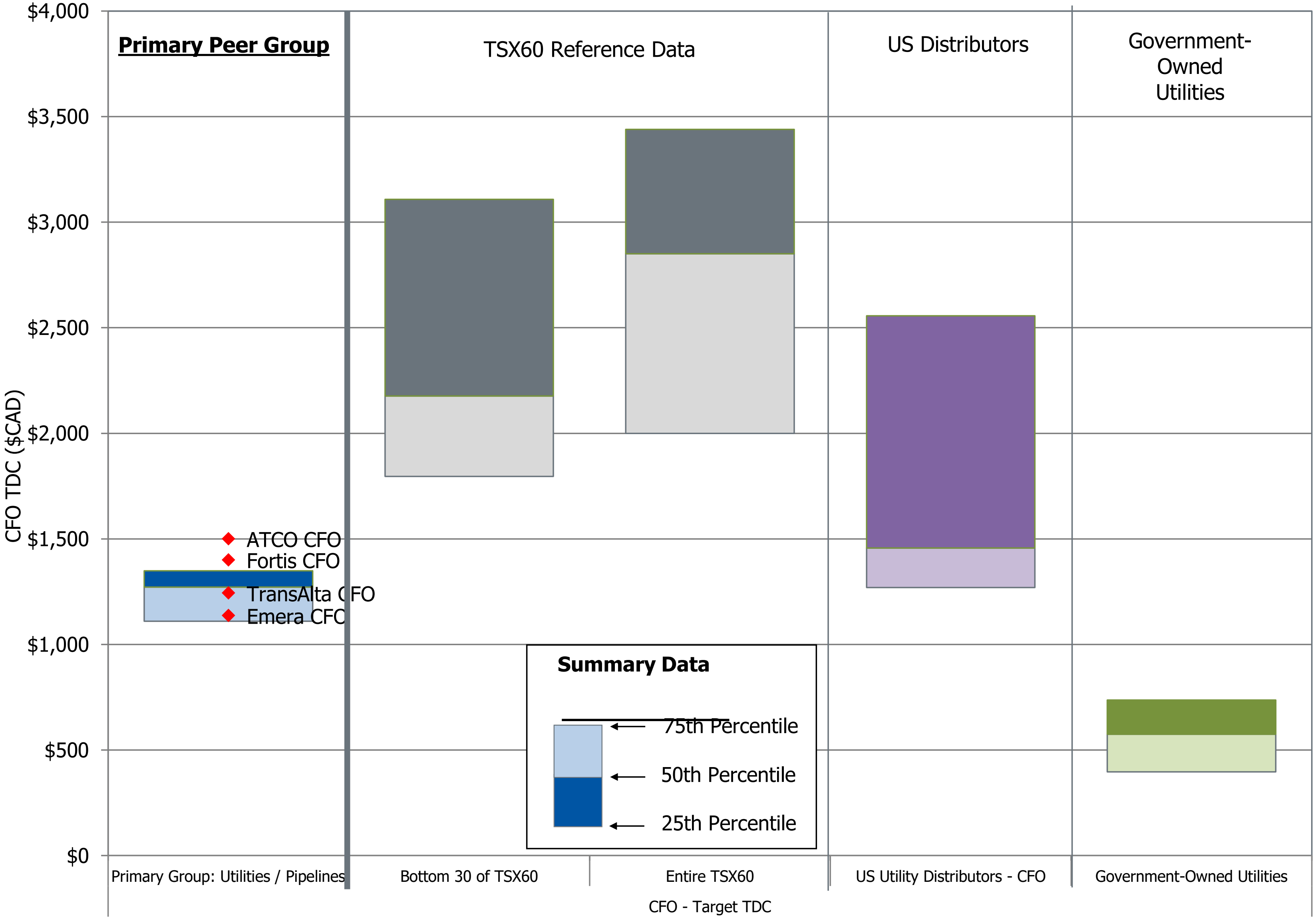
Source: S&P CapIQ; Goldman, Sachs & Co: Discussion Materials Regarding Hydro One
Note that Hydro One scoping numbers are TBC – we have used our best estimates from S&P CapIQ and Goldman Sachs, but have not taken into account any further restructuring that may take place
All data in CAD $MM as of April 15, 2015

Benchmarking Results

CEO Benchmarking Results



CFO Benchmarking Results



DRAFT – for discussion

Straw Model CEO and CFO Target Total Direct Pay

- Our focus is on "total" pay at this point (i.e. more focus on pay mix in future iterations)
- Having said this, total cash is relatively light, favouring larger LTIP

Straw Model CEO & CFO Alternatives

We outline in the following pages preliminary alternatives for CEO and CFO target pay –these are developed with reference to:

1. About P50 Target TDC of the primary peer group,
2. Pay levels of the large utilities, and
3. Low end (i.e. P25) of the bottom half of TSX60

In developing the **mid-case** alternative (i.e. "desired" positioning), we have considered the following:

- The positioning is "in the zone", albeit near or below the top end of the large utilities (ATCO, Fortis, etc.)
- Reflects what may be initial positioning for a fully qualified and experienced candidate
- Leaves room for potential growth in TDC as performance is proven out
- Ideally less of a "lightning rod" at the time of IPO (i.e. ideal CEO candidate should have some sensitivity to his / her own positioning)

Straw Model CEO & CFO Alternatives (cont'd)

Having said this, we recognize that the current search will be a true test of attracting the right "talent", and the price point may have to be higher (e.g. closer to the **high-case** alternative)

Some of these considerations may include:

- "Risk premium" to the candidate for taking on the CEO role at an organization that will be in the public spotlight, with likely persistent attention from a wide range of critical stakeholders
- The degree of significant operational and institutionalized challenges that need to be addressed (i.e. scarcity of senior talent able and willing to take on such a big task)
- Aside from the "typical" qualifications expected, the desirable candidate should also be well recognized and respected in the market place (i.e. "visibility")

See the following page for straw model of illustrative alternatives

Straw Model CEO & CFO Alternatives (cont'd)

Target Pay	Low Case	Mid Case	High Case
Positioning	Between P25 and P50 of peer group, below large utilities	P75 of peer group, close to median of large utilities	High end of large utilities (i.e. Fortis CEO is ~$5M), low end of Bottom Half TSX60
Salary	$800,000	$850,000	$850,000
STIP (% of Salary)	$720,000 90%	$765,000 90%	$765,000 90%
LTIP (% of Salary)	$1,480,000 185%	$2,385,000 281%	$3,385,000 398%
TDC	**$3,000,000**	**$4,000,000**	**$5,000,000**
Pension	DC SERP	DC SERP	DC SERP

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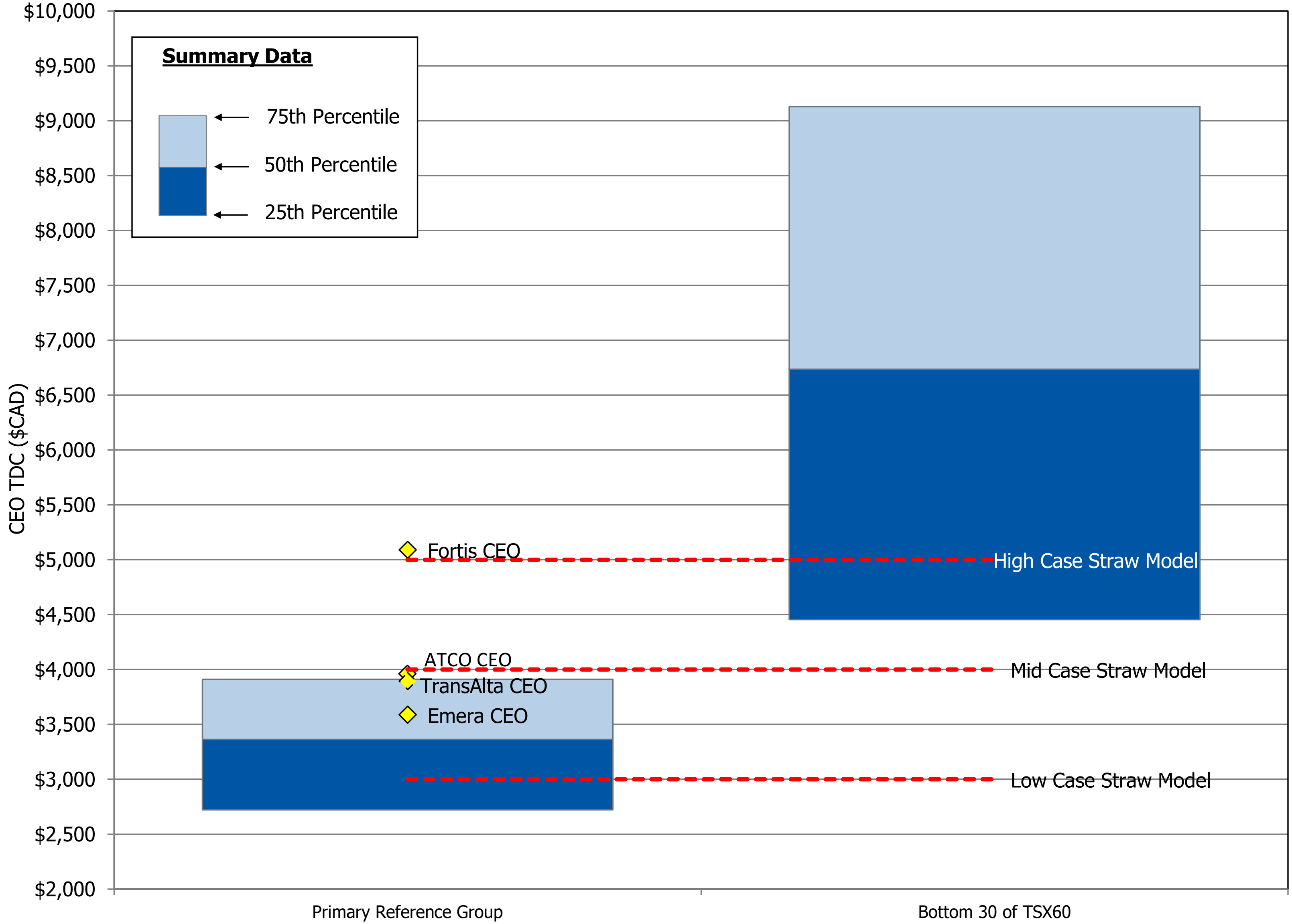
Straw Model CEO & CFO Alternatives (cont'd)

Straw Model CFO Alternatives

Target Pay	Low Case	Mid Case	High Case
Positioning	P50 of peer group, low end of large utilities	Above P75 of peer group, high end of large utilities (i.e. ATCO CFO ~$1.5M)	Above P75 of peer group and large utilities, but low end of bottom half TSX60; this could be warranted if size of role is beyond that of a "typical" CFO
Salary	$400,000	$500,000	$550,000
STIP (% of Salary)	$240,000 60%	$300,000 60%	$330,000 60%
LTIP (% of Salary)	$610,000 153%	$700,000 140%	$1,120,000 204%
TDC	**$1,250,000**	**$1,500,000**	**$2,000,000**
Pension	DC SERP	DC SERP	DC SERP

Straw Model CEO Alternatives vs. Market Context



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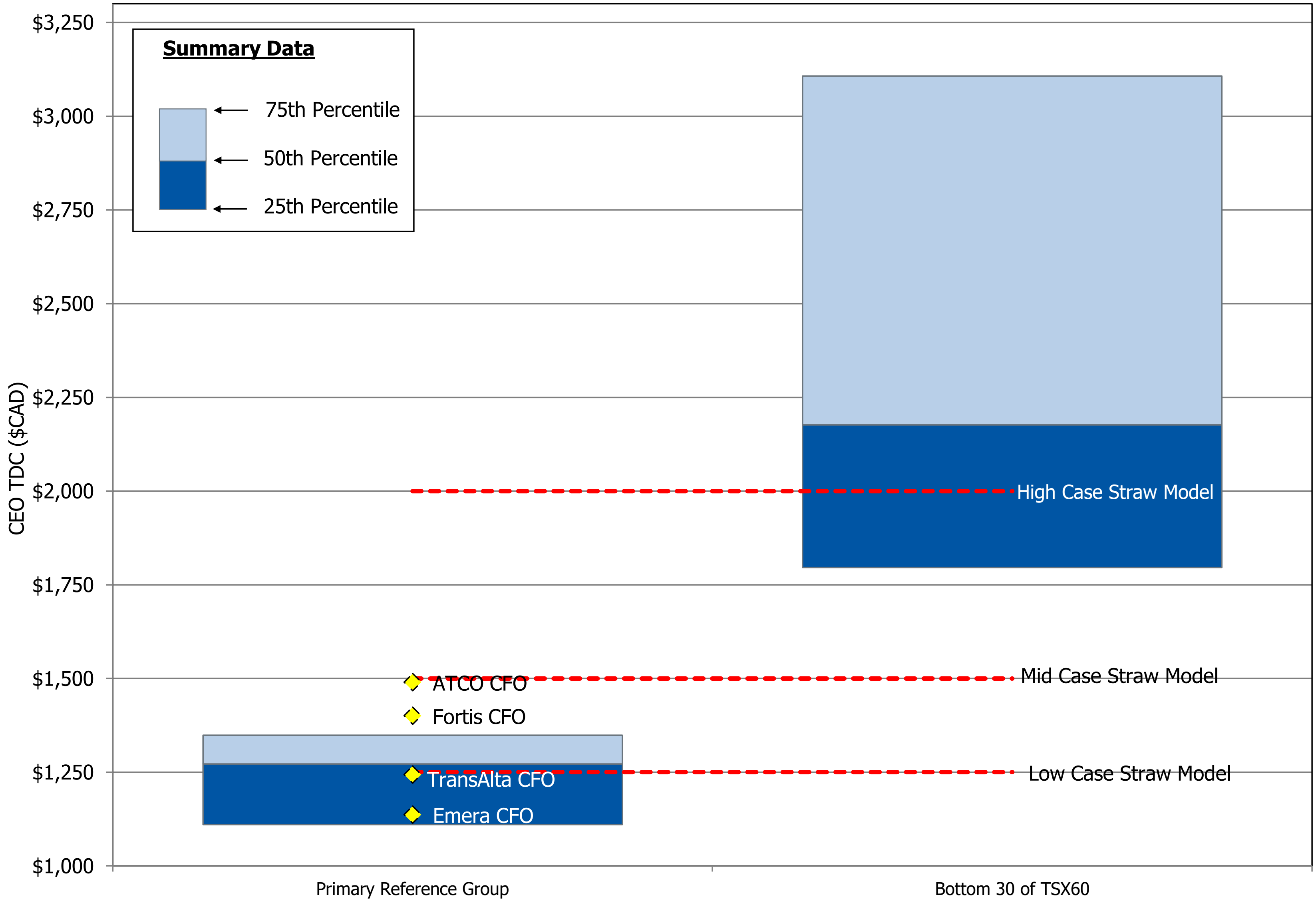
Straw Model CFO Alternatives vs. Market Context



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hydro one

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Illustrative Term Sheet

- Sample of Key Terms and Conditions

Sample Term Sheet: Illustrative Terms & Conditions

<table>
<tr><th>Element</th><th>Illustrative Terms and Conditions</th></tr>
<tr><td>Term</td><td>Indefinite term</td></tr>
<tr><td>Make whole (if any)</td><td>TBD</td></tr>
<tr><td>Transition pay (e.g. stub 2015)</td><td>TBD</td></tr>
<tr><td>Exit Provisions</td><td>Termination with Cause / Resignation: No entitlement to annual incentive bonus; unvested LTIP awards will expire and terminate simultaneously
Termination without Cause: Severance equal to [2x] annual salary and bonus; also may be eligible for pro-rated STIP; LTIP [may / may not] vest on a pro-rated basis
Retirement: full vesting of existing LTIP – e.g. see "good leaver" provision below
Disability: awards are pro-rated for the portion of the performance period worked; continue to vest and are paid out per original schedule
Death: pro rata [TBC] LTIP immediately vest and are settled with the estate as soon as possible
Change of Control: there will be no automatic acceleration of vesting of existing LTIP upon a Change of Control
Termination without Cause following Change of Control: Same as termination without cause. May include "Good Reason" clause (constructive dismissal), and be "double triggered"
May wish to include a "good leaver" provision (including for retirement) that determines the treatment of unvested LTIP on the participant's exit from the company, based on the assessment of the Board (i.e. the idea here is to avoid both severance and generous treatment of LTIP):
It is expected that the executive facilitate their exit per an agreement between the executive and the Board (actions include, but not limited to: giving reasonable notice, carrying out their transition responsibilities, adhering to restrictive covenants, etc.)
If executive is considered a "good leaver" the Board may assess that all or a portion of unvested LTIP continue to vest per the established schedule
If the executive is not considered a "good leaver" unvested LTIP will be cancelled</td></tr>
</table>

Sample Term Sheet: Illustrative Terms & Conditions

Element	Illustrative Terms and Conditions
Share Ownership Guidelines ("SOG")	• Typically [3 – 5x] salary for the CEO to be achieved in [5] years • May consider a [1] year post-retirement hold
Clawback Policy	All incentive payments (annual incentive bonus and LTIP) will be subject to clawback in the following circumstances – for example (TBD): • The amount of the incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's financial statements ; and • The incentive compensation payment received would have been lower had the financial results been properly reported
Non-Compete Restrictions	The CEO shall not engage in any practice or business in competition with the Company in Canada, for a period of [1 year] following termination
Non-Solicit Restrictions (employees, clients)	For a period of one year following termination, for any reason including resignation or termination without cause
Non-Disparagement	Applies indefinitely
Anti-Hedging Policy	No hedging of company shares

Appendix I: Additional Reference Group Constituents

Reference Group: US Utility Distributors

Reference Group: US Utility Distributors

Company	Industry Sector	Primary Industry	TEV	Market Cap	Revenues	Assets	EBITDA
Consolidated Edison, Inc.	Utilities	Multi-Utilities	$37,285	$22,046	$14,961	$51,312	$3,746
Eversource Energy	Utilities	Electric Utilities	$32,051	$19,755	$8,966	$34,485	$2,620
Pepco Holdings, Inc.	Utilities	Electric Utilities	$15,755	$8,378	$5,649	$18,143	$1,458
ITC Holdings Corp.	Utilities	Electric Utilities	$11,882	$6,833	$1,185	$8,076	$828
UIL Holdings Corporation	Utilities	Electric Utilities	$5,654	$3,559	$1,890	$5,920	$447
Hydro One Inc.	**Utilities**	**Electric Utilities**	***$22,000***	***$15,000***	**$6,548**	**$22,550**	**$1,833**
			60%	*65%*	*57%*	*57%*	*58%*

Source: S&P CapIQ; Goldman, Sachs & Co: Discussion Materials Regarding Hydro One
Note that Hydro One scoping numbers are TBC – we have used our best estimates from S&P CapIQ and Goldman Sachs, but have not taken into account any further restructuring that may take place
All data in CAD $MM, converted from USD

Reference Group: Government-Owned Utilities

Government-Owned Utilities

Company	Industry Sector	Primary Industry	TEV	Market Cap	Revenues	Assets	EBITDA
Hydro-Quebec	Utilities	Renewable Electricity	N/A	N/A	$13,638	$74,890	$8,323
Ontario Power Generation Inc.	Utilities	Electric Utilities	N/A	N/A	$4,963	$41,653	$1,385
British Columbia Hydro and Power Authority	Utilities	Electric Utilities	N/A	N/A	$5,737	$26,799	$1,766
ENMAX Corp.	Utilities	Electric Utilities	N/A	N/A	$3,348	$4,842	$414
Toronto Hydro Corp.	Utilities	Electric Utilities	N/A	N/A	$3,316	$4,276	$341
EPCOR Utilities, Inc.	Utilities	Electric Utilities	N/A	N/A	$1,904	$5,738	$400
Hydro One Inc.	**Utilities**	**Electric Utilities**	***$22,000***	***$15,000***	**$6,548**	**$22,550**	**$1,833**
			-	*-*	*82%*	*56%*	*80%*

Source: S&P CapIQ; Goldman, Sachs & Co: Discussion Materials Regarding Hydro One
Note that Hydro One scoping numbers are TBC – we have used our best estimates from S&P CapIQ and Goldman Sachs, but have not taken into account any further restructuring that may take place
All data in CAD $MM

Appendix II: Detailed CEO Benchmarking Results

CEO Benchmarking – Primary Group

Company	Annual Base Salary	STIP Target* $	STIP Target* %	Total Cash Compensation Target	LTIP Target* $	LTIP Target* %	Total Direct Compensation Target	Multiple of CFO Target Total Direct Compensation
Fortis Inc.	$1,200	$1,020	85%	$2,220	$2,870	239%	$5,090	3.63x
ATCO Ltd.	$1,000	$1,000	100%	$2,000	$1,960	196%	$3,960	2.64x
Emera Incorporated	$875	$788	90%	$1,663	$1,925	220%	$3,588	3.15x
TransAlta Corp.	$950	$855	90%	$1,805	$2,090	220%	$3,895	3.13x
Pembina Pipeline Corporation	$570	$485	85%	$1,055	$1,568	275%	$2,622	1.97x
Keyera Corp.	$572	$400	70%	$972	$1,144	200%	$2,116	2.05x
AltaGas Ltd.	$806	$605	75%	$1,411	$1,344	167%	$2,755	3.25x
Inter Pipeline Ltd.	$550	$550	100%	$1,100	$2,040	371%	$3,140	2.41x
75th Percentile	$963	$891	93%	$1,854	$2,053	248%	$3,911	3.18x
Median	**$841**	**$696**	**88%**	**$1,537**	**$1,943**	**220%**	**$3,364**	2.89x
25th Percentile	$572	$534	83%	$1,089	$1,512	199%	$2,722	2.32x
Hydro One: Pro-forma (mid case)	$850	$765	90%	$1,615	$2,385	281%	$4,000	2.67x
Percent Rank	*52%*	*55%*	*57%*	*54%*	*91%*	*87%*	*86%*	*44%*

Sources: latest company proxy data & insider filings
All pay data in $000s CDN
**** Target values if disclosed; if not disclosed, have shown 3-yr actual average***

CEO Benchmarking – Government-Owned Utilities

Company	Annual Base Salary	STIP Target* $	STIP Target* %	Total Cash Compensation Target	LTIP Target* $	LTIP Target* %	Total Direct Compensation Target
Hydro-Quebec	$469	$108	23%	$577	$0	0%	$577
Ontario Power Generation Inc.	$800	$800	100%	$1,600	$0	0%	$1,600
British Columbia Hydro and Power Authority	$359	$77	21%	$436	$0	0%	$436
ENMAX Corp.	$639	$479	75%	$1,118	$639	100%	$1,756
Toronto Hydro Corp.	$485	$316	65%	$801	$0	0%	$801
EPCOR Utilities, Inc.	$650	$488	75%	$1,138	$650	100%	$1,788
2014 Summary Statitics							
75th Percentile	$647	$485	75%	$1,133	$479	75%	$1,717
Median	**$562**	**$397**	**70%**	**$959**	**$0**	**0%**	**$1,201**
25th Percentile	$473	$160	33%	$633	$0	0%	$633

Sources: latest company proxy data & insider filings; if fiscal 2014 results have not yet been released, figures have been aged by 3% (ENMAX)
All pay data in $000s CDN
**** Target values if disclosed; if not disclosed, have shown 3-yr actual average***

CEO Benchmarking – US Group – Top Ops

Company	Title	Annual Base Salary	STIP Target*		Total Cash Compensation Target	LTIP Target*		Total Direct Compensation Target
			$	%		$	%	
Consolidated Edison, Inc.	President of Shared Services - Consolidated Edison Company of New York	$584	$714	122%	$1,299	$1,057	181%	$2,356
Consolidated Edison, Inc.	President of Consolidated Edison Company of New York Inc	$826	$895	108%	$1,721	$1,740	211%	$3,461
Eversource Energy	COO and EVP	$595	$663	111%	$1,258	$907	152%	$2,165
Eversource Energy	EVP of Enterprise Energy Strategy & Business Development	$682	$887	130%	$1,568	$1,122	165%	$2,690
Pepco Holdings, Inc.	CEO of Pepco Energy Services Inc and President of Pepco Energy Services Inc	$406	$315	77%	$721	$550	135%	$1,271
Pepco Holdings, Inc.	EVP - Power Delivery	$550	$310	56%	$860	$642	117%	$1,502
ITC Holdings Corp.	EVP, Chief Business Unit Officer and President of ITC Michigan	$693	$866	125%	$1,559	$1,142	165%	$2,701
ITC Holdings Corp.	COO and EVP	$571	$868	152%	$1,439	$1,016	178%	$2,455
ITC Holdings Corp.	EVP of US Regulated Grid Development	$475	$742	156%	$1,217	$780	164%	$1,997
UIL Holdings Corporation	SVP of Electric Operations	$350	$267	76%	$617	$330	94%	$947
UIL Holdings Corporation	SVP of Customer and Business Services	$326	$159	49%	$485	$189	58%	$675
75th Percentile		$638	$867	128%	$1,499	$1,089	171%	$2,573
Median		**$571**	**$714**	**111%**	**$1,258**	**$907**	**164%**	**$2,165**
25th Percentile		$441	$313	77%	$790	$596	126%	$1,387

Source: S&P Capital IQ; if fiscal 2014 results have not yet been released, figures have been aged by 3% (Pepco)
All pay data in $000s CDN; converted at 1.1045 for 2014 data, 1.03 for 2013 data, 0.999 for 2012 data, and 0.9891 for 2011 data (i.e. the average US:CAD Bank of Canada Rate for the given year)
**** We have approximated target values by using the average STIP and LTIP values of the 3 most recently disclosed fiscal years***

CEO Benchmarking – US Group - CEOs

Company	Annual Base Salary	STIP Target*		Total Cash Compensation	LTIP Target*		Total Direct Compensation
		$	%	Target	$	%	Target
Consolidated Edison, Inc.	$1,259	$1,730	137%	$2,989	$4,240	337%	$7,229
Eversource Energy	$1,321	$2,456	186%	$3,778	$4,898	371%	$8,676
Pepco Holdings, Inc.	$1,077	$856	80%	$1,933	$3,688	343%	$5,621
ITC Holdings Corp.	$1,118	$3,604	322%	$4,722	$2,966	265%	$7,688
UIL Holdings Corporation	$867	$975	112%	$1,841	$1,719	198%	$3,560
75th Percentile	$1,259	$2,456	186%	$3,778	$4,240	343%	$7,688
Median	**$1,118**	**$1,730**	**137%**	**$2,989**	**$3,688**	**337%**	**$7,229**
25th Percentile	$1,077	$975	112%	$1,933	$2,966	265%	$5,621

Source: S&P Capital IQ

All pay data in $000s CDN; converted at 1.1045 for 2014 data, 1.03 for 2013 data, 0.999 for 2012 data, and 0.9891 for 2011 data (i.e. the average US:CAD Bank of Canada Rate for the given year)

**** We have approximated target values by using the average STIP and LTIP values of the 3 most recently disclosed fiscal years***

Appendix III: Detailed CFO Benchmarking Results

CFO Benchmarking – Primary Group

Company	Annual Base Salary	STIP Target* $	STIP Target* %	Total Cash Compensation Target	LTIP Target* $	LTIP Target* %	Total Direct Compensation Target
Fortis Inc.	$550	$385	70%	$935	$466	85%	$1,401
ATCO Ltd.	$563	$536	95%	$1,099	$402	72%	$1,501
Emera Incorporated	$474	$284	60%	$758	$379	80%	$1,137
TransAlta Corp.	$452	$226	50%	$678	$565	125%	$1,244
Pembina Pipeline Corporation	$375	$206	55%	$581	$750	200%	$1,331
Keyera Corp.	$338	$186	55%	$523	$507	150%	$1,030
AltaGas Ltd.	$339	$170	50%	$509	$339	100%	$848
Inter Pipeline Ltd.	$350	$280	80%	$630	$671	192%	$1,301
75th Percentile	$493	$309	73%	$802	$592	160%	$1,349
Median	**$414**	**$253**	**58%**	**$654**	**$486**	**113%**	**$1,272**
25th Percentile	$347	$201	54%	$567	$396	84%	$1,110
Hydro One: Pro-forma (mid case)	$500	$300	60%	$800	$700	140%	$1,500
Percent Rank	*76%*	*74%*	*57%*	*75%*	*91%*	*66%*	*99.8%*

Sources: latest company proxy data & insider filings
All pay data in $000s CDN
**** Target values if disclosed; if not disclosed, have shown 3-yr actual average***

CFO Benchmarking – Government Owned Utilities

Company	Title	Annual Base Salary	STIP Target* $	STIP Target* %	Total Cash Compensation Target	LTIP Target* $	LTIP Target* %	Total Direct Compensation Target
Hydro-Quebec	---	---	---	---	---	---	---	---
Ontario Power Generation Inc.	SVP & CFO	$397	$179	45%	$575	$0	0%	$575
British Columbia Hydro and Power Authority	EVP, Finance & CFO	$269	$55	20%	$324	$0	0%	$324
ENMAX Corp.	EVP, Finance & CFO	$414	$186	45%	$600	$315	76%	$915
Toronto Hydro Corp.	EVP and CFO	$283	$113	40%	$397	$0	0%	$397
EPCOR Utilities, Inc.	SVP & CFO	$335	$151	45%	$486	$250	75%	$736
2014 Summary Statitics								
75th Percentile		$397	$179	45%	$575	$250	75%	$736
Median		**$335**	**$151**	**45%**	**$486**	**$0**	**0%**	**$575**
25th Percentile		$283	$113	40%	$397	$0	0%	$397

Sources: latest company proxy data & insider filings; if fiscal 2014 results have not yet been released, figures have been aged by 3% (ENMAX)
All pay data in $000s CDN
**** Target values if disclosed; if not disclosed, have shown 3-yr actual average***
Note that Hydro-Quebec does not have a CFO

CFO Benchmarking – US Distributors

Company	Annual Base Salary	STIP Target*		Total Cash Compensation	LTIP Target*		Total Direct Compensation
		$	%	Target	$	%	Target
Consolidated Edison, Inc.	$751	$511	68%	$1,262	$1,340	178%	$2,602
Eversource Energy	$649	$748	115%	$1,398	$1,159	178%	$2,556
Pepco Holdings, Inc.	$499	$294	59%	$793	$663	133%	$1,456
ITC Holdings Corp.	$319	$319	100%	$639	$208	65%	$846
UIL Holdings Corporation	$470	$296	63%	$766	$504	107%	$1,270

75th Percentile	$649	$511	100%	$1,262	$1,159	178%	$2,556
Median	**$499**	**$319**	**68%**	**$793**	**$663**	**133%**	**$1,456**
25th Percentile	$470	$296	63%	$766	$504	107%	$1,270

***Source:** S&P Capital IQ; if fiscal 2014 results have not yet been released, figures have been aged by 3% (Pepco)*

All pay data in $000s CDN; converted at 1.1045 for 2014 data, 1.03 for 2013 data, 0.999 for 2012 data, and 0.9891 for 2011 data (i.e. the average US:CAD Bank of Canada Rate for the given year)

**** We have approximated target values by using the average STIP and LTIP values of the 3 most recently disclosed fiscal years***

Appendix IV: Segmentation Data

Segmentation Data: Primary Peer Group

	Location	% of Revenue Regulated (best estimate from disclosure)	% of Revenue from Generation (best estimate from disclosure)
Primary Peer Group			
Fortis Inc.	Arizona, New York State, BC, Alberta, Newfounland, PEI, Ontario, Grand Cayman, Turks and Caicos, and Belize	93%	4%
ATCO Ltd.	Alberta, Yukon, Northwest territories, Mexico and Australia	~49%	n/d
Emera Incorporated	Maine, Nova Scotia, New Brunswick, and Barbados	67%	45%
TransAlta Corp.	Canada, US and Western Australia	n/d	96%
Pembina Pipeline Corporation	Alberta, BC, North Dakota and saskatchewan	n/d	n/d
Keyera Corp.	Canada and US	n/d	n/d
AltaGas Ltd.	Alberta, BC, California, Colorado, Michigan, and North Carolina	45%	n/d
Inter Pipeline Ltd.	Western Canada, UK, Denmark, Germany, and Ireland	n/d	35%

Appendix V: Pensions

Pension Practices – Peer Group

The following illustration reflects peer companies who have a Supplemental Employee Retire Program (SERP) for the CEO and how they are determined:

Company	SERP	Type of SERP (DB / DC)	Formula
Fortis	Yes	DC	13% x (Salary + STIP)
ATCO Ltd.	Yes	DB	% of avg. cash compensation (Salary + STIP) of highest 5 years during last 10 years of employment. Percentage depends on age (58 = 76%, 59=78%, 60 and older = 80%)
Emera Incorporated	Yes	DB	2% x (Salary + 50% STIP) x years of credited service
TransAlta Corp	Yes	DB	2% x final avg. of (Salary + STIP)
Pembina Pipeline	Yes	DB	1.4% x highest 3 yr. avg. base salary in final 120 months x DB pensionable service
Keyera	Yes	DC	6%-10% (based on credited service) x base earnings
AltaGas	Yes	DB	2% x highest 3 year avg. earnings x years of pensionable service
Inter Pipeline	No	N/A	N/A

Hydro One Incumbent CEO	Yes	DB	2% x average (Salary + 50% STI) x years of credited service

Georges Soaré
Partner

HUGESSEN
CONSULTING

Royal Bank Plaza, South Tower
Suite 3200, PO Box 155
200 Bay Street
Toronto, ON M5J 2J4

T: 416-868-4416
F: 416-868-4415
C: 416-727-3237

gsoare@hugessen.com

Georges is an experienced executive compensation consultant with a wide variety of public and private clients across Canada. Prior to joining Hugessen in 2006, he was an accomplished professional in the financial services sector including in private equity and investment banking. He has extensive experience as a board member, including as a member and/or chairman of Compensation and Audit Committees. He is well versed in corporate strategy, governance, valuation, business performance measurement, and executive compensation.

EXPERIENCE

Georges joined Hugessen Consulting in 2006 as a founding partner. His practice today includes a wide range of clients across Canada: TSX60 enterprises, mid and small cap companies, small and large private companies, as well as commercial crown corporations. He is a faculty member in the Institute of Corporate Directors' Directors Education Program.

Georges was previously a Managing Director with BMO Capital Markets' Merchant Banking Group (part of Bank of Montreal), based in Toronto. He was involved with all aspects of the group's diversified private equity investments for over 10 years, which included close involvement with portfolio company leadership teams and Boards/Committees. Georges' prior corporate experience includes Vice-President, Corporate Development for Cott Corporation (1994-1995), and as an investment banker specializing in Mergers and Acquisitions for Burns Fry Limited, a predecessor firm to BMO Capital Markets (1988-1993). Georges is a lawyer by training and articled at Davies Ward Phillips & Vineberg.

EDUCATION

Georges holds a BA from the University of Toronto, an MBA from Schulich School of Business and a JD from Osgoode Hall Law School. He is a member of the Law Society of Upper Canada. He has his ICD.D designation from the Institute of Corporate Directors.

FORM A

Proceeding:.........................

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is ....Georges Soaré....(*name*). I live at ....Toronto.... (*city*), in the ....province.... (*p ovince/state*) of ....~~Canada~~.... Ontario

2. I have been engaged by or on behalf of ....HydroOne.... (*name of party/parties)* to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date ....April 19/17....

Georges Soaré

Signature

FORM A

Proceeding:...........................

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1. My name is ...Georges Soaré...(*name*). I live at ...Toronto... (*city*), in the ...province... (*p ovince/state*) of ...~~Canada~~ Ontario...

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Date ...April 19/17...

Georges Soaré

Signature

Team Scorecard

2017 Team Scorecard

Corporate Goal	Component Weight	Definition	Measure	Sub Component Weight	2017 Performance Levels		
					Threshold	Budget	Maximum
Health and Safety *	10%	Recordable Incidents	Incidents per 200,000 hours	100%	1.6	1.1	1.0
Work Program	25%	Reliability – Tx (SAIDI) average length of unplanned interruptions to multi-circuit supplied delivery points	Minutes per Delivery Point	25%	10.0	9.6	9.2
		Reliability -Dx (SAIDI) average length of outages in hours that a customer experiences	Hours per Customer	25%	7.8	7.5	7.2
		Tx In Service Additions Delivery Accuracy	Variance (%) to approved budget of $931M (Tx Application)	25%	+/- 7%	+/- 5%	+/- 2%
		Dx In Service Additions Delivery Accuracy	Variance (%) to approved budget of $663M	25%	+/- 6%	+/- 4%	+/- 2%
Net Income	30%	Net Income to Common Shareholders	$M	100%	Note 1	Note 1	Note 1
Productivity	10%	Productivity Savings (Capital and OM&A)	$	100%	$64.3 (-10%)	$70.7	$77.7 (+10%)
Customer	25%	Dx Satisfaction - Improve overall Small and Residential Dx customer satisfaction	Customer Satisfaction	50%	70%	72%	75%
		Tx Satisfaction - Improve overall Large Tx customer satisfaction	Customer Satisfaction	50%	80%	82%	85%

** If the company has a fatality, the attained Safety measure will be reduced by 50% based on the findings of the System Investigation*
Note 1: As we are a public company, we cannot communicate full year net income budgets widely

MERCER
MAKE TOMORROW, TODAY

HEALTH WEALTH CAREER

COMPENSATION COST BENCHMARKING STUDY

HYDRO ONE NETWORKS INC.

13 DECEMBER 2016

STRICTLY PRIVATE & CONFIDENTIAL

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MARSH & McLENNAN COMPANIES

CONTENTS

1

Executive Summary

Hydro One Networks Inc. (“Hydro One”) has retained Mercer to prepare an independent, testable and repeatable market-based assessment of the reasonableness of Hydro One’s total compensation levels including salary, short-term incentives, long-term incentives, pension and employer paid health and group benefits relative to a select peer group. This study was conducted in 2008, 2011, 2013 and repeated, following a similar methodology, in 2016. Study-over-study trend analysis is provided.

The final results of our analysis were presented at the November 30, 2016 stakeholder session in Toronto. This document represents the results of our analysis.

Compensation Benchmarking

The compensation benchmarking study compared Hydro One’s total compensation to a peer group of Transmission, Distribution and Generation organizations, supplemented with participants from the similar Regulatory Environment group. The peer group was similar to the 2013 study.

The study reflected exactly 2,991 Hydro One employees in 31 benchmark positions representing 57% of Hydro One’s employee population (excluding non-full time employees). In total, our analysis reflected approximately 15,000 incumbents employed in the Canadian energy and/or adjacent sectors.

On an overall weighted average basis, for the positions we reviewed in 2016, Hydro One is positioned approximately 14% above the market 50th percentile (“P50” or “median”). In comparison to the 2013 study, Hydro One’s overall weighted average positioning has increased from 10% above the market total compensation 50th percentile.

The shift in Hydro One’s competitive position relative to the median is driven by a number of factors. It should be noted that the peer group, like Hydro One, has worked to reduce labour costs as a response to both the substantial economic downturn beginning in 2008 and expectations of key stakeholders over the entire period between the 2008 and 2016 during the compensation cost benchmarking studies.

The overall Hydro One positioning is driven by a combination of the introduction of long-term incentives for certain roles in the Non-Represented group, reduction in the headcount of Professional entry level role through promotion/attrition and not backfilling the lower paid roles, highly competitive base wages, especially for the most highly skilled Power Workers’ Union (“PWU”) positions, and the relatively high value of legacy collective agreement wages, pension and benefits programs (the legacy non-represented pension and benefit and Society pension plans are now closed to new members).

The table below summarizes the results of the 2016 Compensation Cost Benchmarking Study compared to the results of the 2013, 2011 and 2008 study.

Table 1

			Total Remuneration (Current)			
			Multiple of P50			
	Hydro One Group	# of Hydro One Incumbents	2016	2013	2011	2008
Weighted Average	Non-Represented	167	1.02	0.99	0.83	0.99
	Professionals	612	1.11	1.09	1.05	1.05
	Power Workers	2,212	1.16	1.12	1.18	1.21
	Overall	2,991	1.14	1.10	1.13	1.17

2

Introduction

Hydro One Networks Inc. ("Hydro One") has retained Mercer to prepare an independent, testable and repeatable market-based assessment of the reasonableness of Hydro One's total compensation levels including salary, short-term incentives, long-term incentives, pension and employer paid health and group benefits relative to a select peer group. This study was conducted in 2008, 2011, 2013 and repeated, following a similar methodology, in 2016. Year-over-year trend analysis is provided.

This report is intended to help Hydro One in preparing a multi-year CIR Application for Transmission rates (2019-TBD) and a 5 year CIR Application for Distribution (2018-2022). The results of the Compensation Cost Benchmarking study will be filed as evidence for both rate setting applications.

To provide independent and reliable information on Hydro One's relative compensation costs, Mercer has undertaken a customized survey of total compensation in the market ("Compensation Benchmarking").

The total compensation (i.e., base salary, short-term incentives, long-term incentives, pension and benefits) benchmarking analyses focused on assessing Hydro One's overall competitiveness in the marketplace.

3

Guiding Principles

Based on our typical benchmarking approach and the benchmarking principles that guided the compensation benchmarking, as well as how Mercer applied them, these include:

1. Principle objective – to revisit the 2013, 2011 and 2008 Mercer Study to reasonably compare Hydro One compensation costs to those of regulated utilities in Canada.
   - The 2013, 2011 and 2008 Mercer Studies were revisited following the same general overall methodology to provide appropriate study-over-study comparisons.

2. Keep it simple to entice survey participants.
   - The data collection process was reviewed and streamlined, where possible, to encourage survey participants to share data. Additional follow-up was provided by Mercer to support comparator participation in the study.

3. Be independent, testable, repeatable and market-based.
   - The study was conducted in a manner that meets each of the criteria listed.

4. Provide participants with the assurance that their information could not be attributable to them.
   - All participants were assured that data would be held confidentially by Mercer and only be shared in aggregate form.

5. Be based on the groups surveyed in the 2013 Mercer Study and expanded as deemed appropriate by the consultant.
   - The 2016 study targeted the same benchmark jobs and organizations as the 2013 study. Two (2) organizations that participated in the 2013 study declined to participate in 2016. Four (4) organizations that declined to participate in previous years' studies agreed to participate in 2016. This resulted in an increase of two (2) organizations over the number of 2013 participants.

6. Mirror the scoping in the 2013, 2011 and 2008 Mercer Studies for peer selection, job classes, etc. and changes as deemed appropriate by the consultant.
   - The same methodology used in 2013, 2011 and 2008 was followed in the 2016 Mercer Study for both peer company selection and job classes for inclusion. Similar to the 2013 study, the selected benchmark job classes represented 57% of Hydro One's employee population (excluding non-full time employees).

7. Enable reasonable comparison to the last Mercer study and provide trending analysis for Hydro One.
   - By including approximately 87% of peers and 94% of jobs from the 2013 Mercer Study, reasonable comparisons have been made and trending has been assessed.

8. Compare to market median rather than market average ("mean")
   - The 2016 Mercer Study is based on a comparison of Hydro One median compensation against market median compensation. Comparison of medians is standard compensation practice; medians are representative of the middle data point in a sample and are less sensitive to outliers than the mean.
     - The 2008, 2011 and 2013 studies also compared Hydro One to the median.
   - Appendix A provides a comparison of Hydro One's total compensation median against market average. On an overall weighted average basis, there is a noticeable difference in Hydro One's median positioning relative to market median and market arithmetic mean.

9. No adjustments to reflect regional costs of living amongst the study participants.

10. Request data about pension as a percentage of total benefits, and benefits as a percentage of compensation.
    - It is standard benchmarking practice to assess benefits and pension costs as part of the total compensation value provided to employees; therefore, we have not provided the details of this analysis showing benefit and pension separately.

11. Rely on the expertise of the selected consultant to recommend appropriate changes in methodology and assumptions.
    - Hydro One relied on Mercer's expertise in conducting the study.

4

Compensation Benchmarking

Peer Groups

Mercer selects peer organizations, for compensation benchmarking purposes, based on a stable metric that reflects the size and operating complexity of the organization (typically, this is revenue and/or total assets). Where there is a relatively small sample of relevant comparator organizations, Mercer establishes limits of 33% to 300% of the scope criteria for the organization we are analyzing. Some organizations were included in the analysis despite falling below the 33% of revenue threshold value. These organizations were primarily Ontario based local distribution companies that are seen as important benchmarks by stakeholders.

As a result, to develop a single peer group for Hydro One, we considered all organizations, with 2014 or 2015 annual revenues between 33% and 300% of Hydro One's 2015 annual revenue, from the following areas:

1. Electric utilities, multi-utilities, generators, and gas utilities industries in Canada as classified by their Global Industry Classification Standard ("GICS")

2. 73 Local Distribution Companies ("LDCs") in Ontario

3. Other comparable regulated businesses (i.e., integrated telecommunication services, railroads, etc.)

Overall, 22 organizations were invited to participate in the study:

- All 15 organizations included in the 2013 study were invited
  - Of these organizations, 2 declined – Enersource Corporation and Horizon Utilities Corporation (these organizations are in the process of merging)
- 4 organizations that declined to participate in 2013 agreed to participate in 2016 – AltaLink, Bell Canada, TransCanada Corporation and Veridian

Organizations that did not participate in the compensation benchmarking indicated that they were unable to participate due to either resource constraints or an insufficient number of relevant benchmark positions.

Following standard industry practice, comparisons were made between Hydro One's incumbents, at the 50th percentile, to the market peer group 50th percentile on base salary, total cash compensation and total compensation.

To ensure that no one organization biased the results, we have weighted our analysis by organization for each job class and not by number of incumbents to determine Hydro One's position relative to the market (i.e., the analysis is "Org Weighted"). To preserve the confidentiality of compensation data at both Hydro One and participating organizations, we have aggregated our results.

Market Sample

Summarized below are the participating organizations in the compensation benchmarking.

Table 2

Company Name	Revenue[1]	# of Employees[1,2]
Bell Canada*	$21,514.0	31,394
Hydro-Québec	$13,754.0	19,250
TransCanada Corporation*	$11,300.0	6,795
BC Hydro Power & Authority	$5,657.0	5,641
Ontario Power Generation Inc.	$5,476.0	9,247
Enbridge Gas Distribution Inc.	$3,609.0	2,491
Toronto Hydro Electric System Ltd.	$3,539.9	1,471
Bruce Power L.P.	$3,126.8	4,151
ENMAX Corporation	$3,065.7	1,765
SaskPower	$2,296.0	3,238
TransAlta Corporation	$2,267.0	1,653
EPCOR Utilities, Inc.	$2,193.0	2,316
Manitoba Hydro	$1,800.0	6,300
New Brunswick Power	$1,791.0	2,403
PowerStream Inc.	$1,213.5	559
AltaLink*	$829.0	825
Veridian*	$339.3	230
75th %ile	**$5,476.0**	**6,300**
50th %ile	**$3,065.7**	**2,491**
25th %ile	**$1,800.0**	**1,653**
Average	**$4,927.7**	**5,866**
Hydro One	**$6,538.0**	**5,256**

[1] *Data as reported by survey participants in CAD ($MM)*
[2] *Representative of full-time employees and equivalents only*
** New participants in 2016*

Benchmark Positions

The compensation survey was designed to benchmark compensation levels from a cross-section of Hydro One's population. To determine the roles to be included in our benchmark analysis, we reviewed positions that represented all of Hydro One's major business units and at least 50% of Hydro One's employee population.

To assist with study over study comparisons, it was determined that Hydro One should collect incumbent data using 32 of the 33 benchmark roles surveyed in the 2013 study. Due to limited data in the market from previous years, the following role was not surveyed in 2016:

- Regional Maintainer – Forestry

In total, 32 benchmark positions were included in the compensation benchmarking study and we were able to report data on all 32 jobs. Due to a vacancy in the role at Hydro One, a market comparison has not been provided for the following role:

- General Labourer/Roustabout

As a result, ***the 2016 Compensation Cost Benchmarking Study directly reflected exactly 2,991 Hydro One employees in 31 benchmark positions representing 57% of Hydro One's employee population (excluding non-full time employees).***

In the market, we collected approximately 15,000 individual incumbent observations across the benchmark positions (excluding the 2,991 Hydro One incumbents) ***employed in the Canadian energy and/or adjacent sectors.***

Summarized below are the benchmark positions organized by major employee group. The results in this report are summarized by the following employee groups. Specifically:

Table 3

Hydro One Group	Job #	Benchmark Survey Title
Non-Represented	1	Financial Director
	2	Top Rates and Regulatory Affairs Executive
	3	Senior Legal Counsel
	4	Engineer F
	5	Area Superintendent
	6	Human Resource Manager / Consultant
	7	Field Service Coordinator
	8	Administrative Assistant
Professionals	9	Engineer E
	10	Business Analyst C
	11	Engineer D
	12	Engineer C
	13	Engineer B
	14	Business Analyst A
	15	Engineer A
Power Workers	16	System Operator (Controller)
	17	Regional Maintainer - Lines (Supervisory)
	18	Protection and Control Technician
	19	Area Distribution Engineering Technician
	20	Regional Maintainer - Lines
	21	Regional Maintainer - Electrical
	22	Fleet Mechanic
	23	Lineman - Journeyman
	24	Service Dispatcher
	25	Drafter II
	26	Stock Keeper
	27	Data Entry Clerk
	28	Production Field Administrator III
	29	Electrical Apprentice
	30	Lines Apprentice
	31	Meter Reader
	32	General Labourer/Roustabout*

**Vacant Hydro One position.*

“Professionals” refers to Hydro One positions represented by the Society of Energy Professionals (i.e., “Society”) and “Power Workers” refers to Hydro One positions represented by the Power Workers’ Union (i.e., “PWU”).

See Appendix B for a summary of position descriptions.

Methodology

As outlined in Appendix B, summarized below is the methodology used to determine compensation levels. Specifically:

Base Salary/Wage – Annual base salary at September 1, 2016. If an hourly rate was reported, we annualized the value by multiplying the standard number of work hours per week by 52 weeks per year. If a weekly rate was reported, we annualized the value by multiplying by 52 weeks per year.

Total Cash Compensation - Base salary ***plus*** most recent short-term incentive or bonus paid where applicable.

- Hydro One does not provide short-term incentive or bonus programs to Professional or Power Worker positions.

Benefits and Pensions – To value benefit and pension programs, we applied a relative value process to a set of standard employer paid cost factors, plus actuarial and demographic assumptions to measure all financially significant features of benefit and pension programs based on open and closed plans.

Total Compensation – Total cash compensation ***plus*** estimated annual value of the most recent long-term incentive grant (i.e., expected value of stock options or share awards) and pensions and benefits.

- Hydro One only provides long-term incentive to the Financial Director position.

Findings

Summarized below are the results of our compensation benchmarking analysis.

Overall, **on a weighted average basis, Hydro One's total compensation cost is 14% above market median**. Hydro One is consistently positioned above the market 50th percentile for all employee groups, ranging from a low of 2% for the Non-Represented group and a high of 16% above the market P50 for the PWU group.

In the 2013 study, Hydro One's overall weighted average was 10% above the market total compensation P50 – a 4% shift from the market median since 2013.

Table 4

			Total Remuneration (Current)			
			Multiple of P50			
	Hydro One Group	# of Hydro One Incumbents	2016	2013	2011	2008
Weighted Average	Non-Represented	167	1.02	0.99	0.83	0.99
	Professionals	612	1.11	1.09	1.05	1.05
	Power Workers	2,212	1.16	1.12	1.18	1.21
	Overall	*2,991*	*1.14*	*1.10*	*1.13*	*1.17*

The results are driven by a combination of factors the most significant of which are the following:

- The introduction of long-term incentives for certain roles in the Non-Represented group to align with market practices among publicly-traded companies
- Reduction in the headcount of Professional entry level role through promotion/attrition and not backfilling the lower paid roles
- Highly competitive base wages, especially for the most highly skilled Power Workers' Union ("PWU") positions
- The relatively high value of legacy collective agreement wages, pension and benefits programs (the legacy non-represented pension and benefit and Society pension plans are now closed to new members)

We understand that these legacy plans relate to collective agreements negotiated prior to the formation of Hydro One. All PWU employees continue to be covered by the legacy plans. Even if all Non-Represented and Professional employees were covered by the new plans, the difference in overall cost on a weighted average basis would not be substantial as the high population Power Worker positions continue to be covered by the legacy plans; however, the use of the “hiring hall” for several of the PWU benchmarks does reduce compensation costs relative to other PWU positions and our market data.

For new employees hired into Non-Represented and Professional job classifications, the value of pensions and/or benefits, where applicable, have decreased due to recent amendments to these plans (see “Future” & “Go Forward” columns on the following pages).

We note that, when measured on revenue, Hydro One is the fourth largest organization in the sample. Although size has a limited impact on middle management and unionized roles, size may have an impact on compensation for executive roles, as these roles tend to be larger and more complex in larger organizations.

As requested by stakeholders in 2011, in addition to comparing Hydro One P50 to market P50, a comparison was also made of Hydro One median to market average (“mean”). On a weighted average basis, Hydro One’s total compensation cost is 8% above market average. Hydro One’s position relative to market varies by employee group from 2% below market average for the Non-Represented group to a high of 10% above the market average for the PWU group. There is a noticeable difference between the market median and market average. This is driven, to a certain extent, by outliers in the data set and the sample size used. See Appendix A for detailed results.

Non-Represented

Summarized below are our results for the Non-Represented roles that we benchmarked at Hydro One relative to the market peer group.

In comparison to 2013, the 2016 Total Compensation (Current) results have increased from 1% below market median to 2% above market median.

Table 5

			Hydro One P50 Relative to Market P50[1]				
			Base Salary	Total Cash[2]	Total Compensation[3]		
	Hydro One Group	# of Hydro One Incumbents			Current[4]	Future[5]	Go Forward[6]
Non-Represented	Financial Director	3	7%	15%	31%	31%	16%
Non-Represented	Top Rates and Regulatory Affairs Executive	2	-25%	-24%	-23%	-24%	-34%
Non-Represented	Senior Legal Counsel	7	2%	-1%	7%	7%	-6%
Non-Represented	Engineer F	53	-11%	-15%	-16%	-18%	-28%
Non-Represented	Area Superintendent	15	-10%	-11%	-14%	-14%	-25%
Non-Represented	Human Resource Manager / Consultant	7	-22%	-25%	-20%	-20%	-29%
Non-Represented	Field Service Coordinator	77	10%	9%	19%	14%	1%
Non-Represented	Administrative Assistant	3	-4%	-5%	-2%	-2%	-11%
	2016 Weighted Average Non-Represented	167	-1%	-3%	2%	-1%	-12%
	2013 Weighted Average Non-Represented	206	-2%	-4%	-1%	-6%	-
	2011 Weighted Average Non-Represented	137	-17%	-20%	-17%	-18%	-
	2008 Weighted Average Non-Represented	151	-2%	-4%	-1%	-5%	-

[1] Market results weighted by organization (i.e., for each participating organization, Mercer determined one average value per position.)
[2] Base salary plus short-term incentives granted (i.e., bonus), where applicable.
[3] Total cash compensation plus estimated long-term incentives, benefits and pension values.
[4] Based on Hydro One's employee population, assuming current pension and benefits program eligibility.
[5] Based on Hydro One's employee population, assuming all incumbents in the new DB pension and benefits programs.
[6] Based on Hydro One's employee population, assuming all incumbents in the new DC pension and benefits programs.

Professionals ("Society")

Summarized below are our results for the Professional roles that we benchmarked at Hydro One relative to the market peer group.

In comparison to 2013, the 2016 Total Compensation (Current) results have increased from 9% above market median to 11% above market median.

Table 6

			Hydro One P50 Relative to Market P50[1]			
					Total Compensation[3]	
	Hydro One Group	# of Hydro One Incumbents	Base Salary	Total Cash[2]	Current[4]	Future[5]
Professionals	Engineer E	121	-6%	-9%	-8%	-11%
Professionals	Business Analyst C	2	28%	14%	30%	30%
Professionals	Engineer D	274	0%	-4%	4%	4%
Professionals	Engineer C	17	12%	0%	20%	16%
Professionals	Engineer B	176	18%	15%	30%	30%
Professionals	Business Analyst A	10	41%	28%	39%	39%
Professionals	Engineer A	12	8%	1%	17%	17%
	2016 Weighted Average Professionals	612	5%	1%	11%	10%
	2013 Weighted Average Professionals	746	7%	3%	9%	7%
	2011 Weighted Average Professionals	779	6%	-3%	5%	4%
	2008 Weighted Average Professionals	578	8%	-2%	5%	3%

[1] Market results weighted by organization (i.e., for each participating organization, Mercer determined one average value per position.)
[2] Base salary plus short-term incentives granted (i.e., bonus), where applicable.
[3] Total cash compensation plus estimated long-term incentives, benefits and pension values.
[4] Based on Hydro One's employee population, assuming current pension and benefits program eligibility.
[5] Based on Hydro One's employee population, assuming all incumbents in the new pension and benefits programs.

Power Workers

Summarized below are our results for the Power Worker roles that we benchmarked at Hydro One relative to the market peer group.

In comparison to 2013, the 2016 Total Compensation results have increased from 12% above market median to 16% above market median.

Table 7

	Hydro One Group	# of Hydro One Incumbents	Hydro One P50 Relative to Market P50[1]		
			Base Salary	Total Cash[2]	Total Compensation[3] Current[4]
Power Workers	System Operator (Controller)	103	16%	14%	31%
	Regional Maintainer - Lines (Supervisory)	66	4%	-10%	5%
	Protection and Control Technician	90	30%	24%	36%
	Area Distribution Engineering Technician	151	15%	15%	33%
	Regional Maintainer - Lines	769	4%	4%	25%
	Regional Maintainer - Electrical	249	0%	0%	16%
	Fleet Mechanic	71	17%	10%	25%
	Lineman - Journeyman	123	10%	10%	-1%
	Service Dispatcher	24	40%	37%	47%
	Drafter II	21	-3%	-4%	11%
	Stock Keeper	55	19%	19%	39%
	Data Entry Clerk	75	17%	8%	22%
	Production Field Administrator III	1	-6%	-6%	7%
	Electrical Apprentice*	62	-22%	-25%	-31%
	Lines Apprentice	348	-6%	-6%	-16%
	Meter Reader	4	14%	10%	1%
	2016 Weighted Average Power Workers	2,212	5%	4%	16%
	2013 Weighted Average Power Workers	2,100	8%	6%	12%
	2011 Weighted Average Power Workers	2,411	10%	9%	18%
	2008 Weighted Average Power Workers	1,966	20%	16%	21%

[1] Market results weighted by organization (i.e., for each participating organization, Mercer determined one average value per position.)
[2] Base salary plus short-term incentives granted (i.e., bonus), where applicable.
[3] Total cash compensation plus estimated long-term incentives, benefits and pension values.
[4] Based on Hydro One's employee population, assuming current pension and benefits program eligibility.
** Average market data reported as median for comparison purposes.*

APPENDIX A

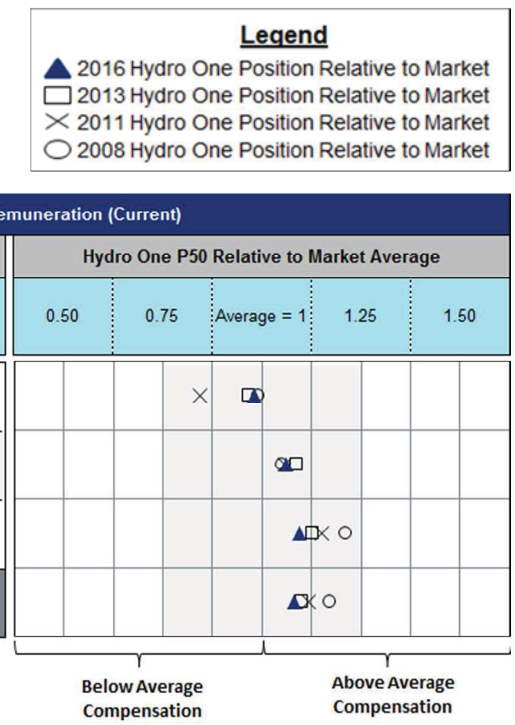
Hydro One vs. Market Average

As requested by stakeholders, summarized below are the results of our compensation benchmarking analysis comparing Hydro One median to market average.

Overall, **on a weighted average basis, Hydro One's total compensation cost is 8% above the market average (mean)**. Hydro One's position relative to market varies by employee group from a low of 2% below the market average for the Non-Represented group to a high of 10% above the market average for the PWU group.

Table 8

			Total Remuneration (Current)			
			Multiple of Average			
	Hydro One Group	# of Hydro One Incumbents	2016	2013	2011	2008
Weighted Average	Non-Represented	167	0.98	0.97	0.84	0.99
	Professionals	612	1.06	1.09	1.06	1.05
	Power Workers	2,212	1.10	1.13	1.15	1.21
	Overall	*2,991*	*1.08*	*1.10*	*1.12*	*1.17*



Non-Represented

Summarized below are our results for the Non-Represented roles that we benchmarked at Hydro One relative to the market peer group.

Table 9

	Hydro One Group	# of Hydro One Incumbents	Hydro One P50 Relative to Market Average[1]				
					Total Compensation[3]		
			Base Salary	Total Cash[2]	Current[4]	Future[5]	Go Forward[6]
Non-Represented	Financial Director	3	1%	10%	24%	24%	9%
Non-Represented	Top Rates and Regulatory Affairs Executive	2	-19%	-19%	-39%	-41%	-48%
Non-Represented	Senior Legal Counsel	7	-2%	-4%	-2%	-2%	-15%
Non-Represented	Engineer F	53	-15%	-20%	-18%	-20%	-29%
Non-Represented	Area Superintendent	15	-11%	-16%	-17%	-17%	-27%
Non-Represented	Human Resource Manager / Consultant	7	-22%	-25%	-24%	-24%	-33%
Non-Represented	Field Service Coordinator	77	10%	10%	14%	9%	-3%
Non-Represented	Administrative Assistant	3	-8%	-9%	-7%	-7%	-16%
	2016 Weighted Average Non-Represented	167	-2%	-5%	-2%	-5%	-16%
	2013 Weighted Average Non-Represented	206	-4%	-6%	-3%	-8%	-
	2011 Weighted Average Non-Represented	137	-15%	-17%	-16%	-17%	-

[1] Market results weighted by organization (i.e., for each participating organization, Mercer determined one average value per position.)
[2] Base salary plus short-term incentives granted (i.e., bonus), where applicable.
[3] Total cash compensation plus estimated long-term incentives, benefits and pension values.
[4] Based on Hydro One's employee population, assuming current pension and benefits program eligibility.
[5] Based on Hydro One's employee population, assuming all incumbents in the new DB pension and benefits programs.
[6] Based on Hydro One's employee population, assuming all incumbents in the new DC pension and benefits programs.

Professionals ("Society")

Summarized below are our results for the Professional roles that we benchmarked at Hydro One relative to the market peer group.

Table 10

			Hydro One P50 Relative to Market Average[1]			
			Base Salary	Total Cash[2]	Total Compensation[3]	
	Hydro One Group	# of Hydro One Incumbents			Current[4]	Future[5]
Professionals	Engineer E	121	-6%	-15%	-7%	-10%
	Business Analyst C	2	25%	18%	29%	29%
	Engineer D	274	2%	-6%	0%	0%
	Engineer C	17	11%	4%	17%	12%
	Engineer B	176	22%	15%	21%	21%
	Business Analyst A	10	27%	22%	27%	27%
	Engineer A	12	8%	2%	11%	11%
	2016 Weighted Average Professionals	612	7%	-1%	6%	5%
	2013 Weighted Average Professionals	746	8%	1%	9%	7%
	2011 Weighted Average Professionals	779	6%	-1%	6%	4%

[1] Market results weighted by organization (i.e., for each participating organization, Mercer determined one average value per position.)
[2] Base salary plus short-term incentives granted (i.e., bonus), where applicable.
[3] Total cash compensation plus estimated long-term incentives, benefits and pension values.
[4] Based on Hydro One's employee population, assuming current pension and benefits program eligibility.
[5] Based on Hydro One's employee population, assuming all incumbents in the new pension and benefits programs.

Power Workers

Summarized below are our results for the Power Worker roles that we benchmarked at Hydro One relative to the market peer group.

Table 11

	Hydro One Group	# of Hydro One Incumbents	Hydro One P50 Relative to Market Average[1]		
			Base Salary	Total Cash[2]	Total Compensation[3] Current[4]
Power Workers	System Operator (Controller)	103	12%	9%	24%
	Regional Maintainer - Lines (Supervisory)	66	2%	-5%	11%
	Protection and Control Technician	90	19%	16%	36%
	Area Distribution Engineering Technician	151	15%	15%	31%
	Regional Maintainer - Lines	769	-1%	-5%	12%
	Regional Maintainer - Electrical	249	-1%	-3%	11%
	Fleet Mechanic	71	12%	10%	23%
	Lineman - Journeyman	123	10%	7%	-5%
	Service Dispatcher	24	32%	29%	45%
	Drafter II	21	4%	2%	15%
	Stock Keeper	55	17%	15%	31%
	Data Entry Clerk	75	0%	-2%	12%
	Production Field Administrator III	1	-13%	-14%	-4%
	Electrical Apprentice*	62	-22%	-25%	-31%
	Lines Apprentice	348	-7%	-9%	-15%
	Meter Reader	4	13%	11%	2%
	2016 Weighted Average Power Workers	2,212	2%	-1%	10%
	2013 Weighted Average Power Workers	2,100	9%	7%	13%
	2011 Weighted Average Power Workers	2,411	10%	8%	15%

[1] Market results weighted by organization (i.e., for each participating organization, Mercer determined one average value per position.
[2] Base salary plus short-term incentives granted (i.e., bonus), where applicable.
[3] Total cash compensation plus estimated long-term incentives, benefits and pension values.
[4] Based on Hydro One's employee population, assuming current pension and benefits program eligibility.
** Average market data reported as median for comparison purposes.*

APPENDIX B

Position Descriptions

Benchmark Position	Survey Code	Generic Description
Administrative Assistant	220.108.430	Requires a general knowledge of departmental procedures, practices and office routine. Possesses good office and computer skills including word processing, spreadsheets, graphics software, dictaphone transcription, and filing. May provide assistance to a more senior Administrative Assistant in a large department.
Area Distribution Engineering Technician	999.999.001	Perform Technical support work for the Distribution Section of the area: such as monitoring the performance of the distribution system by performing various technical studies, identifying and recommending solutions to the supervisor, providing field data and preliminary analysis for engineering studies. Negotiate property settlements on distribution lines and perform joint use activities. Provide administrative support related to preparation of estimates and work orders (WO) work schedules, line layouts, joint use, provision of underground cable and fault location service. Perform staking activities and prepare design packages for new connections, service upgrades, extensions, betterments and relocations.
Area Superintendent	700.792.211	Responsible for providing construction management and supervision within the construction group. Administers construction contracts. Is accountable for construction costs, schedules, safety, product quality and environment performance. Provides input into Project Execution Plans and the associated schedules and estimates. Usual qualifications include 10 to 12 years of experience including supervisory experience. Requires experience in construction management and supervision of various trades.
Business Analyst A	320.392.360	Assists with analyzing internal metrics. Performs responsible and varied business analytical or administrative functions. Assists with preparation documents, forecast summaries, status reports, budget reports, etc. Duties may include interpreting and processing company contracts, AFEs, and government agreements. Assignments are given in terms of objectives and relative priorities. Problems may be solved by adapting standard methods or by practical applications of knowledge. Usual qualifications include a university degree.
Business Analyst C	320.392.340	Analyzes internal metrics. Performs responsible and varied business analytical or administrative functions. Prepares documents, forecast summaries, status reports, budget reports, etc. Duties may include interpreting and processing company contracts, AFEs, and government agreements. Assignments are given in terms of objectives and relative priorities. Problems may be solved by adapting standard methods or by practical applications of knowledge. Usual qualifications include a university degree with a minimum of 4 years' related experience; technical diploma with a minimum of 6 years' related experience.
Data Entry Clerk	999.999.002	Perform data processing services including inputting, updating, to various computerized databases and applications of external service providers. Perform clerical/administrative duties in support of system processes. Work with various internal and external contacts and customers in the setup, maintenance, reporting and follow up of non-electricity accounts, customer service orders, materials, corporate charge cards, time reporting, management reporting, damage claims, accounts receivable, etc. Perform administrative services for provincial client group and special projects.
Drafter II	510.656.420	Incumbent works on standard drafting assignments. Methods are detailed and standard but judgment is required in planning tasks and choice of methods. Accountable for accuracy and adequacy of work performed. May provide technical guidance to less experienced Drafters. Usual qualifications include a technical school diploma or equivalent, with a minimum of 5 years' related experience.
Electrical Apprentice	999.999.112	A five year apprenticeship leading to a Construction and Maintenance Electrician

Benchmark Position	Survey Code	Generic Description
Engineer A	510.780.360	Incumbent receives "on-the-job" training in various phases of office, plant or field engineering through assignments or, in some cases, classroom instruction. Tasks assigned are simple and routine in nature. Assists more senior engineers in the preparation of plans, calculations, reports, etc. Few technical decisions are made and these are routine, with clearly defined procedures and guidelines. Works under close supervision and work is reviewed for accuracy, adequacy and conformance with prescribed procedures. Usual qualifications include a university degree in engineering with minimal experience.
Engineer B	510.780.350	Uses a variety of standard problem solving techniques. May assist more senior engineers in carrying out technical tasks requiring computation methods. Duties are assigned with detailed oral and occasionally written instructions. Work is reviewed in detail with guidance given. May give limited technical guidance to junior professionals or technicians working on a common project. Usual qualifications include a university degree in engineering with a minimum of 2 years' related experience.
Engineer C	510.780.340	Incumbent is responsible for varied engineering assignments requiring a broad knowledge of an engineering specialty and the effect the work has upon other fields. Solves problems using a combination of standard or modified procedures. Participates in planning objectives. Performs independent studies, and analyzes, interprets and draws own conclusions; more complex work projects are referred to more senior authorities. Not supervised in detail except on more difficult assignments. May give periodic technical guidance to less experienced professionals or technicians assigned to work on a common project. Usual qualifications include a university degree in engineering with a minimum of 4 years' related experience.
Engineer D	510.780.330	This is the first level of full engineering specialization and is considered the senior level position. Alternatively may be the level at which an individual acts as group leader or work task force leader of a small group of technical personnel. Requires application of well-developed technical knowledge in planning, conducting and coordinating difficult assignments. The position requires the modification of established guidelines and initiation of new approaches. Makes independent decisions in planning, organizing and completing technical assignments. Work is reviewed for soundness of judgment but accepted technically as accurate and feasible. Work is assigned in terms of objectives and priorities but informed guidance is available. Advises on technical problems and supervision, and may plan, schedule and review work of professional engineers and technicians. May make recommendations concerning selection, training, discipline and remuneration of staff.
Engineer E	510.780.320	May have responsibility for coordinating engineering work assignments and making recommendations on technical applications developed by other professional personnel or consultants. May involve the direct supervision of a group of professionals. Provides guidance and training to less experienced staff. Checks work for accuracy and completeness. As a specialist, conducts special, complex and advanced level studies. Work is generally reviewed for results only. Makes independent decisions within broad guidelines and policies. May make recommendations concerning selection, training, discipline and remuneration of staff. May also responsible for construction.
Engineer F	510.780.310	Incumbent is considered an authority in an engineering field of specialization and acts as a technical consultant to the organization. This level is a dual-stream first level managerial position. Incumbents may be responsible for directing a staff of professional and support employees or act as a technical specialist. Responsible for planning and directing large engineering programs/projects; sets priorities and allocates resources; makes necessary decisions on all day-to-day operating matters within constraints of company policy. Receives work in terms of broad objectives.
Field Service Coordinator	700.793.240	Manage and supervise trade, technical and clerical staff. Develop work programs, organize schedules, provide instructions, guidance and checks, monitor work to ensure work quality and accuracy and in conformity to governing regulations. Ensure the administration of procedures, applicable legislation and collective agreements are met. Administer and control contract work. Review work methods, ensure appropriate training. Develops, maintains and enhance customer relationships through direct contact both internally and externally. This position is non-represented.
Financial Director	210.100.130	Responsible for providing overall direction for tax, insurance, budget, credit and treasury functions for the organization. Provide short to medium term direction for all corporate financial functions so that financial transactions, policies, and procedures meet the organization’s short and medium-term business objectives and are conducted in accordance with regulations, and standards. Activities may include: credit control; cash flow; investment management; tax; insurance; treasury; internal audit; budgeting and forecasting; and foreign exchange. Lead, direct, evaluate, and develop a team of senior managers to ensure that the organization's financial strategy is implemented effectively, consistently and according to established guidelines.

Benchmark Position	Survey Code	Generic Description
Fleet Mechanic	999.999.011	Be responsible for the inspection, repair and maintenance, as well emergency repair of vehicles (e.g. bucket truck, all-terrain vehicles, go track, digger truck, ladder truck forklift, backhoe, manlift, vans/pickup trucks and the hydraulic equipment of the vehicles e.g. booms, buckets. Maintain inspection schedules and coordinate scheduling repairs to be contracted out. Work is performed in a garage or on site.
Human Resource Manager / Consultant	120.100.220	This position plans, designs, develops, implements and administers policies and programs through functional supervision in all or some of the following areas: employee relations, executive compensation, wage and salary administration, job evaluation, performance management, recruitment and selection and employment equity/ human rights.
Lineman - Journeyman	920.788.410	Responsible for the installation, maintenance, removal, and inspection of transmission/distribution power lines. Typically requires 4 years of experience and certification as a Power Line Technician (or equivalent).
Lines Apprentice	999.999.113	A four year apprenticeship leading to a Power Line Technician position.
Meter Reader	920.680.430	Responsible for reading electric, gas, or water meters and keeping track of their average use by recording information. Other duties would include inspecting meters for damages and defects. Entry level position which typically requires a high school education.
Production Field Administrator III	220.778.413	Works independently. Works closely with field operations. Assists in all areas of production and general accounting duties, clerical and office administration functions. Provides analysis and input of operational accounting information and codes and inputs all payables and production volumes. May assist in preparing special production reports. Requires broad knowledge of department procedures. Orders all stationery/supplies and runs office. Monitors, troubleshoots and co-ordinates with head office maintenance of existing computer systems. May check work of junior staff and provide guidance. Working with a Supervisor, assists in preparing field accruals and analyzes actual performance versus budget. Possesses a solid understanding of basic accounting principles. Requires advanced PC and database management knowledge. An accounting background or diploma with 8 years' office experience is typically required.
Protection and Control Technician	999.999.004	Perform initial inspections, conduct trouble-shooting and preventative maintenance, carry out modifications and repairs as required, on all types of protection, telecommunications, metering and control equipment which comes under Protection and Control (P&C) jurisdiction. Discuss and review results with supervisor, if the equipment is highly critical from the standpoint of system operation, before putting the equipment into service.
Regional Maintainer - Electrical	999.999.007	Responsible for the general maintenance and repair work on electrical systems and equipment at various geographical locations. Requires overhauling, maintaining and inspecting equipment such as conductors & insulators i.e. batteries, station bus, cable, compressed air systems, fire protection equipment switchgear i.e. circuit breakers, load interrupters metalclad switchgear, oil circuit breakers, SF6 breakers, air blast breakers, transformers, rotating machines, distribution stations & equipment. Has the necessary knowledge of the trade theory, operating principles, charts, tables, testing equipment and other reference works, to test, dismantle, repair, clean and assemble station electrical equipment within the required specifications. Requires certification as a construction and maintenance electrician. Also performs mechanical and protection and control work.

Benchmark Position	Survey Code	Generic Description
Regional Maintainer - Lines	999.999.006	Construct and maintain transmission and distribution lines and associated apparatus. Maintain power service to electrical customers. Understands and is able to operate the tools of his/her trade, and is familiar with the various instruments, i.e. voltmeters, ammeters and ohmmeters. Must be familiar with hydraulically-operated articulated or telescopic aerial devices. Must provide at own expense any tools listed for the classification if required in his/her work in accordance with the attached tool list. This classification also includes the requirement to hold a Power Line Technician certification (or equivalent).
Regional Maintainer - Lines (Supervisory)	999.999.008	This position is responsible for the safety, quality and quantity of the work performed by his/her crew. They plan work including staffing requirements, assigning work, co-ordinate work with other work groups, ensure proper work practices are followed, report on work performed and engage in good public relations. He/she performs the following physical work activities. Construct and maintain transmission and distribution lines and associated apparatus. Maintain power service to electrical customers. Also responsible for contract monitoring and lead hand responsibilities.
Senior Legal Counsel	115.100.340	Responsible for providing management and employees with advice on a broad range of moderately complex conflicting legal principles. The applicable laws and regulations are numerous and varied, and present difficult problems of interpretation. Applies independent judgment in recommending a course of action for a client department, providing input as to the ramifications of a course of action, a legal decision, or a new piece of legislation. Usual qualifications include a law degree, membership in a law society/bar association and/or other relevant jurisdiction with a minimum of 8 year's related experience.
Service Dispatcher	430.612.340	Responsible for handling incoming consumer calls to schedule and dispatch service technicians to problem areas (including high voltage switching). Maintains documentation of crew activities for continuous knowledge of line and substation work. Key coordinator during power failures provides notification to internal and external customers regarding restoration of power services.
Stock Keeper	999.999.009	Receives, receipts, stores, issues and ships materiel used in operations. Manages materiel, in accordance with established practices and regulations. Is responsible for materiel under his/her control. Performs maintenance, not requiring formal trades qualifications, and assists in tasks where unskilled or semi-skilled ability is required.
System Operator (Controller)	999.999.010	Monitor and operate the transmission/distribution system assets on a 24-hour basis. Determine condition and recommend on availability of equipment. Carry out Manual Block and Rotational Load Shedding Schedules procedures. Monitor, approve and report LV - load transfers. Direct / monitor personnel on a 24 hour basis (i.e. - switching agents, field crews) in the operation of the Transmission / Distribution network system assets. Troubleshoot & sectionalize for low voltage feeder faults.
Top Rates and Regulatory Affairs Executive	110.200.130	Executive with primary responsibility for preparing, managing, and leading company's testimony in utilities rate cases before local, regional or federal agencies. Responsibilities include development of all research associated with regulatory activities including activity across other regulatory entities and maintaining relationship with all regulators. Develops cost factors in association with utilities rate cases, may or may not, be involved in delivery of testimony. Typically reports to a Top Legal Executive, Chief Operations Officer or a Top Utilities Executive.

APPENDIX C

Detailed Compensation Benchmarking Methodology

Summarized in this appendix is supporting descriptions of how we determined values for each of the major components of compensation. Specifically:

Base Salary – Annual base salary at September 1, 2016. If an hourly rate was reported, we annualized the value by multiplying the standard number of hours per week by 52 weeks per year. If a weekly rate was reported, we annualized the value by multiplying by 52 weeks per year.

Total Cash Compensation - Base salary ***plus*** most recent short-term incentive or bonus paid.

Benefits and Pensions – To value benefit and pension programs, we applied a relative value process to a set of standard employer paid cost factors, plus actuarial and demographic assumptions to measure all financially significant features of benefit and pension programs based on open and closed plans. See detailed methodology below.

Total Compensation - Total cash compensation ***plus*** estimated annual value of the most recent long-term incentive grant (i.e., expected value of stock options or share awards) and pensions and benefits.

Detailed Benefits and Pension Methodology – Total remuneration includes the following values for benefits and pensions:

- Mercer's relative value process applies a broad set of standard cost factors, plus actuarial and demographic assumptions to measure all of the financially significant features of benefit programs on a benefit line basis.
- Effectively, this process isolates the plan design and removes variable factors such as historical experience, demographics, and utilization trends specific to each participant in the study. For example, if two survey participants have an identical benefit offering, the values will be equal regardless of the actual plan costs to each of the employers.

Aligning Values with Hydro One’s Actual Costs

Participation & Anti-Selection:

Active Flex Benefits:

- Participation: We use a standardized set of participation assumptions for all participants that vary only by the number of options that are offered under the plan. Therefore, two identical flex programs will produce similar relative Total Values.

- Anti-Selection: A unique feature of flex plans is that employees who choose richer options are likely to be higher claimers than those choosing poorer options. This is reflected within our methodology by increasing the value of the richer options and reducing the value of the poorer options. The final relative values of the flex plan are a weighted average of the values of each of the options.

- Optional plans that are fully employee-paid (such as optional life) are excluded from the review.

- Low value core plans / catastrophic core plans and spousal top-up plans are excluded from the valuation.

Projection Methodology for Pension Plans

Defined Benefit Plans

- For defined benefit plans, annual service costs were estimated for each company’s plan design at various earnings levels using a common sample employee demographic (age and years of service). The annual service costs were converted into company provided values by deducting any required employee contributions under each plan. The resulting company provided values were expressed as a percentage of earnings to be applied to the earnings associated with each benchmark position.

Defined Contribution Plans

- For defined contribution benefit plans, the company provided value was set equal to the company contributions.

- Where employees are entitled to choose the level of their contributions, employees were assumed to contribute at the level that would maximize company contributions.

Projection Methodology for Post-Retirement Non-Pension (PRNP)

Employee-specific factors including earnings and service are projected to each of the assumed retirement ages at which point the benefit payable is determined, actuarially valued and discounted with interest to the current age of the employee. The resulting values are split pro-rata on service into the benefit in respect of past service and the benefit in respect of future service, and the future service benefit value is converted to a level percentage of future pensionable earnings.

- The results are weighted by the assumed retirement rates and combined to produce a single value of future benefit accruals, as a percentage of future earnings, per member.
- Benefits are projected both before and after retirement based on benefit-specific (e.g. medical, dental) inflation assumptions.
- Benefits are coordinated with provincial medical and drug plans.
- Lifetime maximums are reflected where applicable.

Flex Premium Cost Sharing & Credit Allocation:

- Cost sharing is determined using each participant's actual price tag and credit formula.
- Assumptions are made as to where credits would commonly be used, unless they are allocated to specific benefits. These assumptions coordinate with the standardized participation assumptions outlined earlier.

Standard Demographic Assumptions:

- A common population reflecting the general demographics of a Canadian workforce group and adjusted to more closely mirror Hydro One's workforce is used in the analysis.
  - This population reflects a group of employees with an average age of 41 and average service of 12 years.
- For Pension and Post Retirement Non-Pension benefits, the above population is assumed to retiree approximately as follows:
  - 25% of the group retire at age 55
  - 60% of the group retire at age 60
  - 15% of the group retire at age 65
  - 70% of the active members are assumed to be married over their career while 90% of members are assumed to be married at the time of their retirement

Other Actuarial Assumptions:

- The following assumptions were used in the review:
  - Discount rate: 4.00% per annum
  - Inflation: 2.00% per annum
  - Salary Increase: 4.00% per annum
  - Post Retirement mortality: 100% of CPM 2014 Public Sector Mortality projected with CPM-B Scale
  - Termination rates of 2% each year prior to age 55 (for pension values)
  - Medical and Dental inflation/utilization increases

MERCER
MAKE TOMORROW, TODAY

Iain Morris, Partner

Iain Morris is a Partner and leads Mercer's Career business in Toronto which includes Mercer's Rewards, Leadership and Organization Performance and Communications Practices.

He consults to many of Canada's leading organizations with a focus on reward strategy, design and the implementation of performance-linked compensation systems.

Iain's primary areas of expertise include incentive plan design, global job levelling and EVP consulting. He also has substantial experience in rewards compliance.

Iain has worked with organizations in a variety of industries including: utilities, retail, consumer products, financial services, manufacturing and professional services.

He joined Mercer in 1995 after 13 years with Towers Perrin.

Iain is a graduate of Queen's University. He is frequently quoted in industry and business publications on total rewards and other human resource issues.

FORM A

Proceeding:...........................

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Iain Morris. I live at 386 Beresford Avenue, in the city of Toronto, province of Ontario.

2. I have been engaged by or on behalf of Hydro One (*name of party/parties)* to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date: April 19, 2017

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Signature

PENSION COSTS

1. PENSION COSTS

Hydro One Networks is a participant in the Hydro One Pension Plan ("the Plan"). The Plan is a contributory, defined-benefit pension plan whose members comprise represented employees of the Power Workers Union ("PWU"), the Society of Energy Professionals ("Society"), non-represented Management ("MCP") employees, pensioners who were employees, and pensioners who are beneficiaries of employees or pensioners.

The Plan covers Hydro One and its subsidiaries, except Hydro One Sault St. Marie Transmission. The Plan does not segregate assets in a separate account for individual subsidiaries, nor is the accrual cost of the benefit plans allocated to, or funded separately by, entities within the consolidated group. Accordingly, for Hydro One Networks, the Plan is accounted for as a defined contribution plan and no deferred pension asset or liability is recorded on Hydro One Network's financial statements.

Hydro One recovers its pension expense on a cash basis. Hydro One believes this method is more beneficial to its customers than the accrual method because it results in a lower costs are recovered through rates. The cash method is also more predictable, allowing Hydro One to forecast the effect on rates for up to a three-year period.

The Board has previously allowed cash payments related to pension obligations to be recorded in rates (RP-1998-0001). As well, in April 2006, the OEB, in its Decision with Reasons, approved full recovery of Distribution pension costs included in OM&A (RP 2005-0020/EB-2005-0378). Pension costs were similarly approved for Transmission pension costs (EB-2006-0501, EB-2008-0272, EB-2010-0002, EB-2012-0031 and EB-

2014-0140). This treatment was continued in Hydro One Distribution's last cost of service application as well (EB-2013-0416).

The Hydro One pension cost allocated to Hydro One Networks is based on the ratio of base pensionable earnings for Hydro One Networks' staff, as compared to the total base pensionable earnings for all of Hydro One employees. The method of allocation of the pension cost is consistent among all shared services costs, for operating and capital costs, and is consistent with the methodology reviewed during RP-2005-0020/EB-2005-0378, EB-2006-0501, EB-2007-0681 and EB-2008-0272, EB-2009-0096, EB-2010-0002, EB-2012-0031 and 2014-0140.

For the Distribution business, the charge to be recovered through rates in 2018 is provided in Table 1 below.

Table 1: 2018 Forecast Pension Costs ($ Millions)

018 - Forecast					
orporate Pension Costs		Transmission	Distribution	Other	Total
M&A	$M	11	17	2	30
apital	$M	21	20		41
	$M	**32**	**37**	**2**	**71**

2. ACTUARIAL CALCULATION

The most recent actuarial valuation for the Plan was as at December 31, 2016. In May 2017, Hydro One filed this actuarial valuation with the Financial Services Commission of Ontario ("FSCO"). The valuation showed that the Plan had a surplus of $434 million, on a going-concern basis. Starting in 2017, the required contribution for the Hydro One companies was set at $73 million, variable based on the level of base pensionable earnings.

In accordance with applicable regulations, Hydro One makes all required contributions on a monthly basis.

Hydro One's next actuarial valuation is required by December 31, 2019. The valuation will depend on investment returns, changes in benefits, and actuarial assumptions.

During 2014, 2015 and 2016, actual contributions were $174 million, $177 million, and $110 million, respectively. Actual contribution requirements in 2018 may differ depending on the level of base pension earnings used to compute the monthly contribution. The difference between the forecast and actual pension costs will be tracked in a variance account (see Exhibit F1, Tab 1, Schedule 1).

3. PENSION PLAN GOVERNANCE AND PERFORMANCE

Hydro One is the Plan sponsor and administers the pension assets and obligations of the Plan. As of December 31, 2016, the Plan had a reported net asset value of $6,870 million and about 13,087 members. Approximately 42% of the Plan's members are active. The remaining Plan members are inactive, either retired, beneficiaries of retirees, former employees eligible for a deferred pension, or members on long-term disability.

The Fund has consistently outperformed the benchmark made up of passive market indices. In the period from June 29, 2001 (the Fund's inception) to December 31, 2016, the Fund returned 7.04% annualized while the Fund's target benchmark is 6.80%, thus outperforming its target benchmark return by 0.24%. The fund's investments are divided into asset classes and each asset class has a corresponding market index (i.e. Canadian

Equities market index is the S&P/TSX). The actual performance of each asset class is then measured against this market index (policy benchmark). The Fund's policy benchmark is a calculated weighted average benchmark based on the Fund's strategic asset mix.

4. DEFINED CONTRIBUTION PENSION PLAN

Effective January 1, 2016, Hydro One introduced a Defined Contribution Pension Plan ("the DC Plan"). The DC Plan allows eligible employees to contribute up to 6% of their pensionable earnings with a 100% match of contributions by Hydro One. The DC Plan is open to all new MCP employees, who are no longer eligible to participate in the Plan.

5. OPEB COSTS

Hydro One utilizes the accrual method for accounting of Other Post-Employment Benefit ("OPEBs") costs. The accrual method is appropriate because it reflects the costs incurred during the time period and, as such, more accurately attributes those costs to the appropriate ratepayers. Table 2 summarizes historical and forecast OPEB costs included in rates.

Table 2: OPEB Costs Included in Rates ($ Millions)

OPEBs	First Year of recovery to 2012	2013	2014	2015	2016	2017	2018	Total
Amounts Included in Rates								
OM&A	395	32	33	28	26	23	24	561
Capital (Note 1)	268	22	23	34	30	26	31	434
Total	662	54	56	62	56	49	55	994
Paid Benefit Amounts	283	24	26	27	24	30	33	447
Net Excess - amount included in rates vs. amount actually paid	379	30	30	35	32	19	22	547

Note 1 – The Capital component of OPEB costs is recovered over the useful life of the assets to which it is capitalized and not in the years noted. Therefore, the Net Excess as noted does not represent the excess recovery in each year.

5.1 OPEB - ACCOUNTING STANDARDS UPDATE

In March 2017, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard's Update (ASU 2017-07) that affects the accounting for pensions and other post-employment benefits ("OPEBs") effective January 1, 2018.

As part of ASU 2017-07, Topic 715 – Compensation – Retirement Benefits of the US GAAP Accounting Standards Codification has been amended. The amendments allow only the service cost component of the net periodic pension cost and net periodic post-retirement benefit cost to be eligible for capitalization when applicable. For rate-setting purposes, Hydro One Distribution accounts for its pension costs on a cash basis and therefore this amendment is not anticipated to affect the amounts included in this application. The changes to the accounting for OPEB, which Hydro One Distribution accounts for on an accrual basis for rate-setting purposes, will affect this application.

The figures in Table 2 do not reflect the changes required under ASU – 2017-07. It is estimated that approximately $11M of the 2018 costs shown as capital in Table 2 will not be eligible for capital treatment. The re-classification of these elements to OM&A would have an adverse impact on rates in a given year. Therefore Hydro One Distribution proposes to track the net periodic post-retirement benefit cost other than service cost that would have been classified as capital prior to the issuance of ASU 2017-07 in a deferral account effective January 1, 2018, as described in Exhibit F1, Tab 3, Schedule 1.

HYDRO ONE INC.

HYDRO ONE PENSION PLAN

Actuarial Valuation as at December 31, 2016

May 31, 2017

Registration Number: 1059104

This document is being filed with the Pension authorities as required by statute and contains confidential financial information regarding the plan, the plan sponsor, and the plan members. Therefore, pursuant to Subsection 20(1)(b) of the *Access to Information Act (Canada)*, or a corresponding provision under any comparable federal or provincial legislation, a government institution shall not disclose this document to any party as a result of a request under the *Access to Information Act (Canada)* or other applicable legislation.

DISCLAIMERS

This document is an actuarial valuation report of a pension plan. It is technical in nature and the reader should seek expert advice to fully understand it. The actuarial results presented here are based on numerous economic and demographic assumptions as to future events. Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future actuarial valuations.

This report is based on the terms of engagement listed in Appendix A.

This report is based on the premise that all the plan's assets, including any letters of credit, are available to meet the plan's liabilities included in this valuation.

This report is based on the premise that the plan remains a going concern. This report does not address the disposition of any surplus assets remaining in the event of plan windup. If an applicable pension regulator or other entity with jurisdiction directs otherwise, certain financial measures contained in this report, including contribution requirements, may be affected.

The results presented in this report have been developed using a particular set of actuarial assumptions. Other results could have been developed by selecting different actuarial assumptions. The results presented in this report are reasonable actuarial results based on actuarial assumptions reflecting our expectation of future events.

Future contribution levels may change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time.

The results were developed with various data as at the valuation date that were provided to us: plan membership data, plan assets data, plan provisions and statement of investment policy. Towers Watson Canada Inc. ("Willis Towers Watson") has relied on these data after verifying them and assessing their reasonableness. However, Willis Towers Watson has not independently audited these data.

The information contained in this report was prepared for Hydro One Inc., for its internal use and for filing with the Pension authorities, in connection with the actuarial valuation of the plan prepared by Willis Towers Watson. This report is not intended, nor necessarily suitable, for other parties or for other purposes. Furthermore, some results in this report are based on assumptions mandated by legislation. These results may not be appropriate for purposes other than those for which they were prepared. Further distribution of all or part of this report to other parties (except where such distribution is required by applicable legislation) or other use of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson is available to provide additional information with respect to this report to the above-mentioned intended users upon request.

The numbers in this report are not rounded. The fact that numbers are not rounded does not imply a greater level of precision than if the numbers had been rounded.

Definitions:

Pension authorities means the Financial Services Commission of Ontario and the Canada Revenue Agency ("CRA").

Pension legislation means the *Pension Benefits Act (Ontario)* and Regulation thereto and the *Income Tax Act (Canada)* and Regulations thereto ("ITA").

Table of Contents

Introduction

Purpose

This report with respect to the Hydro One Pension Plan has been prepared for Hydro One Inc., the plan administrator, and presents the results of the actuarial valuation of the plan as at December 31, 2016.

The principal purposes of the report are:

- to present information on the financial position of the plan on going concern, solvency and hypothetical windup bases; and
- to provide the basis for employer contributions.

Significant Events Since Previous Actuarial Valuation (December 31, 2015)

Since the previous valuation a number of prospective changes have been made with respect to benefits and member contributions impacting active and disabled members of different employee groups within the plan.

For Management employees, member contribution rates were increased at various dates, as outlined in Appendix F. Also, the future Best Average Earnings ("BAE") and early retirement criteria were amended as follows:

- for members represented by Power Workers Union ("PWU") and the Society, for service accrued after March 31, 2025, the BAE will be based on the highest 60 consecutive months of earnings (updated from highest 36 consecutive months of earnings used for service accrued until March 31, 2025) as outlined in the respective collective agreements; and
- for members represented by PWU, for service accrued after March 31, 2025, the early retirement criteria for an unreduced pension will be changed from the "rule of 82 points" to the "rule of 85 points" as outlined in the collective agreement.

Details regarding these plan changes are provided in Appendix F. There have been no other changes to the plan provisions.

There have been no changes to the legislative and actuarial standards. Changes to the going concern basis are described in Appendix C. Changes to the solvency basis are described in Appendix D.

In 2016, the General Regulation under the Ontario *Pension Benefits Act h*as been amended to provide temporary solvency relief. This is the first valuation of the plan on or after December 31, 2015. The plan administrator decided not to apply any new funding relief measures.

Subsequent Events

We completed this actuarial valuation on April 7, 2017.

On May 19, 2017 the Ontario Ministry of Finance announced certain changes to the funding framework for defined benefit pension plans registered in Ontario and that related Regulations required to implement the changes would be released in the fall of 2017. This report has been prepared on the basis of the funding rules in effect at the time the report was prepared. The impact of the new funding rules will be reflected in an update to this report or in a subsequent report, as appropriate.

Except as noted above, to the best of our knowledge and on the basis of our discussions with Hydro One Inc., no other events which would have a material financial effect on the actuarial valuation occurred between the actuarial valuation date and the date this actuarial valuation was completed.

Next Valuation

The next actuarial valuation of the plan must be performed no later than December 31, 2019.

Section 1: Going Concern Financial Position

1.1 Statement of Financial Position

	December 31, 2016	December 31, 2015
Going Concern Value of Assets	$ 6,514,349,000	$ 6,071,094,000
Actuarial Liability		
Active and disabled members	$ 2,004,991,863	$ 2,208,495,000
Retired members and beneficiaries	4,031,088,676	3,860,866,000
Terminated vested members	44,570,154	39,400,000
Total	$ 6,080,650,693	$ 6,108,761,000
Additional voluntary contribution	20,000	20,000
Total Actuarial Liability	$ 6,080,670,693	$ 6,108,781,000
Actuarial Surplus (Unfunded Actuarial Liability)	$ 433,678,307	$ (37,687,000)
Prior Year Credit Balance	(48,000,000)	(48,000,000)
Actuarial Surplus (Unfunded Actuarial Liability) After Prior Year Credit Balance (PYCB)	$ 385,678,307	$ (85,687,000)
Funded ratio[1]	106%	99%
Excess Actuarial Surplus[2]	$ 0	0

Notes:

[1] After reflecting prior year credit balance.
[2] Considered to be nil if there is a hypothetical windup or solvency deficit.

Comment:

- The prior year credit balance is employer contributions made prior to the actuarial valuation date that are in excess of the minimum required and are set aside as a reserve for application towards future contribution requirements.

1.2 Reconciliation of Financial Position

Actuarial surplus (unfunded actuarial liability) as at December 31, 2015 before reflecting prior year credit balance			$	(37,687,000)
Net special payments				24,705,000
Application of:				
■ Actuarial surplus	$	0		
■ Prior year credit balance		0		0
Expected interest on:				
■ Actuarial surplus (unfunded actuarial liability)	$	(2,035,098)		
■ Net special payments		658,265		
■ Application of actuarial surplus		0		
■ Application of prior year credit balance		0		(1,376,833)
Plan experience:				
■ Investment gains (losses)	$	292,379,000		
■ Salary and YMPE gains (losses)		50,654,805		
■ Cost-of-living adjustment gains (losses)		11,039,223		
■ Retirement gains (losses)		(3,952,266)		
■ Withdrawal gains (losses)		(2,481,510)		
■ Mortality gains (losses)		(10,686,136)		
■ Miscellaneous liability gains (losses)		50,078,061		387,031,177
Change in actuarial basis:				
■ Salary Scale assumption	$	142,938,469		
■ Discount Rate assumption		(81,932,506)		61,005,963
Change in plan provisions[1]				0
Actuarial surplus (unfunded actuarial liability) as at December 31, 2016 before reflecting prior year credit balance			$	433,678,307

Note:

[1] The changes in plan provisions are prospective in nature and do not have an impact on the actuarial liabilities as of the valuation date.

1.3 Contributions (Ensuing Year)

	December 31, 2016	December 31, 2015
Employer Normal Actuarial Cost		
Normal actuarial cost in respect of benefits	$ 120,072,874	$ 130,815,000
Estimated member contributions [1]	(46,811,492)	(45,183,000)
Employer normal actuarial cost	$ 73,261,382	$ 85,632,000
Estimated payroll [1]	533,898,396	578,543,000
Employer normal actuarial cost as % of payroll	13.7%	14.8%

Note:

[1] The December 31, 2016 amount reflects adjustments for members expected to retire or terminate during the year and expected increases in contribution rates for Management employees.

Reconciliation of Employer Normal Actuarial Cost Contribution Rule

Employer normal actuarial cost as a % of payroll at December 31, 2015	14.8%
▪ Changes in membership profile	(0.1)%
▪ Changes in plan provisions	(1.0)%
▪ Changes in actuarial basis[1]	0.0%
Employer normal actuarial cost as a % of payroll at December 31, 2016	13.7%

Note:

[1] Reflects impact of net change in actuarial basis (i.e. change in discount rate assumption, salary scale assumption and reflection of expected payroll).

1.4 Reconciliation of Prior Year Credit Balance

Prior year credit balance as at December 31, 2015			$	48,000,000
Actual employer contributions:				
■ Normal actuarial cost	$	82,065,000		
■ Going concern amortization payments		9,119,000		
■ Solvency amortization payments		15,586,000		
■ Transfer deficiency payments		0		
■ Prior year credit balance		0		
■ Other contributions		0		106,770,000
Minimum employer contributions required:				
■ Normal actuarial cost	$	(82,065,000)		
■ Going concern amortization payments		(9,119,000)		
■ Solvency amortization payments		(15,586,000)		
■ Transfer deficiency payments		0		
■ Other contributions		0		(106,770,000)
Application against unfunded actuarial liability				0
Prior year credit balance as at December 31, 2016			$	48,000,000

Section 2: Solvency and Hypothetical Windup Financial Position

2.1 Statement of Solvency and Hypothetical Windup Financial Position

	December 31, 2016	December 31, 2015
Solvency Value of Assets		
Market value of assets	$ 6,916,827,000	$ 6,743,615,000
Provision for plan windup expenses	(7,000,000)	(16,859,000)
Total solvency value of assets	$ 6,909,827,000	$ 6,726,756,000
Solvency Liability		
Active and disabled members	$ 2,369,597,002	$ 2,434,330,000
Retired members and beneficiaries	4,127,326,152	3,988,651,000
Terminated vested members	46,840,401	42,265,000
Total	$ 6,543,763,555	$ 6,465,246,000
Additional voluntary contribution	20,000	20,000
Total Solvency Liability	$ 6,543,783,555	$ 6,465,266,000
Solvency Surplus (Unfunded Solvency Liability)	$ 366,043,445	$ 261,490,000
Solvency ratio	Not less than 100%	Not less than 100%
Value of excluded benefits	$ 3,475,558,136	$ 3,079,824,000
Total Hypothetical Windup Liability	$ 10,019,341,691	$ 9,545,090,000
Hypothetical Windup Surplus (Unfunded Hypothetical Windup Liability)	$ (3,109,514,691)	$ (2,818,334,000)
Lesser of estimated employer contributions for the period until the next actuarial valuation and the prior year credit balance	$ 48,000,000	$ 48,000,000
Transfer ratio	69%	70%

	December 31, 2016	December 31, 2015
PBGF Information		
Ontario PBGF liability	$ 6,543,763,555	$ 6,465,246,000
Ontario asset ratio	Not less than 100%	Not less than 100%
Ontario portion of the fund	6,916,807,000	6,743,595,000
PBGF assessment base	0	0
Ontario additional PBGF liability	$ 0	$ 0

Comments:

- The solvency actuarial valuation results presented in this report are determined under a scenario where, following a plan windup, the employer continues its operations.
- The hypothetical windup valuation results presented in this report are determined under a scenario where, following a plan windup, the employer continues its operations.
- As the transfer ratio is less than 1.00, transfer deficiencies must be paid over a maximum period of five years unless the cumulative transfer deficiencies are within the limits prescribed by the Pension legislation or the employer remits additional contributions in respect of the transfer deficiencies. Pursuant to Regulations 19(4) or 19(5) to the Pension legislation, approval of the Superintendent will be required to make commuted value transfers if there has been a significant decline in the transfer ratio after the actuarial valuation date.

2.1.1 Determination of the Statutory Solvency Excess (Statutory Solvency Deficiency)

In calculating the statutory solvency excess (statutory solvency deficiency), various adjustments can be made to the solvency financial position.

	December 31, 2016	December 31, 2015
Solvency surplus (unfunded solvency liability)	$ 366,043,445	$ 261,490,000
Adjustments to solvency position:		
■ Present value of existing amortization payments	$ 58,727,046	$ 41,929,000
■ Smoothing of asset value	(402,478,000)	(672,521,000)
■ Averaging of liability discount rate	265,730,782	345,438,000
■ Prior year credit balance	(48,000,000)	(48,000,000)
■ Total	$ (126,020,172)	$ (333,154,000)
Statutory solvency excess (statutory solvency deficiency)	$ 240,023,273	$ (71,664,000)

Comment:

The present value of existing amortization payments reflects any changes made in this actuarial valuation to going concern amortization schedules.

Details of Present Value of Existing Payments

Type of payment	Effective date	Month of last payment recognized in calculation	Annual payment	Present value as at December 31, 2016 (at 3.00% per annum)
Solvency	Dec. 31, 2015	Dec. 2020	15,586,000	58,727,046

Section 3: Contributions

3.1 Estimated Minimum Employer Contribution

Year	2017	2018	2019
Employer Normal Actuarial Cost	$ 73,261,382	$ 71,354,000	$ 70,650,379
Employer Normal Actuarial Cost as a % of Payroll	*13.7%*	*13.8%*	*14.0%*
Amortization Payments			
▪ Going Concern	$ 0	$ 0	$ 0
▪ Solvency	0	0	0
Total	$ 0	$ 0	$ 0
Application of Prior Year Credit Balance[1]	0	0	0
Application of Surplus[2]	(73,261,382)	(71,354,000)	(70,650,379)
$ Estimated Minimum Employer Contribution	0	$ 0	$ 0
Estimated Member Contributions	46,811,492	47,367,141	46,988,718

Notes:

[1] As at the actuarial valuation date a $48,000,000 Prior Year Credit Balance exists, which may be applied to reduce Employer contributions in 2017, 2018 or 2019.

[2] Subject to preparation of a cost certificate at beginning of year confirming updated financial position, surplus may be applied in 2018 and 2019.

3.2 Estimated Maximum Employer Contribution (Ensuing Year)

		December 31, 2016
Employer Normal Actuarial Cost	$	73,261,382
Greater of the Unfunded Actuarial Liability and the Unfunded Hypothetical Windup Liability		3,109,514,691
Estimated Maximum Employer Contribution	$	3,182,776,073

3.3 Timing of Contributions

Employer normal cost and member contributions: monthly and within 30 days of the month to which they pertain.

Amortization payments: monthly before the end of the month to which they pertain (or replaced by an equivalent letter of credit), if applicable.

Adjustment to contributions made since the valuation date: within 60 days from the date that this report is filed with the Pension authorities.

Section 4: Actuarial Opinion

In our opinion:

- the membership data on which the actuarial valuations are based are sufficient and reliable for the purposes of the going concern, solvency and hypothetical windup valuations,
- the assumptions are appropriate for the purposes of the going concern, solvency and hypothetical windup valuations, and
- the methods employed in the actuarial valuations are appropriate for the purposes of the going concern, solvency and hypothetical windup valuations.

This report has been prepared, and our opinion has been given, in accordance with accepted actuarial practice in Canada. The actuarial valuations have been conducted in accordance with our understanding of the funding and solvency standards prescribed by the Pension legislation.

Towers Watson Canada Inc.

David Kenny
FCIA

Suzanne Jacques
FCIA

Toronto, Ontario
May 31, 2017

Appendix A: Significant Terms of Engagement and Certificate of the Plan Administrator

A.1 Significant Terms of Engagement

For purposes of preparing this actuarial valuation report, the plan administrator has directed that:

- The actuarial valuation is to be prepared as at December 31, 2016.
- The investment policy dated November 11, 2016, which is the most up-to-date version, should be considered. There are no expectations that the target asset class distribution will be modified in the future.
- For the purposes of the going concern valuation, the terms of engagement require the use of a margin for adverse deviations mentioned in Appendix C.
- The going concern value of assets is to be determined using the averaging technique described in the Asset Valuation Method section in Appendix C.
- The going concern actuarial cost method to be used is the projected unit credit (benefit accrual method) described in the Actuarial Cost Method section in Appendix C.
- For purposes of determining the solvency liabilities of the plan, the value of benefits arising from future inflation are to be excluded.
- The solvency and hypothetical windup valuation results are to be determined under a scenario where the employer continues to operate and certain expenses are paid from the pension fund (consistent with past practice) while the employer pays other plan expenses.
- This report is to be prepared on the basis that the employer is entitled to apply the actuarial surplus, if any, to meet its contribution requirements under the plan.

Should these directions from the plan administrator be amended or withdrawn, Willis Towers Watson reserves the right to amend or withdraw this report.

A.2 Certificate of the Plan Administrator

I hereby certify that to the best of my knowledge and belief:

- the significant terms of engagement contained in Appendix A of this report are accurate and reflect the plan administrator's judgement of the plan provisions and/or an appropriate basis for the actuarial valuation of the plan;
- the information on plan assets, including the information on the investment policy and intended changes to the asset mix distribution after the valuation date, if any, forwarded to Towers Watson Canada Inc. and summarized in Appendix B and in Section 4 of this report is complete and accurate;
- the data forwarded to Towers Watson Canada Inc. and summarized in Appendix E and in Section 4 of this report are a complete and accurate description of all persons who are members of the plan, including beneficiaries who are in receipt of a retirement income, in respect of service up to the date of the actuarial valuation;
- the summary of plan provisions contained in Appendix F of this report is accurate; and
- other than the events mentioned in the Introduction of this report, there have been no events which occurred between the actuarial valuation date and the date this actuarial valuation was completed that may have a material financial effect on the actuarial valuation.

[signature]	May 31, 2017
Signature	Date
Robert Cultraro	SVP, Chief Investment and Pension Officer
Name	Title

Appendix B: Assets

B.1 Statement of Market Value

	December 31, 2016	December 31, 2015
Total assets	$ 6,909,437,000	$ 6,745,869,000
Net outstanding amounts:		
■ Contributions receivable		
– Employer normal actuarial cost	$ 7,390,000	$ 0
– Members contributions	0	0
– Amortization payments	0	0
– Others	0	0
■ Transfers receivable (payable)	0	0
■ Benefits payable	0	(2,254,000)
■ Expenses and other payables	0	0
■ Total net outstanding amounts	$ 7,390,000	$ (2,254,000)
Total	$ 6,916,827,000	$ 6,743,615,000

Comment:

The data relating to the assets are based on the financial statements prepared and provided by KPMG. The data relating to net outstanding amounts were furnished by Hydro One Inc.

B.2 Asset Class Distribution

The following table shows the target asset allocation stipulated by the plan's investment policy in respect of major asset classes and the actual asset allocation as at December 31, 2016.

	Target asset allocation	Asset allocation as at December 31, 2016
Canadian equities	12.0%	13.9%
Foreign equities	38.0%	47.4%
Bonds and debentures	33.0%	31.6%
Real estate and infrastructure	10.0%	1.5%
Cash and short-term investments	2.0%	4.0%
Private Equities	5.0%	1.6%
Total	100.0%	100.0%

B.3 Reconciliation of Assets

Assets as at December 31, 2015			$ 6,745,869,000
Receipts:			
■ Contributions:			
– Employer normal actuarial cost	$ 74,675,000		
– Employer amortization payments	24,705,000		
– Members' current service contributions	44,305,000		
– Past service contributions	366,000		
– Reciprocal Transfers	125,000		
– Provision for non-investment expenses	0		$ 144,176,000
■ Investment return, net of investment expenses			371,126,000
■ Total receipts			$ 515,302,000
Disbursements:			
■ Benefit payments:			
– Pension payments	$ (301,029,000)		
– Lump sum settlements	(25,161,000)		
– Other benefit payments	0		$ (326,190,000)
■ Non-investment expenses			(25,544,000)
■ Total disbursements			$ (351,734,000)
Assets as at December 31, 2016			$ 6,909,437,000

Comments:

- This reconciliation is based on the financial statements prepared and provided by KPMG.
- The rate of return earned on the market value of assets, net of all expenses, from December 31, 2015 to December 31, 2016 is approximately 5.2% per annum.
- For further details on the non-investment expenses noted above, refer to the financial statements prepared by KPMG.

B.4 Development of the Going Concern Value of Assets

	Adjusted Market Value Beginning from:				
	December 31, 2012	**December 31, 2013**	**December 31, 2014**	**December 31, 2015**	**December 31, 2016**
Adjusted market value as at December 31, 2012	$ 5,004,546,000				
Net cash flow for 2013	(126,979,000)				
Assumed investment return	271,805,000				
Adjusted market value as at December 31, 2013	5,149,372,000	$ 5,743,450,000			
Net cash flow for 2014	(106,744,000)	(106,744,000)			
Assumed investment return	295,612,000	330,068,000			
Adjusted market value as at December 31, 2014	5,338,240,000	5,966,774,000	$ 6,311,204,000		
Net cash flow for 2015	(117,373,000)	(117,373,000)	(117,373,000)		
Assumed investment return	306,262,000	342,717,000	362,695,000		
Adjusted market value as at December 31, 2015	5,527,129,000	6,192,118,000	6,556,526,000	$ 6,745,869,000	
Net cash flow for 2016	(182,014,000)	(182,014,000)	(182,014,000)	(182,014,000)	
Assumed investment return	293,615,000	329,525,000	349,203,000	359,427,000	
Adjusted market value as at December 31, 2016	$ 5,638,730,000	$ 6,339,629,000	$ 6,723,715,000	$ 6,923,282,000	$ 6,909,437,000

Going Concern Value of Assets	
Average of the five adjusted market values as at December 31, 2016	$ 6,506,959,000
Net outstanding amounts	7,390,000
Going concern value of assets as at December 31, 2016	$ 6,514,349,000

Comment:

The rate of return earned on the going concern value of assets, net of all expenses, from December 31, 2015 to December 31, 2016 is approximately 10.3% per annum.

Appendix C: Actuarial Basis - Going Concern Valuation

C.1 Methods

Asset Valuation Method

The going concern value of assets was calculated as the average of the market value of invested assets at the valuation date and the four previous years' adjusted market values. The market values at December 31 of each of the four preceding years were accumulated to the valuation date with net cash flow (i.e., contributions less benefit payments) and assumed investment return. Net cash flow was assumed to occur uniformly throughout each year. Assumed investment return for a year was calculated assuming that each year, the assets earned interest at the going concern discount rate in effect for that year. Finally, this 5-year average of adjusted market values was then adjusted for net additional outstanding amounts.

The objective of the asset valuation method is to produce a smoother pattern of going-concern surplus (deficit) and hence a smoother pattern of contributions, consistent with the long-term nature of a going concern valuation.

Such smoothing is achieved by use of an averaging process which systematically recognizes investment returns different from expectations over a 5-year period, with 20% recognized at the valuation date and the remainder at a rate of 20% per year. This method will be expected to average periods of outperformance with periods of underperformance.

The expected return of the going concern discount rate has been selected to equal the expected return on the assets over long periods of time, with a margin for adverse directions. As such, it is anticipated that, on average, the asset valuation method will tend to produce a result that is somewhat less than the market value of assets.

Actuarial Cost Method

The actuarial liability and the normal actuarial cost were calculated using the projected unit credit (benefit accrual) method.

Additional Voluntary Contributions

For the purposes of the going concern valuation, the determination of the actuarial liability for the additional voluntary contributions does not involve the use of an actuarial cost method, nor does it involve actuarial assumptions. By definition, the actuarial liability under the additional voluntary contributions corresponds with the market value of the members' additional voluntary contribution accounts at the actuarial valuation date.

C.2 Actuarial Assumptions

	December 31, 2016	December 31, 2015
Economic Assumptions (per annum)		
Liability discount rate	5.30%	5.40%
Inflation rate	2.00%	Same
Rate of salary increase	2.50% plus merit and promotion (see table 1)[1]	2.50% plus merit and promotion (see table 2)
Escalation of YMPE under Canada/Québec Pension Plan [2]	3.00%	Same
Escalation of *Income Tax Act (Canada)* maximum pension limitation [3]	3.00%	Same
Interest on members' contributions	2.00%	Same
Demographic Assumptions		
Mortality	95% of the 2014 Private Sector Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B	Same
Retirement from active membership	Age and service related rates (see table 3)	Same
Withdrawal	Age-related rates (see table 4)	Same
Disability incidence/recovery	Age-related rates (see table 5)	Same
Other		
Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form	90%	Same
Years male spouse older than female spouse	3	Same
Provision for non-investment expenses	None; return on plan assets is net of all expenses	Same

Notes:

[1] For PWU for 2017, 1.0% increase plus merit and promotion. For Society for 2017 and 2018, 0.5% increase plus merit and promotion (per current collective bargaining agreements).

[2] The YMPE of $55,300 for 2017 is the starting value for the YMPE projection as at the current actuarial valuation and is indexed starting in 2018.

[3] The *Income Tax Act (Canada)* maximum pension limit of $2,914.44 per year of service in 2017 is the starting value for maximum pension limit projection as at the current valuation and is indexed starting in 2018.

Table 1 — Merit and Promotion Scale

Age	First 4 Years of Employment	Subsequent Years
Under 25	7.5%	2.0%
25 - 29	5.5%	2.0%
30 - 34	3.5%	2.0%
35 - 39	3.5%	1.5%
40 – 44	3.5%	1.5%
45 - 49	2.0%	1.0%
50 - 54	2.0%	1.0%
55 - 59	1.0%	0.5%
60 & over	1.0%	0.0%

Table 2 — Merit and Promotion Scale (Prior Valuation)

Age	First 4 Years of Employment	Subsequent Years
Under 25	7.0%	1.0%
25 - 29	3.0%	1.0%
30 - 34	3.5%	1.5%
35 - 39	3.5%	1.5%
40 – 44	3.5%	2.0%
45 - 49	3.5%	1.5%
50 - 54	2.0%	1.5%
55 - 59	2.0%	1.5%
60 & over	2.0%	0.0%

Table 3 — Retirement Rates

	Eligible for Unreduced Retirement		
Age	Based on points (82 or 85)	35 years of service and over	Not Eligible for Unreduced Retirement
Under 55	10%	30%	0%
55 to 59	15%	30%	5%
60 to 64	12%	30%	7%
65	50%	30%	20%
66 to 69	25%	30%	15%
70 and over	100%	100%	100%

Table 4 — Withdrawal Rates

Service (years)	Male & Female
Under 20	1%
20 and over	0%

Table 5 — Disability Rates

Age	Male & Female
Under 30	0%
30 to 35	0.105%
35 to 40	0.110%
40 to 45	0.115%
45 to 50	0.120%
50 to 55	0.295%
55 to 59	1.000%
60 and above	1.878%

C.3 Rationale for Actuarial Assumptions

The rationale for the material actuarial assumptions used in the going concern valuation is summarized below.

The going concern assumptions do not include margins for adverse deviations, except as noted below.

Liability discount rate

The assumption is an estimate of the expected long-term return on plan assets adjusted as follows:

■ Expected long-term return on plan assets before adjustments	5.79%
■ Investment management fees	(0.04)%
■ Adjustment for non-investment expenses paid by the plan	(0.10)%
■ Margin for adverse deviations	(0.40)%
■ Rounding effect (discount rate is rounded to 10 basis points)	0.05%
■ Expected long-term return on plan assets after adjustments and margin	5.30%

Inflation rate

Estimate of future rates of inflation considering economic and financial market conditions.

Rate of salary increase

■ Assumed rate of inflation per annum	2.00%
■ Effect of real economic growth and productivity gains in the economy	0.50%
■ Individual employee merit and promotion based on a scale which varies by age and service	
■ Total rate of salary increase	2.50% plus merit and promotion (see table 1)

Escalation of YMPE under C/QPP and ITA limit

Indexed annually based on increases in the Industrial Aggregate Wage index for Canada, assumed to be a rate of inflation of 2.00% per annum, plus 1.00% per annum for the effect of real economic growth and productivity gains in the economy.

Mortality

Base mortality rates from the CPM2014Priv table, with a multiplier of 95% based on a review of the plan's actual mortality experience over the period 2007-2015 are considered reasonable for the actuarial valuation. Applying improvement scale CPM-B generationally provides allowance for improvements in mortality after 2014 and is considered reasonable for projecting mortality experience into the future.

Retirement from active membership

The rates of retirement were developed based on a review of plan experience for the years 2007 to 2015 and an assessment of future expectations. All members are assumed to commence their pension at their retirement date.

Pension commencement after termination of employment

All terminated members are assumed to commence their pension at the age that produces the highest liability.

Withdrawal

The rates of withdrawal were developed based on a review of plan experience for the years 2007 to 2015 and an assessment of future expectations.

Percentage of involuntary terminations of employment

No allowance has been made for involuntary terminations of employment since assuming otherwise would not have a material impact on the actuarial valuation results.

Disability incidence/recovery

The rates of disability incidence/recovery are based on a prior assessment performed by Mercer (Canada) Limited. The use of a different assumption would not have a material impact on the actuarial valuation results.

Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form

When provided, the actual data for the spouse and form of payment were used for retired members. For other members, the assumed percentage of members with a spouse is based on the percentages for the general population and an assessment of future expectations for members of the plan.

Years male spouse older than female spouse

When provided, the actual data for the spouse were used for retired members. For other members, the assumption is based on surveys of the age difference in the general population, a review of plan data for the years 2006 to 2015, and an assessment of future expectations for members of the plan.

Provision for non-investment expenses

The liability discount rate is net of all expenses. The assumed level of expenses reflected in the liability discount rate is based on recent experience of the plan and an assessment of future expectations.

Appendix D: Actuarial Basis - Solvency and Hypothetical Windup Valuations

D.1 Methods

Asset Valuation Method

The market value of assets, adjusted for net outstanding amounts, has been used for the solvency and hypothetical windup valuations. The resulting value has been reduced by a provision for plan windup expenses.

The adjustment in respect of the smoothing of solvency assets for purposes of determining the statutory solvency deficiency was calculated as the difference between the going concern value of assets used for the going concern valuation and the market value of assets.

Liability Calculation Method

The solvency and hypothetical windup liabilities for members were calculated using the traditional unit credit cost method.

Other Considerations

The solvency and hypothetical windup valuations have been prepared on a hypothetical basis. In the event of an actual plan windup, the plan assets may have to be allocated between various classes of plan members or beneficiaries as required by applicable Pension legislation. Such potential allocation has not been performed as part of these solvency and hypothetical windup valuations.

D.2 Solvency Incremental Cost Actuarial Method

To calculate the Solvency Incremental Cost ("SIC"), we used the same method as for the solvency valuation.

No new entrants have been considered on the basis that such assumptions would not have a material impact on the SIC. The benefits and members' contributions were projected using the going concern valuation assumptions and the plan provisions.

We adjusted the expected settlement method at the end of the projection period to reflect demographic evolution. Regardless of that change, we used the discount rate applicable on the settlement method at the valuation date for each member. The liability discount rates (before averaging) are expected to remain at their current level over the projection period.

D.3 Actuarial Assumptions

	December 31, 2016	December 31, 2015
Economic Assumptions (per annum)		
Liability discount rate (before averaging for solvency and for hypothetical windup)		
■ Annuity purchase (non-indexed)	3.10%	3.10%
■ Annuity purchase (fully-indexed)	-0.09%	-0.05%
■ Annuity purchase (partially-indexed)[1]	0.71%	0.74%
■ Commuted value (non-indexed)	2.20% for 10 years, 3.50% thereafter	2.10% for 10 years, 3.70% thereafter
■ Commuted value (fully-indexed)	1.10% for 10 years, 1.30% thereafter	1.30% for 10 years, 1.80% thereafter
■ Commuted value (partially-indexed)[1]	1.40% for 10 years, 1.90% thereafter	1.50% for 10 years, 2.30% thereafter
Liability discount rate (after averaging for solvency)		
■ Annuity purchase	3.44%	3.58%
■ Commuted value	2.44% for 10 years, 3.84% thereafter	2.52% for 10 years, 3.96% thereafter
Discount rate for determining amortization payments[2]	3.00%	3.40%
Escalation of *Income Tax Act (Canada)* maximum pension limitation[3]	1.13% for 10 years, 2.14% thereafter	1.16% for 10 years, 2.20% thereafter
Demographic Assumptions		
Mortality	CPM2014 Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B	Same
Withdrawal	N/A	Same
Disability incidence/recovery	N/A	Same
Retirement/pension commencement	Described in detail in D.4	Same
Other		
Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form	90%	Same
Years male spouse older than female spouse	3	Same

	December 31, 2016	December 31, 2015
Percentage of members receiving settlement by commuted value transfer[4]	Retired members and beneficiaries: 0% Other members: ■ Not eligible for retirement: 60% ■ Eligible for retirement: 20%	Same Other members: ■ Not eligible for retirement: 70% ■ Eligible for retirement: 40%
Provision for expenses solvency and hhypothetical windup expenses	$7,000,000	0.25% of assets

Notes:

1 Applicable to New Society and New Management members only.

2 Equal to the liability-weighted average of the liability discount rates for settlements by commuted value transfer (rate in effect for the first 10 years) and annuity purchase.

3 The *Income Tax Act (Canada)* maximum pension limit is $2,914.44 per year of service in 2017 and is indexed starting in 2018.

4 The balance are assumed to receive settlement by annuity purchase.

D.4 Rationale for Actuarial Assumptions

The rationale for the material actuarial assumptions used in the solvency and hypothetical windup valuations is summarized below.

The actuarial assumptions used in the solvency and hypothetical windup valuations do not include margins for adverse deviations.

Liability discount rate for solvency (before averaging) and hypothetical windup

Portion of the solvency and hypothetical windup liabilities expected to be settled by a group annuity purchase: Based on the CIA annuity purchase guidance applicable at the valuation date. The duration of the liabilities assumed to be settled through the purchase of non-indexed annuities is 11.9.

Portion of the solvency and hypothetical windup liabilities expected to be settled by commuted value transfer: Prescribed rates at the valuation date.

Liability discount rate for solvency (after averaging)

The average discount rates for calculation of the statutory solvency deficiency are based on the following:

- Benefits that are expected to be settled by a group annuity purchase, the average of the annualized approximate annuity purchase rates at December 31, 2016 and the four previous year-ends[1], determined as follows:

December 31, 2012	3.44%
December 31, 2013	4.38%
December 31, 2014	3.18%
December 31, 2015	3.10%
December 31, 2016	3.10%
Average	3.44%

Note:

[1] The approximate annuity purchase interest rates prior to October 1, 2015 have been adjusted to reflect the change in the mortality table assumption applicable to the determination of liabilities settled by group annuity purchase.

- Benefits that are expected to be settled by commuted value transfers, the average of the interest rates determined under the *Standards of Practice for Pension Commuted Values,* published by the Canadian Institute of Actuaries, at December 31, 2016 and the four previous year-ends[1], determined as follows:

	Rate for 10 years	Rate after 10 years
December 31, 2012	2.40%	3.60%
December 31, 2013	3.00%	4.60%
December 31, 2014	2.50%	3.80%
December 31, 2015	2.10%	3.70%
December 31, 2016	2.20%	3.50%
Average	2.44%	3.84%

Note:

[1] The *Standards of Practice for Pension Commuted Values* effective on December 31, 2016 are assumed to have always been in effect when determining the interest rates prior to October 1, 2015.

Escalation of Income Tax Act (Canada) maximum pension limitation

The maximum pension is indexed annually with the expected increase in the Industrial Aggregate Wage index (commuted value transfers, inflation rate, plus 1.0%).

Pre-retirement and Post-retirement pension increases

For the solvency valuation, as permitted under the Pension legislation, pension increases are assumed to be nil. For the hypothetical windup valuation, the assumption has been determined by applying the increase provision specified in the plan to the inflation assumption.

Mortality

For benefits that are expected to be settled by group annuity purchase and commuted value transfer: Prescribed table. No pre-retirement mortality has been assumed in order to approximate the value of pre-retirement death benefits.

Retirement/pension commencement

For active and disabled members:

- Members eligible to retire: pension commences at the age that produces the highest actuarial value (including statutory grow-in rights).

- Members with age plus continuous service greater than or equal to 55 years and employed in Ontario or Nova Scotia: pension commences at the age that produces the highest actuarial value of pension (including statutory grow-in rights).
- Other members: pension commences at the age that produces the highest actuarial value

For deferred vested members:

- Members are assumed to retire at the earliest age at which they qualify for an unreduced pension.

For the benefits that are expected to be settled by a group annuity purchase, this is consistent with the expected assumption that will be used by insurers to price the group annuity. For benefits that are expected to be settled by commuted value transfers, this assumption is in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values.

Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form

See rationale for going concern assumptions in Appendix C.

Percentage of members receiving settlement by commuted value transfer

This assumption has been determined by considering the benefit provisions of the plan, legislative requirements to offer specific settlement options to various classes of members, and, in particular, the options to be provided to members upon plan windup.

The assumption also reflects the expectation that members further from retirement are more likely to elect to settle their pension benefit by a commuted value transfer, while members closer to retirement are more likely to elect to settle their pension benefit through a group annuity purchase where this option is available. In addition, the assumption reflects past plan experience for terminating and retiring members.

Provision for expenses

Allowance was made for normal administrative, actuarial, legal and other costs which would be incurred if the plan were to be wound up (excluding costs relating to the resolution of surplus or deficit issues). The actuarial valuation is premised on a scenario in which the employer continues to operate after the windup date. In establishing the allowance for plan windup costs, certain administrative costs were assumed to be paid from the pension fund (consistent with past practice) while other costs were assumed to be borne directly by the employer.

Appendix E: Membership Data

Summary of Membership Data

Active members

	December 31, 2016	December 31, 2015
■ Number	5,310	5,355
■ Average age	44.1	44.1
■ Average credited service	13.0	13.3
■ Annual payroll	$ 550,645,330	$ 543,523,888
■ Average payroll	$ 103,700	$ 101,498
■ Accumulated contributions with interest	$ 374,506,285	$ 367,013,623

Disabled Members

	December 31, 2016	December 31, 2015
■ Number	137	131
■ Average age	54.3	54.9
■ Average credited service	22.3	23.4
■ Annual payroll	$ 12,298,641	$ 11,169,636
■ Average payroll	$ 89,771	$ 85,264
■ Accumulated contributions with interest	$ 9,357,538	$ 9,230,244

Comment:

The following distribution relates to active and disabled members. The following meanings have been assigned to age and credited service:

- Age: Age as at December 31, 2016
- Credited Service: Credited service as at December 31, 2016
- Payroll: Estimated 2017 pensionable earnings

Active and Disabled Members

		Credited Service								
Age		*0 - 4*	*5 - 9*	*10 - 14*	*15 - 19*	*20 - 24*	*25 - 29*	*30 - 34*	*35 +*	*Total*
< 25	Number	35								35
	Average Earnings	77,466								77,466
25 - 29	Number		140							473
	Average Earnings	87,701								89,845
30 - 34	Number	312	692	40						1,044
	Average Earnings	90,693								96,920
	333									
		94,944								
35 - 39	Number	146	364	184	21					715
	Average Earnings	94,786			108,281					101,330
		99,199	106,071							
40 - 44	Number	82	233	153	53					521
	Average Earnings	97,691	105,111							105,817
		99,702	108,952							
45 - 49	Number	51	194	101	41	25	122			534
	Average Earnings	100,550				114,284				108,027
			107,878	115,547						
50 - 54	Number	55	174	95	93	32	420	153	8	1,030
	Average Earnings	105,114				105,991				
		104,419	112,913	115,371		109,094				
55 - 59	Number	34	124	59	65	17	177	159	74	709
	Average Earnings	91,969	102,265			116,122				
		103,287	108,809	107,024		110,875	110,846	111,512	108,596	
60 - 64	Number	14	50	33	38	6	54	40	66	301
	Average Earnings	92,786	105,568			129,779				
			107,267	114,299		107,555	112,538	124,596	109,578	
65 +	Number	2	15	16	6	2	14	16	14	85
	Average Earnings	102,240				209,079				
			108,867	107,559		106,132	112,811	102,387	106,435	
Total	Number	1,064	1,986	681	317	82	787	368	162	5,447
	Average Earnings	91,730	100,993			114,875				
		110,902	103,624	93,971		115,982	118,793	119,195	114,131	

Average Age = 44.3 Average Credited Service = 13.3

Retired members

	December 31, 2016	December 31, 2015
■ Number	5,562	5,502
■ Average age	71.7	71.5
■ Total annual pension	$ 238,697,672	$ 240,389,865
■ Average annual pension[1]	$ 42,916	$ 43,691
■ Total temporary annual pension	$ 24,729,454	$ 24,642,237

Beneficiaries and survivors

	December 31, 2016	December 31, 2015
■ Number	1,772	1,777
■ Average age	80.9	80.4
■ Total annual pension	$ 45,251,888	$ 44,098,256
■ Average annual pension[1]	$ 25,537	$ 24,816
■ Total temporary annual pension	$ 510,660	$ 460,627

Terminated vested members

	December 31, 2016	December 31, 2015
■ Number	309	294
■ Average age	53.9	53.5
■ Total annual pension[2]	$ 3,151,778	$ 2,872,957
■ Average annual pension	$ 10,200	$ 9,772

Notes:

1 Excluding temporary annual pension.

2 Prior to application of Income Tax Act maximum pension limits.

Review of Membership Data

The membership data were supplied by Hydro One Inc.'s third-party administrator, Morneau Shepell, as at December 31, 2016.

Elements of the data review included the following:

- ensuring that the data were intelligible (i.e., that an appropriate number of records was obtained, that the appropriate data fields were provided and that the data fields contained valid information);
- preparation and review of membership reconciliations to ascertain whether the complete membership of the plan appeared to be accounted for;
- review of consistency of individual data items and statistical summaries between the current actuarial valuation and the previous actuarial valuation;
- review of reasonableness of individual data items, statistical summaries and changes in such information since the previous actuarial valuation date; and
- comparison of the membership data and the plan's financial statements for consistency.

However, the tests conducted as part of the membership data review may not have captured certain deficiencies in the data. We have also relied on the certification of the plan administrator as to the quality of the data.

Membership Reconciliation

	Actives	Disabled	Terminated vested	Retired	Beneficiaries and survivors	Total
As at December 31, 2015	5,355	131	294	5,502	1,777	13,059
■ New entrants (including re-employed)	232	0	0	0	0	232
■ From disabled	6	(6)	0	0	0	0
■ To disabled	(22)	22	0	0	0	0
■ Terminated (with lump sum payment)	(16)	0	(4)	0	0	(20)
■ Termination (with vested pension entitlement)	(33)	0	33	0	0	0
■ Retirement	(206)	(9)	(13)	228	0	0
■ Deceased (without beneficiary)[1]	(2)	0	(1)	(72)	(110)	(184)
■ Deceased (with beneficiary)	(4)	(1)	0	(96)	102	0
■ New ex-spouse	0	0	0	0	3	3
■ Data corrections	0	0	0	0	0	0
■ Net change	(45)	6	15	60	(5)	31
As at December 31, 2016	5,310	137	309	5,562	1,772	13,090

[1] Includes pensioners whose guarantee period has expired.

Appendix F: Summary of Plan Provisions

The following is an outline of the principal features of the plan which are of financial significance to valuing the plan benefits. This summary is based on the most recently restated plan document as at November 7, 2016 and amendments up to and including the valuation date, as provided by Hydro One Inc. It is not a complete description of the plan terms and should not be relied upon for administration or interpretation of benefits. For a detailed description of the benefits, please refer to the plan document.

Membership

The following categories of employees are members of the Pension Plan:

a) All regular employees (see Note 1a and Note 1b);

b) Employees for whom the Office and Professional Employees International Union was the bargaining agent prior to July 30, 1982;

c) Continuing construction employees who were members admitted to the Ontario Electricity Financial Corporation Pension Plan and its predecessors;

d) Employees who became continuing construction clerical employees after July 29,1982 and before August 8, 1984;

e) Employees who have completed three months of continuous employment as a probationary employee (see Note 1a and Note 1b).

Note 1a: Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005 are eligible after completing three months of continuous employment but are not required to join the Pension Plan.

Note 1b: Management employees who were not eligible to elect to become a member of the Pension Plan on or after September 30, 2015 are no longer eligible to join the Pension Plan.

Any other employee who has completed twenty-four months of continuous employment and who has at least 700 hours of employment or earnings of 35% of the Year’s Maximum Pensionable Earnings (“YMPE”), as defined under the Canada Pension Plan in each of the two previous consecutive calendar years, may elect to become a member of the Pension Plan.

Normal Retirement Date

a) Female members whose continuous employment commenced prior to January 1, 1976: The first day of the month when she in fact retires, coincident with or next following the attainment of age 60 or any subsequent month up to the month coincident with or next following her 65th birthday.

b) All other members: The first day of the month coincident with or next following the attainment of age 65.

Amount of Accrued Pension

Life Pension

a) 2% of the member's "high three-year average" (see Note 6) for each year of credited service, subject to a maximum of 35 years (see Note 2 and Note 3).

Note 2: For Management employees hired on or after January 1, 2004, and Society represented employees hired on or after November 17, 2005 the reference to "high three-year average" is changed to "high five-year average" for pensionable service while a Management or Society-represented employee.

Note 3: For members represented by PWU and the Society, for service accrued after March 31, 2025 for current employees and new hires, the benefit calculated will be determined using "high five-year average" (updated from "high three-year average" used for service accrued until March 31, 2025) as outlined in the respective collective agreements.

LESS

b) 0.625% of the member's "high five-year average" up to the "average YMPE" (see Note 6) for each year of credited service included in (a) above subsequent to December 31, 1965, subject to a maximum of 35 years – see Note 4.

Note 4: Effective July 1, 2001, for members of the PWU, and effective January 1, 2004, for Society represented members hired before November 17, 2005; the factor is reduced from 0.625% to 0.50%.

Bridge Pension (see Note 5)

0.625% of the member's "high five-year average" up to the "average YMPE" (see Note 6) for each year of credited service included in (a) above, subject to a maximum of 30 years, multiplied by 35, and divided by 30. This is generally payable until age 65.

The bridge benefit is reduced for early retirement in accordance with the same early retirement reduction provision applicable to the early retirement life pension described below.

Note 5: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005, no bridge pension is payable for pensionable service while a Management or Society-represented employee. Effective January 1, 2018, Society represented employees hired on or after November 17, 2005 will be entitled to a bridge benefit equal to 0.625% up to the average YMPE for each year of service from January 1, 2018 onward while the member is earning a benefit under the basic formula.

Note 6: "High three-year average"/ "high five-year average" is the average of the member's base annual earnings plus bonuses up to a set percentage during the 36/60 consecutive months when the base earnings were highest. For earnings after 1999, the percentage of bonus under the performance achievement plan included in pensionable earnings is 50%. The "average YMPE" is the average of the YMPE's during the 60 consecutive months when the base earnings were highest.

Early Retirement

Age Plus Service (See Note 7 and Note 8)

A member may retire prior to the normal retirement date without any reduction in the accrued pension, if the sum of the member's age and years of continuous employment is equal to or greater than 82 or the member has 35 years of continuous employment, whichever occurs first (see Note 7).

Note 7: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005, retirement without reduction is available when the sum of the employee's age and years of pensionable service is equal to or greater than 85 or the employee has 35 years of pensionable service, whichever occurs first.

Note 8: For members represented by PWU, for service accrued after March 31, 2025, the early retirement criteria for an unreduced pension will be changed from the sum of the employee's age and years of pensionable service is equal to or greater than 82 to the 85 as outlined in the collective agreement.

25 or More Years of Continuous Employment (see Note 9)

A member who does not qualify for the early retirement provisions above who is at least age 55 and has 25 or more years of continuous employment may retire prior to age 60, in which case the member's accrued pension is reduced by 3% for each year by which early retirement precedes age 60. These reductions also apply to members who elected a deferred pension when they left the Pension Plan and had 25 or more years of continuous employment.

Female Members with More Than 15 Years or Other Members with 15 or More Years but Less than 25 Years of Continuous Employment (see Note 9)

A female member whose continuous employment commenced prior to 1976 with at least 15 years of continuous employment, or any other member with 15 or more years but less than 25 years of continuous employment, who does not qualify for any of the previously mentioned early retirement provisions, may retire within 10 years of normal retirement date. In such a case the member's accrued pension is reduced by 2% for each year up to five years and 3% for each additional year by which the early retirement date precedes the member's normal retirement date.

These reductions apply with respect to a female member whose employment commenced prior to 1976 and who has a deferred pension and at least 25 years of continuous employment at retirement. For any other members who have a deferred vested pension and have fewer than 25 years of continuous employment and are at least age 55 when they request that the pension payments begin, the deferred vested pension will be actuarially reduced (unless the member was eligible for an unreduced early retirement provision in effect when the member terminated active employment).

<u>Other Members</u>

A member, who does not qualify under any of the previously mentioned early retirement provisions, may retire within 10 years of normal retirement date. If the retirement occurred prior to July 1, 2012, the member is also required to have at least two years of Pension Plan membership. In such a case, the pension is the actuarial equivalent of the member's deferred pension provided that the reduction shall not be less than the minimum early retirement reduction required under the *Income Tax Act* (Canada).

<u>Terminated Members with Deferred Pensions</u>

A terminated member with a deferred pension may retire under any of the previously mentioned provisions for early retirement without reduction provided that such provision was in effect on the date of termination. In addition, if the member's employment is terminated on or after July 1, 2012, the member may be eligible for grow-in benefits under the *Pension Benefits Act* (Ontario) ("PBA"), resulting in the member being entitled to early retirement benefits under the Pension Plan that the member would not otherwise be eligible to receive on the date of termination.

Note 9: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005 all references to "continuous employment" are to be replaced with "pensionable service" for service while a Management or Society-represented employee.

Postponed Retirement

Members who work past their normal retirement date shall continue to accrue benefits until December 1st of the calendar year they reach age 71 (or the Income Tax Act age limit, if different), they reach the 35 year service limit, or they terminate employment, whichever occurs first. If a member reaches 35 years of service and ceases contributions to the Pension Plan, service after 35 years is not counted in the calculation of the member's pension, but the pension is calculated using the member's base earnings up to the date of postponed retirement. If the member works past age 71, the member's pension will commence to be paid not later than December 1st of the year in which the member turns age 71.

Pension Increases

Pension increases of 100% (see Note 10) of the increase in the Consumer Product Index ("CPI") (Ontario), for the 12-month period ending in June of the previous year , will be given every January 1 to pensioners, beneficiaries and terminated employees with deferred pensions to an annual maximum of 8% each year after 1999. Any excess will be carried forward to use in future years up to the 8% limit.

Note 10: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005, pension increases of 75% CPI (Ontario) for the 12-month period ending in June of the previous year will be given every January 1, to an annual maximum increase of 6%, with no carry forward.

Disability

A totally disabled employee receives benefits from an income replacement plan and ceases to contribute to the Pension Fund, but continues to accrue credited service. For this member, the base annual earnings for pension purposes are deemed to be increased by the same percentage increases described for pensions above.

Employee Contributions

Members represented by the Management hired on or after January 1, 2004 contribute at the following rates until they complete 35 years of credited service (see Note 11):

Up to and including March 31, 2017,

i. 7.00% of base annual earnings up to the YMPE; and
ii. 9.00% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

i. 7.75% of base annual earnings up to the YMPE; and
ii. 9.75% of base annual earnings in excess of the YMPE;

On and after April 1, 2018,

i. 8.25% of base annual earnings up to the YMPE; and
ii. 10.75% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Members represented by the Management hired before January 1, 2004 contribute at the following rates until they complete 35 years of credited service (see Note 11):

Up to and including March 31, 2017,

iii. 7.00% of base annual earnings up to the YMPE; and
iv. 9.00% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

iii. 8.00% of base annual earnings up to the YMPE; and
iv. 10.00% of base annual earnings in excess of the YMPE;

On and after April 1, 2018,

i. 8.75% of base annual earnings up to the YMPE; and

ii. 11.25% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Members represented by the Society hired on or after November 17, 2005 contribute at the following rates until they complete 35 years of credited service (see Note 11):

Up to and including March 31, 2017,

v. 7.00% of base annual earnings up to the YMPE; and

vi. 9.00% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

v. 7.75% of base annual earnings up to the YMPE; and

vi. 9.75% of base annual earnings in excess of the YMPE;

On and after April 1, 2018,

iii. 8.25% of base annual earnings up to the YMPE; and

iv. 10.75% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Members represented by the Society hired before November 17, 2005 contribute at the following rates until they complete 35 years of credited service (see Note 11):

Up to and including March 31, 2017,

vii. 7.50% of base annual earnings up to the YMPE; and

viii. 9.50% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

vii. 8.25% of base annual earnings up to the YMPE; and

viii. 10.25% of base annual earnings in excess of the YMPE;

On and after April 1, 2018,

iii. 8.75% of base annual earnings up to the YMPE; and

iv. 11.25% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Note 11: For Society represented members hired before November 17, 2005, contributions increase by 0.5% in the event that after January 1, 2004 a valuation report reveals that the solvency assets are lower than 106% of the solvency liabilities. Effective April 1, 2018 this clause is no longer applicable.

Members represented by the PWU contribute at the following rates until they complete 35 years of credited service:

Up to and including March 31, 2017,

i. 8.25% of base annual earnings up to the YMPE; and

ii. 10.25% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

i. 8.75% of base annual earnings up to the YMPE; and

ii. 11.25% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Death Before Retirement

No Surviving Spouse or Eligible Dependent Children

Fewer than two years of Pension Plan membership (Deaths prior to July 1, 2012)

The member's beneficiary or estate receives a cash refund of the member's contributions plus interest.

Two or more years of Pension Plan membership

The beneficiary or estate will receive the following:

- For pre-1987 service: a cash refund of the member's contributions plus interest.
- For post-1986 service: a lump sum equal to the commuted value of the member's pension earned since 1986, plus a refund of any excess contributions.

For deaths occurring on or after July 1, 2012, the beneficiary or estate will be entitled to the death benefits described above regardless of the member's length of service.

Surviving Spouse (see Note 12)

Fewer than two years of Pension Plan membership and less than 10 years of continuous employment

The beneficiary or estate receives a cash refund of the member's contributions plus interest.

Fewer than two years of Pension Plan membership and more than 10 years of continuous employment

The surviving spouse receives an immediate pension of 66.67% of the member's accrued pension earned to the date of death.

More than two years of Pension Plan membership, but less than 10 years of continuous employment

For pre-1987 service: The beneficiary or estate receives a cash refund of the member's contributions plus interest.

For post-1986 service:

- The beneficiary or estate receives a refund of any excess member contributions; and
- The surviving spouse chooses either:

  a. a lump-sum payment equal to the commuted value of the pension earned after 1986, or
  b. an immediate or deferred pension with a commuted value equal to pension earned after 1986.

More than two years of Pension Plan membership, and more than 10 years of continuous employment

For pre-1987 service: The surviving spouse receives an immediate pension of 66.67% of the member's accrued pension earned prior to 1987.

For post-1986 service:

- The beneficiary or estate receives a refund of any excess member contributions; and

- The surviving spouse chooses either:
- a lump-sum payment equal to the commuted value of the pension earned after 1986, or
- an immediate or deferred pension with a commuted value equal to pension earned after 1986. The immediate pension will not be less than 66.67% of the pension earned after 1986.

Note 12: For deaths occurring on or after July 1, 2012, the surviving spouse's entitlement to death benefits for post-1986 service shall be determined without reference to whether the member had more or less than two years of Pension Plan membership. In addition, for deaths occurring on or after July 1, 2012, if the surviving spouse is entitled to the death benefits in respect of the member's post-1986 service, the surviving spouse is also entitled to an amount equal to the member's contributions, with interest, in respect of pre-1987 service, rather than the designated beneficiary or estate.

Dependent Children, No Surviving Spouse

If the member completed 10 years of continuous employment, the survivor's pension is payable to the surviving spouse until death or, if there is no eligible spouse, to the dependent children until age 18 (longer if disabled or in full-time attendance at a school or university). The total benefits paid are subject to a minimum of the member's contributions with interest. A payment of the commuted value of the member's deferred pension less the commuted value of the pension payable to any dependent children is made to the beneficiary or estate.

Death After Retirement

A survivor's pension, being an amount equal to 66.67% of the pension to which the member would have been entitled, is payable on death after retirement to the surviving spouse, subject to other options chosen at the time of retirement. If the survivor spouse subsequently dies and is survived by the dependent children, or the member does not have a surviving spouse and is survived only by dependent children, the 66.67% survivor pension is split among the dependent children and is payable to age 18 (longer if disabled or in full-time attendance at a school or university).

If the member does not have a surviving spouse at retirement, the normal form of pension is a pension payable for life with a guarantee of 60 payments.

Optional forms of pension are available on an actuarially equivalent basis.

Termination of Employment (see Note 14)

Less Than One Year of Pension Plan Membership

A cash refund of the member's contributions plus interest.

More Than One Year But Fewer Than Two Years of Pension Plan Membership

The member is entitled to elect a cash refund of the member's contributions plus interest, or may leave the earned pension benefit in the Pension Plan to be paid upon retirement.

More Than Two Years but fewer than 10 Years of Pension Plan Membership and, either under Age 45, or Fewer Than 10 Years of Continuous Employment

For pre-1987 service: the member is entitled to a cash refund of the member's contributions plus interest, or may leave all of the earned pension benefit in the Pension Plan until retirement.

For post-1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 13) the commuted value of the earned pension.

More Than Two Years but fewer than 10 Years of Pension Plan Membership, and Age 45 or Older with More Than 10 Years of Continuous Employment

For pre-1987 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 13) 75% of the commuted value of the pension and receive a refund of 25% of the commuted value of your earned pension; or to leave 75% of the earned pension benefit in the Pension Plan until retirement, and receive a refund of 25% of the commuted value of the earned pension.

For post-1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 13) the commuted value of the earned pension.

More Than 10 Years of Pension Plan Membership, But Younger Than Age 45

For service from 1965 to 1986: the member is entitled to a cash refund of the member's contributions plus interest; or to leave all of the earned pension benefit in the Pension Plan until retirement; or to leave 75% of the earned pension benefit in the Pension Plan until retirement and receive a refund of 25% of the commuted value of the earned pension.

For post-1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 13) the commuted value of the earned pension.

More than 10 Years of Pension Plan Membership and Age 45 or Older

For pre-1965 service: the member is entitled to a cash refund of the member's contributions plus interest; or to leave all of the earned pension benefit in the Pension Plan until retirement; or to leave 75% of the earned pension benefit in the Pension Plan until retirement and receive a refund of 25% of the commuted value.

For service from 1965 to 1986: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to leave 75% of the earned pension benefit in the Pension Plan until retirement and receive a refund of 25% of the commuted value; or to transfer (see Note 13) the greater of the commuted value of 75% of the earned pension or the member's contributions with interest and receive a refund of 25% of the commuted value of the earned pension.

For post 1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer the commuted value of the earned pension.

If a member is terminated on or after July 1, 2012, the member may be eligible for grow-in benefits under the PBA, which could result in the member being entitled to early retirement benefits under the Pension Plan that the member would not otherwise be eligible to receive on the date of termination. If grow-in benefits apply, this may affect the value of the benefits the member is entitled to receive on termination of employment or retirement.

Note 13: Amounts must be transferred to a pension fund related to another pension plan, a prescribed retirement savings arrangement, or a life annuity which does not commence before the earliest date on which the member would have been entitled to retire.

Note 14: In respect of terminations occurring on or after July 1, 2012, a member is entitled to the earned pension benefits for all service regardless of length of Pension Plan membership, continuous employment or age.

Excess Contributions

Upon the earliest of termination of employment, death or retirement, the amount by which the member's post-1986 contributions with interest exceed 50% of the commuted value of the vested deferred pension accrued after 1986 is refunded to the member (or to the spouse, beneficiary or estate, as applicable in the case of death before retirement).

Upon termination of employment, if a member who has attained age 45 and completed 10 or more years of continuous employment elects to fully divest the pension accrued prior to 1987, the member is entitled to receive the amount by which the contributions with interest made after 1964 but prior to 1987 exceeds the commuted value of the pension accrued after 1964 but prior to 1987. (See Note 15)

Note 15: For terminations occurring on or after July 1, 2012, entitlement to excess contributions in respect of pre-1987 service shall be determined without reference to age or years of continuous employment.

Maximum Benefits

The benefits in respect of continuous employment after 1991 are limited to the maximum allowable under the Income Tax Act (Canada).

Appendix G: Sensitivity Analysis and Other Disclosures

G.1 Sensitivity Information

Amounts determined with a discount rate 1% lower:

Going concern actuarial liability	$ 7,019,634,850
Solvency actuarial liability	$ 7,496,855,401
Employer normal actuarial cost as a percentage of payroll	20.9%

G.2 Solvency Incremental Cost

Solvency Incremental Cost (up to next valuation date)	$ 746,029,299

Actuarial Information Summary

See the instructions for completing this form. If an item does not apply, enter "N/A".

Part I – Plan Information and Contributions

A. 001. Name of registered pension plan
Hydro One Pension Plan

B. 002. Registration number

Canada Revenue Agency: 1059104 Other:

C. 003. Is this plan a designated plan?
☐ Yes ☐ No

D. 004. Valuation date of report
Year Month Day: 2016 12 31

E. 005. End date of period covered by report
Year Month Day: 2019 12 30

F. 006. Purpose of the report (indicate all reasons for which the report was prepared)

☐ Initial report for a newly established plan ☐ Regular (triennial or annual) report for an ongoing plan ☐ Interim report in respect of an amendment to an ongoing plan ☐ Partial termination
☐ Termination ☐ Conversion ☐ Other (explain)

G. Contributions (prior to application of any credits or surplus) for covered period

Periods (see instructions)	Period 1	Period 2	Period 3	Period 4
007. Period start date (YYYY-MM-DD)	2017-01-01	2018-01-01	2019-01-01	
008. Period end date (YYYY-MM-DD)	2017-12-31	2018-12-31	2019-12-30	
Normal cost (defined benefit provision) **009.** Members	46,811,492	47,367,141	46,988,718	
010. Employer	73,261,382	71,354,000	70,650,379	
010a. Explicit expense allowance included in employer normal cost above				
Normal cost (money purchase provision) **011.** Members				
012. Employer				
Special payments Special payments for going-concern unfunded liability and solvency deficiency **013.** Employer	0	0	0	
013a. Members	0	0	0	
Fixed contributions **014.** Estimated dollar amounts of fixed employer and, if applicable, member contributions (defined benefit provision)				
014a. Estimated dollar amounts of fixed employer and, if applicable, member contributions (money purchase provision)				

Part II – Membership and Actuarial Information

H. Membership information	Number	Average age	Average pensionable service	Average salary	Average annual pension
015. Active members	5,447	44.40	13.20	103,349	N/A
016. Retired members	7,334	73.90	N/A	N/A	38,717
017. Other participants	309	53.90	N/A	N/A	10,200

I. Actuarial basis for going-concern valuation (see instructions)

020. Asset valuation method

☐ Market ☒ Smoothed Market ☐ Book ☐ Book and Market combination ☐ Other (specify)

021. Liability valuation method

☒ Accrued benefit (unit credit) ☐ Entry age normal ☐ Individual level premium ☐ Aggregate ☐ Attained Age

☐ Other (specify)

I. Actuarial basis for going-concern valuation (continued)
Selected actuarial assumptions
Where a flat rate is used, enter the rate under "Ultimate rate" and "N/A" under "Initial rate" and "Number of years".

Valuation interest rate	Initial rate (%)	Number of years	Ultimate rate (%)
025. Active members		N/A	5.30
026. Retired members	N/A	N/A	5.30
027. Rate of indexation		N/A	2.00
028. Rate of general wage and salary increase	N/A	N/A	2.50
029. YMPE escalation rate	N/A	N/A	3.00
030. *Income Tax Regulations*' maximum pension limit escalation	N/A	N/A	3.00
031. Rate of CPI increase	N/A	N/A	2.00

035. Year *Income Tax Regulations*' maximum pension limit escalation commences 2018

036. Mortality table

☐ 1994 GAM Static ☐ 1994 Group Annuity Reserving (GAR) ☐ 1994 UP ☐ 80% of 1983 GAM ☐ CPM2014

☐ CPM2014Publ 4 CPM2014Priv ☐ Other (specify) ________

036a. Improvement scale

Has a projection of mortality improvement been made? .... 4 Yes ☐ No

i) Has an assumption of generational mortality improvements been made? .... 4 Yes ☐ No

ii) If applicable, what is the year in which the mortality improvements have been projected? ....

iii) Which scale have you used?

☐ Scale AA 4 Scale CPM-B ☐ Scale CPM-B1D2014 ☐ Other (specify) ________

036b. Adjustment to the mortality table

i) Has an adjustment to the mortality table been made? .... 4 Yes ☐ No

ii) If **yes**, which percentage did you apply to .... Male 0.95 Female 0.95

037. Allowance for promotion, seniority, and merit increases

☐ Included in (line **028**) above 4 Separate scale based on age or service ☐ No allowance

038. Allowance for expenses

038a. Allowance for investment expenses

4 Implicit ☐ Explicit ☐ Both explicit and implicit

038b. Allowance for administrative expenses

4 Implicit ☐ Explicit ☐ Both explicit and implicit

039. If a multi-employer plan, number of hours of work per member per plan year ________

040. Was a withdrawal scale used? .... 4 Yes ☐ No

041. Were variable retirement rates used? .... 4 Yes ☐ No

042. If **no**, what is the assumed retirement age? .... ________

J. Actuarial basis for solvency valuation

Valuation interest rate	Initial rate (%)	Select period	Ultimate rate (%)
045. Benefits to be settled by lump sum transfer	2.20	10	3.50
046. Benefits to be settled by purchase of deferred annuity		N/A	3.10
047. Benefits to be settled by purchase of immediate annuity	N/A	N/A	3.10
048. Rate of indexation	N/A	N/A	N/A

049. Mortality table

Lump sum: ☐ ☐ CPM2014Priv 4 CPM2014 ☐ CPM2014Publ ☐ Other (specify) ________

Annuity Purchase: ☐ 1994 UP Generational ☐ CPM2014Priv 4 CPM2014 ☐ CPM2014Publ ☐ Other (specify) ________

N/A

049a. Improvement scale used

Lump sum: ☐ Scale AA ☐ Scale CPM-B ☐ Scale CPM-B1D2014 ☐ Other (specify) ______ ☐ None

Annuity Purchase: ☐ Scale AA ☐ Scale CPM-B ☐ Scale CPM-B1D2014 ☐ Other (specify) ______ ☐ None

K. Balance sheet information (DB provisions, see instructions)

050. Market value of assets, adjusted for receivables and payables	6,916,807,000
051. Amount of contributions receivable included in market value above	7,390,000

Going-concern valuation

052. Going-concern assets	6,514,329,000
053. Optional ancillary contributions account balance included in going-concern assets above for a flexible pension plan (if applicable)	

Going-concern liabilities

060. For active members	2,004,991,863
061. For retired members	4,031,088,676
062. For other participants	44,570,154
063. For optional ancillary benefits to be provided under a flexible pension plan (if applicable)	
064. Other reserve	

065. Reserve type ☐ Expenses ☐ Ad-hoc indexing ☐ Provision for Adverse Deviation ☐ Other (specify) ______

070. Net funded position—surplus/deficit	433,678,307
071. Additional voluntary contributions	20,000
072. Money purchase assets (if applicable)	0

Solvency valuation

Complete lines **080** to **100** only if the report contains an explicit solvency valuation

Solvency assets

080. Solvency assets with adjustment for expense provision, if any	6,909,807,000
081. Amount of wind-up expense provision reflected in line **080**	7,000,000
082. Optional ancillary contributions account balance included in solvency assets above for a flexible pension plan (if applicable)	

Solvency liabilities

090. For active members	2,369,597,002
091. For retired members	4,127,326,152
092. For other participants	46,840,401
093. For optional ancillary benefits to be provided under a flexible pension plan (if applicable)	
094. Other reserve	

095. Reserve type ☐ Expenses ☐ Other (specify) ______

100. Net solvency position—surplus/deficit	366,043,445
101. Incremental cost	746,029,299

If the plan provides benefit increases coming into effect during the period covered by the report but after the valuation date, have those increases been reflected in:

102. The going-concern liabilities in lines **060** to **064**? ☐ Yes ☐ No ☐ N/A

103. The solvency liabilities in lines **090** to **094**? ☐ Yes ☐ No ☐ N/A

Discount rate sensitivity

	Change in percentage using discount rate 1% lower	Change in amount using discount rate 1% lower	Change in amount using discount rate 1% higher
104. Going-concern liabilities	15.44	938,964,160	
105. Normal cost	31.90	38,323,384	
106. Solvency liabilities	14.56	953,071,872	

L. Actuarial gains or losses

110. Was a gain/loss analysis done? ☐ Yes ☐ No

111. If line **110** is **yes**, indicate the date of the last filed funding valuation report and the net funded position as of that date — Year 2015 Month 12 Day 31 — (37,687,000)

If line **110** is **yes**, indicate amount of gain or loss due to:

112. interest on surplus (unfunded liability)	(2,035,098)
113. special payments made	24,705,000
114. amount used for contribution holiday	0
115. change in actuarial assumptions	61,005,963
116. change in the asset valuation method	0
117. change in liability valuation method	0
118. plan amendments/changes	0
119. investment experience	292,379,000
120. retirement experience	(3,952,266)
121. mortality experience	(10,686,136)
122. withdrawal experience	(2,481,510)
123. salary increase experience	50,654,805
124. optional ancillary contributions forfeited	

Are there major contributing sources other than lines **112** to **124** above (if **yes**, specify)

125. cost of living	11,039,223
126. other	50,078,061
127. all other sources (combined)	658,265

M. Subsequent events

135. Are there any subsequent event(s) that have not been reflected in the valuation? (refer to SOP) ☐ Yes ☐ No

N. Statements of opinion

136. Does the report include the statements of opinion required by the SOP (data, assumptions, methods, accepted actuarial practice)? ☐ Yes ☐ No

136a. Are any of the actuary's statements of opinion qualified? ☐ Yes ☐ No

Financial Services Commission of Ontario — Commission des services financiers de l'Ontario

Part III – Information required by the Financial Services Commission of Ontario

O. Additional valuation information

Going-concern valuation

137. Are benefits under the pension plan provided by an annuity purchase? ☐ Yes ☐ No

138. If line **137** is **yes**,

a) ent the total asset value of the annuities purchased

b) enter the tota liability of the annuities purchased

139. Have escalated adjustments been included in going-concern liabilities? ☐ Yes ☐ No ☐ N/A

Solvency valuation

140.1 If line **137** is **yes**,

a) ent the total asset value of the annuities purchased

b) enter the tota liability of the annuities purchased

140.2 Enter the value of any solvency deficiency payment that is guaranteed by a letter of credit

140.3 Enter the expiry date of the letter of credit, if any (Year / Month / Day)

141. Have any of the excludable benefits been excluded? ☐ Yes ☐ No ☐ N/A

142. If line **141** is **yes**, enter the total amount of liabilities being excluded 3,475,558,136

143. With respect to the type of benefits provided under the plan for service after the valuation date, complete the following table:

Provision type	Benefit accruals for service after valuation date (Yes/No)	Closed(Yes/No)
Defined Benefit	Yes	No
Defined Contribution	No	No

144. (i) Has an averaging method been applied to the market value of assets in determining the solvency asset adjustment? ☐ Yes ☐ No

a) If line **(i)** is yes, indicate the positive or negative amount by which the solvency assets are adjusted as a result of applying the averaging method: (402,478,000)

(ii) Has the averaging method used in determining the solvency asset adjustment changed since the last valuation? ☐ Yes ☐ No

If line **(ii)** is **yes**, complete **(ii)a** or **(ii)b**, as appropriate:

a) The change in method increases solvency asset adjustment by the amount of ______

b) The change in method decreases solvency asset adjustment by the amount of ______

P. Miscellaneous

145. Prior year credit balance	48,000,000
146. Transfer ratio (express in decimal format)	0.6900

Guarantee fund assessment

147. PBGF liabilities	6,543,763,555
148. PBGF assessment base	0
149. Amount of additional liability for plant closure and/or permanent layoff benefits as described in "E" of subsection 37(4) of *Regulation 909, R.R.O. 1990*, as amended	0
149a. Number of Ontario plan beneficiaries	13,090

Part IV – Information required by the Canada Revenue Agency

R. Additional information

173. Surplus/deficit determined at the valuation date as per the instructions:

173a. Going-concern basis ______

173b. Wind-up basis ______

173c. For designated plans, maximum funding valuation basis ______

174. Excess surplus determined at the valuation date:

174a. Going-concern basis ______

174b. For designated plans, maximum funding valuation basis ______

175. For designated plans, employer normal cost determined under the maximum funding valuation basis:

Period 1 ______

Period 2 ______

Period 3 ______

Period 4 ______

176. Minimum surplus required under applicable pension benefit legislation before contribution holiday:

176a. Going-concern basis ______

176b. Wind-up basis ______

177. Maximum amount that could be claimed as eligible employer contribution(s) – defined benefit provisions – under subsection 147.2(2) of the *Income Tax Act*:

177a. Unfunded liability ______

177b. Normal cost:

Period 1 ______

Period 2 ______

Period 3 ______

Period 4 ______

178. Do you have any employees contributing over the limit stipulated under paragraph 8503(4) of the *Income Tax Regulations?* ☐ Yes ☐ No

Retraite Québec

Part V – Information required by Retraite Québec

S. Additional Information

185. Date on which the valuation report was prepared ____________

186. Value of additional liabilities arising from an improvement on a funding basis ____________

187. Value of additional liabilities arising from an improvement on a solvency basis ____________

188. Surplus assets that can be allocated to fund contributions ____________

189. Special payments ____________

190. Total of the letters of credit taken into account in the assets ____________

191. Insured annuities from an insurer taken into account in the actuarial valuation on a solvency basis ____________

T. Additional information for plans whose employer is a municipality, a municipal housing bureau, or an educational institution at the university level

For service prior to the establishment of the stabilization fund

192. Reserve on a funding basis ____________

	Present Value	Amortization payments			
		Period 1	Period 2	Period 3	Period 4
193. Deficiency attributable to the employer					
194. Funding deficiency **194a.** Payable by the members					
194b. Payable by the employer					

For service following the establishment of the stabilization fund

195. Stabilization fund value ____________

	Stabilization contributions			
	Period 1	Period 2	Period 3	Period 4
196. Members				
197. Employer				

	Present Value	Amortization payments			
		Period 1	Period 2	Period 3	Period 4
198. Technical funding deficiency **198a.** Payable by the members					
198b. Payable by the employer					

U. Additional information for pension plans other than those mentioned in Section T, and for which solvency funding does not apply.

199. Target level (as a percentage) of the required stabilization provision ____________

	Stabilization contributions			
	Period 1	Period 2	Period 3	Period 4
200. Members				
201. Employer				

	Present Value	Amortization payments			
		Period 1	Period 2	Period 3	Period 4
202. Technical funding deficiency **202a.** Payable by the members					
202b. Payable by the employer					
203. Stabilization funding deficiency **203a.** Payable by the members					
203b. Payable by the employer					
204. Improvement funding deficiency **204a.** Payable by the members					
204b. Payable by the employer					

Part VI – Certification by Actuary

As the actuary who signed the funding valuation report (the report), I certify that this completed form accurately reflects the information provided in the report.

Dated this 31 (day) day of May (month), 2017 (year)

Signature of actuary

Suzanne Jacques
Print or type name of actuary

Willis Towers Watson PLC
Name of firm

(416)960-7460
Telephone number

suzanne.jacques@willistowerswatson.com
Email Address*

*** Optional information. The Canada Revenue Agency will not communicate on plan specific matters with clients by email, since we cannot guarantee the confidentiality of emailed information.**

Personal information is collected under the authority of section 147.2 of the *Income Tax Act* and is used for the administration of a registered pension plan. It may also be used for any purpose related to the administration or enforcement of the Act such as audit and compliance. Information may also be shared or verified under information-sharing agreements to the extent authorized by law. 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 226.

COSTING OF WORK

1. OVERVIEW

Hydro One Distribution's work program is bundled into packages of work identified as programs or projects. Programs are recurring investments while projects are typically one-time investments. Program and project costs are comprised primarily of activities associated with labour, equipment and material acquisition. This Exhibit details each of these three cost activities, and how the costs are allocated across programs and projects. This costing approach is consistent with the requirements of US Generally Accepted Accounting Principles ("USGAAP").

Hydro One categorizes its costs into two major classifications: common and direct. Common costs, both OM&A and capital expenditures, are allocated to Hydro One Distribution and Hydro One's other accounting segments, as described in Exhibit C1, Tab 4, Schedule 1. For clarity, this Exhibit only describes the allocation of direct costs.

Direct costs charged to work orders include labour (comprising of salaries, benefits and pension costs), material, fleet and supply chain. Labour costs are calculated as a product of actual time multiplied by the standard labour rate. Material costs are charged directly to the work program or project. Fleet costs are charged using a fleet rate. Supply chain costs are charged via a material surcharge. The labour rate, fleet rate and material surcharge are described in detail in the Attachments to this Exhibit.

2. OTHER PROGRAM AND PROJECT COSTS

Depending on the nature of the work, Hydro One Distribution's program or project costs also include additional costs beyond the major contributors identified above. These additional costs may include the costs of external contractors and/or miscellaneous job specific consumables such as travel expenses or the purchase of low value material.

In terms of estimating and costing of capital work, there may be circumstances when removal costs or customer contributions need to be separately identified. In these cases, the cost of removal work is accounted for as depreciation, and customer contributions are netted against gross capital costs.

Capital work also receives a monthly charge for its share of corporate interest and overhead costs. The composition of these two cost categories and the annual calculation are explained in Exhibit D1, Tab 1, Schedule 5 and Exhibit D1, Tab 3, Schedule 1.

2.1 STANDARD RATES

When using standard rates, residual costs naturally arise when actual costs incurred differ from the standards. These variances are accounted for on a monthly basis and assigned to both capital and maintenance programs based on the program and project cost activities responsible for generating the variances.

COSTING OF WORK: LABOUR RATE

1. LABOUR RATE

Labour costs for Hydro One's work execution functions are distributed directly to benefiting programs and projects by using timesheets, consistent with common industry practice. Standard hourly labour rates are used to allocate costs to Hydro One's work programs and projects. This Attachment outlines Hydro One's methodology in deriving the labour rate and provides an example of a typical rate and its components.

The labour rate is "fully loaded" to ensure that all associated support costs required to deploy resources and equipment are accurately and cost-effectively distributed. Included in the "fully loaded" costs are elements associated with compensation. Hydro One's workforce planning and employee compensation strategies are discussed in Exhibit C1, Tab 2, Schedule 1 which outlines the total costs of compensation reflected in the Hydro One Distribution business plan, including, but not limited to, the components of payroll obligations such as base pay, overtime, burdens, pension and OPEB and other costs like short-term incentive payments for management staff.

On an annual basis, the standard labour rates are derived based on information gathered through the annual budgeting process. Total payroll and expense costs along with an assignment of support activity costs, divided by the forecast billable hours, create the standard labour rate. Table 1 shows an example of the composition of a standard labour rate for one category, the Regional Maintainer Electrical Stations – Regular Staff, over the period 2014 to 2022.

Table 1: Standard Hourly Labour Rate Composition

Regional Maintainer Electrical (Stations) – Regular Staff

	Historic			Bridge	Test				
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Payroll Obligations	79.04	79.63	78.61	79.23	79.86	80.46	81.07	81.69	82.30
Contractual time away from work	9.42	9.49	9.03	9.09	9.16	9.23	9.30	9.37	9.44
Time not directly benefiting a specific Program or Project	8.59	8.66	7.57	7.63	7.69	7.75	7.81	7.87	7.93
Field Supervision and Technical Support	17.88	18.01	15.39	15.51	15.63	15.75	15.87	15.99	16.11
Support Activities	18.07	18.21	17.40	17.54	17.66	17.81	17.95	18.08	18.22
Hourly Rate	**133.00**	**134.00**	**128.00***	**129.00**	**130.00**	**131.00**	**132.00**	**133.00**	**134.00**

*Decrease attributable to reduction in operating costs resulting from an updated pension valuation report.

The cost elements embedded in the standard labour rate as illustrated in Table 1 are explained in this Exhibit, using the position of Regional Maintainer Electrical – Regular Staff and its 2017 cost composition, as an example.

1.1 PAYROLL OBLIGATIONS ($79.23)

A brief description of the cost elements included in this position category is provided below. Hydro One's compensation, wages and benefits costs are more fully explained in Exhibit C1, Tab 2, Schedule 1.

(a) Base Labour and Payroll Allowances (60.6% of Payroll Obligations)

Base pay is contractually negotiated and reflected in wage schedules. Payroll allowances are also contractually negotiated and stated in collective agreements. Regular staff (e.g., PWU) is entitled to travel, footwear, and on-call allowances. Casual trades are entitled to board and travel allowances where circumstances require it.

(b) Company Benefits (34.3% of Payroll Obligations)

For regular staff, this is comprised of pension and current and post-employment benefits and health, dental, etc. For non-regular staff (for example, casual trades), this is comprised of pension and welfare contributions made on behalf of the non-regular employee. These contributions are significantly lower than those made on behalf of regular employees.

(c) Government Obligations (5.1% of Payroll Obligations)

This consists of Canada Pension Plan, Employment Insurance, Employee Health Tax and Workplace Safety and Insurance Board contributions.

1.1.1 CONTRACTUAL TIME AWAY FROM WORK ($9.09)

This category consists primarily of employee vacation and statutory holidays, and all are established and identified in the relevant collective agreements. Sickness and accident costs are also included and are based on historical trends.

1.1.2 TIME NOT DIRECTLY BENEFITING A SPECIFIC PROGRAM OR PROJECT ($7.63)

This category includes time for attendance of safety meetings, housekeeping and downtime often created due to inclement weather. These estimates are based primarily on historical trends.

1.1.3 FIELD SUPERVISION AND TECHNICAL SUPPORT ($15.51)

This category includes the costs associated with field trades supervision and other management and technical staff providing support services to manage and monitor the status of the assigned programs and projects.

1.1.4 SUPPORT ACTIVITIES ($17.54)

(a) Administrative Expenses and Support (70.7% of Support Activities)

These costs include administrative expenses such as travel costs, cell-phones and other miscellaneous expenses that cannot be specifically attributed to a particular program or project. Also included is an assignment of costs for clerical support activities and other centralized support to facilitate work management system requirements.

(b) Work Methods and Training (15.9% of Support Activities)

These are costs to design, develop, continually update, maintain and deliver work methods and training programs. Costs are assigned based on the forecast consumption of these services as agreed to by the work methods and training function and service recipient.

(c) Health, Safety and Environmental Support (13.4% of Support Activities)

These are costs to design, develop, update, maintain and deliver health, safety and environmental practices primarily for staff working in field locations. Costs are assigned based on the forecast consumption of these services as agreed to by the health, safety and environment function and the service recipient.

COSTING OF WORK: FLEET RATE

1. OVERVIEW: FLEET RATE

Hydro One controls and manages approximately 8,000 vehicles and other fleet equipment to support its work programs and staffing requirements. Fleet assets are used for both distribution and transmission work and are strategically spread out across Hydro One's vast service territory. The number of vehicles and other equipment in use has grown by 200 since 2015, reflecting an increase in the work programs that need to be executed.

Fleet assets are categorized into 63 classes of equipment. A standard equipment rate, or "Hourly Fleet Rate", is calculated for each class of equipment. Each rate is calculated by dividing the annual forecast cost to maintain each class of equipment by the annual forecast hours that the class of equipment is required to work (utilization hours). Utilization hours are defined as the hours the equipment is being used "on the job". Utilization hours are derived from a review of historical trends and an annual review of the upcoming work program. To illustrate, Table 1 shows the composition of the hourly fleet rate for a line maintenance truck, one of the common classes of equipment used by Hydro One.

Table 1: Hourly Fleet Rate - Line Maintenance Truck

Description	Historic			Bridge	Test				
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operations & Repairs	35.7	36.0	38.0	38.0	38.0	38.7	38.7	39.3	39.3
Fuel Costs	8.9	8.9	6.9	6.9	6.9	7.0	7.0	7.1	7.1
Depreciation	19.9	20.1	12.1	12.1	12.1	12.3	12.3	12.6	12.6
Hourly Rate	**64.5**	**65.0**	**57.0**	**57.0**	**57.0**	**58.0**	**58.0**	**59.0**	**59.0**

In 2017, it is forecast that operations and repair costs will make up 67% of the fleet rate, while fuel costs and depreciation costs will comprise 12% and 21%, respectively.

Table 2 provides total expenditures of the components comprising the fleet rate for historic, bridge and test years. Each of the 63 classes of equipment shares in these expenditures.

Table 2: Fleet Management Services Budget Expenditures ($ Millions)

Description	**Historic**			**Bridge**	**Test**
	2014	**2015**	**2016**	**2017**	**2018**
	Actual	**Actual**	**Actual**	**Forecast**	**Forecast**
Operations & Repairs	60.5	69.7	70.8	74.8	76.2
Fuel Costs	37.3	37.8	21.5	23.9	25.1
Depreciation	30.3	25.0	39.7	40.4	41.4
Subtotal	**128.1**	**132.5**	**132.0**	**139.0**	**142.7**
External Fleet Rentals	2.0	0.6	1.2	**2.0**	**2.0**
Total	**130.1**	**133.1**	**133.2**	**141.0**	**144.7**

2. FLEET RATE COMPONENTS

2.1 OPERATIONS AND REPAIRS

This cost category primarily consists of repair costs (external and internal labour and parts). The budget is based on a forecast of the annual maintenance schedules for each piece of equipment with consideration given to age and performance history. Throughout the year, all repair costs are charged directly to each piece of equipment. Operations costs include administration staff and their allocated share of central service support costs. The increase in forecast for the bridge year is attributable to additional costs related to the telematics system described in Section 3.2.2 of this Exhibit.

2.2 DEPRECIATION

The depreciation for each class within the fleet is calculated based on the current depreciation policies of Hydro One, the current composition of the fleet, and annual forecast additions and deletions. Depreciation costs are expected to be higher beginning in the bridge year due to an increase in fleet size to support work programs.

2.3 FUEL COST

Fuel cost per class of equipment is calculated based on past history, current market projections, and the current composition of the class. Throughout the year, fuel costs are charged directly to the piece of equipment consuming the fuel.

2.4 EXTERNAL FLEET RENTALS

Due to the seasonal and fluctuating nature of its work program, Hydro One uses externally-owned equipment to meet the peaks in its programs. Using a process similar to that used to cost Hydro One's own fleet, standard rates are calculated and costs are distributed to programs and projects.

3. FLEET MANAGEMENT SERVICES

The Fleet Management Services function ("Fleet Management Services") provides centralized and turnkey services that include maintenance, administration, vehicle replacement and disposal. Vehicles are maintained to an optimum level to ensure public and employee safety, and compliance with laws and Ministry regulations, including, but not limited to CSA 225, the *Highway Traffic Act* and the Commercial Vehicle Operator's Registration. Fleet Management Services also ensures that environmental impacts are minimized and line-of-business productivity is optimized by minimizing downtime and travel time, and by optimizing technology and continuous improvement opportunities.

Fleet Management Services has adapted to the changing needs of its business by:

- converting the Company's fixed zone model for responding to internal requests to a mobile model, with maintenance garages strategically placed throughout the province to facilitate a more rapid turnaround for vehicle servicing;
- optimizing the number of geographical locations served through implementation of garage hubs;
- reducing equipment downtime and improving equipment utilization;
- providing more competitive and cost-efficient fleet support, enhanced through the procurement of modern maintenance facilities;
- adopting a flexible service delivery model that matches the nomadic and variable work program needs of Hydro One's lines of business with service delivery options that mirror private sector practices (e.g., shift work, extended hours of service and mobile service delivery);
- developing more timely, strategic and cost-efficient processes for equipment procurement and disposal;
- developing a long-range capital replacement program; and
- adopting data collection and information management systems that match the nomadic requirements of the company's business units.

3.1 MAINTENANCE MODEL

Fleet Management Services has developed a balanced maintenance model for mobile service delivery and centralized facilities. This model provides for 41 provincial locations and balances geographical customer requirements, travel time, third-party vendor support, and response time. Mobile/satellite repair units minimize costs organizationally by providing timely on-site field support for various nomadic work programs, such as vegetation control, new construction and off-road tower maintenance. Services provided to the lines of business meet the rigorous requirements of Fleet Management Services' agreements and are structured as a mobile model to meet work requirements. The inspections and maintenance program is detailed in Section 2.3.3.3 of the Distribution System Plan, which is provided at Exhibit B1, Tab 1, Schedule 1 (the "DSP").

3.2 MANAGED SYSTEMS

3.2.1 FLEET MANAGEMENT SYSTEM

The strategic alliance to implement a Fleet Management System ("FMS"), developed with Automotive Resources International in 2003, has been extended to 2020. The FMS uses an automated web-based system that uses a single credit card for each vehicle to capture all operating costs including fuel, parts and repairs. The FMS also incorporates programs to manage contracts, such as tender agreements, and the system prescribes spending guidelines and negotiated discounts. The system measures a variety of targets that reconcile approved purchase orders, estimates versus actuals, and vendor-related expenditures, discounts and complaints.

The benefits of the FMS include:

- improved scheduling of preventative maintenance, reduced repair times, reduced travel time and reduced equipment downtime;
- increased access to a number of vendors for fuel, repairs, and parts, thus minimizing cost and downtime;
- improved cost and efficiency, through carefully-considered procurement strategies and economies of scale, including improved volume discounts for fuel, parts and service;
- a toll-free number for repairs, roadside assistance and towing, and improved reporting and data collection; and
- exposure to best practices for fleet management by similar sector organizations.

The FMS uses a variety of linked programs to manage the data and information for all facets of the business, including internal and external repairs. This takes advantage of both internal and external intelligence and technology.

The maintenance program minimizes avoidable and expensive repairs and minimizes equipment downtime, which results in improved equipment utilization. Both internal and external service providers have access to the appropriate information through state-of-the-art automated management systems, allowing for quality decision-making at all levels of the maintenance program. Examples of the information provided include:

- real-time vehicle history;
- warranty criteria and warranty recovery;
- work and resources scheduling tool;
- pending and overdue work information alert system;

- product information, including vendor-specific information;
- repair and safe practices manuals;
- process and policy information;
- invoice and cost-management details;
- monthly and ad-hoc reports; and
- work order management.

3.2.2 TELEMATICS

Fleet Management Services has implemented a fleet telematics system for 4,700 fleet vehicles that provides significant enhancements to operator safety, workplace efficiency and reduction of environmental impacts. This project was completed at the end of 2016.

In 2017, Fleet Services will leverage the telematics data to institute a framework to define the baseline metrics with respect to equipment utilization and productivity. Analysis of the telematics data will allow Hydro One to realize sustainable efficiencies throughout the 2018 to 2022 planning period, preventing the need to purchase additional resources and reducing costs without compromising service quality. Such efficiencies allow Hydro One to maintain service levels without asking customers to pay more. The expected savings and benefits are detailed in Section 1.5.1 and 2.3.3.3 of the DSP using 2017 as the base year.

3.3 FLEET COMPLEMENT AND UTILIZATION

Inventory levels are controlled and set by the Hydro One lines of business and Fleet Management Services within the guidelines set for staffing versus fleet ratio, type and volume of work programs, geographic locations, and utilization targets. The increase in the fleet complement, therefore, is directly related to the increase in the company's work on system infrastructure and corresponding staffing levels. Fleet Management Services' 41 facilities support 46 forestry operational centers, over 1,000 distribution stations, 290 transmission stations, and 66 provincial lines operational centers. The fleet complement is detailed in Section 2.3.3.3 of the DSP.

As capital and OM&A investments have been increasing, the options to meet increased equipment demand include the purchase of new equipment, rental of additional equipment or increased utilization of existing equipment. The best option is to increase utilization, which minimizes capital investment compared to the option of additional purchases. Simultaneously, it avoids the additional cost of external rentals, which is approximately 30% higher than owned equipment rates based on an internal assessment.

The benefits of improving utilization include:

- decreased long-term capital requirements;
- improved ability to respond to fluctuations in work programs; and
- reduced rental costs, with a correspondingly lower impact on the OM&A budget.

Equipment utilization averages have increased from approximately 65% in 2001 to approximately 80% in 2016. The 2017 average equipment rate is $21.69 per hour. This is calculated by dividing total annual fleet equipment costs by total annual fleet utilization hours.

3.4 FLEET MANAGEMENT SERVICES BUDGET

Fleet Management Services' annual budget is developed and managed based on the all-in costs of operating the fleet and the following criteria:

- historical and forecast fixed and variable costs including fuel, depreciation, maintenance and repair, labour/staffing, and external rentals;
- historical cost and mechanical fitness evaluations;
- work program forecasts provided by the lines of business;
- estimates provided by internal and external providers;
- requirements of the capital/vehicle replacement program; and
- projected escalators.

COSTING OF WORK: MATERIALS SURCHARGE

1. OVERVIEW: MATERIAL SURCHARGE RATE

Hydro One applies a standard material surcharge rate, which captures applicable supply chain procurement costs, to material costs. Material costs charged to a project or program are based on the issue cost, which is either the "moving average price" or the direct-shipped purchase order price. On a monthly basis, total monthly material charges are surcharged with a fixed percentage cost to recover costs associated with purchasing, transportation and inventory management. The percentages range from 8% to 19%, depending on work program service requirements. The percentages are derived by dividing the costs assigned to each work program or project for these activities (based on an annual assessment of the program's consumption of these services) divided by the annual forecast of purchased material.

The costs recovered in the surcharge are as follows:

- Hydro One Costs - management, demand planning, warehousing and transportation of material, and investment recovery (comprising approximately 60% of the total costs); and
- Inergi LP ("Inergi") Contract Costs - procurement (comprising approximately 40% of the total costs).

2. SUPPLY CHAIN SERVICES

This section describes the budgeted cost levels and components of supply chain services.

Table 1: Supply Chain Services ($ Million)

	Historic			Bridge	Test				
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Total	38.0	38.5	35.4	38.2	37.9	35.5	33.7	30.7	30.7

As Table 1 shows, the forecast 2017 costs for supply chain services are expected to be $38.2 million and remain fairly flat through 2018. These services include strategic sourcing (purchase) of materials and services, storage and distribution of materials, demand planning, inspection services, transportation, inventory management, and investment recovery of disposed assets. The components of supply chain services performed by Inergi include sourcing (i.e., purchasing) of materials and services, inspection services, execution of transportation contracts, and contract management.

Supply chain costs are forecast to decline over the 2017 to 2022 period, notwithstanding Hydro One's increasing work program. Declining supply chain costs are expected to be achieved through continuous improvements related to the streamlining of business processes and the implementation of enabling technology. The efficiencies Supply Chain Services has realized reflect Hydro One's commitment, company-wide, to operational effectiveness as it develops an investment plan that aligns customer needs, asset needs and rate impact.

2.1 SUPPLY CHAIN POLICIES AND PROCEDURES

Hydro One acquires materials and services through a process that drives value for money, transparency to its internal customers, and builds mutually valuable relationships with key suppliers. Proposal responses are evaluated based on predefined evaluation criteria by cross-functional teams as required. The outcome of the evaluation is the foundation for awarding procurement contracts. Details on Hydro One's procurement policy are provided in Exhibit C1, Tab 5, Schedule 1.

2.2 SOURCING OF MATERIALS AND SERVICES

The sourcing of materials and services includes the following:

- Demand Management and Procurement – market intelligence with respect to commodities, processing purchase transactions, and inspecting and expediting services to ensure delivery of contract commitments; and
- Sourcing and Vendor Management – services to support sourcing all commodities and services which include managing the size and composition of the vendor base and resolving issues.

Hydro One manages its procurement and supply base by using strategic sourcing in the acquisition of goods and services. Strategic sourcing is a disciplined business process for purchasing goods and services on a company-wide basis using cross-functional teams to manage the supply base as a valued resource. The methodology's process includes spending analysis, market analysis, development of a sourcing strategy, negotiation, award, and contract management.

2.3 INSPECTION SERVICES

Inergi is engaged to provide timely inspection services to assure that products are manufactured in accordance to specifications established by Hydro One, and tracks costs and schedules on a product and project basis. Inspectors perform vendor plant audits, including emergency and ad-hoc inspections to ensure conformance to contract specifications, as well as coordinate and monitor non-conformance resolutions and performance issues with vendors' plants and operations.

2.4 STORAGE AND DISTRIBUTION OF MATERIALS - WAREHOUSING

Hydro One's central warehouse operation in Barrie is responsible for the storage and distribution of materials for the service centres and station locations. This warehouse services the operations and maintenance organization that is further serviced through 81 field service centres, 29 station locations and eight construction sites. The field staff is responsible for receiving shipments and for storing and ordering material. Deliveries to the service centres are contracted to a third-party transportation carrier.

The intent of a consolidated warehouse operation is to realize efficiencies through focusing on activities such as:

- minimizing and/or consolidating order quantities to leverage discounts with vendors;
- consolidating freight to each location to minimize the frequency and cost of deliveries;
- managing and coordinating the delivery of materials on the scheduled delivery date to service centres to ensure that field operations receives the right materials at the right time; and
- improving receipting efficiency by integrating with the contracted transportation company to provide visibility into the supply chain and scheduling the inbound shipment.

2.5 TRANSPORTATION

Hydro One manages its inbound and outbound transportation of materials through contracts with third parties. In 2013, Hydro One entered into a new transportation contract for material delivery in and out of the central warehouse. In some instances, material is shipped directly from the supplier to the job site. In these instances, internal labour and fleet must be used pursuant to collective agreements.

2.6 INVESTMENT RECOVERY

The final step of the supply chain is the disposal and investment recovery of end-of-life assets. This recovery is typically in the range of \$3.1 million to \$3.8 million per year, and primarily involves vehicle sales and scrap metal. Hydro One continues to focus on extracting the maximum value possible from the sale of these assets. Table 2 summarizes the sale of assets through the Investment Recovery Program.

Table 2: Sales of Assets through Investment Recovery Program (\$ Millions)

Type of Sale	Recovery 2014	Recovery 2015	Recovery 2016
Vehicle Sales	1.4	2.7	1.9
Scrap Metal	1.7	1.1	1.1
Total	**3.1**	**3.8**	**3.0**

2.7 COST SAVINGS FROM STRATEGIC SOURCING

Strategic sourcing is a major focus for Hydro One, as the company emphasizes cost control and security of supply, while markets remain volatile and demand in the global utility sector increases. Savings are realized in the purchase of major equipment commodities and services, for example, power transformers, distribution transformers and circuit breakers.

Strategic sourcing results vary between commodities and are largely a result of increased leverage and reduction of total life-cycle cost for materials and services.

The main benefits of sourcing strategies are listed below:

- Active involvement of internal stakeholders to communicate their business needs for the products and services;
- Cost reduction by increased leverage of company-wide expenditures – Purchases are consolidated by commodity and/or service to ensure that the business receives maximum value. An added benefit is that this approach eliminates the need to tender and purchase as requirements surface;
- Reduced total life-cycle cost for materials and services – When purchasing equipment, all aspects are identified to ensure that Hydro One acquires maximum value for the life-cycle of the equipment. For example, specifications, maintenance requirements, installation services and warranty services are defined and reviewed to ensure that business needs will be met, and order and invoice processes, lead time and inventory requirements, etc. are evaluated to determine where greater efficiencies may be realized;

- Improved security of supply through longer-term agreements – To maximize value, longer-term agreements are established with fixed prices, or formula pricing is considered to ensure that Hydro One achieves best value; and
- Improved and/or consistent quality of material and services.

Following the 2015 Initial Public Offering ("IPO") of Hydro One Limited shares, Hydro One identified opportunities for cost savings and productivity improvements. As described in Exhibit C1, Tab 5, Schedule 1, Hydro One's Supply Chain division is refining its current approaches and introducing new approaches to increase both savings potential and productivity efficiencies for Hydro One. Its planned enhancements to sourcing approaches are detailed in Section 1.5.1.3 of the Distribution System Plan (the "DSP") provided as Exhibit B1, Tab 1, Schedule 1. Table 20 (Procurement Productivity – Category Overview) in Section 1.5.1.3 of the DSP lists spending categories and their associated potential productivity savings over the test years.

2.8 RECENT IMPROVEMENTS IN SUPPLY CHAIN SERVICES

Hydro One continues to advance its procurement practices. This section lists some works-in-progress intended to improve effectiveness and efficiency. Improvement initiatives include:

- Taulia (e-invoice) Systems – Implementation of this system allows for early pay discount capture rate or payment of an invoice before the due date in an exchange for a discount;
- Supplier Management Program – The recent implementation of new technology will provide an enhanced framework for Hydro One to holistically manage the supply

chain base through a single central repository where all supplier information is consolidated allowing for tighter objective supplier management;

- Volume Discount – Discount achieved through the purchase of goods with multiple units or in large quantities once the agreed thresholds are reached. The discount captured is identified as a percentage of the yearly spend; and
- Spend Analytics – A spending analysis tool was implemented to provide granular visibility into Hydro One’s spending by material or service category, to identify sourcing savings opportunities, and to provide visibility into contract compliance.

SHARED SERVICES AND CORPORATE COST ALLOCATION

Hydro One allocates Common Corporate Costs to its Distribution and Transmission businesses and to each Hydro One affiliate based on clearly articulated shared functions and services and an established cost allocation approach based on cost causality principles.

The Common Corporate Costs OM&A includes the provision of Corporate Common Functions and Services (CCF&S), Customer Service Exhibit C1, Tab 1, Schedule 5, Asset Management Planning Exhibit C1, Tab 1, Schedule 8, Information Technology Exhibit C1, Tab 1, Schedule 9, and Operating Programs Exhibit C1, Tab 1, Schedule 4. CCF&S are described fully in Exhibit C1, Tab 1, Schedule 7 and include Corporate Management, Finance, People and Culture, Corporate Relations, General Counsel & Secretariat, Regulatory Affairs, Security Management, Internal Audit and Real Estate & Facilities.

1. ALLOCATION METHODOLOGY

Since 2004, in connection with each cost of service application, Hydro One has commissioned a study by Black and Veatch (B&V) to recommend a best practice methodology to allocate common corporate costs among the business entities using the common services. The adopted methodology represents the industry's best practices, identifying appropriate cost drivers to reflect cost causality and benefits received. The 2016 report on this study is provided as Attachment 1 to this Exhibit.

As part of the 2016 study, the cost drivers used to allocate the common corporate costs in EB-2013-0416 were updated to incorporate current information.

Hydro One's Planning, Operating and Customer Service groups conducted a time study that is detailed in Section V of the Black & Veatch report. The time study for these groups spanned a four-week period, as described in Attachment 1 to this Exhibit.

Hydro One accepts the results of the 2016 B&V study as a reasonable and equitable approach to the assignment of common corporate costs among the business entities using the common services. This methodology is based on the R. J. Rudden Associates (Rudden) Study that the Board accepted in the Distribution rate decision RP-2005-0020/EB-2005-0378.

2. 2017-2018 ALLOCATED AMOUNTS

The following Tables 1 and Table 2 provide the annual allocation of 2017-2018 CCF&S costs, respectively to all business units.

Table 1: Allocation of 2017 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution	Hydro One Telecom	Hydro One Remotes	Hydro One Inc.	Bruce to Milton	Hydro One Sault Ste. Marie
Corporate Management	23.4	4.6	5.6	0.1	0.1	12.9	0.0	0.1
Finance	41.9	23.6	16.9	0.8	0.3	0.1	0.1	0.1
People and Culture	16.4	8.2	7.8	0.3	0.1	0.0	0.0	0.0
Corporate Relations	15.8	7.8	7.6	0.0	0.1	0.0	0.1	0.2
General Counsel and Secretariat	10.0	5.1	4.2	0.1	0.3	0.1	0.1	0.1
Regulatory Affairs	22.6	8.9	12.8	0.0	0.1	0.8	0.0	0.0
Security Management	4.4	2.1	2.3	0.0	0.0	0.0	0.0	0.0
Internal Audit	6.8	3.6	3.1	0.1	0.0	0.0	0.0	0.0
Real Estate and Facilities	58.7	31.8	26.9	0.0	0.0	0.0	0.0	0.0
Total CCF&S Costs	**200.0**	**95.8**	**87.2**	**1.4**	**1.0**	**13.9**	**0.3**	**0.4**

Table 2: Allocation of 2018 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution	Hydro One Telecom	Hydro One Remotes	Hydro One Inc.	Bruce to Milton	Hydro One Sault Ste. Marie
Corporate Management	23.3	4.6	5.7	0.1	0.1	12.7	0.0	0.1
Finance	40.4	22.7	16.3	0.8	0.3	0.1	0.1	0.1
People and Culture	16.2	8.1	7.7	0.3	0.1	0.0	0.0	0.0
Corporate Relations	17.5	8.8	8.3	0.0	0.1	0.0	0.1	0.2
General Counsel and Secretariat	10.2	5.2	4.3	0.1	0.3	0.1	0.1	0.1
Regulatory Affairs	22.9	9.0	13.0	0.0	0.1	0.8	0.0	0.0
Security Management	4.5	2.1	2.4	0.0	0.0	0.0	0.0	0.0
Internal Audit	6.8	3.6	3.1	0.1	0.0	0.0	0.0	0.0
Real Estate and Facilities	59.5	32.2	27.3	0.0	0.0	0.0	0.0	0.0
Total CCF&S Costs	**201.3**	**96.4**	**88.0**	**1.4**	**1.0**	**13.7**	**0.3**	**0.4**

The funds allocated to the holding company (Hydro One Inc.) are non-regulated and therefore are not recoverable from customers. The percentage has increased significantly from less than 1% on average in the last Distribution rate filing EB-2013-0416 to about 7% on average for the current filing.

REVIEW OF ALLOCATION OF COMMON CORPORATE COSTS (DISTRIBUTION) – 2016

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PREPARED FOR

Hydro One Networks Inc.

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I. Summary

A. BACKGROUND

Black & Veatch Canada Company ("Black & Veatch") is pleased to submit to Hydro One Networks Inc. ("Hydro One") this Report which describes our Review of Allocation of Common Corporate Costs (Distribution)- 2016 ("2016 Review").

In 2004, Black & Veatch was engaged by Hydro One to recommend a best practice methodology to distribute Common Corporate Costs to Hydro One and its subsidiaries and partnership (identified in Table 2). Common Corporate Costs are the costs to provide certain functions and services (identified in Table 3), including those performed by Inergi LP, to Hydro One and its subsidiaries and partnership. Black & Veatch recommended, Hydro One adopted, and the Ontario Energy Board ("OEB") accepted, a methodology to distribute those costs, as described in our *Report on Common Corporate Costs Methodology Review* dated May 20, 2005 ("2005 Common Costs Report").

The OEB-accepted methodology has been applied to Hydro One's Business Plans, and reviewed by Black & Veatch with subsequent reports issued, as follows:

Table 1 - History of Black & Veatch's Cost Allocation Reviews for Hydro One

BLACK & VEATCH REVIEW	BUSINESS PLAN	BLACK & VEATCH REPORT
2006 Review	BP 2007-2011	*Report on Implementation of Common Corporate Costs Methodology* dated May 31, 2006
2008 Review	BP 2009-2013	*Report on Implementation of Common Corporate Costs Methodology* dated September 10, 2008
2009 Review	BP 2010-2014	*Report on Shared Services Costs Methodology* dated June 29, 2009
2010 Review	Updated BP 2010-2014	*Report on Shared Services Costs Methodology – 2011* dated February 26, 2010
2012 Review	BP 2012-2016	*Review of Shared Services Cost Allocation (Transmission) – 2012* dated February 1, 2012
2013 Review	BP 2014-2019	*Review of Allocation of Common Corporate Costs (Distribution) – 2013* dated September 19, 2013
2014 Review	BP 2014-2019	*Review of Allocation of Common Corporate Costs (Transmission) – 2014* dated March 17, 2014
2015 Review	BP-2017-2018	*Review of Allocation of Common Corporate Costs (Transmission) – 2015* dated May 4, 2016

The OEB-accepted methodology to distribute the Common Corporate Costs has been applied by Hydro One to its Business Plan for 2018-2022("BP 2018-2022") data. This Report describes the "2016 Review" that Black & Veatch performed, at Hydro One's request, of Hydro One's application of the methodology to its BP 2018-2022 in connection with its 2018-2022 Distribution rates application, and presents Black & Veatch's conclusions. The methodology remains the same between the Transmission case filed in May 2016 with this Distribution case; albeit the results vary slightly due to the regular updating of inputs and costs drivers that incorporate current information.

B. HYDRO ONE ORGANIZATION

Hydro One Inc. operates through the wholly-owned subsidiaries and partnership listed in Table 2. The OEB regulates, separately, the business units identified as such in Table 2. Each regulated business is required to account separately for its assets, revenues and costs, for both regulatory and financial accounting purposes.

Table 2 – Hydro One Business Units

SUBSIDIARY	BUSINESS	REGULATED	DESCRIPTION
Hydro One Networks Inc.	Distribution	Yes	Owns and operates a distribution system which spans approximately 75% of Ontario and serves approximately 1.3 million customers.
	Transmission	Yes	Owns and operates substantially all of Ontario's electricity transmission system.
Hydro One Remote Communities Inc	Remotes	Yes	Owns, operates, maintains and constructs generation and distribution assets used to supply of electricity to remote communities in northern Ontario.
Hydro One Telecom Inc.	Telecom	No	Sells high bandwidth telecommunication services to carriers, Internet service providers, and large public and private sector organizations.
Hydro One Inc.	Holding	Yes	Subsidiary of Hydro One Ltd. Acts as the holding company of Hydro One's rate regulated businesses.
Hydro One Ltd.	Holding	No	Public company that owns Hydro One Inc. for the transmission and distribution rate regulated businesses and Hydro One Telecom Inc. for non-regulated business activity. Hydro One Ltd. is owned by public shareholders as well as the Province of Ontario.
B2M Limited Partnership	B2M Transmission Line	Yes	Continuous transmission line between the Bruce Nuclear Power Development and Hydro One's Milton Switching station.

C. FUNCTIONS AND SERVICES IN COMMON CORPORATE COSTS

Hydro One provides the functions and services identified in Table 3, to the businesses identified in Table 2. Exhibit A further describes the functions and services provided. The BP 2018-2022 includes 2018 Common Corporate Costs totaling approximately $312 million incurred to perform the relevant functions and services; and the annual total Common Corporate Costs are presented in Table 4.

Approximately 3.72% of the Common Corporate Costs are incurred under an outsourcing arrangement with Inergi LP ("Inergi"). Common Corporate Costs includes the cost included in BP 2018-2022 for sustainment activities outsourced to Inergi services pertaining to finance, accounts payable, and human resources, and pay services.

Table 3 - Functions and Services in Common Corporate Costs

Hydro One Inc. Corporate Office ■ President/CEO Office ■ Chair ■ CFO's Office ■ Treasurer's Office ■ Board of Directors ■ Corporate Secretary - General Counsel ■ Pension Cost ■ Donations ■ Ombudsman Office ■ Investor Relations ■ EVP Strategy Office	**Shared Services and Finance** ■ Real Estate ■ Value Growth ■ Treasury ■ Corporate Controller ■ Taxation ■ Regulatory Affairs ■ Business Planning & Decision Support ■ Outsourcing Services
Operations ■ Distribution Asset Management (Note 1) ■ Planning and Optimization (Note 1) ■ Reliability, Strategies, and Compliance (Note 1) ■ System Planning (Note 1) ■ Network Connections and Development (Note 1) ■ Network Operations (Note 1) ■ Transmission Asset Management (Note 1) ■ VP Planning (Note 1) ■ EVP Office – Operations (Note 1) ■ Strategic Services ■ Key Account Management (Note 1)	**Customer and Corporate Relations** ■ Customer Care Services (Note 1) ■ Customer Strategy and Conservation (Note 1) ■ Customer Program Delivery (Note 1) ■ VP Customer Service (Note 1) ■ Meter to Bill (Note 1) ■ Corporate Affairs ■ First Nations and Métis Relations ■ Bad Debt and Goodwill ■ SVP Customer and Corporate Relations
Information Services ■ Corporate Projects ■ Information Technology ■ Security Operations	**Inergi LP (outsourced services)** ■ Finance ■ Human Resources - Pay Services ■ Accounts Payable
People and Culture	**General Counsel & Secretariat**
Audit	**VP Chief Risk Officer**
Note 1- Department participated in 2015 Time Study; see Section V.	

D. BLACK & VEATCH'S ASSIGNMENT

For the 2016 Review, our assignment was to:

a. Evaluate whether the existing Common Corporate Cost Allocation Methodology continues to be appropriate for Hydro One, and identify changes that are necessary or desirable.

b. Review Hydro One's application of the OEB-accepted Common Corporate Cost Allocation Methodology to the BP 2018-2022, in connection with its 2018-2022 Distribution rates application.

The organization presented in Table 3 reflects the creation of new departments, realignment of departments among groups, and realignment of functions among departments, that Hydro One believes will allow it to serve its customers most effectively and efficiently, based on the current business and regulatory environment.

The Common Corporate Costs Model for BP 2018-2022 reflects these organizational changes. Black & Veatch reviewed the cost driver for each activity to determine its continued applicability, and where necessary, the development of the cost driver was updated to reflect the organizational changes.

Concurrently with this 2016 Review, Black & Veatch reviewed and issued reports on Hydro One's Overhead Capitalization Rate methodology, Common Assets allocation and Allocation of Common Corporate Costs to the Bruce-to-Milton (B2M) Limited Partnership.

E. OVERVIEW OF METHODOLOGY

The Black & Veatch methodology for allocating the costs of Hydro One's Common Corporate Costs was designed to address the following considerations:

- Compliance with OEB precedent including Docket RP-2002-0133 (*In The Matter Of The Ontario Energy Board Act, 1998)*
- Compliance with relevant provisions of the Affiliate Relationships Code for Electricity Distributors and Transmitters ("Code")
- Cost incurrence- Are the costs needed to perform services required by the business units?
- Cost allocation- Are costs appropriately allocated among business units, based on the application of cost drivers /allocation factors supported by principles of causality?
- Cost/benefit- Do benefits received equal or exceed the cost?

An overview of the Black & Veatch cost allocation methodology is described below:

- Identify the functions and services included in Common Corporate Costs.
- Identify activities that are performed to provide those functions and services.
- Based on time and/or cost studies, distribute the annual departmental costs in the BP 2018-2022 among the activities performed by that department in providing the functions and services.
- Distribute the cost of each activity among the business units based on direct assignment when possible, and based on cost drivers when direct assignment is not possible.

- The guiding principle used by the Black & Veatch methodology to assign cost drivers is cost causation.

A cost driver is a formula for sharing the cost of an activity among those who cause the cost to be incurred. Cost drivers are discussed in Section D. The different types of cost drivers are described in Exhibit B.

F. SCOPE OF WORK

Consistent with Black & Veatch's standard practice for consulting assignments, we relied on the genuineness and completeness of all documents presented to us by Hydro One, and we accepted factual statements made to us by Hydro One (e.g., headcount, budgeted amounts) subject only to their overall reasonableness and factual accuracy, but without our independent confirmation. All dollar amounts in this Report are stated in Canadian dollars.

G. CONCLUSIONS AND RESULTS

Black & Veatch believes that Hydro One's current cost allocation methodology continues to be appropriate for Hydro One because it achieves the purposes for which it was designed (to distribute costs in a manner that is consistent with OEB precedent and regulatory practice) and promotes transparency and efficiency.

Based on our review, Black & Veatch concludes that the results of Hydro One's application of the Black & Veatch Common Corporate Cost Allocation Methodology to its BP 2018-2022 data reflects a cost causation-based distribution of the Common Corporate Costs and conforms to the OEB-accepted methodology. The annual results for years 2018-2022 are shown in Table 4.

Black & Veatch also notes that Hydro One management believes that the existing methodology is appropriate for the company, the cost allocation process receives strong support from Hydro One management and is well integrated into the budgeting process and the Common Corporate Costs Model is updated periodically to reflect current information.

Table 4 presents the results of Hydro One's distribution of the Common Corporate Costs in BP 2018-2022, annually for 2018-2022, among its Distribution, Transmission and Other businesses.

Table 4 - Distribution of Annual Common Corporate Costs

Business	2018	2019	2020	2021	2022
($ Millions)	**$**	**$**	**$**	**$**	**$**
Transmission	$ 153	$ 153	$ 153	$ 155	$ 158
Distribution	$ 143	$ 141	$ 142	$ 143	$ 145
Other	$ 16	$ 16	$ 16	$ 17	$ 17
Total	**$ 312**	**$ 310**	**$ 312**	**$ 315**	**$ 320**
(% of Total)	**%**	**%**	**%**	**%**	**%**
Transmission	49%	49%	49%	49%	49%
Distribution	46%	46%	46%	45%	45%
Other	5%	5%	5%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

II. Statement of Approach

This section presents the approaches used by Black & Veatch to evaluate whether the existing Common Corporate Cost Allocation Methodology continues to be appropriate for Hydro One, and to review Hydro One's application of the methodology to the BP 2018-2022 costs of providing the functions and services included in Common Corporate Costs.

A. EVALUATE COST ALLOCATION METHODOLOGY

The Common Corporate Cost Allocation Methodology was first applied to Hydro One's Business Plan 2018-2022. Hydro One requested that Black & Veatch evaluate whether the methodology is still appropriate, and what changes, if any, could be considered. Black & Veatch's approach is discussed in detail in Section III.

B. REVIEW APPLICATION OF COST ALLOCATION METHODOLOGY

In preparing the 2016 Review, Black & Veatch performed the following tasks:

Task 1. Reviewed Hydro One's current organizational structure and identified departments that perform the functions and services included in Common Corporate Costs.

Task 2. Identified the activities performed by each department in order to provide the functions and services identified in Task 1.

Task 3. Determined the Common Corporate Costs in BP 2018-2022 to perform the functions and services in Task 1.

Task 4. Identified the business units that use the functions and services included in Common Corporate Costs.

Task 5. Distributed Common Corporate Costs (time for labour resources and cost for non-labour and Inergi resources) reflected in BP 2018-2022 for departments identified in Task 1, among the activities identified in Task 2.

Task 6. Directly assigned activity costs to business units where a direct relationship exists.

Task 7. For activities where less than all of the BP 2018-2022 costs were directly assigned to business units in Task 6, assigned a cost driver that reflects cost causation.

Task 8. Populated the cost drivers.

Task 9. Reviewed the 2015 Time Study.

Task 10. Computed total Common Corporate Costs allocated to each business unit.

Task 11. Performed analytical review of results.

Task 12. Reviewed the Common Corporate Costs used to perform the computations.

C. PRINCIPLES OF COST ALLOCATION

There are two methods to allocate or distribute shared costs among a utility's business units – Direct Assignment and Allocation. *Direct Assignment* is used when it can be reasonably determined that all or a portion of an activity is performed for a particular business unit. Direct Assignment is completed through the use of time studies or time surveys; where participants either fill out a daily time sheet or provide an indication of how their time is spent throughout the year. Approximately 70% of Common Corporate Cost in the BP 2018-2022 was assigned directly to one or more of Hydro One's business units.

Allocation is used when more than one business unit uses an activity, but the portions of the activity that each uses cannot be directly established through a time study or time survey. In this case, a cost driver must be assigned to distribute the costs of the activity. A cost driver is a formula for sharing the cost of an activity among those entities that cause the cost to be incurred. The principles used by Black & Veatch to assign cost drivers are discussed in Section II.D below.

D. COST DRIVERS

As stated above, a cost driver is a formula for sharing the cost of an activity among those entities that cause the cost to be incurred. The guiding principle that Black & Veatch uses in assigning cost drivers is cost causation. Cost causation means that there is a causal relationship between the cost driver and the costs incurred in performing the activity. In some cases, cost causation cannot be easily implemented or established, in which case selecting cost drivers based on benefits received is a fair alternative treatment.

Other factors considered in assigning cost drivers include:

- Practicality – The cost driver should be understandable, obtainable at reasonable cost, and objectively verifiable in the initial year as well as in subsequent years.
- Stability – Cost driver values should be reasonably stable from year to year. When estimates are used, the cost driver should be able to be estimated with reasonable accuracy, and estimates should be unbiased.
- Materiality – When choosing between cost drivers, small differences can often be ignored in favor of Practicality and Stability (see above).

E. TYPES OF COST DRIVERS

Cost drivers can be classified as External or Internal. *External* drivers are based on data that are external to the cost allocation process, such as physical units or financial amounts.

Internal drivers are based on values computed as an integral part of the cost allocation process. For example, the cost of a supervisor's salary might be allocated in the same proportion as the salaries of the people being supervised, and the cost of general departmental expenses might be allocated in the same proportion as the specifically assigned departmental activities. Exhibit B further describes the different types of cost drivers.

III. Evaluate Cost Allocation Methodology

The Common Corporate Cost Allocation Methodology was first applied to Hydro One's BP 2006-10. Black & Veatch has also reviewed the application of the methodology to subsequent business plans, as listed in Section I.A. The purpose of this portion of the 2016 Review was to evaluate if the methodology is still appropriate, including reviewing changes that were recommended in the past.

Based on our discussions with Hydro One personnel and review of the Common Corporate Costs Model, Black & Veatch determined that the cost allocation methodology continues to be appropriate for Hydro One because:

- It meets best practices since it distributes costs based on cost causation, including the use of direct assignment when possible, and then through the use of cost drivers.
- It has been accepted by the OEB.
- It has the support of Hydro One management, and is understood and accepted by the Hydro One business units.
- It allows the business units to determine precisely what amounts they are charged by department and by activity within the department; this transparency provides a basis for understanding the nature of the charges and value of the services received.
- It is well-integrated with Hydro One's annual Business Planning process and produces reasonably stable results over time.
- It accommodates changes in Hydro One's organization, and the Common Corporate Costs Model can be adapted easily to reflect those changes.

Black & Veatch believes that the current cost allocation methodology continues to be appropriate for Hydro One, because it achieves the purposes for which it was designed (to distribute costs in a manner that is consistent with OEB precedent and regulatory practice), and promotes transparency and efficiency.

IV. Review Application of Methodology to BP 2018-2022

In this Section we will discuss each of the Tasks performed in the Scope of Work, as stated in Section B. This includes the purpose of the Task, the steps performed, the source of the information, and the results.

Task 1. Reviewed Hydro One's current organizational structure and identified departments that perform the functions and services included in Common Corporate Costs.

The purpose of this Review was to evaluate the allocation of the Common Corporate Costs among the businesses that use the functions and services.

The organization of Hydro One Inc. is described in Section I.B. The functions and services support the Distribution business and the Transmission business, and the other businesses listed in Table 2. The departments that perform the functions and services in Common Corporate Costs are listed in Table 3. Exhibit A further describes the functions and services. This information was provided by Hydro One in discussions and documents.

Task 2. Identified the activities performed by each department in order to provide the functions and services identified in Task 1.

The purpose of this task was to identify the activities that are performed in order to provide each of the functions and services.

Functions and services (identified in Task 1) are performed for the benefit of the business units. Activities (discussed in this Task 2) are the tasks performed in order to provide the functions and services. Activities are measured in the amount of resources used.

To distribute the resources required to provide the functions and services included in Common Corporate Costs among the business units on the basis of cost causation, the activities performed were identified and described by Hydro One to Black and Veatch.

Task 3. Determined the Common Corporate Costs in BP 2018-2022 to perform the functions and services in Task 1.

In this task, we obtained the BP 2018-2022 costs for the departments that provide the functions and services included in Common Corporate Costs. Hydro One provided to Black & Veatch the labour and non-labour portions of the BP 2018-2022 for each of these departments, as well as descriptions of major non-labour cost items.

Task 4. Identified the business units that use the functions and services included in Common Corporate Costs.

The business units that use the functions and services included in Common Corporate Costs are listed in Table 2. The information was provided by Hydro One and confirmed by the service recipients.

Task 5. Distributed Common Corporate Costs (time for labour resources and cost for non-labour and Inergi resources) reflected in BP 2018-2022 for departments identified in Task 1, among the activities identified in Task 2.

The purpose of this task was to distribute the resources (time for labour and costs for non-labour and Inergi) required for each of the functions and services identified in Task 1, among the activities identified in Task 2. In subsequent tasks, the cost of each activity was either directly assigned to one or more business units or allocated using cost drivers.

Labour costs

To distribute budgeted labour costs, Hydro One department managers determined the portion of annual time spent by the personnel under their supervision on each of the activities identified in Task 2. Some managers based their estimates on concurrent time records that they maintain, some conducted interviews with their personnel, and some used their informed judgment. Some of the holding company's labour cost was allocated consistent with previous rate filings. The information provided by the managers was reviewed by Hydro One and Black & Veatch and was found to be reasonable and consistent with prior distributions of resources.

Non-labour costs

Budgeted non-labour costs items were examined and distributed based on direct assignment or allocation; this amount includes non-labour costs of departments in the 2015 Time Study. This included OEB invoices, communications programs, insurance costs and claims, human resources programs, labour relations programs, actuarial consultants and audit fee. The balance of non-labour costs includes items such as training and development, non-specific expenses and general expenses.

Inergi costs

The Common Corporate Costs representing functions and services provided by Inergi were distributed among the activities, based on information provided by Hydro One, assignments and allocations by Hydro One and Black & Veatch, and the application of judgment by Hydro One and Black & Veatch. The approach for each of the functions and services provided by Inergi is described below. Exhibit A describes these services in greater detail.

- **Finance –** Costs were assigned among activities based on estimated portion of total amount paid to Inergi to perform the function. Activities were allocated among the business units based on chosen cost drivers that relate to each activity (e.g., Fixed Asset Accounting activity was allocated on Gross Utility Plant).
- **Human Resources –** Costs were assigned among activities based on estimated effort by Inergi. All activities were allocated among the business units based on headcount.

Task 6. Directly assigned activity costs to business units

The purpose of this task was to assign, among the business units listed in Task 4, the resources (time for labour resources and costs for non-labour and Inergi resources) for each activity listed in Task 2. This task was performed concurrently with Task 5 – Distributed Common Corporate Costs (time for labour resources and cost for non-labour and Inergi resources) reflected in BP 2018-2022 for departments identified in Task 1, among the activities identified in Task 2.

For the activities listed in Task 2, Hydro One's departmental managers distributed the resource costs among one or more business units, based on the business units that caused the costs to be incurred. When possible, all or a portion of costs were assigned to a specific business unit.

Task 7. Any portion of an activity that was not assigned to a specific business unit due to its generalized nature was allocated among business units using cost drivers, as described in Task 7. Assigned cost drivers

As discussed above, the costs of activities were directly assigned to business units when possible. The purpose of this task was to select cost drivers for the portion of costs which were not directly assigned in Task 6.

The principles that Black & Veatch used to assign cost drivers are discussed in Section II.D- Cost Drivers. Black & Veatch selected cost drivers based on applying the principles discussed above, its experience in performing cost allocation studies, consultations with Hydro One as to the nature of each activity, and industry practices and regulatory requirements.

Section II.E Types of Cost Drivers describes the types of cost drivers.

Table 5 summarizes the direct assignments and types of costs drivers used to distribute the Common Corporate Costs among the business units. Amounts include the Inergi charges.

Table 5 - Direct Assignments and Cost Drivers for Common Corporate Costs

TYPE	2018	2019	2020	2021	2022
(% of Total)	%	%	%	%	%
Direct Assignment	58.56%	57.79%	57.76%	57.63%	58.54%
Physical	13.03%	13.27%	13.52%	13.57%	13.75%
Financial	20.76%	21.10%	21.39%	21.52%	21.83%
Internal	7.65%	7.84%	7.33%	7.29%	7.33%
Total	100.00%	100.00%	100.00%	100.00%	101.44%

Task 8. Populated cost drivers

The purpose of this task was to determine the values of each cost driver that are attributable to each business unit in order to distribute the costs of each activity among the business units. The supporting information was provided by Hydro One.

Task 9. Reviewed 2015 Time Study

This Task is discussed in Section V.

Task 10. Computed total common corporate costs for each business unit

The purpose of this task was to distribute the total cost of each activity among the business units. The amount distributed was the sum of the amounts directly assigned in Task 6, and allocations based on the cost drivers identified in Task 7.

For allocations based on the cost drivers, the amount allocated to each business unit was computed by multiplying the activity cost to be allocated by the cost driver value for the business unit.

Task 11. Performed analytical review

The purpose of this task was to compare the results of the distribution of the BP 2018-2022 Common Corporate Costs among the business units to the results in the previous 2014 Review, and to understand the differences.

The proportions of the total cost distributed to each business unit have been reasonably similar over time and differences are explained by additions and removal of departments from the Common Corporate Costs (i.e., the 2016 Review included Bad Debt and Goodwill which is 100% Distribution, for the first time), changes in allocations of time, changes in allocator values and changes in departmental functions and activities.

Task 12. Reviewed Common Corporate Costs Model

The purpose of this task was to review the Common Corporate Costs Model that Hydro One has developed for allocating the Common Corporate Costs, to determine if it properly reflects and models the OEB-approved cost allocation methodology for those costs included in the BP 2018-2022.

Black & Veatch first reviewed Common Corporate Costs Model in connection with our 2008 Review, and has reviewed the model for each of the subsequent reviews performed, including this 2016 Review. The model is updated periodically to reflect organizational changes; Business Plan costs; additions to and deletions of departmental activities; time and cost distributions among activities; assignments of allocators; and cost driver values.

The Common Corporate Costs distributes departmental costs among activities (Task 6) and then distributes the cost of each activity based on direct assignments or cost drivers (Task 10).

Based on Black & Veatch's review, the Common Corporate Costs properly implements the OEB-accepted methodology for distributing the costs of corporate functions and services in the BP 2018-2022, and continues to produce a cause-based allocation of costs.

V. 2015 Time Study

Hydro One employees representing approximately $105 million of annual labour costs participated in a time study for the four-week period ending June 12, 2015 ("2015 Time Study").

The departments that participated in the 2015 Time Study are identified in Table 3 (designated by Note 1 next to the department name). The responsibilities of these departments are included in Exhibit A.

The personnel in these departments are able to determine with reasonable accuracy, on a current basis, the time they spend on Distribution Operations and Maintenance, Distribution Capital Projects, Transmission Operations and Maintenance and Transmission Capital Projects because the programs and projects on which they work are clearly defined.

A properly performed time study measures cost causation and is widely accepted as a basis for assigning costs. Hydro One personnel administered the 2015 Time Study using the same design and communication material designed by Black & Veatch and utilized in the time study that occurred in 2013. Black & Veatch's responsibilities included reviewing time study results and the consolidation of the results, and confirming the completeness of the time study and its consistency with the study design. The methodology was the same as used in prior time studies conducted by Black & Veatch for Hydro One.

It was not practical to perform a full-year study, but we believe the results for a four-week period are representative of the full-year. To support this judgment, Black & Veatch reviewed the previous Hydro One time studies, which were completed at different times during the year, and found that the results were reasonably similar to the 2015 Time Study results.

Black & Veatch found that the 2015 Time Study was appropriately designed and completed, the results were correctly compiled, and the methodology was the same as for prior Hydro One time studies performed in connection with Black & Veatch's previous cost allocation reviews. Therefore, Black & Veatch concluded that the 2015 Time Study results were a proper basis for assigning the costs of the departments included in the study between Hydro One's Distribution and Transmission business units.

Exhibit A: Functions and Services in Common Corporate Costs

FUNCTIONS AND SERVICES	DESCRIPTION
Hydro One Inc. Corporate Office (HOI)	
President / CEO Office	Leadership of the staff of the Corporation to ensure that their culture and behaviours lead to achievement of its strategic objectives. Develop and update strategy and establishes performance targets to assess progress towards the goals and objectives defined by the strategy.
Chair	Strategic direction, implementation and results for Hydro One Inc. and for each subsidiary.
CFO's Office	Provide Hydro One and subsidiaries with strategic review and approval for all financial and investment decisions. Review policies and procedures, treasury operations and tax planning, financial control and reporting.
Treasurer's Office	Debt and equity issuance, capital structure management and oversight of Finance- Treasury function.
Board of Directors	Strategic direction, implementation and results for Hydro One Inc. and for each subsidiary.
Corporate Secretary	Provide direction and analysis in areas of: Board and Committee(s); Office of Chair and Board members; Code of Business Conduct; Community Citizenship; Freedom of Information and Privacy, Corporate Archives, Corporate Records, Corporate Secretariat.
General Counsel	Oversee and support Law, Regulatory and Corporate Secretariat General Counsel functions.
Pension Cost	Pension fund contributions.
Donations	Includes donations to support injury prevention, corporate donations (e.g. Salvation Army), energy education, United Way and local community causes. Costs are directly assigned to Shareholder only.
Ombudsman Office	The Ombudsman Office commenced activity following the Initial Public Offering, in order to address complaints escalated from the Customer Service . Prior to that, the Province of Ontario's Ombudsman had authority to investigate issues related to Hydro One customers.
Investor Relations	Investor Relations commenced activity following the Initial Public Offering, in order to communicate with Shareholders and potential investors and address their concerns.
EVP Strategy	Supports the executive team by identifying strategic opportunities and developing related initiatives, including mergers and acquisitions and non-regulated strategy work.
Shared Services and Finance	
Real Estate	Manage and acquire rights of way and easements; manage property taxes; manage SLU revenue programs; manage Employee Relocation Program.

FUNCTIONS AND SERVICES	DESCRIPTION
Value Growth	Seeks ways to leverage Hydro One's core competencies to increase overall value and drive down average cost to serve. Costs are directly assigned to Shareholder only.
Treasury	Risk management including insurance purchasing; insurance claims settlement; financial risk management; cash & banking operations; debt management-prospectus, debt issuance, borrowing, maintain relationship with shareholders; funds management; investor relations-shareholders, creditors, equity analysts & rating agencies; support business activities; project management.
Corporate Controller	Corporate Accounting & Reporting; Revenue Management; Financial Modeling & Analysis; Accounting Policy; Internal Control; IFRS / US GAAP; Inergi Finance; Bill 198; Corporate Compliance.
Taxation	Meet internal and external tax compliance requirements and reduce overall corporate tax liability through tax planning for current and new businesses, acquisitions and dispositions, special projects, tax compliance (including income tax, HST, and DRC returns for all entities), tax accounting, lobbying for legislative tax changes and government tax audits.
Regulatory Affairs	Coordinate applications with OEB; compliance with OEB orders; design and implement regulatory policy; manage relationship with OEB. Tasks include: cost allocation and rate design for regulated Tx and Dx, especially rate structures and rates for Tx and Dx tariffs; implement approved rates; support transmitters' representative on IESO Technical Panel; manage MV Star to support settlement. Includes: Direct billed OEB costs for Tx and Dx; Direct billed NEB costs for Tx; Costs of Rate Hearings before the OEB for Tx and Dx.
Business Planning and Decision Support	Financial modeling & analysis; corporate planning & reporting; regulatory finance; decision support to the lines of business
Outsourcing Services	Manage overall business relationship between Hydro One and Inergi LP.
Operations	
Distribution Asset Management	Create prioritized, defensible distribution system investment strategies and plans to meet Hydro One's Corporate Strategic Objectives including promoting innovation and automation of our grids consistent with maximum customer value. This includes the Distribution Technology roadmap and smart meter deployment including communications infrastructure.
Planning and Optimization	Coordinate the investment planning and investment approvals processes for projects and programs issued to the lines of business from the Planning Business Unit. The investment plan is developed and maintained through the use of various tools, reports and LoB interaction.

FUNCTIONS AND SERVICES	DESCRIPTION
Reliability, Strategies, and Compliance	Promote and facilitate Hydro One's engagement and participation in the development of reliability standards and related IESO Market Rules; Develop, communicate and assist with the implementation of policies, directives, procedures, and processes to ensure an enduring compliance posture with reliability standards.
System Planning	Develop and commit prioritized, defensible transmission development plans, consistent with corporate strategy, to meet government policy, OPA plans, customer needs, regulatory requirements and industry standards. Conduct Regional Infrastructure Planning to meet OEB requirements and to develop regional plans to meet regional supply needs.
Network Connections and Development	Facilitate the connection of new load and generation customers to Hydro One's transmission network, supporting customers' objectives while respecting Hydro One's strategic objectives and resource requirements.
Network Operations	Operates the largest electricity delivery system in Ontario and one of the largest in North America for the needs of the Province of Ontario. Hydro One has a highly skilled and experienced workforce using first-class operating systems located in a state-of-the-art Control Centre. Hydro One is a team working together and safely to ensure Ontario has a safe, reliable supply of electricity.
Transmission Asset Management	Provide asset strategies, investment plans and work definition for the sustainment of the transmission grid to enable safe, reliable, efficient and cost effective delivery in a customer-focused commercial culture that increases enterprise value for our shareholder that provides increased value to our customers.
VP- Planning	Oversees Distribution Asset Management, Transmission Asset Management, Planning and Optimization, Network Connections and Development, System Planning, and Reliability, Strategies, and Compliance.
EVP Office- Operations	Oversight of Operations group.
Strategic Services	Supports the executive team by advancing key strategic initiatives and interfacing with Lines of Business to assist in the implementation of these initiatives, coordinating the development of processes to ensure alignment within the Company and a focus on our key priorities, and providing support to the President and CEO and the Leadership Team.
Information Services	
Corporate Projects	Deliver the projects necessary to maintain and enhance the core services Hydro One provides to its customers across the province. Project delivery is completed by leveraging both internal and external expertise to design and construct using standard and repeatable methods that lead to safe, reliable and cost effective operations of those assets.

FUNCTIONS AND SERVICES	DESCRIPTION
Information Technology	Information technology security; Enterprise IT architecture; Service delivery; Technology services; Governance of IT architecture, Business analysis and information management, Project management; Inergi & Telecom services management. Applications; Compliance security; Data services; Information services; IT operations; System architecture.
Security Operations	Incident reporting and security awareness; Threat intelligence gathering; Physical security and asset threat and risk assessments; Investigations; Theft of electricity consultation and detection; Workplace violence prevention and response; Contract security procurement assistance; Overall security and asset protection advice; Security infrastructure Capital and OM&A investment planning and project management.
Customer & Corporate Relations	
Customer Care Services	Service the approximately 1.1 million distribution customers. Improve customer satisfaction through strategic system and process enhancements, effective services contracting, proactive communications and quality programs. Service programs include meter reading, billing, settlements, customer contact handling and collections. Project work includes regulatory compliance initiatives and service enhancements.
Customer Strategy and Conservation	Design and deliver energy conservation and demand management incentive based programs; Leverage Smart Grid investments to provide customer enablement of new technologies for energy management; Co-ordinate Greener Choices program; Provide input to Corporate Strategic Plan and develop recommendations on emerging strategic opportunities.
Customer Program Delivery	Supports Customer Service and Corporate Relations with five year business plans and the associated three year Dx Rate Filings with the OEB. Includes the Credit & Collections team is focused on reducing arrears and bad debt for both active and final-billed accounts, while working with customers on a variety of payment options to increase customer choice and provide more payment flexibility. Also included is the new Conservation and Demand Management team that delivers province-wide programs in order to meet multi-year targets aimed at reducing energy peaks and the overall consumption on the electricity grid.
Key Account Management	Manage relationships with Hydro One's large customers including over 90 Transmission-connected Industrials, 79 LDCs and 33 Transmission-connected Generators, representing almost 70% of Hydro One's revenues. Includes Operating Support; Account Executives; Contract Management; and Customer Programs.
VP Customer Service	Oversees Customer Service group, which has overall accountability for relationship, affordability and value proposition for products and services provided to customers. Includes bill management, major accounts and value-added services (e.g. conservation). Customer Service also

FUNCTIONS AND SERVICES	DESCRIPTION
	responsible for Advanced Distribution System Project and Smart Meters.
Meter To Bill	Focused on providing clear, accurate, and timely bills to customers. This includes validation of meter reading data, bill calculations, exception handling, retailer transactions, bill creation, bill insertion, and bill issuance.
Corporate Affairs	Support all external and internal communications initiatives. Interact with most other Hydro One departments; special focus on Customer Service. Support major projects including: development of partnership activities; coordinate with external energy agencies (e.g. OPA, IESO), Ministries in Ontario Public Service and internal Hydro One resources. Participate in pre-public consultations with municipalities and First Nations. Support customer strategy, rate strategy, distribution generation strategy; develop working relationships with customers, regulators, shareholder, lenders; labour relations; corporate culture. Includes SVP Customer & Corporate Relations - Oversees the entire Customer Service organization as well as the old Corporate Relations group, including Corporate Affairs, First Nations and Metis Relations and Key Account Management.
First Nations and Métis Relations	Provide First Nations and Métis consultation advice and support; Advise re First Nations and Métis HR strategies; Provide strategic advice to Remotes with respect to First Nations and Métis issues.
Bad Debt and Goodwill	Bad Debt related to Distribution service. Allocated 100% to Distribution.
SVP Customer and Corporate Relations	Oversees VP Customer Service, Key Account Management, Corporate Affairs and First Nations and Métis Relations.
Inergi LP (outsourced services)	
Finance and Accounting Services	Accounts Payable; Accounts Receivable (non-energy); Fixed asset and project cost accounting; general accounting and planning, budgeting and reporting
Human Resources- Pay services	Payroll and related services
Accounts Payable	Invoice processing and payment
People and Culture	
People and Culture	Primarily employee-related services, including administer compensation & benefits programs; decision support for business units; talent management (hiring, succession, development, coaching; high potential employee assessments); recruitment and diversity (diversity programs, grad program, student/co-op, line of business resourcing); data administration; consulting support to LOBs and corporate functions; VP Human Resources. Provide full-scale service pertaining to bargaining, Ontario Labour Relations Board hearings, grievance and arbitration hearings, advice and

FUNCTIONS AND SERVICES	DESCRIPTION
	guidance, plus training to all levels of Hydro One management. Involves interaction with 21 unions and 24 collective agreements.
Audit	
Audit	Provides assurance that internal controls continue to operate effectively, identification and recommendations for areas where controls can break down or need improvement to meet corporate objectives. This includes the VP Chief Risk Officer.
General Counsel & Secretariat	
General Counsel & Secretariat	Provides legal advice to all business units, acting as an internal "law firm" for the Corporation on most aspects of law affecting it, and is also well acquainted with day- to-day requirements of the Corporation.
Telecom Services	
Telecom Services	Provides telecommunications infrastructure across the Province, including both voice and data. Links staff and business applications at Trinity, Richview TS, Markham and London Call Centers, Mill Creek data centre, 125 field offices (400 total sites including stations) and customers via Call Centres and Web sites.
VP Chief Risk Officer	
VP Chief Risk Officer	The VP Chief Risk Office group creates an enterprise-wide comprehensive and uniform approach to anticipate, identify, prioritize, measure, treat and report on key business risks impacting our organization. It puts in place the policies, common processes, competencies, accountabilities, reporting and enabling technology to execute that approach successfully.

Exhibit B: Types of Cost Drivers

TYPE	DESCRIPTION	EXAMPLES
External Cost Drivers		
Physical	Physical units; usually objectively determinate but often require estimates	Headcount (of employees), number of workstations, invoices to vendors
Financial	Financial information from accounting or management reports, budgets or projections	Capital expenditures, Net utility plant, Program Project Costs, Total capital, Total revenue
Blended	Weighted combinations of other drivers, used when one or more drives are applicable and none is clearly preferable; weights determined by judgment	Non-energy Rev_Assets Blend = 50% weight for Non-Energy Revenue and 50% weight for Assets
Driver xBusiness Unit	Any driver may be modified by excluding one or more business units to which the activity does not apply	Cost driver for Business Process Improvements is Operating Maintenance Capital, but Telecom and Remotes business units do not use the shared service, therefore activity cost driver is called Oper Maint Cap xTxR (i.e., Gross Utility Plant excluding Telecom and Remotes)
Internal Cost Drivers		
All Internal Cost Drivers	Use the result of previous allocations as the basis for further allocations	Cost of general departmental expenses might be allocated in the same proportion as the specifically assigned departmental activities

FORM A

Proceeding:...EB-2017-0049......

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is ..David DesLauriers..........................(*name*). I live at ...Westboro......... (*city*), in the .....State................ (*province/state*) of ...Massachusetts.......... .

2. I have been engaged by or on behalf of .Hydro One Networks, Inc.. (*name of party/parties*) to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
   (a) to provide opinion evidence that is fair, objective and non-partisan;
   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date ...February 27, 2017...

David DesL

Signature

Expert Evidence Statement from Black & Veatch Canada Company

This Statement is provided in compliance with Ontario Energy Board ("Board") Rule 13A, regarding the reports listed below ("Reports") dated December 21, 2016, prepared by Black & Veatch Canada Company ("Black & Veatch").

Reports:

- Review of Allocation of Common Corporate Costs (Distribution) – 2016
- Review of Shared Assets Allocation (Distribution) – 2016
- Review of Overhead Capitalization Rates (Distribution) – 2018-2022

Consultant:
Black & Veatch Canada Company
11401 Lamar Avenue
Overland Park, KS 66211

Black & Veatch, and its affiliate Black and Veatch Management Consulting LLC, provide strategic, economic and management consulting specializing in energy matters, in areas such as utility cost allocation and ratemaking, economic analysis, strategy development, operational assessment, industry restructuring support, litigation and regulatory support, and technical analysis.

Qualifications:

The lead experts on this project were:

David DesLauriers

Mr. DesLauriers is a highly experienced Director in Black & Veatch's Rates & Regulatory Services group and specializes in regulated interstate transmission pricing and wholesale electric market policy matters. He delivers a unique blend of regulatory policy acumen and practical rate setting experience to provide highly effective and supportable ratemaking and regulatory solutions to his clients. Mr. DesLauriers has advised numerous midstream energy utilities on rates and regulatory policy for the past 24 years. His areas of expertise include: electric transmission cost of service and rate design, wholesale electric market design policy and operational topics, Federal Energy Regulatory Commission (FERC) policy matters, regulatory due diligence (M&A) and compliance with FERC regulation. His clients include Regional Transmission

Organizations and Independent System Operators, transmission owning energy companies (regulated and non-regulated) and industry stakeholder groups involved in FERC regulatory policy. Mr. DesLauriers led the common cost allocation study conducted for Kinder Morgan Inc. in 2009-2010 timeframe and testified before FERC on common cost allocation (IS09-437).

Russell Feingold

Mr. Feingold leads Black & Veatch's Rates & Regulatory Services group and has over 40 years of experience in the utility industry, the past 37 years of which have been in the field of utility management and economic consulting. Specializing in the utility industry, he has advised and assisted utility management, and industry trade and research organizations in matters pertaining to costing and pricing, competitive market analysis, regulatory planning and policy development, gas supply planning issues, strategic business planning, merger and acquisition analysis, corporate restructuring, new product and service development, load research studies and market planning. He has prepared and presented expert testimony before numerous utility regulatory bodies, including the Ontario Energy Board, and has spoken widely on issues and activities dealing with the costing, pricing, and marketing of utility services. Mr. Feingold has led cost allocation review projects for Hydro One Networks Inc. related to the allocation of common corporate service costs, for Union Gas Limited and Enbridge Gas Distribution related to their regulated and unregulated underground storage operations, and for Union Gas Limited related to its Dawn to Trafalgar gas transmission system, and its corporate shared services functions.

John Taylor

During his 12 year career as a consultant to utilities Mr. Taylor has supported projects involving financial analysis, regulatory support and strategy, market assessment, litigation support, and organizational and operations reviews. Mr. Taylor's work often involves providing support for regulatory proceedings by conducting various studies and analyses related to revenue requirements, affiliate transactions, class cost of service, and cash working capital studies. He also has experience in asset and corporate valuation, the application of real options analysis, and various risk management techniques. Mr.

Taylor has also been involved in the sale of generating assets, supporting due diligence efforts and regulatory approval processes. He has filed testimony as an expert witness on class cost of service studies and on the appropriate use of statistical analysis during audit testing.

Instructions Provided:

The instructions provided to Black & Veatch in preparing the Report were:

- Recommend a best practice methodology to distribute Hydro One Inc.'s Common Corporate costs among the business units that use the functions and services. This recommendation could include the continuation of the existing methodology, the continuation of the existing methodology with modifications or the proposal of a new methodology.
- Prepare a Report of the recommended Common Corporate Costs Methodology to be used in future rate applications. This report will include a conclusion, definitions, a summary of every factor used in the methodology and the proposed methodology.
- Identify the functions and services included in the Common Corporate costs.
- Identify activities that are performed in order to provide the functions and services included in the Common Corporate costs.
- Determine which Common Corporate functions can distribute cost directly, which units can have cost distributed using time studies and which units require allocations using drivers and why.
- Propose and analyze all drivers used for allocation.
- Propose, analyze and perform all time studies required.
- Distribute the annual budgeted costs for years 2017-2021 to perform each function and service among the activities required to perform it, based on time and/or cost studies.
- Distribute the cost of each activity among the business units based on direct assignment when possible, and based on cost drivers when not.
- Prepare responses to Interrogatories from Interveners during a rate application relating to the proposed Cost Allocation methodology.
- Be available to testify to the proposed methodology during a future rate application.
- Prepare final reports for Common Corporate Costs allocation reflecting the current Business Plan and including both the Distribution and Transmission businesses, to be submitted in Cost of Service applications.
- In support of the successful Proponent's work, Hydro One's management will respond to all requests for basic information and/or supporting documentation.

Expert Evidence Statement from Black & Veatch Canada Company

Basis of Evidence:

The basis for the evidence is set forth in the Reports themselves.

Context of Evidence:

This evidence is not provided in response to another expert's evidence. In 2004, Black & Veatch (formerly R.J. Rudden Associates) was engaged by Hydro One to recommend a best practice methodology to distribute the costs of providing Shared Services, between its Transmission and Distribution businesses and other businesses. Black & Veatch recommended the methodology, which was adopted by Hydro One and accepted by the Board in its EB- 2006-0501 Decision with Reasons, dated August 16, 2007. The accepted methodology has been reviewed and updated by Black & Veatch and accepted by the Board as part of subsequent Transmission and Distribution rate filings EB-2007-0681, EB-2008-0272, EB-2009-0096, EB-2010-0002, EB-2012-0031, EB-2013-0416, and EB-2014-0140. To remain consistent with the Board's approved methodology, a similar review and update process has been done as part of this filing.

Confirmation:

The expert has been made aware of and agrees to accept the responsibilities that are or may be imposed on the expert as set out in Rule 13A.

Signature:

Name of Expert: Black & Veatch Canada Company
By David DesLauriers, Director, Black & Veatch Management Consulting LLC
Date: February 27, 2017

David F DesLauriers

PURCHASE OF NON-AFFILIATE SERVICES (OUTSOURCING)

1. INTRODUCTION

This Exhibit describes how Hydro One purchases goods and services from third parties other than its affiliates. Specifically, it describes arrangements with two of Hydro One's key outsourcing partners.

2. THE PROCUREMENT OF GOODS AND SERVICES FROM NON-AFFILIATES

In compliance with the Supply Chain Policy set out as Attachment 1 to this Exhibit, Hydro One acquires materials and services from non-affiliates through a process that drives value for money, provides transparency to its internal customers, and builds mutually valuable relationships with key suppliers. This process and the resulting agreements with non-affiliates show how Hydro One values performance management and continuous improvement as instruments of productivity that mitigate the impact of rates on its customers.

The Inventory Policy is incorporated by reference in the Supply Chain Policy and is provided as Attachment 2 to this Exhibit.

Purchases are made by using one or more of the following processes that are described in Attachment 3 to this Exhibit: request for information, request for proposals, request for quotes, request for pre-qualification, contract harmonization, direct negotiation (single sourcing) and sole sourcing process. Details on Hydro One's supply chain activities and their associated costs are provided in Attachment 3 to Exhibit C1, Tab 3, Schedule 1.

Purchases are authorized by the appropriate position identified in Hydro One's Expenditure Authority Register (EAR), which is a key element of Hydro One's internal control framework. The EAR delegates authorities from its Board of Directors to senior management and management at the subsidiaries and business units.

Hydro One relies on two main outsourcing arrangements in the operation of its businesses, one with Inergi LP ("Inergi") and another with Brookfield Asset Management. These arrangements are described in Sections 3 and 4 of this Exhibit.

3. INERGI LP

3.1 BACKGROUND

On March 1, 2015, Hydro One began a new services arrangement with Inergi ("Inergi Agreement"), a limited partnership wholly-owned by Capgemini Canada, which is held by Capgemini SA. Under the agreement, Inergi provides Hydro One with back-office services and call centre services. The agreement for back-office services expires on December 31, 2019. The agreement for call centre services expires on February 28, 2018. Hydro One has an option to renew the agreement for two additional terms of approximately one year each. Financial and performance guarantees have been provided by Inergi's affiliates.

3.2 SCOPE OF WORK

The scope of work under the Inergi Agreement is comprised of services ("Base Services") and project services performed over a finite period to produce a project deliverable, solution or result ("Project Services"). Base Services are divided into the following areas (individually, a "Statement of Work" or a "SOW"), each of which relates to a line of business within Hydro One: (1) information technology services; (2) settlements; (3) supply chain services; (4) payroll; (5) finance and accounting services; and (6) customer service operations. Supply chain services, excluding accounts payable, are recovered through the material surcharge, which is discussed in detail in Attachment 3 to Exhibit C1, Tab 3, Schedule 1.

3.3 FEE STRUCTURE

Appendix A to this Exhibit sets out the outsourcing fees spent in the historical period of 2014-2016. Table 1 and Table 2 reflect dollars which are embedded in the cost forecasts contained in Exhibit C1, Tab 1, Schedules 5, 7 and 9.

Under the Inergi Agreement, Inergi provides Base Services based on a declining fee structure. Fees for Base Services will decline over time as long as transaction volumes remain within normal volume ranges, as defined in the Inergi Agreement, while meeting or exceeding prevailing service levels. Additional charges apply if there are higher transaction volumes than the prescribed volumes. Conversely, Hydro One is entitled to fee credits if transaction volumes are lower than prescribed volumes.

Fees are subject to an Economic Cost Adjustment ("ECA") using a government published index that reflects movements in a broad-based consumer-focused price index. The current index being used is "CPI - Ontario excluding Energy". The ECA is also adjusted for inflation sensitivity.

The Inergi Agreement provides for optional benchmarking reviews of fees by an independent third party. The costs of the benchmarking review are borne equally by Hydro One and Inergi. The third party analyst is selected from a predetermined list included in the Inergi Agreement. Hydro One is not restricted on when benchmarking can take place. Further, benchmarking can be undertaken at a SOW-level, rather than at a global level. The benchmarking exercises will use a group of peers who operate in a unionized, Ontario-only environment. If the benchmarking review determines that Inergi fees are above the benchmark, Inergi must adjust its fees to the benchmark price. To date, Hydro One has not exercised its option to benchmark. Hydro One's current decision to not benchmark is largely attributable to the status of customer service operations and IT SOWs, which financially make up the majority of the contract at approximately 88%. At this time, it is not practical to benchmark customer service operations as this SOW is near end-of-term. Hydro One is currently assessing whether to extend the current agreement or pursue other sourcing options. For IT, as described in Exhibit C1, Tab 1, Schedule 9, Hydro One is monitoring its IT cost performance using a metric it considers to be a good indicator of IT operational effectiveness.

3.4 SERVICE QUALITY ASSURANCES

The Inergi Agreement sets out a methodology to measure Inergi's performance in terms of timeliness, quality, accuracy and client satisfaction of services, among others. Service measurement ensures that Hydro One receives an acceptable level of service to achieve business outcomes. Service quality is measured using defined service levels or Performance Indicators ("PIs") and client satisfaction surveys. Inergi's services are measured regularly (daily, monthly, quarterly, and yearly) for achievement of PIs. The PIs vary based on the nature of the service in question and set both minimum and targeted service levels. When Inergi fails to meet certain PIs, Hydro One is entitled to: (a) a service credit(s) calculated in accordance with predetermined formulae; (b) remediation action, at Inergi's cost, based on a remediation plan that Hydro One has approved; or (c) both, depending on the level of criticality and frequency of such failures.[1] The PIs are adjusted upwards annually, where applicable, to drive continuous improvement. In the contract year ending December 2016, Inergi met or exceeded 92% of total PIs across all SOWs. More details are available in Table 1 below.

Table 1: Inergi 2016 Performance

Statement of Work	Performance Indicators Measured for 2016	Performance MET	Target Performance NOT MET	Minimum Performance NOT MET	% Met
Information Technology Services	573	**537**	**24**	**12**	**94%**
Finance and Accounting Services	208	**195**	**12**	**1**	**94%**
Payroll Services	156	**129**	**19**	**8**	**83%**
Supply Chain Services	350	**349**	**0**	**1**	**100%**
Settlement Services	140	**138**	**2**	**0**	**99%**
Customer Service Operations	603	**510**	**38**	**55**	**85%**
Total	**2030**	**1858**	**95**	**77**	**92%**

Inergi's services are also measured through client satisfaction surveys conducted by Inergi of Hydro One's relevant business managers and internal users. Inergi must address dissatisfaction revealed by the surveys. Together, Hydro One and Inergi are to identify opportunities and strategies for responding to any issues the surveys reveal. The most recent surveys showed scores of 3.17 out of 5 for Base Services and 4.33 out of 5 for Project Services and service desk support.

[1] Termination of individual statements of work or any part thereof is allowed under defined circumstances without payment of any penalties or termination charges.

3.5 CONTINUOUS IMPROVEMENT AND INNOVATION

The Inergi Agreement includes a commitment to continuous improvement, including a process to proactively and continuously introduce global best practices. The contract was negotiated such that the benefits of these improvements are guaranteed to be passed on to Hydro One through the declining fee structure and annual adjustment of PIs. In addition, the Inergi Agreement includes an annual requirement in the information technology services SOW to submit innovation proposals for commercially reasonable projects offering demonstrable savings to Hydro One.

3.6 GOVERNANCE

The Inergi Agreement sets out a governing structure to manage the outsourcing relationship. It operates to ensure strategic alignment between the parties, oversee relationship, review Inergi's global business strategies, review operational and project performance, change management, continuous improvement, and identify and resolve any risks and issues. A cadence of committee meetings is held at various levels of leadership to achieve the desired governance and business objectives. In addition, the governing structure includes processes that have been tailored to monitor and derive value in areas such as finance, compliance and performance. These processes have been enhanced to provide greater integration with Hydro One's lines of business.

4. BROOKFIELD ASSET MANAGEMENT

4.1 BACKGROUND

In accordance with terms of a purchased services agreement with the Power Worker's Union, on January 1, 2015, Hydro One began a new services arrangement (the "BGIS

Agreement") with Brookfield Johnson Controls Canada ("BJCC"), a joint venture between Johnson Controls and Brookfield Asset Management. Effective February 19, 2015, Brookfield Asset Management subsequently acquired the interest of Johnson Controls in BJCC and re-branded the entity as Brookfield Global Integrated Solutions ("BGIS"). BGIS is a wholly-owned subsidiary of Brookfield Asset Management.

The BGIS Agreement has a 10-year term, which can be extended at Hydro One's option for an additional three years. In its procurement process, Hydro One retained an outsourcing advisory firm, Information Services Group, to assist in the design of the overall sourcing strategy and procurement process. Information Services Group also supported the firm selection and final negotiation processes.

4.2 SCOPE OF WORK

The scope of work under the BGIS Agreement is comprised of ongoing daily facilities management, accommodation activities and related maintenance and repair work at its operations centres, transmission stations facilities, distribution stations, administration facilities and rights-of-way locations. The BGIS Agreement also includes capital project management services related to new facilities as defined by Hydro One.

4.3 FEES

BGIS receives an annual management and administrative fee which includes overhead and profit. This fee is adjusted annually for inflation in accordance with the consumer price index and, as necessary, in the event of material changes in the scope of the work. Cost savings incentives for BGIS are built into the fee structure.

Work and services that are self-performed by BGIS, and supplies and services provided by third parties through BGIS, are billed to Hydro One at full cost, as a pass through expense with no mark up.

Fees are subject to an economic cost adjustment using a government-published index that reflects movements in a broad-based consumer-focused price index.

Hydro One may request third-party benchmarking after three years and every two years thereafter, with a "benchmark fee adjustment", if the aggregate fees are above five percent of the target results.

4.4 SERVICE QUALITY ASSURANCES

The BGIS Agreement provides for Critical Service Levels (CSLs), Key Performance Indicators (KPIs) and critical deliverables. BGIS's services are measured and reviewed regularly (monthly, quarterly and annually) to validate achievement of KPIs.

The CSLs and KPIs are based on the nature of the services provided by BGIS and establish expected and minimally accepted service levels. If BGIS fails to meet specific criteria, there are adverse financial consequences for BGIS.

BGIS performs client satisfaction surveys of Hydro One's relevant internal user. Results are measured with expected thresholds and reviewed regularly with Hydro One. Table 2 below summarizes CSL and KPI performance of BGIS for 2016.

Table 2: BGIS 2016 Performance

Key Measures: KPIs and CSLs	Number of Key Measures Jan to Dec 2016	Performance Met	Partially Met	Not Met
Finance	4	4		
H&SE	7	7		
Work Program Accomplishment	7	6	1	
Customer Satisfaction	4	2		2

4.5 CONTINUOUS IMPROVEMENT AND GOVERNANCE

The BGIS Agreement includes shared savings incentives which are directly attributable to process or service improvements made by BGIS.

As one of the world's leading commercial property owners, BGIS is able to leverage its capabilities and global reach of their broader organization to offer innovation and create value for clients.

The BGIS Agreement sets out a governing structure to manage the relationship between Hydro One and BGIS. The structure includes an executive steering committee, contract oversight committee and the line of business facility management committee. These committees meet regularly, at different intervals, to ensure strategic alignment between BGIS and Hydro One, oversee the relationship, review operational and project performance, change management, continuous improvement, and address any risks and issues. The processes have also been enhanced to provide greater integration with Hydro One's lines of business.

APPENDIX A: PURCHASE OF NON-AFFILIATE SERVICES (OUTSOURCING)

INERGI FEES

Table 1 - Summary of Fees

	Historic					Bridge		Test				
	2014 IRM	2015		2016		2017		2018	2019	2020	2021	2022
Description	**Actual**	**Actual**	**Approved**	**Actual**	**Approved**	**Forecast**	**Approved**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**
Fees for Base Services	$119,869,783	$127,436,383	$116,549,822	$125,968,009	$112,862,722	$129,937,874	$109,166,622	$123,762,724	$113,887,003	$114,141,567	$114,141,567	$114,141,567
Volume, Scope & Other	$14,018,401	$19,897,518	$5,117,000	$4,274,422	$4,456,850	($843,292)	$4,520,700	($4,402,472)	($6,259,553)	($6,876,783)	($9,282,077)	($9,250,736)
ECA	$9,550,484	$1,828,520	$12,343,633	$2,370,948	$14,348,473	$4,569,335	$17,022,186	$6,516,119	$7,968,960	$9,919,070	$12,655,448	$14,735,301
Subtotal Fees for Base Services	**$143,438,668**	**$149,162,421**	**$134,010,455**	**$132,613,379**	**$131,668,045**	**$133,663,917**	**$130,709,508**	**$125,876,371**	**$115,596,410**	**$117,183,854**	**$117,514,938**	**$119,626,132**
Project Spend (all LOB's)	$84,464,566	$57,600,986	$30,150,000	$41,424,987	$30,150,000	$26,304,000	$30,150,000	$22,834,000	$22,834,000	$21,134,000	$19,134,000	$19,934,000
Total Payments	**$227,903,234**	**$206,763,407**	**$164,160,455**	**$174,038,366**	**$161,818,045**	**$159,967,917**	**$160,859,508**	**$148,710,371**	**$138,430,410**	**$138,317,854**	**$136,648,938**	**$139,560,132**

Table 2 - Allocation of Fees to Distribution

	2018	**2019**	**2020**	**2021**	**2022**
Finance and Accounting	$ 2,393,852	$ 2,446,429	$ 2,601,840	$ 2,647,616	$ 2,688,235
Payroll	$ 1,845,017	$ 1,897,355	$ 2,014,227	$ 1,998,772	$ 2,030,597
Information Technology Services	$ 30,434,013	$ 29,802,239	$ 29,849,969	$ 29,897,701	$ 29,897,700
Accounts Payable	$ 462,872	$ 473,710	$ 476,190	$ 476,190	$ 476,190
Settlements	$ 4,040,026	$ 4,149,644	$ 4,550,412	$ 4,624,935	$ 4,624,935
Customer Service Operations	$ 39,839,905	$ 40,337,388	$ 40,676,313	$ 41,306,833	$ 41,306,833
Subtotal Fees for Base Services	**$ 79,015,685**	**$ 79,106,765**	**$ 80,168,951**	**$ 80,952,047**	**$ 81,024,490**
Project Spend (all LOB's)	$ 15,706,000	$ 15,546,000	$ 15,606,000	$ 14,146,000	$ 14,946,000
Total Payments	**$ 94,721,685**	**$ 94,652,765**	**$ 95,774,951**	**$ 95,098,047**	**$ 95,970,490**

APPENDIX B: PURCHASE OF NON-AFFILIATE SERVICES (OUTSOURCING)

BGIS FEES

Table 1 – BGIS Fees ($ Millions)

Description	Historic					Bridge		Test				
	2014 IRM	2015		2016		2017		2018	2019	2020	2021	2022
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
Management Fee and Admin	N/A	3.9	N/A	4.0	N/A	3.6	N/A	3.6	3.6	3.6	3.6	3.6
Reimbursable charges	N/A	20.7	N/A	24.7	N/A	25.2	N/A	24.7	24.3	23.9	23.5	23.1
Total	N/A	24.6	N/A	28.7	N/A	28.8	N/A	28.4	27.9	27.5	27.1	26.7

Table 2 - Allocation to Distribution ($ Millions)

	2018	2019	2020	2021	2022
Management Fee and Admin	1.2	1.2	1.2	1.2	1.2
Reimbursable Charges:	8.4	8.3	8.1	8.0	7.9
Total Cost	**9.6**	**9.5**	**9.4**	**9.2**	**9.1**

Supply Chain Policy

Purpose and Scope

The primary purpose of the Supply Chain Policy is to communicate and reinforce desired values and expectations of the supply chain activities of Hydro One Limited, its subsidiaries and the affiliates it controls (referred to in this document as 'Hydro One' or the 'Corporation').

This policy applies to Hydro One and its outsourcing partner.

Revision Statement

Guiding principles have been updated to reflect a more commercial mindset regarding linkage of procurement to outcomes. Reference to the Requisitioner's and the Purchasing Procedures have been replaced with the Requisitioner's and Buyer's Guide respectively. References to the Consultants and Professional Services Policy (SP0707) have been removed.

Principles

Supply Chain will:

- Acquire materials and services through a process that drives value for money, transparency to its internal customers, and builds mutually valuable relationships with key suppliers.
- Ensure the right materials and services are delivered to the right place at the right time in a cost effective manner.
- Source materials and services with consideration to health, safety and the environment and corporate social responsibility.
- Promote business and workforce development for Aboriginal Businesses.
- Achieve operational excellence through continuous improvement in collaboration with Supply Chain's Customers and Suppliers.
- Manage its outsourcing partner to align with these principles.

1.0 Requirements

The key requirements of each Supply Chain function are as follows:

Strategy and Oversight:

- Provide a strategic, cost effective, data driven and analytical planning approach to Supply Chain processes.
- Direct continuous improvement initiatives to achieve operational excellence and cost effectiveness.
- Ensure an effective governance process is in place to manage change.

Sourcing:

- Develop and execute a strategic procurement plan to identify materials and services needed to meet business requirements at the best value for money.
- Employ a mix of procurement processes, including sole source, direct negotiation, and bidding processes that provide the best business outcome.

- Identify and attract qualified suppliers that provide quality products and services.
- Provide opportunity for increased Aboriginal Business participation in the provision of products and services.

Purchasing:

- Process Purchase Requisitions on a timely basis to ensure that customer's needs are met.
- Promote improved requisitioning through effectively documented processes and education.

Inventory Management:

- Align to the Inventory Policy (SP0732).
- Manage inventory at optimal levels and locations to satisfy operations.
- Monitor and control the accuracy of inventory data.
- Re-deploy, return or dispose of material to maximize cost savings considering environmental impact.

Logistics:

- Determine the most efficient and economical method to store and distribute materials from Suppliers to Customers.
- Facilitate the movement of returnable containers to Suppliers.

Accounts Payable:

- Remit authorized and timely payments to suppliers in accordance with the terms and conditions of the respective contracts.
- Capture payments accurately and completely in Hydro One systems, and ensure accurate account distributions.

Customer Service:

- Provide centralized support to customers and suppliers so interactions with Supply Chain are seamless.
Data Management
- Utilize business applications, information management methods, and data management tools to implement procedures and an infrastructure to support the integration and shared use of accurate, timely, consistent and complete Supply Chain Master Data.

2.0 Definitions

None

3.0 References

Expenditure Authority Register
SP0829 - Code of Business Conduct
SP0849 - Corporate Disclosure Policy
SP0732 – Inventory Policy
SP0733 - Inventory Procedure
SP1374 - Aboriginal Procurement Procedure
SP0327 - Health, Safety and Environmental Policies
SP0826 - Sourcing Procedure
SP1254 - Buyer's Guide (formerly Purchasing Procedure)
SP1233 - Requisitioner's Guide (formerly Requisitioner's Procedure)

4.0 Document Management

Owner/Functional Responsibility	Director, Supply Chain
Approver	Vice President, Shared Services
Approval Date	July 28, 2016
Effective Date	July 29, 2016
Last Reviewed Date	July 22, 2016
Next Review Date	July 22, 2018

5.0 Appendices

None

SP 0732 R1

Inventory Policy

Purpose and Scope

The Inventory Policy provides the framework for inventory management, valuation, verification and accounting in order to preserve the integrity of our financial statements.

This policy applies to Hydro One Limited and its affiliates (collectively "Hydro One") that are involved in the valuation, verification, management and accounting for inventory. Inventory as referred to in this policy includes both Hydro One owned assets classified as "materials and supplies" and "future use fixed assets" on the corporate balance sheet. It also includes consumable inventory; strategic parts/component inventory and other inventory (i.e. Telecom).

This policy does not apply to: free issues (items that are expensed immediately); operating spares that are classified as in-service major fixed assets; minor fixed assets; or Hydro One Remote Communities' fuel inventories.

Revision Statement

This document was revised to provide clarity, consistency and simplicity, and to align to the new template as part of the Corporate Policy Project.

Principles

- Hydro One inventory is managed, verified and valued in a manner consistent with sound business practices and accounting principles. To ensure the completeness, existence and the appropriate valuation of inventory, inventories are physically verified on a periodic basis. Accounting for inventories is consistent as appropriate to the context of a rate regulated industry.

- All inventories, including future use fixed assets, will be properly controlled and costed to ensure the accuracy of records for materials, work in progress, finished or partly finished new or used goods.

- All inventories will be managed, verified and valued for accuracy with the COSO assertions of ownership, valuation, existence and completeness.

1.0 Corporate Requirements

a. Physical inventory counts will be conducted on a periodic basis to verify the physical existence and completeness of Hydro One inventory.

b. Inventory classified as "materials and supplies" is to be valued at the lower of average cost and net realizable value (NRV). New items are recorded in the inventory system at cost automatically as a result of transaction steps in the supply process. There are times when due to a timing issue, the average cost is deemed incorrect and a correction has to be made through the inventory sub-ledger.

c. Inventory that has a NRV that is less than carrying value will be written down to the net realizable amount. If the NRV subsequently recovers, the write-down should be reversed. Corporate Finance advice should be sought before writing assets down for declines in NRV and for any subsequent reversals.

d. All inventories must be managed in accordance with good business practices balancing the need to maintain an adequate supply of materials with appropriate cost considerations.

e. All inventories must be stored in a secure location where access is limited to personnel authorized by Hydro One.

Specific Circumstances

a. Hydro One will re-deploy or dispose of surplus material in a manner to maximize the return with emphasis on reuse and environmental protection consistent with the principles of the Hydro One Health, Safety and Environmental Management System.

b. Investment Recovery (IR) is the authority to sell items that have been declared surplus in accordance with Retirement/Surplus Reporting Procedures. (Refer to SP0855 Procedure for Disposal of Surplus Materials).

c. When exercising Local Sale of Surplus and disposing goods locally, responsibility for adhering to SP0855 Procedure for Disposal of Surplus Materials rests with the line of business (LOB).

2.0 Definitions

Term	Definition
Average Cost	For inventory items that are not interchangeable, specific costs are attributed to the specific individual items of inventory. For items that are interchangeable, Hydro One has adopted weighted average cost method to determine average cost of inventory.
Consumable Inventories	Inventories used primarily in the distribution or transmission business. These goods are kept in stock to support customer requirements. Items include: transformers, wire and cable, connectors, poles/line hardware, circuit breaker parts, insulators, surge arresters, fasteners, switches, supplies (i.e. safety, metering, construction, cleaning) and equipment (i.e. lighting, survey, hoisting).
Net Realizable Value (NRV)	Based on the regulatory principle of cost recovery, net realizable value is generally equal to carrying value for inventory used in Hydro One's regulated businesses. For inventory items available for sale, net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.
Periodic basis	The frequency of inventory counts and the coverage of the each count will vary depending on the type of inventory and the risk of misstatement. An assessment should

	occur at least once per fiscal period.
Strategic Parts Inventories	Inventories used primarily in the transmission or distribution business. These goods are kept in stock to support the sustainment of major fixed assets. The parts are deemed to be critical to the functionality of Hydro One transmission and/or distribution assets. Items include: high voltage instrument transformers (HVITs), switches, insulators, bushings, tap changers, towers, relays, suspension clamps and dampers, and transmission towers for storm recovery. The asset must be maintained in a ready to deploy state.

3.0 References

1. SP0733 Inventory Procedure

2. SP0855 Procedure for Disposal of Surplus Materials

4.0 Document Management

Owner/Functional Responsibility	Director, Corporate Accounting & Reporting
Approver	VP, Corporate Controller
Approval Date	July 2016
Effective Date	July 2016
Last Reviewed Date	July 2016
Next Review Date	June 2018

5.0 Appendices

None

ATTACHMENT 3: DESCRIPTION OF PROCUREMENT PROCESSES

Hydro One's sourcing procedure provides a framework for sourcing activities to drive increased productivity, buying power, value added services, innovation, and valued relationships. This will be achieved by:

A. Financial Stewardship

- Utilizing a value-for-money approach to source materials and services.
- Ensuring that the sourcing plan is in line with the overall supply chain strategy and corporate goals.
- Following negotiation strategies to obtain lowest possible price from qualified suppliers while not jeopardizing quality, and drive maximum value to Hydro One.
- Ensuring savings, rebates and volume discounts are captured.

B. Supplier Relationships

- Ensuring that materials and services are acquired from qualified suppliers and establishing consistent expectations for working with suppliers that enhance relationships and the value-for-money proposition.

C. Health, Safety & Environmental and Corporate Social Responsibility

- Considering responsible ways for sourcing from businesses that conduct operations in a socially responsible manner in accordance with good environmental, health, safety and corporate social responsibility practices.

D. Aboriginal Procurement

- Developing and maintaining relationships with First Nations and Métis peoples that demonstrate mutual respect for one another.

- Encouraging the development and viability of qualified First Nations and Métis businesses, identifying contracting opportunities, conducting workshops, and promoting business networking within First Nations and Métis communities.

Supply Chain creates a sourcing plan that segments materials and services by spend, use, market factors and suppliers. A category strategy is developed and executed for each segment of spend which considers factors including:

- Identification and engagement of relevant internal stakeholders;
- Defining business requirements;
- Developing spend baseline;
- Analysis of current supply market conditions and trends;
- Analysis of current suppliers' prices, offerings and performance;
- Considerations of category specific circumstances, active contracts, user requirements and specifications, stakeholder analysis, commercial considerations, collaborative planning input, supplier relationship level, key leverage points, bid list, disputes with suppliers, business risks, benefits estimates, qualification requirements, consideration of total value, and market research;
- Selection of an appropriate sourcing method, including open competition, competition directed to a subset of suppliers, or direct negotiation; and
- Encourage opportunities for Aboriginal inclusion in the category strategy.

The following are detailed sourcing methods which may be employed:

1. RFI – Requests for Information

RFI is a process that uses a market research tool sent to a broad base of potential suppliers for a number of purposes, including gathering information, building a supplier database to determine availability of products and services, scoping business requirements, and/or estimating project costs. Responses to RFI questions normally contribute to the content of the eventual RFP, RFPQ, or RFQ document being created, but must not be used to pre-qualify a potential supplier and impact the respondent's chances of being the successful proponent on any subsequent opportunities. An RFI is not a substitute for a competitive process and cannot result in the award of a contract to a supplier who has responded.

2. RFP - Requests for Proposal

An RFP is a process that uses a document prepared to solicit proposals for the supply of materials or services for which bidders must develop and propose a business application or solution. This competitive bid process is used when one or more of the following criteria are met:

- There is a requirement for custom made/specialized materials or services for which bidders must develop and propose a business application or solution;
- There is a need for engineered equipment and/or construction services, and more than one option exists to address the requirement;
- There are off-the-shelf materials where value added services are required in addition to the materials;
- An alternative solution is sought; and/or
- Consulting and professional services.

An RFP may result in a Vendor of Record (VOR) list with pre-established rate cards. These arrangements require a second-stage competitive process, or an award strategy identifying the methodology for determining the award of work.

3. RFPQ – Request for Pre-Qualification

An RFPQ is a competitive bid process used to solicit supplier capabilities and qualifications, with the intention of establishing a list of pre-qualified suppliers, usually based on financial and/or other technical criteria.

It is used when the following criteria are met:

- There are opportunities to reduce costs for certain categories of materials and services by establishing strategic relationships with a small group of suppliers; and
- There are generally understood technical criteria to pre-qualify the suppliers but specific scopes of work are defined as required.

These arrangements require a second-stage competitive process (mini-RFP or RFQ using the same commercial terms as the contract established from the original RFPQ process) directed to the pre-qualified suppliers, or an award strategy identifying the methodology for determining the award of work.

4. RFQ - Requests for Quotation

This competitive bid process is used where a description of exactly what needs to be procured is provided and the evaluation of bidders is made predominantly on price and delivery requirements.

5. Direct Negotiation (Single Sourcing)

Examples of circumstances when negotiation with a single supplier may be most appropriate include:

- Building key strategic supplier relationships where it is believed that a competitive process may not lead to the best solution or drive the most value for Hydro One;
- A purchase that is of a confidential or privileged nature;
- An unforeseen situation of urgency exists created by circumstances or actions of persons external to Hydro One;

- There is only one supplier who can perform the work without causing Hydro One to suffer an unacceptable delay or incur unreasonable costs due to another supplier's learning curve; or
- Invitational procurement opportunities to a single qualified Aboriginal business or community in accordance with the Aboriginal Procurement Procedure.

6. Sole Sourcing

The following are examples of circumstances when sole sourcing may be appropriate:

- There is only one supplier capable of meeting the requirements;
- To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representatives;
- Where there is an absence of competition for technical reasons and the materials or services can only be supplied by a particular supplier and no alternative or substitute exists, e.g. original equipment manufacturer , or where the warranty is tied to a particular material and it would be negated by the use of a different supplier’s part;
- The supplier has a statutory monopoly;
- Work is to be performed on or about a leased building or portions, thereof, may be performed only by the lessor; or
- For the procurement of a prototype, or a first good or service, to be developed in the course of, and for, a particular contract for research, experiment, study, or original development, but not for any subsequent purchases.

REGULATORY COSTS

For this Application, Hydro One's regulatory costs will be recovered in the year in which they are incurred. The regulatory costs are not amortized and are included in the forecasted budget in the approved business plan in the years in which they are incurred.

A large portion of regulatory costs includes ongoing OEB cost assessments. These are quarterly expenses which are assumed in the forecasted budget. In 2016, the OEB changed the cost assessment model in which Hydro One's portion was reduced compared to the previous model. The OEB assessments and total costs for Regulatory Affairs can be found in Exhibit C1, Tab 1, Schedule 7.

The following table provides an estimate of the costs related to this Application.

Table 1: Estimated Costs for Current Application ($ Millions)

Description	Historical Year(s)	2017 Bridge Year	2018 Test Year
Consultant/Expert Witness Costs	1.5	0.4	-
Legal Costs	-	1.6	-
Intervenor and Stakeholder Costs	0.4	0.7	-
Total	**1.9**	**2.7**	-

For this Application, Hydro One engaged consultants/expert witnesses to complete a number of benchmarking studies and reports, most of which were directed in the OEB's previous Decision in EB-2013-0416. Reports that were completed include:

- A total factor productivity study of Hydro One's own productivity, including data from 2002 and onwards;

- A total cost benchmarking study comparing Hydro One Distribution to an industry peer group;
- A comprehensive trend analysis of the vegetation management program showing year-over-year comparisons in unit costs;
- A best practices study for vegetation management similar to the CN Utility study filed in EB-2009-0096;
- An external benchmarking study on the unit cost of the pole replacement program;
- An internal trend analysis to show the variability of the unit costs of the pole replacement program year-over-year;
- An external benchmarking study on the unit cost of the station refurbishment program;
- An internal trend analysis to show the variability of the unit costs of the station refurbishment program year-over-year;
- A compensation study similar to the study filed as part of the application considered in EB-2013-0416 to allow benchmarking to comparable companies;
- A study assessing whether miscellaneous service charges reflect Hydro One's underlying costs;
- A review and report on Hydro One's Distribution System Plan;
- A depreciation study;
- A lead-lag study; and
- A common cost allocation study.

The estimated consultant/expert witness costs include the cost of the various studies and reports, as well as the cost for the expert who wrote each study to testify in the Hydro One proceeding.

Legal costs for this Application will include time spent for preparation of evidence, a technical conference, the oral hearings and arguments.

Intervenor and stakeholder costs for this Application include the stakeholder sessions held in preparing the Application and in preparing for and participating in the oral hearing.

DEPRECIATION, AMORTIZATION AND DEPLETION

1. INTRODUCTION

The purpose of this evidence is to summarize the method and amount of Hydro One Distribution's depreciation and amortization expense for the 2018 to 2022 test years.

In RP-2005-0020/EB-2005-0378 Hydro One's depreciation rates were approved based on an independent depreciation study completed by Foster Associates Inc. ("Foster Associates") dated June 2005. Costs flowing from the depreciation study were accepted for the purpose of establishing Hydro One Distribution's rates revenue requirement in 2006. In 2013, Foster Associates conducted an additional depreciation study which recommended continuation of the historical depreciation rates for purposes of the rates revenue requirements for the years 2015 to 2017. The Board accepted this approach in its EB-2013-0417 decision.

In 2016, Hydro One requested Foster Associates prepare a new depreciation study covering Hydro One Networks' distribution and common assets for the 2018 – 2022 test years. The Foster Associates' study is Attachment 1 to this Exhibit.

Using Hydro One's historically approved depreciation rates, total depreciation and amortization expense for the 2018 test year is $392.6 million as provided in Table 1 below. If the depreciation rates found in the 2016 Foster Associates study were adopted, the depreciation and amortization expense for the test year 2018 would increase by $21.9 million to $414.5 million. This increase would result in a rate impact of approximately 2%.

This Application reflects the continued use of the 2013 depreciation study to calculate depreciation costs in the test years.

The Foster Associates study is based on the expected remaining life of an existing pool of assets at a point in time. Future capital spending will result in additions to existing pools of assets. These additions are reasonably expected to change the average expected remaining life of some or all of these pools of assets, and the applicable depreciation rates. These changes can result in volatility in depreciation expense.

The 2016 Foster Associates study would create, if implemented, increased depreciation rates and expense over the 2018 to 2022 rate setting period. Planned capital expenditures over the five year term of the Application however may result in an increase in the average remaining life of these asset pools, requiring a future decrease in depreciation rates and expense.

Hydro One has decided to maintain its existing depreciation rates instead of adopting the rates proposed in the 2016 Foster Associate study to avoid these potential fluctuations in depreciation rates and the expenses recovered through rates. Hydro One's decision is supported by Foster Associates as indicated in the Letter of Transmittal attached to the study. Additionally, Hydro One has discussed this approach with its external auditor who also accepts this position.

Table 1: Total Distribution Depreciation and Amortization Expense ($ Million)

Description	Historic				Bridge	Test				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Depreciation Expenses	313.0	336.2	349.0	359.8	362.6	379.3	401.6	414.3	434.2	450.5
Total Amortization Expenses	8.5	11.1	10.5	12.0	17.8	17.3	16.2	18.8	18.6	17.4
Exclude Other Regulatory Amortization	0.5	1.1	1.9	3.2	3.7	4.1	4.3	4.5	4.7	4.9
Total	321.0	346.2	357.6	368.7	376.7	392.6	413.5	428.6	448.1	463.0

2. DEPRECIATION EXPENSE

Based on the existing depreciation, the depreciation expense amounts for each of the five test years can be found in the detailed depreciation schedules filed at Exhibit C1, Tab 6, Schedule 2.

Table 2: Distribution Depreciation Expense ($ Million)

Description	Historic				Bridge	Test				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Depreciation On Fixed Assets	277.7	301.0	308.0	322.7	325.0	340.0	352.2	365.0	385.7	401.2
Less Capitalized Depreciation	(15.9)	(17.5)	(17.0)	(17.6)	(18.3)	(19.3)	(20.1)	(20.8)	(20.8)	(20.8)
Asset Removal Costs	51.0	52.6	59.0	55.0	55.9	58.7	69.5	70.1	69.2	70.1
Losses/(Gains) On Asset Disposition	0.1	0.0	(1.0)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
Total	**313.0**	**336.2**	**349.0**	**359.8**	**362.6**	**379.3**	**401.6**	**414.3**	**434.2**	**450.5**

Depreciation rates on Common Assets are updated to Hydro One's financial systems to reflect most recent rate studies, once OEB approval is received. Given that 2018 is a common test year for Distribution and Transmission rate applications, the above table will be updated upon approval of EB-2016-0160 to include depreciation and amortization rates on Common Assets approved as part of that rate decision. If Hydro One's Transmission rates revenue requirement is approved, depreciation expense on Common Assets will increase by approximately $5.0 million.

Capitalized depreciation refers to depreciation on transport and work equipment and other minor fixed assets (e.g., tools) that is charged to capital work projects. For purposes of calculating the revenue requirement, capitalized depreciation is treated as a capital expenditure and is deducted from annual depreciation expense.

Fixed asset removal costs are presented as part of depreciation expense for financial reporting purposes and are recorded on an "as incurred" basis unless an asset retirement obligation has been recorded.

Losses/gains on asset disposition may result from the sale of assets. Losses/gains on asset disposition are based on historic actual experience and trends and are not separately forecast for the bridge or test years.

3. AMORTIZATION EXPENSE

Amortization expense pertains to certain regulatory amounts the Board has allowed Hydro One Distribution to defer for recovery at a future date. The Board has, in past decisions, approved the deferred balance and prescribed the method and time period over which the balance in each regulatory deferral or variance account may be disposed.

Historical, bridge and test year amortization schedules are filed at Exhibit C1, Tab 6, Schedule 2.

Table 3: Distribution Amortization Expense ($ Millions)

Description	Historic				Bridge	Test				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Environmental	8.5	11.1	10.5	12.0	17.8	17.3	16.2	18.8	18.6	17.4
Other Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**8.5**	**11.1**	**10.5**	**12.0**	**17.8**	**17.3**	**16.2**	**18.8**	**18.6**	**17.4**

3.1 ENVIRONMENTAL

Hydro One Distribution records an obligation for the net present value of estimated future expenditures required to remediate legacy environmental contamination inherited from Ontario Hydro upon its demerger in 1999. Since these expenditures are expected to be recovered in future rates, Hydro One Distribution also records these amounts as a regulatory asset for financial reporting purposes. This regulatory asset is amortized on a basis consistent with the pattern of actual expenditures incurred. The combined work program to manage polychlorinated biphenyls (PCBs) and to carry out Hydro One's Land Assessment and Remediation (LAR) program are currently estimated to continue until the year 2025. When OM&A work program costs are incurred, there is a corresponding credit to OM&A for the environmental expenditures to reflect the fact that the cost is reflected in revenue requirement as amortization expense and not as OM&A. The work programs are discussed further in Exhibit C1, Tab 1, Schedule 2.

2016 Depreciation Rate Review

hydro one

— *Distribution Operations*
— *Common Operations*

foster associates

foster associates

17595 S. Tamiami Trail, Suite 260
Fort Myers, Florida 33908
T 239.267.1600 | M 239.980.5991

Ronald E. White, Ph.D.
President

December 15, 2016

Mr. Arthur McGlashan
Manager, Corporate Accounting
HYDRO ONE NETWORKS INC.
483 Bay Street, T48
Toronto, Ontario MSG 2P5

RE: 2016 Depreciation Rate Review

Dear Mr. McGlashan:

Foster Associates is pleased to submit our report of the 2016 Depreciation Rate Review for Hydro One Networks Inc. (Hydro One Networks). The attached report presents the results of our review leading to a recommendation to adopt straight–line, vintage–group, remaining–life rates and record depreciation expense for BU 220 (Distribution) and BU 300 Common) facilities.

The following table provides a comparison of current and recommended depreciation rates and annualized accruals for calendar year 2016, based upon plant investments and deprecation reserves at December 31, 2015.

	Accrual Rates			2016 Annualized Accrual		
Function	Current	Recommended	Difference	Current	Recommended	Difference
A	B	C	D=C-B	E	F	G=F-E
BU 220						
Intangible	9.16%	9.16%	0.00%	$ 18,914,882	$ 18,914,882	$ -
Generation	-11.69%	-6.60%	5.09%	(82,565)	(46,603)	35,962
Distribution	2.27%	2.31%	0.04%	203,124,592	206,335,725	3,211,133
General	6.04%	6.22%	0.18%	23,209,879	23,894,092	684,213
Total BU 220	2.57%	2.61%	0.04%	$245,166,788	$249,098,096	$ 3,931,308
BU 300						
Intangible	9.47%	9.47%	0.00%	$ 38,214,409	$ 38,214,409	$ -
General	5.56%	9.29%	3.73%	24,021,413	40,131,254	16,109,841
Total BU 300	7.45%	9.38%	1.93%	$ 62,235,822	$ 78,345,663	$16,109,841
Total				$307,402,610	$327,443,759	$20,041,149

A continued application of currently approved rates for BU 220 would provide annual depreciation expense of $245,166,788 compared with an annual expense of $249,098,096 using the rates recommended in the study. The resulting change in depreciation rates produces an annualized 2016 expense increase of $3,931,308. Current rates for BU 300 would provide annual depreciation expense of $62,235,822 compared with a recommended annual expense of $78,345,663, or an increase of $16,109,841.

It is the opinion of Foster Associates, however, that Hydro One Networks could elect to adjust any or all of the recommended accrual rates without violating the dual objective of depreciation accounting, *i.e.*, cost allocation over economic life in proportion to the consumption of service potential. The service potential of an asset (or group of assets) is the present value of future net revenue (*i.e.*, revenue less expenses exclusive of depreciation and other non–cash expenses) or cash inflows attributable to the use of that asset alone. Depreciation *expense* is the difference between the present value of future net revenue at the beginning and end of an accounting interval.

The dual accounting objective is implicitly achieved under regulation as a consequence of the ratemaking process in which the amount of revenue a utility is authorized to collect is determined from a revenue requirement equation that includes depreciation expense as one of the elements of recoverable cost. Assuming revenue sufficient to cover cash operating expenses and a fair rate of return, the change in the present value of future net revenue will be equal to the depreciation expense allowed by regulation. It is because of regulation that the dual accounting objective will be achieved regardless of the timing of depreciation expense.

The scope of our investigation included:

- Collection of plant and reserve data;
- Reconciliation of assembled database to Company records;
- Discussions with Hydro One Networks plant accounting personnel;
- Estimation of projection lives and retirement dispersion patterns;
- Analysis and redistribution of recorded depreciation reserves; and
- Development of recommended accrual rates for each rate category.

The results of our investigation are presented in the attached report in four sections. The Executive Summary provides an overview of the review and a discussion of the principal findings. The Study Procedure section describes the steps undertaken in conducting a depreciation review and the specific procedures used in this engagement. The Statements section provides a comparative summary of current and recommended depreciation parameters, rates and accruals. The report concludes with an Analysis section that includes an example of supporting schedules prepared in conducting the review.

We wish to express our appreciation for this opportunity to be of service to Hydro One Networks and for the assistance provided to us. We would be pleased to discuss our report and review with you or others at your convenience.

Respectfully submitted,
FOSTER ASSOCIATES CONSULTANTS, LLC
by

Ronald E. White, Ph.D.
President

REW:ml

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ANALYSIS

DISTRIBUTION

EXPERT RULE 13A

Executive Summary

EXECUTIVE SUMMARY

INTRODUCTION

This report presents a review and update of depreciation rates and parameters for Distribution and Common plant owned and operated by Hydro One Networks Inc. (Company or Hydro One Networks). Work on this review, conducted by Foster Associates Consultants, LLC (Foster Associates), commenced in July 2016 and progressed through mid–December, at which time the project was completed.

Foster Associates is a public utility economic consulting firm headquartered in Fort Myers, Florida offering economic research and consulting services on issues and problems arising from governmental regulation of business. Areas of specialization supported by our Fort Myers office include service life and technological forecasting, depreciation estimation, and valuation of industrial property.

Foster Associates has undertaken numerous depreciation engagements for both public and privately owned business entities, including detailed statistical life studies, analyses of required net salvage rates, and the selection of depreciation systems that will most nearly achieve the goals of depreciation accounting under the constraints of either government regulation or competitive market pricing. Foster Associates is widely recognized for industry leadership in the development of depreciation systems, life analysis techniques and computer applications for conducting depreciation and valuation studies.

PLANT ACCOUNT STRUCTURE

The hierarchical structure of plant accounting records maintained by Hydro One Networks for major asset categories provides: a) Uniform System of Account (USoA) categories; b) cost of asset components (Category ID); and c) vintage identification (Asset ID).

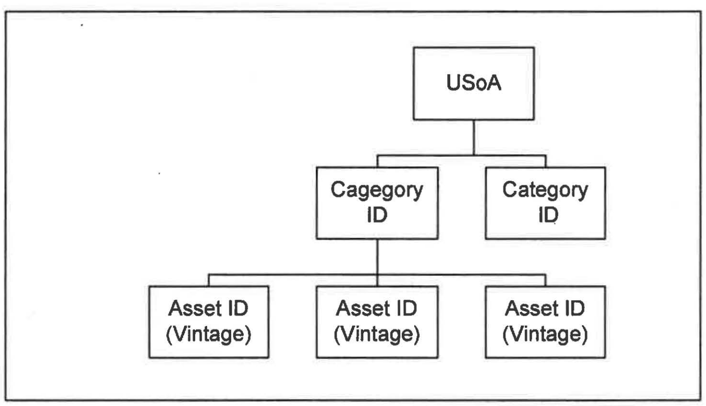


Fig. 1 Account Structure

The lowest level at which the installed cost of a property unit (*e.g.*, a single pole or transformer) can be estimated is by vintage year of placement within a Category ID. (The cost of a property unit within a vintage can be estimated by dividing the vintage cost by the recorded number of installed property units). A Category

ID is an aggregation of vintage costs sharing common physical or functional attributes. All vintages of power transformers larger than 230 kV, for example, or all vintages of underground cable are classified in unique Category IDs. It is neither practical nor feasible, however, to estimate service lives and maintain accumulated depreciation reserves for each property unit.

CURRENT DEPRECIATION RATES

Depreciation rates currently used by Hydro One Networks for Distribution and Common operations were developed in a 2013 depreciation review conducted by Foster Associates. In EB–2013–0416/EB–2014–0247 (Decision dated March 12, 2015), the Ontario Energy Board (OEB) approved depreciation expenses as filed for rate setting purposes from 2015 to 2017 and directed Hydro One to file an updated depreciation study with its next rate application.

Life tables were constructed in the 2013 review for each USoA plant account for which retirements were recorded over the period 2000–2012. Life tables constructed over this limited historical period exhibited uniformly high degrees of censoring and indeterminate measurements of service life. These results were directly attributable to insufficient retirement experience over the available band of activity years.

Absent the availability of sufficient retirement activity to conduct statistical service life studies, depreciation rates developed in the 2013 review were derived from a composite of category lives for class categories established by Hydro One Networks in 2008 in preparation for implementation of International Financial Reporting Standards (IFRS). While Hydro One Networks has received an exemption from an otherwise mandatory adoption of IFRS for rate regulated entities, the Company intends to continue maintaining category classifications for engineering operations and business planning purposes.

The review of category lives undertaken in the 2013 review included onsite meetings with Company engineers, accountants and other subject matter experts having managerial responsibilities for the assets under review. Meetings of the project team were facilitated by Foster Associates. Discussions were held with representatives from planning, operations, maintenance, information technology and facilities to assess the reasonableness of recommended category lives within their respective areas of expertise. Consideration was also given to the range of service lives recommended in the Asset Amortization Study prepared for the Ontario Energy Board by Kinectrics Inc.

Projection lives for USoA categories were derived from harmonic weighting of the constituent category lives recommended by the project team. Iowa survivor curves considered descriptive of the forces of retirement acting upon each USoA category were selected by Foster Associates based on experience and an understanding of the parametric form of the associated probability density functions.

2016 Depreciation Rate Review

The principal findings and recommendations of the Hydro One Networks 2016 Depreciation Rate Review are summarized in the Statements section of this report. Statement A provides a comparative summary of current and recommended annual depreciation rates for each USoA rate category. Statement B provides a comparison of current and recommended annual depreciation accruals. Statement C provides a comparison of computed, recorded and redistributed depreciation reserves for each rate category. Statement D provides a comparative summary of current and recommended parameters including projection life, projection curve, average service life, and average remaining life. Statement E provides the computation of recommended USoA projection lives derived from an analysis of component category lives. A set of statements is included in this report for both Distribution (BU 220) and Common (BU 300) Operations.

Scope of Review

Principal activities undertaken in the 2016 review included:

- Collection of plant and reserve data;
- Reconciliation of assembled database to Company records;
- Discussions with Hydro One Networks plant accounting personnel;
- Estimation of projection lives and retirement dispersion patterns;
- Analysis and redistribution of recorded depreciation reserves; and
- Development of recommended accrual rates for each rate category.

Depreciation System

A depreciation rate is formed by combining the elements of a depreciation system composed of a method, a procedure and a technique. A depreciation method (*e.g.*, straight–line) describes the component of the system that produces acceleration or deceleration of depreciation accruals in relation to either time or use. A depreciation procedure (*e.g.*, vintage group) identifies the level of grouping or sub–grouping of assets within a plant category. The level of grouping specifies the weighting used to obtain composite life statistics for a group plant account. A depreciation technique (*e.g.*, remaining–life) describes the life statistic used in the system.

With the exception of intangible plant and selected general support asset categories for which amortization accounting has been adopted, Hydro One Networks is currently using a depreciation system composed of the straight–line method, vintage group procedure, and remaining–life technique. Amortization accounting is used for plant categories in which the unit cost of plant items is small in relation to the number of units classified in the account. Plant is retired (*i.e.,* credited to plant and charged to the reserve) as each vintage achieves an age equal to the amortization period.

The matching and expense recognition principles of accounting provide that the cost of an asset (or group of assets) should be allocated to operations over an estimate of the economic life of the asset in proportion to the consumption of service potential. It is the opinion of Foster Associates that the objectives of depreciation accounting are being achieved using the currently approved vintage–group procedure, which distinguishes service lives among vintages, and the remaining–life technique, which provides cost apportionment over the estimated weighted–average remaining life of a rate category. It is also the opinion of Foster Associates that amortization accounting remains appropriate for the plant categories summarized in Table 1 below.

Account Number	Description	Amortization Period
A	B	C
1609	Capital Contribution - Inter-Segment	10 yrs.
1610	Computer Software	10 yrs.
1915	Office Furniture and Equipment	7 yrs.
1920	Computer Hardware - Minor	5 yrs.
1925	Computer Software - Major	6 yrs.
1935	Stores Equipment	8 yrs.
1940	Tools, Shop and Garage Equipment	6 yrs.
1945	Measuring and Testing Equipment	5 yrs.
1960	Miscellaneous Equipment	5 yrs.

Table 1. Amortization Accounts

With the exception of USoA Accounts 1610 and 1925, general plant amortization categories are only recorded in BU 300. Amortization accounting is additionally recommended in the 2016 review for BU 220 Account 1609 (Capital Contributions – Inter–Segment). Capital contributions recorded in Account 1609 are shared costs of transmission station enhancements that directly benefit distribution operations. With the exception of Account 1609, currently approved amortization periods are retained for all remaining amortization categories.

RECOMMENDED DEPRECIATION RATES

Table 2 below provides a summary of the changes in annual rates and accruals resulting from the 2016 review of Hydro One Networks' Distribution Operations (BU 220).

Function	Accrual Rate			2016 Annualized Accrual		
	Current	Recommended	Difference	Current	Recommended	Difference
A	B	C	D=C-B	E	F	G=F-E
Intangible	9.16%	9.16%	0.00%	$18,914,882	$18,914,882	$0
Generation	-11.69%	-6.60%	5.09%	(82,565)	(46,603)	35,962
Distribution	2.27%	2.31%	0.04%	203,124,592	206,335,725	3,211,133
General Plant	6.04%	6.22%	0.18%	23,209,879	23,894,092	684,213
Total	2.57%	2.61%	0.04%	$245,166,788	$249,098,096	$3,931,308

Table 2. Distribution Operations

The composite accrual rate recommended for Distribution Operations is 2.61 percent. The current equivalent rate is 2.57 percent. The recommended change in the composite rate is an increase of 0.04 percentage points.

A continued application of current rates would provide annualized depreciation expense of $245,166,788 compared with an annualized expense of $249,098,096 using the recommended rates. The resulting 2016 expense increase is $3,931,308.

Table 3 provides a summary of the changes in annual depreciation rates and accruals derived for the Company's Common Operations (*i.e.*, BU 300).

Function	Accrual Rate			2016 Annualized Accrual		
	Current	Recommended	Difference	Current	Recommended	Difference
A	B	C	D=C-B	E	F	G=F-E
Intangible	9.47%	9.47%	0.00%	$38,214,409	$38,214,409	$0
General	5.56%	9.29%	3.73%	24,021,413	40,131,254	16,109,841
Total	7.45%	9.38%	1.93%	$62,235,822	$78,345,663	$16,109,841

Table 3. Common Operations

Adjustments developed in the 2016 review produce a composite depreciation rate of 9.38 percent. Depreciation expense is currently accrued at an equivalent composite rate of 7.45 percent. The recommended change in the composite depreciation rate is, therefore, an increase of 1.93 percentage points.

A continued application of current rates would provide annualized depreciation expense of $62,235,822 compared with an annualized expense of $78,345,663 using the rates developed in the review. The increase for Common Operations recommended in the 2016 review is $16,109,841.

SECTION II

Study Procedure

STUDY PROCEDURE

INTRODUCTION

The purpose of a depreciation study is to analyze the mortality characteristics, net salvage rates and adequacy of the depreciation accrual and recorded depreciation reserve for each rate category. The 2016 review provides the foundation and documentation for recommended changes in the depreciation accrual rates used by Hydro One Networks for Distribution and Common Operations. The recommended rates are subject to approval by the Ontario Energy Board.

SCOPE

The steps involved in conducting the 2016 depreciation review can be grouped into four major tasks:

- Data Collection;
- Life Analysis and Estimation;
- Depreciation Reserve Analysis; and
- Development of Accrual Rates.

The scope of the 2016 review included a consideration of each of these tasks as described below.

DATA COLLECTION

The minimum database required to conduct a statistical life study consists of a history of vintage year additions and unaged activity–year retirements, transfers and adjustments. These data must be appropriately adjusted for transfers, sales and other plant activity that would otherwise bias the measured service life of normal retirements. Age distributions of surviving plant for unaged data can be estimated by distributing plant in service at the beginning of the study year to prior vintages in proportion to the theoretical amount surviving from a projection or survivor curve identified in the life study. The statistical methods of life analysis used to examine unaged plant data are known as *semi–actuarial techniques*.

A far more extensive database is required to apply statistical methods of life analysis known as *actuarial techniques*. Plant data used in an actuarial life study often include age distributions of surviving plant at the beginning of a study year and the vintage year, activity year, and dollar amounts associated with normal retirements, reimbursed retirements, sales, abnormal retirements, transfers, corrections, and extraordinary adjustments over a series of prior activity years. An actuarial database may include age distributions of surviving plant at the beginning of the earliest activity year, rather than at the beginning of the study year. Plant additions, however, must be included in a database containing an opening age distribution to derive aged survivors at the beginning of the study year. All activity year transactions with vintage year identification are coded and stored in a database. These data are processed by a computer program and transaction summary reports are created in a format reconcilable to official plant records. The availability of such detailed information is dependent upon an accounting system that supports aged property records. The Continuing Property Record (CPR) system used by Hydro One Networks provides aged transactions for all plant accounts.

Prior to 1998, plant accounting records were maintained by Hydro One Networks in a legacy Fixed Asset Management System (FAMS) developed by Ontario Hydro. FAMS was replaced with an SAP system in 1998. The SAP system was replaced with a PeopleSoft asset accounting system in 2000. The PeopleSoft system was configured with the asset categories maintained in the SAP system and uploaded with age distributions of surviving plant at December 31, 1999.[2] The PeopleSoft system was replaced in August 2009 by an updated version of the SAP system.

Plant and reserve data used in conducting the 2016 depreciation review were assembled and initially coded by Hydro One Networks personnel. Additional coding was provided by Foster Associates as needed. Plant accounting transactions recorded between January 1, 2013 and December 31, 2015 were extracted from the SAP system, coded and appended to the database used in conducting the 2013 review. An additional dataset of category plant balances at December 31, 2015 was assembled and reconciled to aggregate USoA balances. (See Statement E).

Age distributions of surviving plant (*i.e.*, plant surviving by vintage year of placement) at December 31, 2015 were derived by Foster Associates from the vintaged plant transactions and reconciled to age distributions provided by Hydro One Networks. The complexity of the process through which the database was compiled and mapped to USoA plant categories prevented Foster Associates from reconciling the database to any public reports of Hydro One Networks. The integrity of the assembled database, however, was confirmed by the Company.

LIFE ANALYSIS AND ESTIMATION

Life analysis and life estimation are terms used to describe a two–step procedure for estimating the mortality characteristics of a plant category. The first step (*i.e.*, life analysis) is largely mechanical and primarily concerned with history. Statistical techniques are used in this step to obtain a mathematical description of the forces of retirement acting upon a plant category and an estimate of the *projection life* of the account. The mathematical expressions used to describe these life characteristics are known as *survival functions* or *survivor curves*.

The second step (*i.e.*, life estimation) is concerned with predicting the expected

[2]In 2003, Hydro One undertook a two–phase project to a) map asset categories maintained in PeopleSoft to USoA plant classifications; and b) align quantities maintained in a Power System Data Base (PSDB) to the re–mapped USoA account classifications. The PSDB provides property unit identification and quantities associated with investments maintained in PeopleSoft. Asset categories maintained in SAP were not mapped to USoA plant account classifications. This limitation prohibited using pre–2000 plant accounting activity in the 2005 and 2013 depreciation reviews.

remaining life of property units still exposed to forces of retirement. It is a process of blending the results of a life analysis with informed judgment (including expectations about the future) to obtain an appropriate projection life and curve descriptive of the parent population from which a plant account is viewed as a random sample. The amount of weight given to a life analysis will depend upon the extent to which past retirement experience is considered predictive of the future.

The analytical methods used in a life analysis are broadly classified as actuarial and semi–actuarial techniques. Actuarial techniques can be applied to plant accounting records that reveal the age of a plant asset at the time of its retirement from service. Stated differently, each retirement unit must be identifiable by date of installation and age at retirement. Semi–actuarial techniques can be used to derive service life and dispersion estimates when age identification of retirements is not maintained or readily available.

An actuarial life analysis program designed and developed by Foster Associates was employed in this review. The first step in an actuarial analysis involves a systematic treatment of the available data for the purpose of constructing an observed life table. A complete life table contains the life history of a group of property units installed during the same accounting period and various probability relationships derived from the data. A life table is arranged by age–intervals (usually defined as one year) and shows the number of units (or dollars) entering and leaving each age–interval and probability relationships associated with this activity. A life table minimally shows the age of each survivor and the age of each retirement from a group of units installed in a given accounting year.

A life table can be constructed in any one of at least five methods. The annual–rate or retirement–rate method was used in this review. The mechanics of the annual–rate method require the calculation of a series of ratios obtained by dividing the number of units (or dollars) surviving at the beginning of an age interval into the number of units (or dollars) retired during the same interval. This so–called "retirement ratio" (or set of ratios) is an estimator of the hazard rate or conditional probability of retirement during an age interval. The cumulative proportion surviving is obtained by multiplying the retirement ratio for each age interval by the proportion of the original group surviving at the beginning of that age interval and subtracting this product from the proportion surviving at the beginning of the same interval. The annual–rate method is applied to multiple groups or vintages by combining the retirements and/or survivors of like ages for each vintage included in the analysis.

The second step in an actuarial analysis involves graduating or smoothing the observed life table and fitting the smoothed series to a family of survival functions. The functions used in this study are the Iowa–type curves which are mathematically described by the Pearson frequency curve family. The observed life table was smoothed by a weighted least–squares procedure in which first, second and third degree orthogonal polynomials were fitted to the observed retirement ratios. The resulting function was expressed as a survivorship function which was numerically integrated to obtain an estimate of the projection life. The smoothed survivorship function was then fitted by a weighted least–squares procedure to the Iowa–curve family to obtain a mathematical description or classification of the dispersion characteristics of the data.

The set of computer programs used in this analysis provides multiple rolling–band, shrinking–band and progressive–band analyses of an account. Observation bands are defined by the dimensions of a "retirement era" that restricts the analysis to the retirement activity of all vintages represented by survivors at the beginning of a selected era. In a rolling–band analysis, a year of retirement experience is added to each successive retirement band and the earliest year from the preceding band is dropped. A shrinking–band analysis begins with the total retirement experience available and the earliest year from the preceding band is dropped for each successive band. A progressive–band analysis adds a year of retirement activity to a previous band without dropping earlier years from the analysis. Rolling, shrinking and progressive band analyses are used to detect the emergence of trends in the behavior of the dispersion and projection life.

Options available in the actuarial life analysis program designed and developed by Foster Associates include: the width and location of both placement and observation bands; the interval of years included in a selected band analysis; the estimator of the hazard rate (actuarial, conditional proportion retired, or maximum likelihood); the elements to include on the diagonal of a weight matrix (exposures, inverse of age, inverse of variance, or unweighted); and the age at which an observed life table is truncated. The program also provides tabular and graphics output as an aid in the analysis.

As noted above, the database for Hydro One Networks contains plant accounting transactions for activity years 2000–2015. While it is theoretically possible to obtain life indications from an actuarial analysis of a single activity year, retirements during the year must be widely distributed over the beginning–of–year surviving vintages of a nearly mature plant account.[3] A similar limitation applies to the database of Hydro One Networks which contains minimal retirement activity during the available activity years. Retirements must be sufficiently distributed across vintages within these years in order to obtain meaningful service life indications from a statistical analysis.

Life tables were constructed for each USoA plant account for which retirements were recorded over the period 2000–2015. With the exception of Account 1860 (Meters) and Account 1985 (Sentinel Lighting Rental Units), life tables construct-

[3]Plant maturity is achieved when the age distribution of surviving plant resembles a complete survivor curve descriptive of the forces of retirement acting upon the plant category.

ed over this limited historical period continue to exhibit uniformly high degrees of censoring and indeterminate measurements of service life. As noted in the 2013 review, these results are attributable to an insufficient distribution of retirements over the available band of activity years. The seemingly informative analysis of Account 1860 produced highly distorted service–life indications created by an avalanche of retirements in 2009 that eliminated all pre–2008 vintages. The massive retirement of conventional, electromechanical meters in 2009 was triggered by the launch of a system–wide deployment of smart meters.

As was noted in the 2005 and 2013 reviews, limitations in conducting statistical life analyses were also imposed by vintage years "banded" by the Company in 1992 and again in 1998 when age distributions from a Fixed Asset Management System (FAMS) were uploaded to SAP. All pre–1950 vintages were assigned a vintage year of 1950. Plant installed between 1951 and 1955 was assigned a vintage year of 1955. Similarly, plant installed during the intervals 1956–1960, 1961–1965 and 1966–1970 were assigned vintage years 1960, 1965 and 1970, respectively. Although discontinued in 1971, the banding of pre–1970 vintages will continue to produce unreliable life indications until most of the earlier vintages have been retired from service.

Pending the availability of sufficient or normal retirement activity to conduct service life studies, it is the opinion of Foster Associates that a composite of the parameters estimated for the asset categories recorded in a USoA account provides the best available estimate of service life statistics for the current depreciation review.

CLASS/CATEGORY SERVICE LIVES

The review of category lives undertaken in the 2013 review included onsite meetings with Company engineers, accountants and other subject matter experts having managerial responsibilities for the assets under review. Meetings of the project team were facilitated by Foster Associates. Discussions were held with representatives from planning, operations, maintenance, information technology and facilities to assess the reasonableness of recommended category lives within their respective areas of expertise. Consideration was also given to the range of service lives recommended in the Asset Amortization Study prepared for the Ontario Energy Board by Kinectrics Inc.

Category lives were reviewed in the current study via written surveys distributed to the subject matter experts who participated in the 2013 review. Each participant was asked to revisit currently approved category lives within their respective areas of expertise and to document reasons for any suggested changes or adjustments. No adjustments were recommended by these participants. Accordingly, category lives recommended and approved in the 2013 review were retained in the 2016 review.

USoA Service Lives

Recommended projection lives for USoA categories were derived from harmonic weighting of the constituent category lives recommended by the project team. Iowa survivor curves considered descriptive of the forces of retirement acting upon each USoA category were selected by Foster Associates based on experience and an understanding of the parametric form of the associated probability density functions. Projection lives and projection curves recommended for all depreciable USoA categories are summarized in Statement E.

Depreciation Reserve Analysis

The purpose of a depreciation reserve analysis is to compare the current level of recorded reserves with the level required to achieve the goals or objectives of depreciation accounting if the amount and timing of future retirements and net salvage are realized as predicted. The difference between a required (or theoretical) depreciation reserve and a recorded reserve provides a measurement of the expected excess or shortfall that will remain in the depreciation reserve if corrective action is not taken to eliminate the reserve imbalance.

Unlike a recorded reserve which represents the net amount of depreciation expense charged to previous periods of operations, a theoretical reserve is a measure of the implied reserve requirement at the beginning of a study year if the timing of future retirements and net salvage is in exact conformance with a survivor curve chosen to predict the probable life of property still exposed to the forces of retirement. Stated differently, a theoretical depreciation reserve is the difference between the recorded cost of plant currently in service and the sum of depreciation expense and net salvage that will be charged in the future if retirements are distributed over time according to a specified retirement frequency distribution.

Survivor curves used in the calculation of theoretical depreciation reserves are intended to describe forces of retirement that will be operative in the future. However, retirements caused by forces such as accidents, physical deterioration and changing technology seldom, if ever, remain stable over time. It is unlikely, therefore, that a probability or retirement frequency distribution can be identified that will accurately describe the age of plant retirements over the complete life cycle of a vintage. It is for this reason that depreciation rates should be reviewed periodically and adjusted for observed or expected changes in the parameters chosen to describe the underlying forces of mortality.

Although reserve records are commonly maintained by various account classifications, the sum of all reserves is the most important indicator of the condition of recorded reserves. If statistical life studies have not been conducted or retirement dispersion has not been considered in setting depreciation rates, it is likely that some accounts will be over–depreciated and other accounts will be under–depreciated relative to a calculated theoretical reserve. Differences between theoretical and recorded reserves will also arise as a normal occurrence when service lives, dispersion patterns and net salvage estimates are adjusted in the course of depreciation reviews. It is appropriate, therefore, and consistent with group depreciation theory to periodically redistribute or rebalance recorded reserves among the various primary accounts based upon the most recent estimates of retirement dispersion and net salvage rates.

It is the opinion of Foster Associates that a redistribution of recorded reserves is appropriate for Hydro One Networks at this time. Offsetting reserve imbalances (attributable to both the passage of time and parameter adjustments recommended in the current review) should be realigned among primary accounts to reduce offsetting imbalances and increase depreciation rate stability.

With the exception of amortizable categories in which theoretical or computed reserves replace recorded reserves, all remaining reserves were redistributed by multiplying the calculated reserve for each USoA primary account by the ratio of the sum of recorded reserves to the sum of calculated reserves. The sum of redistributed reserves is, therefore, equal to the sum of recorded depreciation reserves before the redistribution.

Statement C provides a comparison of recorded, computed and rebalanced reserves for Distribution Operations (BU 220) at December 31, 2015. The recorded reserve was $3,406,408,550 or 35.7 percent of the depreciable plant investment. The corresponding computed reserve is $3,045,587,410 or 31.9 percent of the depreciable plant investment. A proportionate amount of the measured reserve imbalance of $360,821,140 would be amortized over the composite weighted–average remaining life of each rate category using the remaining life depreciation rates recommended in this review.

Statement C also provides a comparison of recorded, computed and rebalanced reserves for Common Operations (BU 300) at December 31, 2015. The recorded reserve was $466,502,435, or 55.8 percent of the depreciable plant investment. The corresponding computed reserve is $459,005,761 or 54.9 percent of the depreciable plant investment. A proportionate amount of the measured reserve imbalance of $7,496,673 would be amortized over the composite weighted–average remaining life of each rate category using the remaining life depreciation rates recommended in this review.

DEVELOPMENT OF ACCRUAL RATES

The goal or objective of depreciation accounting is cost allocation over the economic life of an asset in proportion to the consumption of service potential. Ideally, the cost of an asset—which represents the cost of obtaining a bundle of service units—should be allocated to future periods of operation in proportion to the amount of service potential expended during an accounting interval. The service potential of an asset is the present value of future net revenue (*i.e.*, revenue less expenses exclusive of depreciation and other non–cash expenses) or cash inflows attributable to the use of that asset alone.

Cost allocation in proportion to the consumption of service potential is often approximated by the use of depreciation methods employing time rather than net revenue as the apportionment base. Examples of time–based methods include sinking–fund, straight–line, declining balance, and sum–of–the–years' digits. The advantage of using a time–based method is that it does not require an estimate of the remaining amount of service potential an asset will provide or the change in service potential predicted during an accounting interval. Using a time–based allocation method, however, does not change the goal of depreciation accounting. If it is reasonable to predict that the net revenue pattern of an asset will either decrease or increase over time, then an accelerated or decelerated time–based method should be used to approximate the rate at which service potential is actually consumed.

The time period over which the cost of an asset will be allocated to operations is determined by the combination of a procedure and a technique. A depreciation procedure describes the level of grouping or sub–grouping of assets within a plant category. Broad group, vintage group, equal–life group, and item (or unit) are a few of the more widely used procedures. A depreciation technique describes the life statistic used in a depreciation system. Whole life and remaining life (or expectancy) are the most common techniques.

Depreciation rates recommended in the 2016 review were developed using the currently approved system composed of the straight–line method, vintage group procedure, remaining–life technique. It is the opinion of Foster Associates that this system will remain appropriate for Hydro One Networks, provided depreciation studies are conducted periodically and parameters are routinely adjusted to reflect changing operating conditions.

It is also the opinion of Foster Associates that amortization accounting currently approved for selected general support asset accounts and recommended for BU 220 is consistent with the goals and objectives of depreciation accounting derived from the matching and expense recognition principles of accounting. Amortization accounting for these rate categories relieves Hydro One Networks of the burden to maintain detailed plant records for numerous plant items in which the unit cost is small in relation to the cost of tracking the disposition of the assets.

Statements

STATEMENTS

INTRODUCTION

This section provides a comparative summary of depreciation rates, annual depreciation accruals, recorded, computed and redistributed depreciation reserves, and current and recommended service life statistics for Hydro One Networks Inc. Distribution and Common Operations. The content of these statements is briefly described below.

- Statement A provides a comparative summary of current and recommended annual depreciation rates using the vintage group procedure, remaining–life technique.
- Statement B provides a comparison of current and recommended annualized 2016 depreciation accruals derived from the depreciation rates contained in Statement A.
- Statement C provides a comparison of recorded, computed and redistributed reserves for each rate category at December 31, 2015.
- Statement D provides a comparative summary of current and recommended parameters and statistics including projection life, projection curve, average service life, and average remaining life.
- Statement E displays the computation of recommended USoA projection lives derived from recommended Category ID lives.

Current depreciation accruals shown on Statements B are the product of the plant investment (Column B) and current depreciation rates shown on Statement A. These are the effective rates used by Hydro One Networks for the mix of investments recorded at December 31, 2015. Similarly, recommended depreciation accruals shown on Statements B are the product of the plant investment and recommended depreciation rates shown on Statement A. Recommended remaining life accrual rates (Statement A) are given by:

$$\text{Accrual Rate} = \frac{1.0 - \text{Reserve Ratio}}{\text{Remaining Life}}.$$

Statements A through E

HYDRO ONE NETWORKS INC. (BU 220)
Comparison of Current and Recommended Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Statement A

	Current			Recommended			
Account Description	Rem. Life	Net Salvage	Accrual Rate	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
A	B	C	D	E	F	G	H
INTANGIBLE PLANT							
1609 Capital Contributions - Inter-Segment			10.00%	← 10 Year Amortization →			10.00%
1610 Computer Software	7.28		9.00%	← 10 Year Amortization →			9.00%
Total Intangible Plant			9.16%	7.69		29.43%	9.16%
GENERATION PLANT							
1620 Buildings and Fixtures	8.21		1.22%	5.95		94.04%	1.00%
1665 Fuel Holders, Producers and Accessories	15.79		2.27%	12.81		71.30%	2.24%
1675 Generators	1.00		-16.03%	1.00		109.32%	-9.32%
1680 Accessory Electric Equpment	15.50		1.83%	12.50		77.32%	1.81%
Total Generation Plant			-11.69%	3.64		101.01%	-6.60%
DISTRIBUTION PLANT							
1805D Land - Depreciable	6.92		-0.18%	5.48		100.86%	-0.16%
1806 Land Rights	75.16		0.94%	72.36		31.09%	0.95%
1808 Buildings and Fixtures	33.17		1.82%	32.96		38.58%	1.86%
1815 Transformer Station Equipment > 50 kV	26.88		2.23%	28.08		35.04%	2.31%
1820 Distribution Station Equipment < 50 kV	17.79		2.70%	20.23		40.42%	2.95%
1830 Poles, Towers and Fixtures	40.14		1.70%	40.53		29.90%	1.73%
1835 Overhead Conductors and Devices	39.47		1.69%	39.50		32.23%	1.72%
1840 Underground Conduit	27.61		1.71%	26.46		53.51%	1.76%
1845 Underground Conductors and Devices	17.04		2.83%	16.68		51.60%	2.90%
1850 Line Transformers	29.42		2.31%	29.05		32.07%	2.34%
1860 Meters	17.68		4.89%	16.63		18.90%	4.88%
1860S Meters (Sustainment)	14.50		6.63%	13.81		8.92%	6.60%
1555 Smart Meters	11.77		6.36%	9.10		44.05%	6.15%
Total Distribution Plant			2.27%	28.02		34.76%	2.31%
GENERAL PLANT							
Depreciable							
1908 Buildings and Fixtures	34.00		1.84%	34.57		34.91%	1.88%
1910 Leasehold Improvements	7.51		5.50%	5.70		66.18%	5.93%
1922 Computer Hardware - Major	2.79		-3.82%	5.10		93.58%	1.26%
1955 Communication Equipment	1.21		-9.99%	3.51		103.50%	-1.00%
1980 System Supervisory Equipment	4.95		14.94%	3.24		57.34%	13.17%
1985 Sentinel Lighting Rental Units	18.81		2.94%	17.71		47.29%	2.98%
Total Depreciable			5.84%	7.42		51.92%	6.08%
Amortizable							
1925 Computer Software - Major	3.34		6.58%	← 6 Year Amortization →			6.58%
Total Amortizable			6.58%	1.78		87.12%	6.58%
Total General Plant			6.04%	4.84		61.38%	6.22%
TOTAL DISTRIBUTION OPERATIONS			2.57%	23.38		35.72%	2.61%

HYDRO ONE NETWORKS INC. (BU 220) Statement B

Comparison of Current and Recommended Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/15 Plant Investment	2016 Annualized Accrual Current	Recommended	Difference
A	B	C	D	E=D-C
INTANGIBLE PLANT				
1609 Capital Contributions - Inter-Segment	$ 33,265,788	$ 3,326,579	$ 3,326,579	$ -
1610 Computer Software	173,270,555	15,588,303	15,588,303	
Total Intangible Plant	$ 206,536,343	$ 18,914,882	$ 18,914,882	$ -
GENERATION PLANT				
1620 Buildings and Fixtures	$ 21,724	$ 265	$ 217	$ (48)
1665 Fuel Holders, Producers and Accessories	138,554	3,145	3,104	(41)
1675 Generators	537,296	(86,129)	(50,076)	36,053
1680 Accessory Electric Equpment	8,422	154	152	(2)
Total Generation Plant	$ 705,996	$ (82,565)	$ (46,603)	$ 35,962
DISTRIBUTION PLANT				
1805D Land - Depreciable	$ 41,374,128	$ (74,473)	$ (66,199)	$ 8,274
1806 Land Rights	233,032,381	2,190,504	2,213,808	23,304
1808 Buildings and Fixtures	7,966,391	144,988	148,175	3,187
1815 Transformer Station Equipment > 50 kV	189,962,718	4,236,169	4,388,139	151,970
1820 Distribution Station Equipment < 50 kV	628,058,564	16,957,581	18,527,728	1,570,147
1830 Poles, Towers and Fixtures	2,794,965,399	47,514,412	48,352,901	838,489
1835 Overhead Conductors and Devices	1,821,559,575	30,784,357	31,330,825	546,468
1840 Underground Conduit	23,902,877	408,739	420,691	11,952
1845 Underground Conductors and Devices	824,874,111	23,343,937	23,921,349	577,412
1850 Line Transformers	1,816,159,796	41,953,291	42,498,139	544,848
1860 Meters	16,582,363	810,878	809,219	(1,659)
1860S Meters (Sustainment)	46,363,345	3,073,890	3,059,981	(13,909)
1555 Smart Meters	499,690,555	31,780,319	30,730,969	(1,049,350)
Total Distribution Plant	$ 8,944,492,203	$ 203,124,592	$ 206,335,725	$ 3,211,133
GENERAL PLANT				
Depreciable				
1908 Buildings and Fixtures	$ 123,487,778	$ 2,272,175	$ 2,321,570	$ 49,395
1910 Leasehold Improvements	5,473,491	301,042	324,578	23,536
1922 Computer Hardware - Major	4,733,131	(180,806)	59,637	240,443
1955 Communication Equipment	25,322,412	(2,529,709)	(253,224)	2,276,485
1980 System Supervisory Equipment	107,983,618	16,132,753	14,221,442	(1,911,311)
1985 Sentinel Lighting Rental Units	14,163,999	416,422	422,087	5,665
Total Depreciable	$ 281,164,429	$ 16,411,877	$ 17,096,090	$ 684,213
Amortizable				
1925 Computer Software - Major	$ 103,289,675	$ 6,798,002	$ 6,798,002	$ -
Total Amortizable	$ 103,289,675	$ 6,798,002	$ 6,798,002	$ -
Total General Plant	$ 384,454,104	$ 23,209,879	$ 23,894,092	$ 684,213
TOTAL DISTRIBUTION OPERATIONS	$ 9,536,188,646	$ 245,166,788	$ 249,098,096	$ 3,931,308

HYDRO ONE NETWORKS INC. (BU 220)
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2015

Statement C

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Redistributed Reserve	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
INTANGIBLE PLANT							
1609 Capital Contributions - Inter-Segment	$ 33,265,788	$ 4,287,809	12.89%	$ 4,869,322	14.64%	$ 4,869,322	14.64%
1610 Computer Software	173,270,555	31,973,333	18.45%	55,905,267	32.26%	55,905,267	32.26%
Total Intangible Plant	$ 206,536,343	$ 36,261,142	17.56%	$ 60,774,589	29.43%	$ 60,774,589	29.43%
GENERATION PLANT							
1620 Buildings and Fixtures	$ 21,724	$ 19,810	91.19%	$ 18,165	83.62%	$ 20,429	94.04%
1665 Fuel Holders, Producers and Accessories	138,554	95,766	69.12%	87,843	63.40%	98,792	71.30%
1675 Generators	537,296	554,213	103.15%	522,288	97.21%	587,388	109.32%
1680 Accessory Electric Equipment	8,422	6,181	73.39%	5,790	68.75%	6,512	77.32%
Total Generation Plant	$ 705,996	$ 675,970	95.75%	$ 634,086	89.81%	$ 713,121	101.01%
DISTRIBUTION PLANT							
1805D Land - Depreciable	$ 41,374,128	$ 43,222,138	104.47%	$ 37,104,256	89.68%	$ 41,729,063	100.86%
1806 Land Rights	233,032,381	74,958,432	32.17%	64,410,150	27.64%	72,438,462	31.09%
1808 Buildings and Fixtures	7,966,391	3,074,278	38.59%	2,732,740	34.30%	3,073,359	38.58%
1815 Transformer Station Equipment > 50 kV	189,962,718	67,305,197	35.43%	59,191,619	31.16%	66,569,475	35.04%
1820 Distribution Station Equipment < 50 kV	628,058,564	249,807,758	39.77%	225,727,191	35.94%	253,862,638	40.42%
1830 Poles, Towers and Fixtures	2,794,965,399	839,479,757	30.04%	743,164,138	26.59%	835,794,783	29.90%
1835 Overhead Conductors and Devices	1,821,559,575	613,009,017	33.65%	522,090,490	28.66%	587,165,723	32.23%
1840 Underground Conduit	23,902,877	13,319,802	55.72%	11,373,754	47.58%	12,791,420	53.51%
1845 Underground Conductors and Devices	824,874,111	444,520,330	53.89%	378,446,461	45.88%	425,617,386	51.60%
1850 Line Transformers	1,816,159,796	586,878,219	32.31%	517,945,178	28.52%	582,503,724	32.07%
1860 Meters	16,582,363	6,167,337	37.19%	2,787,231	16.81%	3,134,641	18.90%
1860S Meters (Sustainment)	46,363,345	3,686,553	7.95%	3,678,159	7.93%	4,136,618	8.92%
1555 Smart Meters	499,690,555	200,245,679	40.07%	195,734,402	39.17%	220,131,440	44.05%
Total Distribution Plant	$ 8,944,492,203	$ 3,145,674,498	35.17%	$ 2,764,385,769	30.91%	$ 3,108,948,732	34.76%

HYDRO ONE NETWORKS INC. (BU 220)
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2015

Statement C

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
GENERAL PLANT							
Depreciable							
1908 Buildings and Fixtures	$ 123,487,778	$ 43,913,388	35.56%	$ 38,329,739	31.04%	$ 43,107,295	34.91%
1910 Leasehold Improvements	5,473,491	3,643,873	66.57%	3,220,863	58.84%	3,622,323	66.18%
1922 Computer Hardware - Major	4,733,131	4,785,389	101.10%	3,938,563	83.21%	4,429,480	93.58%
1955 Communication Equipment	25,322,412	28,944,593	114.30%	23,304,667	92.03%	26,209,444	103.50%
1980 System Supervisory Equipment	107,983,618	53,875,923	49.89%	55,053,675	50.98%	61,915,763	57.34%
1985 Sentinel Lighting Rental Units	14,163,999	7,073,007	49.94%	5,955,739	42.05%	6,698,084	47.29%
Total Depreciable	$ 281,164,429	$ 142,236,173	50.59%	$ 129,803,247	46.17%	$ 145,982,389	51.92%
Amortizable							
1925 Computer Software - Major	$ 103,289,675	$ 81,560,768	78.96%	$ 89,989,719	87.12%	$ 89,989,719	87.12%
Total Amortizable	$ 103,289,675	$ 81,560,768	78.96%	$ 89,989,719	87.12%	$ 89,989,719	87.12%
Total General Plant	$ 384,454,104	$ 223,796,941	58.21%	$ 219,792,966	57.17%	$ 235,972,108	61.38%
TOTAL DISTRIBUTION OPERATIONS	$ 9,536,188,646	$ 3,406,408,550	35.72%	$ 3,045,587,410	31.94%	$ 3,406,408,550	35.72%

HYDRO ONE NETWORKS INC. (BU 220)
Current and Recommended Parameters
Vintage Group Procedure

Statement D

Account Description	Current Parameters						Recommended Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
INTANGIBLE PLANT												
1609 Capital Contributions - Inter-Segment	10.00	SQ					10	SQ	10.00	8.54		
1610 Computer Software	10.00	SQ	10.00	7.28			10	SQ	10.00	7.53		
Total Intangible Plant									10.00	7.69		
GENERATION PLANT												
1620 Buildings and Fixtures	35.00	S6	35.70	8.21			35	S6	36.32	5.95		
1665 Fuel Holders, Producers and Accessories	35.00	S6	35.00	15.79			35	S6	35.00	12.81		
1675 Generators	15.00	S6	144.68	1.00			15	S6	35.80	1.00		
1680 Accessory Electric Equipment	40.00	S6	40.00	15.50			40	S6	40.00	12.50		
Total Generation Plant									35.70	3.64		
DISTRIBUTION PLANT												
1805D Land - Depreciable	50.00	S6	51.81	6.92			50.00	S6	53.10	5.48		
1806 Land Rights	#####	S6	100.00	75.16			100.00	S6	100.00	72.36		
1808 Buildings and Fixtures	50.00	S4	50.18	33.17			50.00	S4	50.17	32.96		
1815 Transformer Station Equipment > 50 kV	40.00	R2.5	40.85	26.88			40.00	R2.5	40.79	28.08		
1820 Distribution Station Equipment < 50 kV	30.00	R2.5	32.00	17.79			30.00	R2.5	31.58	20.23		
1830 Poles, Towers and Fixtures	55.00	S2	55.21	40.14			55.00	S2	55.21	40.53		
1835 Overhead Conductors and Devices	55.00	S2	55.32	39.47			55.00	S2	55.37	39.50		
1840 Underground Conduit	50.00	S2	50.32	27.61			50.00	S2	50.48	26.46		
1845 Underground Conductors and Devices	30.00	S3	30.60	17.04			30.00	S3	30.82	16.68		
1850 Line Transformers	40.00	R2	40.60	29.42			40.00	R2	40.64	29.05		
1860 Meters	20.00	R5	20.00	17.68			20.00	R5	19.99	16.63		
1860S Meters (Sustainment)	15.00	R5	15.00	14.50			15.00	R5	15.00	13.81		
1555 Smart Meters	15.00	R5	15.00	11.77			15.00	R5	14.96	9.10		
Total Distribution Plant									40.55	28.02		

HYDRO ONE NETWORKS INC. (BU 220)
Current and Recommended Parameters
Vintage Group Procedure

Statement D

	Current Parameters						Recommended Parameters					
Account Description	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
GENERAL PLANT												
Depreciable												
1908 Buildings and Fixtures	50.00	S4	50.10	34.00			50.00	S4	50.13	34.57		
1910 Leasehold Improvements	10.00	S6	15.10	7.51			10.00	S6	13.85	5.70		
1922 Computer Hardware - Major	10.00	S6	52.68	2.79			10.00	S6	30.38	5.10		
1955 Communication Equipment	7.00	S6	29.74	1.21			7.00	S6	44.05	3.51		
1980 System Supervisory Equipment	6.00	L2	6.37	4.95			6.00	L2	6.61	3.24		
1985 Sentinel Lighting Rental Units	30.00	R1.5	30.46	18.81			30.00	R1.5	30.56	17.71		
Total Depreciable									13.79	7.42		
Amortizable												
1925 Computer Software - Major	6.00	SQ	6.00	3.34			6.00	SQ	6.00	1.78		
Total Amortizable									6.00	1.78		
Total General Plant									10.22	4.84		
TOTAL DISTRIBUTION OPERATIONS									34.20	23.38		

HYDRO ONE NETWORKS INC. (BU 220) Statement E

Asset Category Summary
December 31, 2015
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Recommended P-Life USoA	Recommended P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
INTANGIBLE PLANT						
1609 Capital Contributions - Inter-Segment						
2000 Cap Contribution - Inter-Segment		10		10 a)		$ 33,265,788
Total USoA 1609	10 SQ	10	10 SQ	10	$ 33,265,788	$ 33,265,788
1610 Computer Software						
1656 Genrl - Adm & Serv-Lan Fib Opt		10		10 a)		$ 173,270,555
Total USoA 1610	10 SQ	10	10 SQ	10	$ 173,270,555	$ 173,270,555
GENERATION PLANT						
1620 Buildings and Fixtures						
1712 Genx - Fsl-Yd Facilities		35		35		$ 15,914
1720 Genx - Fsl Rem-Bldg & Str		35		35		5,810
Total USoA 1620	35 S6	35	35 S6	35	$ 21,724	$ 21,724
1665 Fuel Holders, Producers and Accessories						
1731 Genx - Fsl Rem-Fuel Handlng		35		35		$ 138,554
Total USoA 1665	35 S6	35	35 S6	35	$ 138,554	$ 138,554
1675 Generators						
1756 Genx - Fsl-Ac Stndby Pwr		15		15		$ 468,592
1758 Genx - Fsl Rem Alt & Aux Gen		15		15		68,704
Total USoA 1675	15 S6	15	15 S6	15	$ 537,296	$ 537,296
1680 Accessory Electric Equipment						
1754 Genx - Fsl-Ele Aux Syst/Cab		40		40		$ 8,422
Total USoA 1680	40 S6	40	40 S6	40	$ 8,422	$ 8,422
DISTRIBUTION PLANT						
1805D Land - Depreciable						
1113 Site Imprv - Excl Fence, Rd,Easmt		50		50		$ 73,835
1210 Land Purch & Acqui (Old Cap)		50		50		6,216,479
1310 Rural Lands < 1975		50		50		35,083,815
Total USoA 1805D	50 S6	50	50 S6	50	$ 41,374,128	$ 41,374,128
1806 Land Rights						
1111 Rights & Easmnts <Landscaping>		100		100		$ 1,084,197
1212 Easmnts & Rights, Purch & Acqui		100		100		6,447,629
1215 Clrng & Overbldng		100		100		45,004,178
1311 Rural Intl Clring & Ovrbldg		100		100		177,843,246
1313 Rural Easements-Land Rights		100		100		2,639,035
1314 Rural Perm Rd & Surf Areas		25		25		14,095
Total USoA 1806	100 S6	100	100 S6	100	$ 233,032,381	$ 233,032,381
1808 Buildings and Fixtures						
1112 Landscaping		50		50		$ 1,180,517
1120 Stn Buildings Components		50		50		4,055,436
1270 Serv Structures		50		50		2,250,042
1312 Rural Landscaping		50		50		480,396
Total USoA 1808	50 S4	50	50 S4	50	$ 7,966,391	$ 7,966,391
1815 Transformer Station Equipment > 50 kV						
1113 Site Imprv - Excl Fence, Rd,Easmt		50		50		$ 10,321,872
1122 Perm Rds & Surfc Area		25		25		2,059,726
1123 Cost Equip Foundations, Excav		50		50 e)		10,332,929
1127 Steel/Pipe Struc For Switch Eq		50		50		11,995,077
1128 Fences, Gates, Bldg		30		30		6,071,253
1150 Rot Elec Eqp (No Wind'G)		65		65		129,369
1152 Capacitors		35		35		762,965
1155 Regulators Incl Instal Cost		40		40		2,057,639
1160 Misc Stn Eqp -Trsf/Volt Trsf		40		40		12,454,467
1161 Serv Swg - Ac/Dc-Light Trsf		50		50		1,875,618
1162 Control Cable & Conduit		50		50		3,149,925
1163 Grounding Systems		50		50		6,512,354
1164 Metering Units		15		15 b)		7,409,696
1166 Switchboards		25		25 c)		1,272,995

Description	Current P-Life USoA	Current P-Life Category	Recommended P-Life USoA	Recommended P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
1167 Sup Cntrl - Prim H/Ware & Sys		20		20 d)		1,253,599
1168 Sup Cntrl - Prim Appl S/Ware		20		20 d)		365,714
1170 Service Systems		50		50		80,312
1175 Transf <=50Kv or <5Mva		50		50		6,522,300
1176 Transf <=115Kv or >5Mva		50		50		48,178,331
1177 Transf <=230Kv		50		50		7,473,863
1179 Transf Instal Cost		50		50		9,309,972
1181 Switching >=34.5Kv		40		40		7,531,538
1182 Switching >=115Kv		50		50 b)		2,610,047
1184 Sf6 Switchgear		40		40		284,934
1185 Reclosers		40		40		18,568,808
1186 Misc Switching		50		50 b)		3,203,482
1187 Bus (Rigid & Strain)		50		50 e)		3,391,558
1188 Cable		40		40		3,299,994
1190 Cct Breakers >=230Kv		40		40		2,997
1191 Cct Breakers >=115Kv		40		40		706,868
1192 Cct Breakers <115Kv		40		40		540,039
1193 Cct Breakers Install		40		40		130,016
1194 Encld Swgr (All Compnt)		40		40		102,459
Total USoA 1815	40 R2.5	42	40 R2.5	42	$ 189,962,718	$ 189,962,718
1820 Distribution Station Equipment < 50 kV						
1113 Site Imprv - Excl Fence, Rd,Easmt		50		50		$ 20,756,268
1122 Perm Rds & Surfc Area		60		60		2,970,407
1123 Cost Equip Foundations, Excav		60		60		31,804,880
1127 Steel/Pipe Struc for Switch Eq		50		50 b)		30,922,150
1128 Fences, Gates, Bldg		50		50 b)		29,597,315
1150 Rot Elec Eqp (No Wind'G)		65		65		633,105
1151 Rot Elec Eqp (Wind'Gs)		65		65		260,512
1152 Capacitors		35		35		166,047
1155 Regulators Incl Instal Cost		40		40 b)		13,386,420
1159 Mobile Sub-Stations		30		30		25,450,753
1160 Misc Stn Eqp - Trsf/Volt Trsf		40		40		50,842,687
1161 Serv Swg - Ac/Dc-Light Trsf		50		50		3,964,008
1162 Control Cable & Conduit		50		50		4,473,196
1163 Grounding Systems		50		50		24,344,727
1164 Metering Units		12		12		96,261,214
1166 Switchboards		25		25 c)		1,835,397
1167 Sup Cntrl - Prim H/Ware & Sys		15		15		8,665,141
1168 Sup Cntrl - Prim Appl S/Ware		15		15		590,058
1170 Service Systems		50		50		309,678
1173 Transf <=50Kv & >5Mva		50		50		87,355,096
1175 Transf <=50Kv or <5Mva		50		50		75,931,248
1179 Transf Instal Cost		50		50		30,864,923
1181 Switching >=34.5Kv		50		50 b)		18,737,574
1184 Sf6 Switchgear		35		35		2,246,941
1185 Reclosers		40		40		40,775,432
1186 Misc Switching		50		50 b)		6,472,495
1187 Bus (Rigid & Strain)		50		50 e)		5,060,735
1188 Cable		50		50		9,437,823
1192 Cct Breakers <115Kv		40		40		521,791
1193 Cct Breakers Install		40		40		117,683
1194 Encld Swgr (All Compnt)		40		40		3,302,860
Total USoA 1820	30 R2.5	32	30 R2.5	32	$ 628,058,564	$ 628,058,564
1830 Poles, Towers and Fixtures						
1230 Steel Twr, Sup & Ftng		75		75		$ 938,887
1240 Poles Incl Xarm, Guy, Anchr		55		55		615,680,135
1245 Steel Poles		75		75		5,146,610
1249 Composite Poles		80		80 d)		9,695,316
1340 Poles, Towers and Fixtures		55		55		2,157,592,641
1349 Steel Poles Support		75		75		5,911,810
Total USoA 1830	55 S2	55	55 S2	55	$2,794,965,399	$2,794,965,399

Description	Current P-Life		Recommended P-Life		Plant	
	USoA	Category	USoA	Category	USoA	Category
A	B	C	D	E	F	G
1835 Overhead Conductors and Devices						
1220 Insulators		45		45		$ 58,087,527
1232 Grounding System		45		45		1,898,907
1235 Opt Grnd Wire		50		50		2,906
1250 Overhd Conductor All		60		60 b)		347,417,491
1252 Switches & Devce		40		40		72,440,718
1320 Rural Switches/Load Interptr		40		40		229,272,158
1321 Rural Oil Sectnlzer & Reclsr Sw		40		40		30,513,593
1322 Rural Instalsectnlzr & Rclsr Sw		45		45		21,358,961
1330 Overhead Conductors and Devices		60		60 b)		1,011,570,643
1376 Rural Voltage Regulators		40		40		25,419,888
1377 Rural Instl Vltge Regulators		40		40		10,942,250
1378 Rural Capacitors		40		40		8,456,163
1379 Rural Install Capacitors		40		40		4,178,370
Total USoA 1835	55 S2	54	55 S2	54	$1,821,559,575	$1,821,559,575
1840 Underground Conduit						
1261 Ugrd Conduit		50		50		$ 23,902,877
Total USoA 1840	50 S2	50	50 S2	50	$ 23,902,877	$ 23,902,877
1845 Underground Conductors and Devices						
1231 Condctr Submarine Cbl		30		30		$ 531,480
1262 Ugrd Conductor		30		30		21,082,896
1293 Ugrd Conductor Primary		30		30		1,138,300
1331 Rural Condctr Submarine Cbl		30		30		144,370,389
1393 Rural U/Grd Conductor-Prime		30		30		172,820,067
1394 Rural U/Grd Condr Sec Serv		30		30		441,130,672
1395 Rural U/Grd Fuse Housing		30		30		43,800,307
Total USoA 1845	30 S3	30	30 S3	30	$ 824,874,111	$ 824,874,111
1850 Line Transformers						
1255 Dx - Subtx Transformers		40		40		$ 4,642,669
1256 Dx - Subtx Trnsfmrs Install		40		40		3,655,628
1295 U/GRD Fuse Housing		40		40		2,602,951
1341 Rural OH Trfrmrs <=25 Kva		40		40		350,821,440
1342 Rural OH Trfmrs >25 & <=50 Kva		40		40		121,649,059
1343 Rural OH Trfmrs >50 & <=75 Kva		40		40		41,301,755
1344 Rural OH Trfmr >75 & <=100 Kva		40		40		34,055,479
1345 Pole Top Trfs >100 & <=200 Kva		40		40		18,258,738
1346 Pole Top Trfs >200 & <=300 Kva		40		40		9,221,596
1347 Dx - Ptop Trfmrs >300 & <=500 Kva		40		40		1,033,534
1348 Dx - Pole Top Trfmrs >500 Kva		40		40		931,265
1351 Rural Trsf Instal		40		40		725,654,443
1385 Rural U/Grd Trsf 0-50Kva		40		40		102,802,185
1386 Rural U/Grd Trsf 51-75 Kva		40		40		36,706,342
1387 Rural U/Grd Trsf 76-100 Kva		40		40		42,784,701
1388 Rural U/Grd Trsf 101-200Kva		40		40		18,926,834
1389 Rural U/Grd Trsf 201-300Kva		40		40		21,237,022
1390 Rural U/Grd Trsf 301-500Kva		40		40		35,427,816
1391 Rural U/Grd Trsf 501-750Kva		40		40		10,030,172
1392 Rural U/Grd Trsf >750Kva		40		40		10,745,396
1396 Rural U/Grd Trfrmrs Instal		40		40		223,670,772
Total USoA 1850	40 R2	40	40 R2	40	$1,816,159,796	$1,816,159,796
1860 Meters						
1356 Meters - Watthour, Single Ph		20		20 f)		$ 3,600,566
1358 Metering Polyphase		20		20 f)		1,318,745
1361 Install - W/Hr & Dmd M S Ph		20		20 f)		10,219,211
1362 Install - Meters Polyphase		20		20 f)		1,443,841
Total USoA 1860	20 R5	20	20 R5	20	$ 16,582,363	$ 16,582,363
1860S Meters (Sustainment)						
1365 Smart Mtr - Incl Cost & Inst		15		15		$ 46,363,345
Total USoA 1860S	15 R5	15	15 R5	15	$ 46,363,345	$ 46,363,345
1555 Smart Meters						
1365 Smart Mtr - Incl Cost & Inst		15		15		$ 499,690,555
Total USoA 1555	15 R5	15	15 R5	15	$ 499,690,555	$ 499,690,555

Description	Current P-Life USoA	Current P-Life Category	Recommended P-Life USoA	Recommended P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
GENERAL PLANT						
Depreciable						
1908 Buildings and Fixtures						
1612 Genrl - Adm & Serv-Landscaping		50		50		$ 88,004
1621 Genrl - Adm & Serv-Bld Frame & Mtl		50		50		51,318,236
1622 Genrl - Adm & Serv-Rds & Surfaces		50		50		15,029,770
1623 Genrl - Adm & Serv-Bld Frame		50		50		39,092,360
1628 Genrl - Adm & Serv-Fence,Gate		30		30		1,857,701
1650 Genrl - Adm & Serv-Distn Sys		50		50		1,878,814
1663 Genrl - Adm & Serv-Aux Eq Bld		50		50		14,222,894
Total USoA 1908	50 S4	50	50 S4	50	$ 123,487,778	$ 123,487,778
1910 Leasehold Improvements						
1624 Genrl - Adm & Serv-Bldgs-Leased		10		10		$ 5,473,491
Total USoA 1910	10 S6	10	10 S6	10	$ 5,473,491	$ 5,473,491
1922 Computer Hardware - Major						
1653 Genrl - Adm & Serv-Lan Elect Dev		10		10		$ 2,035,010
1655 Genrl - Adm & Serv-Lan Cable		10		10		2,290,724
1656 Genrl - Adm & Serv-Lan Fib Opt		10		10		161,333
1657 Genrl - Adm & Serv-Sys Software		10		10		246,063
Total USoA 1922	10 S6	10	10 S6	10	$ 4,733,131	$ 4,733,131
1955 Communication Equipment						
1654 Genrl - Adm & Serv-Telcm Wire		7		7		$ 7,108,308
1656 Genrl - Adm & Serv-Lan Fib Opt		10		10		117,949
1658 Genrl - Adm & Serv-Telcm Equip		7		7		11,610,451
1659 Genrl - Adm & Serv-Telcom Sw		7		7		186,059
1850 Genrl - Comm-Radio Equipment		10		10		5,479,514
1854 Genrl - Comm-Admin Telcom Equp		7		7		596,112
1863 Genrl - Comm Optical Wire		25		25		168,288
1864 Genrl - Comm Optical Wire Termtn		25		25		52,759
1870 Genrl - Comm-Power Supply Equp		15		15		2,972
Total USoA 1955	7 S6	8	7 S6	8	$ 25,322,412	$ 25,322,412
1980 System Supervisory Equipment						
1840 Genrl - Comm-Pwr Line Equip		15		15		$ 138,912
1844 Genrl - Comm-Sys Cntrl Comp Eq		6		6 g)		3,642,616
1847 Genrl - Comm-Dacs Sys S/Ware		6		6 g)		104,135,726
1860 Genrl - Comm-Pole Comm Cab Bths		25		25		66,364
Total USoA 1980	6 L2	6	6 L2	6	$ 107,983,618	$ 107,983,618
1985 Sentinel Lighting Rental Units						
1374 Genrl - Dist Sentnal Lite Units		30		30		$ 14,163,999
Total USoA 1985	30 R1.5	30	30 R1.5	30	$ 14,163,999	$ 14,163,999
Amortizable						
1925 Computer Software - Major						
1657 Genrl - Adm & Serv-Sys Software		6		6 g)		$ 103,289,675
Total USoA 1925	6 SQ	6	6 SQ	6	$ 103,289,675	$ 103,289,675
TOTAL BU 220					$9,536,188,646	$9,536,188,646

a) To align with BU 210 (Tx) and BU 300 (Common).
b) To align with Kinectrics.
c) Based on life span of newer equipment.
d) To be consistent with BU 210 (Tx).
e) To align with transformers. Cost effective to replace both.
f) Analog meters, continuing investments.
g) To align with hardware/software refresh policy.

Statements A through E

HYDRO ONE NETWORKS INC. - (BU 300) Statement A

Comparison of Current and Recommended Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

	Current			Recommended			
Account Description	Rem. Life	Net Salvage	Accrual Rate	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
A	B	C	D	E	F	G	H
INTANGIBLE PLANT							
1610 Computer Software	5.00		9.47%	← 10 Year Amortization →			9.47%
Total Intangible Plant			9.47%	4.09		60.38%	9.47%
GENERAL PLANT							
Depreciable							
1908 Buildings and Fixtures	33.20		1.53%	34.84		34.23%	1.89%
1910 Leasehold Improvements	7.80		5.63%	7.98		35.00%	8.15%
1922 Computer Equipment - Hardware	8.15		8.23%	7.34		34.11%	8.98%
1955 Communication Equipment	1.00		-42.07%	5.89		47.51%	8.91%
1980 System Supervisory Equipment	1.00		-37.04%	5.68		63.17%	6.48%
Total Depreciable			-4.05%	12.71		37.23%	4.90%
Amortizable							
1915 Office Furniture and Equipment	← 7 Year Amortization →		13.50%	← 7 Year Amortization →			13.50%
1920 Computer Hardware - Minor	← 5 Year Amortization →		15.52%	← 5 Year Amortization →			15.52%
1925 Computer Software - Major	6.92		9.21%	← 6 Year Amortization →			9.21%
1935 Stores Equipment	← 8 Year Amortization →		7.35%	← 8 Year Amortization →			7.35%
1940 Tools, Shop and Garage Equipment	← 6 Year Amortization →		16.42%	← 6 Year Amortization →			16.42%
1945 Measurement and Testing Equipment	← 5 Year Amortization →		16.37%	← 5 Year Amortization →			16.37%
1960 Miscellaneous Equipment	← 5 Year Amortization →		15.08%	← 5 Year Amortization →			15.08%
Total Amortizable			12.43%	2.85		61.86%	12.43%
Total General Plant			5.56%	4.56		51.59%	9.29%
TOTAL COMMON OPERATIONS			7.45%	4.36		55.84%	9.38%

HYDRO ONE NETWORKS INC. - (BU 300)

Statement B

Comparison of Current and Recommended Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/15 Plant Investment	2016 Annualized Accrual Current	Recommended	Difference
A	B	C	D	E=D-C
INTANGIBLE PLANT				
1610 Computer Software	$ 403,450,559	$ 38,214,409	$ 38,214,409	$ -
Total Intangible Plant	$ 403,450,559	$ 38,214,409	$ 38,214,409	$ -
GENERAL PLANT				
Depreciable				
1908 Buildings and Fixtures	$ 95,964,858	$ 1,468,262	$ 1,813,736	$ 345,474
1910 Leasehold Improvements	42,066,253	2,368,330	3,428,400	1,060,070
1922 Computer Equipment - Hardware	12,341,379	1,015,695	1,108,256	92,561
1955 Communication Equipment	22,399,965	(9,423,665)	1,995,837	11,419,502
1980 System Supervisory Equipment	7,335,098	(2,716,920)	475,314	3,192,234
Total Depreciable	$ 180,107,553	$ (7,288,298)	$ 8,821,543	$ 16,109,841
Amortizable				
1915 Office Furniture and Equipment	$ 11,727,673	$ 1,582,772	$ 1,582,772	$ -
1920 Computer Hardware - Minor	82,718,706	12,839,709	12,839,709	
1925 Computer Software - Major	120,975,593	11,140,693	11,140,693	
1935 Stores Equipment	1,744,872	128,216	128,216	
1940 Tools, Shop and Garage Equipment	12,412,077	2,037,643	2,037,643	
1945 Measurement and Testing Equipment	16,158,948	2,645,118	2,645,118	
1960 Miscellaneous Equipment	6,205,726	935,560	935,560	
Total Amortizable	$ 251,943,595	$ 31,309,711	$ 31,309,711	$ -
Total General Plant	$ 432,051,148	$ 24,021,413	$ 40,131,254	$ 16,109,841
TOTAL COMMON OPERATIONS	$ 835,501,707	$ 62,235,822	$ 78,345,663	$ 16,109,841

HYDRO ONE NETWORKS INC. - (BU 300) Statement C
Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2015

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
INTANGIBLE PLANT							
1610 Computer Software	$ 403,450,559	$ 229,852,472	56.97%	$ 243,597,315	60.38%	$ 243,597,315	60.38%
Total Intangible Plant	$ 403,450,559	$ 229,852,472	56.97%	$ 243,597,315	60.38%	$ 243,597,315	60.38%
GENERAL PLANT							
Depreciable							
1908 Buildings and Fixtures	$ 95,964,858	$ 61,061,965	63.63%	$ 29,176,691	30.40%	$ 32,849,042	34.23%
1910 Leasehold Improvements	42,066,253	9,120,418	21.68%	13,077,592	31.09%	14,723,615	35.00%
1922 Computer Equipment - Hardware	12,341,379	7,099,984	57.53%	3,738,746	30.29%	4,209,327	34.11%
1955 Communication Equipment	22,399,965	13,069,258	58.34%	9,452,390	42.20%	10,642,123	47.51%
1980 System Supervisory Equipment	7,335,098	(1,475,836)	-20.12%	4,115,364	56.11%	4,633,348	63.17%
Total Depreciable	$ 180,107,553	$ 88,875,790	49.35%	$ 59,560,782	33.07%	$ 67,057,456	37.23%
Amortizable							
1915 Office Furniture and Equipment	$ 11,727,673	$ 4,415,696	37.65%	$ 4,478,939	38.19%	$ 4,478,939	38.19%
1920 Computer Hardware - Minor	82,718,706	52,175,228	63.08%	52,254,737	63.17%	52,254,737	63.17%
1925 Computer Software - Major	120,975,593	71,651,428	59.23%	79,080,264	65.37%	79,080,264	65.37%
1935 Stores Equipment	1,744,872	1,438,683	82.45%	1,438,052	82.42%	1,438,052	82.42%
1940 Tools, Shop and Garage Equipment	12,412,077	4,938,174	39.79%	5,075,128	40.89%	5,075,128	40.89%
1945 Measurement and Testing Equipment	16,158,948	8,975,284	55.54%	9,085,446	56.23%	9,085,446	56.23%
1960 Miscellaneous Equipment	6,205,726	4,179,680	67.35%	4,435,098	71.47%	4,435,098	71.47%
Total Amortizable	$ 251,943,595	$ 147,774,173	58.65%	$ 155,847,664	61.86%	$ 155,847,664	61.86%
Total General Plant	$ 432,051,148	$ 236,649,963	54.77%	$ 215,408,446	49.86%	$ 222,905,120	51.59%
TOTAL COMMON OPERATIONS	$ 835,501,707	$ 466,502,435	55.84%	$ 459,005,761	54.94%	$ 466,502,435	55.84%

HYDRO ONE NETWORKS INC. - (BU 300)
Current and Recommended Parameters
Vintage Group Procedure

Statement D

Account Description	Current Parameters						Recommended Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
INTANGIBLE PLANT												
1610 Computer Software	10.00	SQ	10.00	5.00			10.00	SQ	10.00	4.09		
Total Intangible Plant									10.00	4.09		
GENERAL PLANT												
Depreciable												
1908 Buildings and Fixtures	50.00	S4	50.05	33.20			50.00	S4	50.06	34.84		
1910 Leasehold Improvements	10.00	S6	12.63	7.80			10.00	S6	11.58	7.98		
1922 Computer Equipment - Hardware	10.00	S6	10.51	8.15			10.00	S6	10.53	7.34		
1955 Communication Equipment	7.00	S6	32.60	1.00			7.00	S6	10.19	5.89		
1980 System Supervisory Equipment	7.00	S6	15.39	1.00			7.00	S6	12.94	5.68		
Total Depreciable									18.99	12.71		
Amortizable												
1915 Office Furniture and Equipment	7.00	SQ	7.00	4.01			7.00	SQ	7.00	4.33		
1920 Computer Hardware - Minor	5.00	SQ	5.00	2.44			5.00	SQ	5.00	1.93		
1925 Computer Software - Major	10.00	SQ	7.00	6.92			6.00	SQ	6.00	3.55		
1935 Stores Equipment	8.00	SQ	8.00	2.86			8.00	SQ	8.00	1.81		
1940 Tools, Shop and Garage Equipment	6.00	SQ	6.00	2.80			6.00	SQ	6.00	3.55		
1945 Measurement and Testing Equipment	5.00	SQ	5.00	2.64			5.00	SQ	5.00	2.44		
1960 Miscellaneous Equipment	5.00	SQ	5.00	2.55			5.00	SQ	5.00	1.73		
Total Amortizable									5.58	2.85		
Total General Plant									7.91	4.56		
TOTAL COMMON OPERATIONS									8.80	4.36		

HYDRO ONE NETWORKS INC. - (BU 300) Statement E

Asset Category Summary
December 31, 2015
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Recommended P-Life USoA	Recommended P-Life Category	Plant USoA	Plant Category
A	B	C	D			G
INTANGIBLE PLANT						
1610 Computer Software						
1656 Genrl - Adm & Serv-Lan Fib Opt		10		10		$ 30,330,585
1657 Genrl - Adm & Serv-Sys Software		10		10		373,119,974
Total USoA 1610	10 SQ	10	10 SQ	10	$ 403,450,559	$ 403,450,559
GENERAL PLANT						
Depreciable						
1908 Buildings and Fixtures						
1621 Genrl - Adm & Serv-Bld Frame & Mtl		50		50		$ 42,192,175
1622 Genrl - Adm & Serv-Rds & Surfaces		25		25		5,518,777
1623 Genrl - Adm & Serv-Bld Frame		50		50		26,118,611
1628 Genrl - Adm & Serv-Fence,Gate		30		30		1,340,070
1650 Genrl - Adm & Serv-Distn Sys		50		50		987,634
1663 Genrl - Adm & Serv-Aux Eq Bld		50		50		13,039,012
1812 Genrl - Comm-Road and Surface Areas		50		50		2,408
1820 Genrl - Comm-Buildings		50		50		6,766,170
Total USoA 1908	50 S4	47	50 S4	47	$ 95,964,858	$ 95,964,858
1910 Leasehold Improvements						
1624 Genrl - Adm & Serv-Bldgs-Leased		10		10		$ 42,066,253
Total USoA 1910	10 S6	10	10 S6	10	$ 42,066,253	$ 42,066,253
1922 Computer Equipment - Hardware						
1653 Genrl - Adm & Serv-Lan Elect Dev		10		10		$ 11,836,023
1655 Genrl - Adm & Serv-Lan Cable		10		10		505,356
Total USoA 1922	10 S6	10	10 S6	10	$ 12,341,379	$ 12,341,379
1955 Communication Equipment						
1654 Genrl - Adm & Serv-Telcm Wire		7		7		$ 2,396,026
1658 Genrl - Adm & Serv-Telcm Equip		7		7		15,559,467
1850 Genrl - Comm-Radio Equipment		10		10		11,318
1854 Genrl - Comm-Admin Telcom Equp		7		7		4,433,155
Total USoA 1955	7 S6	7	7 S6	7	$ 22,399,965	$ 22,399,965
1980 System Supervisory Equipment						
1840 Genrl - Comm-Pwr Line Equip		15		15		$ 389,017
1844 Genrl - Comm-Sys Cntrl Comp Eq		6		10		3,705,164
1847 Genrl - Comm-DACS SYS S/Ware		6		6 a)		3,240,918
Total USoA 1980	7 S6	6	7 S6	8	$ 7,335,098	$ 7,335,098
Amortizable						
1915 Office Furniture and Equipment						
S007 Mfa - 7 Yr Sl		7		7		$ 11,727,673
Total USoA 1915	7 SQ	7	7 SQ	7	$ 11,727,673	$ 11,727,673
1920 Computer Hardware - Minor						
S005 Mfa - 5Yr Sl(Def)		5		5		$ 82,718,706
Total USoA 1920	5 SQ	5	5 SQ	5	$ 82,718,706	$ 82,718,706
1925 Computer Software - Major						
1657 Genrl - Adm & Serv-Sys Software		6		6 a)		$ 120,975,593
Total USoA 1925	10 SQ	6	6 SQ	6	$ 120,975,593	$ 120,975,593
1935 Stores Equipment						
S008 Mfa - 8Yr Sl(Def)		8		8		$ 1,744,872
Total USoA 1935	8 SQ	8	8 SQ	8	$ 1,744,872	$ 1,744,872
1940 Tools, Shop and Garage Equipment						
S006 Mfa - 6Yr Sl(Def)		6		6		$ 12,412,077
Total USoA 1940	6 SQ	6	6 SQ	6	$ 12,412,077	$ 12,412,077
1945 Measurement and Testing Equipment						
S005 Mfa - 5Yr Sl(Def)		5		5		$ 16,158,948
Total USoA 1945	5 SQ	5	5 SQ	5	$ 16,158,948	$ 16,158,948
1960 Miscellaneous Equipment						
S005 Mfa - 5Yr Sl(Def)		5		5		$ 6,205,726
Total USoA 1960	5 SQ	5	5 SQ	5	$ 6,205,726	$ 6,205,726
TOTAL BU 300					$ 835,501,707	$ 835,501,708

a) To align with hardware/software refresh policy.

Analysis

ANALYSIS

INTRODUCTION

This section provides an explanation of the supporting schedules developed in the Hydro One Networks distribution and common depreciation review to estimate appropriate projection curves, projection lives and statistics for each rate category. The form and content of the schedules developed for an account depend upon the method of analysis adopted for the category.

This section also includes an example of the supporting schedules developed for Account 1850 – Line Transformers. Documentation for all other plant accounts is contained in the review work papers. The supporting schedules developed in the Hydro One Networks review include:

Schedule A – Generation Arrangement;

Schedule B – Age Distribution;

Schedule C – Plant History;

Schedule D – Actuarial Life Analysis; and

Schedule E – Graphics Analysis.

The format and content of these schedules are briefly described below.

SCHEDULE A – GENERATION ARRANGEMENT

The purpose of this schedule is to obtain appropriate weighted–average life statistics for a rate category. The weighted–average remaining–life is the sum of Column H divided by the sum of Column I. The weighted average life is the sum of Column C divided by the sum of Column I. The following table provides a description of each column in the generation arrangement.

Column	Title	Description
A	Vintage	Vintage or placement year of surviving plant.
B	Age	Age of surviving plant at beginning of study year.
C	Surviving Plant	Actual dollar amount of surviving plant.
D	Average Life	Estimated average life of each vintage. This statistic is the sum of the realized life and the unrealized life, which is the product of the remaining life (Column E) and the theoretical proportion surviving.
E	Remaining Life	Estimated remaining life of each vintage.
F	Net Plant Ratio	Theoretical net plant ratio of each vintage.
G	Allocation Factor	A pivotal ratio which determines the amortization period of the difference between the recorded and computed reserve.
H	Computed Net Plant	Plant in service less theoretical reserve for each vintage.
I	Accrual	Ratio of computed net plant (Column H) and remaining life (Column E).

Table 4. Generation Arrangement

SCHEDULE B – AGE DISTRIBUTION

This schedule provides the age distribution and realized life of surviving plant shown in Column C of the Generation Arrangement (Schedule A). The format of the schedule depends upon the availability of either aged or unaged data. Derived additions for vintage years older than the earliest activity year in an account for unaged data are obtained from the age distribution of surviving plant at the beginning of the earliest activity year. The amount surviving from these vintages is shown in Column D. The realized life (Column G) is derived from the dollar years of service provided by a vintage over the period of years the vintage has been in service. Plant additions for vintages older than the earliest activity year in an account are represented by the opening balances shown in Column D.

The computed proportion surviving (Column D) for unaged is derived from a computed mortality analysis. The average service life displayed in the title block is the life statistic derived for the most recent activity year, given the derived age distribution at the start of the year and the specified retirement dispersion. The realized life (Column F) is obtained by finding the slope of an SC retirement dispersion, which connects the computed survivors of a vintage (Column E) to the recorded vintage addition (Column B). The realized life is the area bounded by the SC dispersion, the computed proportion surviving and the age of the vintage.

SCHEDULE C – PLANT HISTORY

An Unadjusted Plant History schedule provides a summary of recorded plant data extracted from the continuing property records maintained by the Company. Activity year total amounts shown on this schedule for aged data are obtained from a historical arrangement of the data base in which all plant accounting transactions are identified by vintage and activity year. Activity year totals for unaged data are obtained from a transaction file without vintage identification. Information displayed in the unadjusted plant history is consistent with regulated investments reported internally by the Company.

An Adjusted Plant History schedule provides a summary of recorded plant data extracted from the continuing property records maintained by the Company with sales, transfers, and adjustments appropriately aged for depreciation study purposes. Activity year total amounts shown on this schedule for aged data are obtained from a historical arrangement of the data base in which all plant accounting transactions are identified by vintage and activity year. Ageing of adjusting transactions is achieved using transaction codes that identify an adjusting year associated with the dollar amount of a transaction. Adjusting transactions processed in the adjusted plant history are not aged in the Company's records or in the unadjusted plant history.

Schedule D – Actuarial Life Analysis

These schedules provide a summary of the dispersion and life indications obtained from an actuarial life analysis for a specified placement band. The observation band (Column A) is specified to produce a rolling–band, shrinking–band, or progressive–band analysis depending upon the movement of the end points of the band. The degree of censoring (or point of truncation) of the observed life table is shown in Column B for each observation band. The estimated average service life, best fitting Iowa dispersion, and a statistical measure of the goodness of fit are shown for each degree polynomial (First, Second, and Third) fitted to the estimated hazard rates. Options available in the analysis include the width and location of both the placement and observation bands; the interval of years included in a selected rolling, shrinking, or progressive band analysis; the estimator of the hazard rate (actuarial, conditional proportion retired, or maximum likelihood); the elements to include on the diagonal of a weight matrix (exposures, inverse of age, inverse of variance, or unweighted); and the age at which an observed life table is truncated.

Estimated projection lives (Columns C, F, and I) are flagged with an asterisk if negative hazard rates are indicated by the fitted polynomial. All negative hazard rates are set equal to zero in the calculation of the graduated survivor curve. The Conformance Index (Columns E, H, and K) is the square root of the mean sum–of–squared differences between the graduated survivor curve and the best fitting Iowa curve. A Conformance Index of zero would indicate a perfect fit.

Schedule E – Graphics Analysis

This schedule provides a graphics plot of a) the observed proportion surviving for a selected placement and observation band; b) the statistically best fitting Iowa dispersion and derived average service life; and c) the projection curve and projection life selected to describe future forces of mortality.

The graphics analysis also provides a plot of the observed hazard rates and graduated hazard function for a selected placement and observation band. The estimator of the hazard rates and weighting used in fitting orthogonal polynomials to the observed data are displayed in the title block of the displayed graph.

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant
Account: 1850 Line Transformers

Dispersion: 40 - R2
Procedure: Vintage Group

Generation Arrangement

Vintage	December 31, 2015 Age	Surviving Plant	Avg. Life	Rem. Life	Net Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
A	B	C	D	E	F	G	H=C*F*G	I=H/E
2015	0.5	33,936,194	40.00	39.55	0.9887	1.0000	33,552,154	848,396
2014	1.5	121,252,388	40.00	38.65	0.9661	1.0000	117,143,360	3,031,109
2013	2.5	145,581,553	40.01	37.75	0.9437	1.0000	137,379,257	3,638,888
2012	3.5	88,719,419	40.01	36.87	0.9214	1.0000	81,747,137	2,217,440
2011	4.5	83,933,425	40.01	35.98	0.8993	1.0000	75,481,502	2,097,589
2010	5.5	90,746,077	40.01	35.11	0.8777	1.0000	79,643,761	2,268,316
2009	6.5	81,486,776	40.01	34.25	0.8559	1.0000	69,742,763	2,036,567
2008	7.5	79,040,924	39.93	33.39	0.8360	1.0000	66,080,815	1,979,256
2007	8.5	76,629,311	40.05	32.54	0.8124	1.0000	62,252,185	1,913,349
2006	9.5	81,773,231	40.02	31.69	0.7918	1.0000	64,750,727	2,043,069
2005	10.5	67,634,775	40.09	30.86	0.7697	1.0000	52,059,679	1,687,056
2004	11.5	71,825,061	40.08	30.03	0.7492	1.0000	53,814,477	1,791,896
2003	12.5	57,039,529	40.12	29.21	0.7283	1.0000	41,539,834	1,421,881
2002	13.5	54,184,822	39.98	28.41	0.7104	1.0000	38,494,034	1,355,136
2001	14.5	39,724,052	40.08	27.61	0.6887	1.0000	27,358,872	991,033
2000	15.5	36,900,337	39.92	26.82	0.6718	1.0000	24,789,962	924,438
1999	16.5	52,474,762	39.70	26.04	0.6558	1.0000	34,412,035	1,321,731
1998	17.5	30,915,260	40.04	25.26	0.6309	1.0000	19,505,512	772,048
1997	18.5	23,418,128	40.21	24.50	0.6095	1.0000	14,272,526	582,460
1996	19.5	20,803,628	40.22	23.75	0.5906	1.0000	12,285,806	517,226
1995	20.5	18,257,219	40.36	23.01	0.5702	1.0000	10,410,089	452,351
1994	21.5	16,323,797	40.50	22.28	0.5502	1.0000	8,981,793	403,062
1993	22.5	15,368,844	40.61	21.57	0.5310	1.0000	8,161,350	378,441
1992	23.5	28,449,773	40.99	20.86	0.5089	1.0000	14,478,820	694,137
1991	24.5	32,454,895	40.98	20.16	0.4921	1.0000	15,970,627	792,060
1990	25.5	45,196,820	41.21	19.48	0.4727	1.0000	21,364,860	1,096,761
1989	26.5	43,391,687	41.43	18.81	0.4540	1.0000	19,700,555	1,047,418
1988	27.5	45,386,170	41.57	18.15	0.4366	1.0000	19,817,417	1,091,881
1987	28.5	33,310,866	41.81	17.50	0.4186	1.0000	13,943,883	796,630
1986	29.5	27,812,523	42.00	16.87	0.4017	1.0000	11,172,606	662,254
1985	30.5	22,813,780	42.04	16.25	0.3866	1.0000	8,819,366	542,705
1984	31.5	14,745,453	42.43	15.64	0.3687	1.0000	5,437,042	347,541
1983	32.5	13,742,907	42.84	15.05	0.3514	1.0000	4,829,033	320,824
1982	33.5	13,115,989	42.74	14.47	0.3387	1.0000	4,441,955	306,900
1981	34.5	11,430,055	43.33	13.91	0.3210	1.0000	3,668,873	263,767
1980	35.5	8,047,880	43.26	13.36	0.3088	1.0000	2,485,524	186,042
1979	36.5	6,999,032	43.59	12.83	0.2942	1.0000	2,059,362	160,573

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant
Account: 1850 Line Transformers

Dispersion: 40 - R2
Procedure: Vintage Group

Generation Arrangement

Vintage	Age (December 31, 2015)	Surviving Plant (December 31, 2015)	Avg. Life	Rem. Life	Net Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
A	B	C	D	E	F	G	H=C*F*G	I=H/E
1978	37.5	6,586,693	44.04	12.30	0.2794	1.0000	1,840,345	149,562
1977	38.5	7,584,574	44.67	11.80	0.2642	1.0000	2,003,585	169,799
1976	39.5	7,486,179	45.05	11.31	0.2510	1.0000	1,879,147	166,157
1975	40.5	8,995,231	45.31	10.83	0.2391	1.0000	2,150,631	198,505
1974	41.5	8,427,780	45.72	10.37	0.2269	1.0000	1,912,080	184,320
1973	42.5	5,153,725	46.54	9.93	0.2133	1.0000	1,099,350	110,734
1972	43.5	3,397,931	46.72	9.50	0.2033	1.0000	690,653	72,726
1971	44.5	3,774,010	47.37	9.08	0.1917	1.0000	723,464	79,678
1970	45.5	9,918,035	47.51	8.68	0.1827	1.0000	1,811,529	208,775
1965	50.5	3,742,589	50.69	6.85	0.1352	1.0000	505,994	73,835
1960	55.5	16,225,709	54.71	5.27	0.0964	1.0000	1,564,063	296,588
Total	13.8	$1,816,159,796	40.64	29.05	0.7148	1.0000	$1,298,230,393	$44,692,906

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

Age Distribution

			2000	Experience to 12/31/2015		
Vintage	Age as of 12/31/2015	Derived Additions	Opening Balance	Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
2015	0.5	33,941,188		33,936,194	0.9999	0.4999
2014	1.5	121,298,480		121,252,388	0.9996	1.4997
2013	2.5	145,757,529		145,581,553	0.9988	2.4991
2012	3.5	89,067,893		88,719,419	0.9961	3.4938
2011	4.5	84,619,997		83,933,425	0.9919	4.4871
2010	5.5	92,208,660		90,746,077	0.9841	5.4643
2009	6.5	82,595,992		81,486,776	0.9866	6.4521
2008	7.5	81,259,005		79,040,924	0.9727	7.3528
2007	8.5	77,684,561		76,629,311	0.9864	8.4417
2006	9.5	83,554,230		81,773,231	0.9787	9.3857
2005	10.5	68,720,194		67,634,775	0.9842	10.4156
2004	11.5	73,453,096		71,825,061	0.9778	11.3674
2003	12.5	58,213,133		57,039,529	0.9798	12.3529
2002	13.5	56,593,875		54,184,822	0.9574	13.1693
2001	14.5	41,134,408		39,724,052	0.9657	14.2086
2000	15.5	39,426,841		36,900,337	0.9359	14.9753
1999	16.5		57,272,646	52,474,762	0.9162	15.6866
1998	17.5		32,864,083	30,915,260	0.9407	16.9465
1997	18.5		24,669,832	23,418,128	0.9493	18.0187
1996	19.5		22,119,591	20,803,628	0.9405	18.9355
1995	20.5		19,347,143	18,257,219	0.9437	19.9658
1994	21.5		17,292,257	16,323,797	0.9440	20.9855
1993	22.5		16,256,159	15,368,844	0.9454	21.9671
1992	23.5		29,320,674	28,449,773	0.9703	23.2006
1991	24.5		34,125,421	32,454,895	0.9510	24.0364
1990	25.5		47,213,084	45,196,820	0.9573	25.1039
1989	26.5		45,161,123	43,391,687	0.9608	26.1416
1988	27.5		47,646,128	45,386,170	0.9526	27.0865
1987	28.5		34,720,036	33,310,866	0.9594	28.1242
1986	29.5		29,077,246	27,812,523	0.9565	29.0802
1985	30.5		24,645,406	22,813,780	0.9257	29.8776
1984	31.5		15,625,603	14,745,453	0.9437	31.0074
1983	32.5		14,371,055	13,742,907	0.9563	32.1362
1982	33.5		14,333,262	13,115,989	0.9151	32.7378
1981	34.5		12,115,442	11,430,055	0.9434	34.0151
1980	35.5		8,928,755	8,047,880	0.9013	34.5986
1979	36.5		7,716,587	6,999,032	0.9070	35.5651
1978	37.5		7,263,646	6,586,693	0.9068	36.6310

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

Age Distribution

Vintage	Age as of 12/31/2015	Derived Additions	2000 Opening Balance	Experience to 12/31/2015 Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
1977	38.5		8,142,806	7,584,574	0.9314	37.8489
1976	39.5		8,054,793	7,486,179	0.9294	38.8012
1975	40.5		9,907,871	8,995,231	0.9079	39.6014
1974	41.5		9,331,390	8,427,780	0.9032	40.5244
1973	42.5		5,518,893	5,153,725	0.9338	41.8303
1972	43.5		3,782,786	3,397,931	0.8983	42.4723
1971	44.5		4,216,289	3,774,010	0.8951	43.5492
1970	45.5		11,495,403	9,918,035	0.8628	44.0963
1965	50.5		4,532,847	3,742,589	0.8257	48.9070
1960	55.5		19,526,173	16,225,709	0.8310	53.9325
Total	13.8	$1,229,529,084	$646,594,428	$1,816,159,796	0.9680	

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

Unadjusted Plant History

Year	Beginning Balance	Additions	Retirements	Sales, Transfers & Adjustments	Ending Balance
A	B	C	D	E	F=B+C-D+E
2000	833,030,256	16,511,195	2,159,339	34,271,760	881,653,873
2001	881,653,873	8,557,059	2,686,174	96,233,636	983,758,394
2002	983,758,394	6,144,671	6,564,516	127,964,395	1,111,302,944
2003	1,111,302,944	7,982,518	4,950,154	66,204,802	1,180,540,110
2004	1,180,540,110	7,658,134	4,869,058	98,451,464	1,281,780,651
2005	1,281,780,651	4,179,746	5,002,138	95,646,532	1,376,604,791
2006	1,376,604,791	3,979,215	3,497,726	103,498,367	1,480,584,647
2007	1,480,584,647	3,477,676	2,089,879	(369,341,975)	1,112,630,469
2008	1,112,630,469	627,238	2,124,214	84,447,833	1,195,581,326
2009	1,195,581,326	84,406,753	3,686,551	(3,057,850)	1,273,243,677
2010	1,273,243,677	81,167,048	4,318,539		1,350,092,186
2011	1,350,092,186	89,916,228	4,492,069	(29,401)	1,435,486,944
2012	1,435,486,944	86,408,054	3,457,971	(69,573)	1,518,367,455
2013	1,518,367,455	99,358,446	2,349,371	(51,494)	1,615,325,035
2014	1,615,325,035	103,208,606	5,091,158	64,841	1,713,507,326
2015	1,713,507,326	105,341,367	2,624,862	(64,035)	1,816,159,796

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

Adjusted Plant History

Year	Beginning Balance	Additions	Retirements	Sales, Transfers & Adjustments	Ending Balance
A	B	C	D	E	F=B+C-D+E
2000	842,014,719	42,882,092	2,159,339	1,250,760	883,988,232
2001	883,988,232	56,644,053	2,686,174	53,660,221	991,606,332
2002	991,606,332	75,155,021	6,564,516	52,728,737	1,112,925,575
2003	1,112,925,575	74,702,255	4,950,154	(36,339)	1,182,641,337
2004	1,182,641,337	100,277,260	4,869,058	(26,745)	1,278,022,794
2005	1,278,022,794	96,096,496	5,002,138	2,612,348	1,371,729,500
2006	1,371,729,500	83,718,994	3,497,726	11,790	1,451,962,558
2007	1,451,962,558	77,809,633	2,089,879	(413,803,469)	1,113,878,844
2008	1,113,878,844	81,287,042	2,124,214		1,193,041,671
2009	1,193,041,671	82,595,982	3,686,551	(267,729)	1,271,683,372
2010	1,271,683,372	92,208,650	4,318,539		1,359,573,484
2011	1,359,573,484	84,540,766	4,492,069	79,251	1,439,701,433
2012	1,439,701,433	89,099,242	3,457,971		1,525,342,704
2013	1,525,342,704	145,753,221	2,349,371	(51,494)	1,668,695,060
2014	1,668,695,060	121,238,761	5,091,158	64,841	1,784,907,505
2015	1,784,907,505	33,941,188	2,624,862	(64,035)	1,816,159,796

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

T-Cut: None
Placement Band: 1960-2012
Hazard Function: Proportion Retired
Weighting: Exposures

Rolling Band Life Analysis

Observation Band	Censoring	First Degree Average Life	First Degree Disper-sion	First Degree Conf. Index	Second Degree Average Life	Second Degree Disper-sion	Second Degree Conf. Index	Third Degree Average Life	Third Degree Disper-sion	Third Degree Conf. Index
A	B	C	D	E	F	G	H	I	J	K
2000-2004	70.9	84.3	L0.5	2.08	55.9	R2	0.80	100.3	O3 *	0.44
2001-2005	69.2	82.8	L0.5	2.18	55.9	R2	0.74	78.0	O3 *	0.49
2002-2006	70.2	87.8	L0.5	2.20	58.5	R2	0.77	62.8	H2 *	0.67
2003-2007	73.5	93.2	L0.5	1.65	62.5	H2.5	0.37	60.1	R2	0.46
2004-2008	75.8	98.6	H1.5	1.42	66.2	H2.5	0.31	61.5	R2.5	0.42
2005-2009	78.1	109.9	S-.5	1.36	70.0	H2.5	0.31	66.1	R2.5	0.34
2006-2010	79.4	120.6	S-.5	1.47	72.9	R2	0.41	71.9	R2	0.42
2007-2011	78.2	117.1	S-.5	1.35	73.6	H2.5	0.40	70.6	R2	0.41
2008-2012	79.1	122.9	S-.5	1.19	79.5	H2.5	0.49	80.8	S1	0.49

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

T-Cut: None

Placement Band: 1960-2012

Hazard Function: Proportion Retired

Weighting: Exposures

Shrinking Band Life Analysis

		First Degree			Second Degree			Third Degree		
Observation Band	Censoring	Average Life	Disper-sion	Conf. Index	Average Life	Disper-sion	Conf. Index	Average Life	Disper-sion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
2000-2012	73.6	104.8	L0.5	1.88	69.2	H2.5	0.53	101.4	O3 *	0.51
2002-2012	73.7	104.3	H1	1.75	69.4	H2.5	0.49	84.2	L0.5 *	0.48
2004-2012	76.5	110.5	S-.5	1.41	73.3	H2.5	0.37	72.7	H2.5	0.37
2006-2012	78.9	119.4	S-.5	1.28	77.0	H2.5	0.38	73.5	R2	0.38
2008-2012	79.1	122.9	S-.5	1.19	79.5	H2.5	0.49	80.8	S1	0.49
2010-2012	82.0	124.0	SC	0.43	85.4	R1.5	0.45	76.7	R2	0.39
2012-2012	87.1	122.4	S-.5	0.83	109.7	S0	0.88	90.3	R2	0.85

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

T-Cut: None
Placement Band: 1960-2012
Hazard Function: Proportion Retired
Weighting: Exposures

Progressing Band Life Analysis

Observation Band	Censoring	First Degree Average Life	First Degree Disper-sion	First Degree Conf. Index	Second Degree Average Life	Second Degree Disper-sion	Second Degree Conf. Index	Third Degree Average Life	Third Degree Disper-sion	Third Degree Conf. Index
A	B	C	D	E	F	G	H	I	J	K
2000-2001	87.7	111.0	S-.5	0.52	66.7	R2	0.94	162.6	R1 *	1.39
2000-2003	74.7	87.1	L0.5	1.21	56.0	R2	0.58	116.4	O3 *	0.63
2000-2005	70.2	85.7	L0.5	2.24	57.1	R2	0.85	86.7	O3 *	0.61
2000-2007	72.0	92.0	L0.5	1.91	60.8	R2	0.42	62.2	H2.5	0.39
2000-2009	73.3	97.8	L0.5	1.76	63.8	H2.5	0.29	72.6	L1.5 *	0.29
2000-2011	72.9	102.8	L0.5	1.97	66.9	H2.5	0.51	82.5	L0.5 *	0.49
2000-2012	73.6	104.8	L0.5	1.88	69.2	H2.5	0.53	101.4	O3 *	0.51

HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

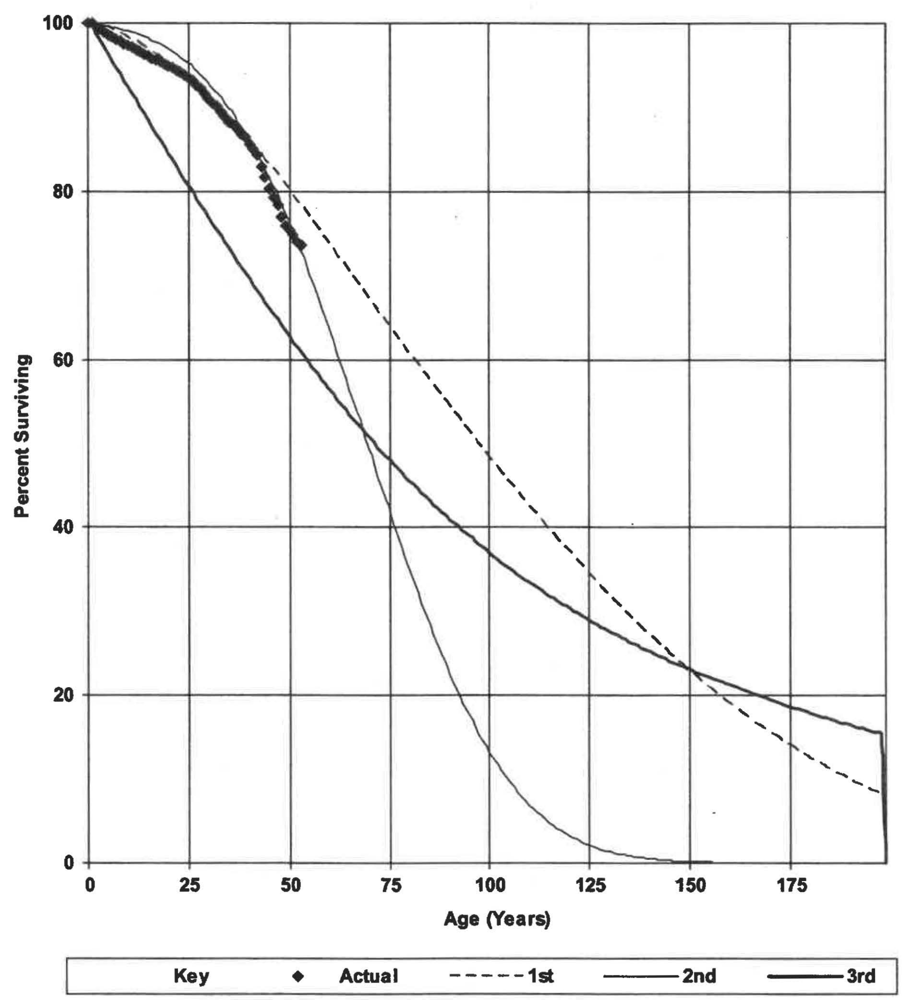
T-Cut: None

Placement Band: 1960-2012 Observation Band: 2000-2012

Hazard Function: Proportion Retired

Weighting: Exposures

Graphics Analysis **1st: 104.8-L0.5 2nd: 69.2-H2.5 3rd: 101.4-O3**



HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

T-Cut: None

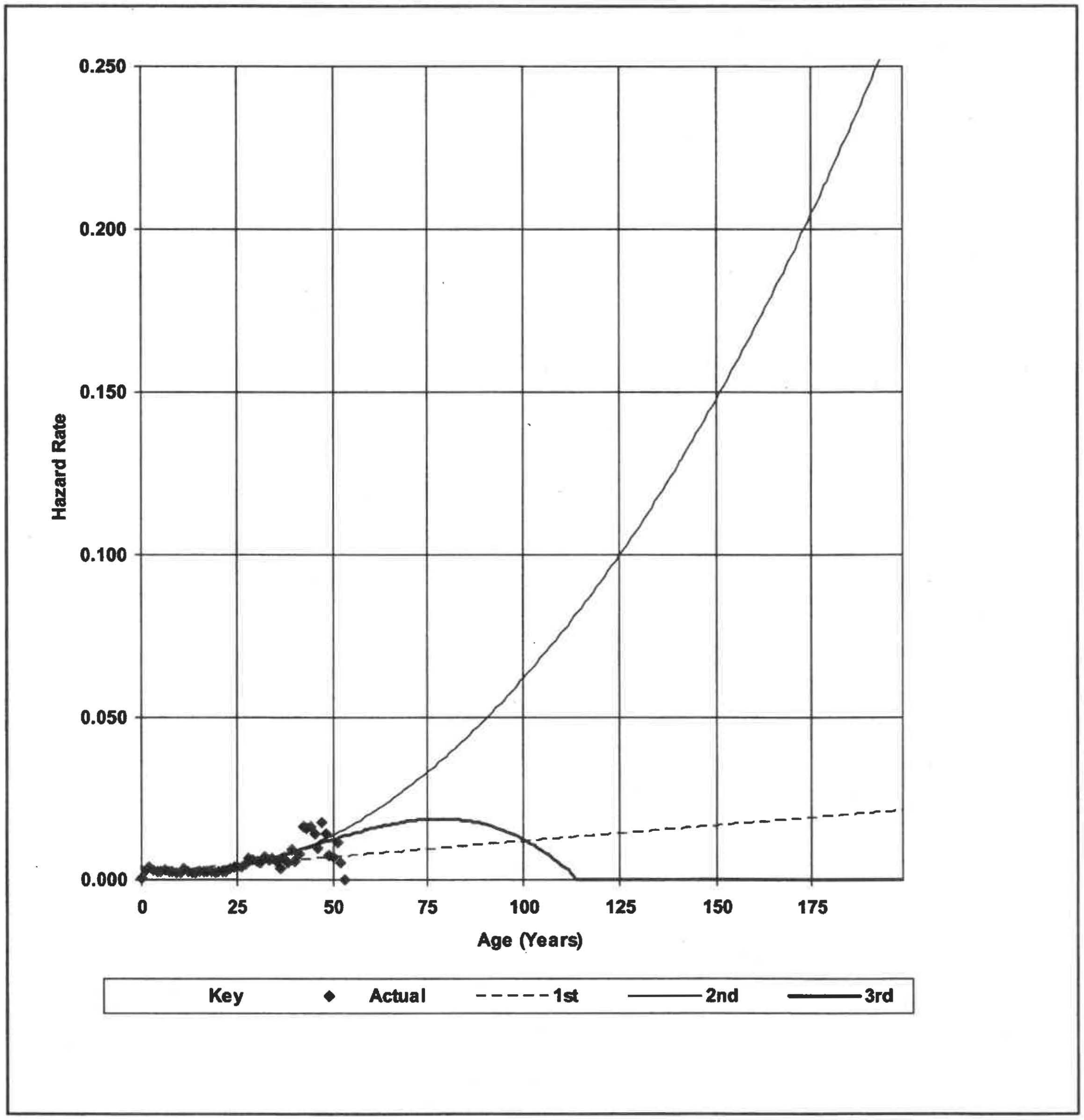
Placement Band: 1960-2012 Observation Band: 2000-2012

Hazard Function: Proportion Retired

Weighting: Exposures

Polynomial Hazard Function

1st: 104.8-L0.5 2nd: 69.2-H2.5 3rd: 101.4-O3



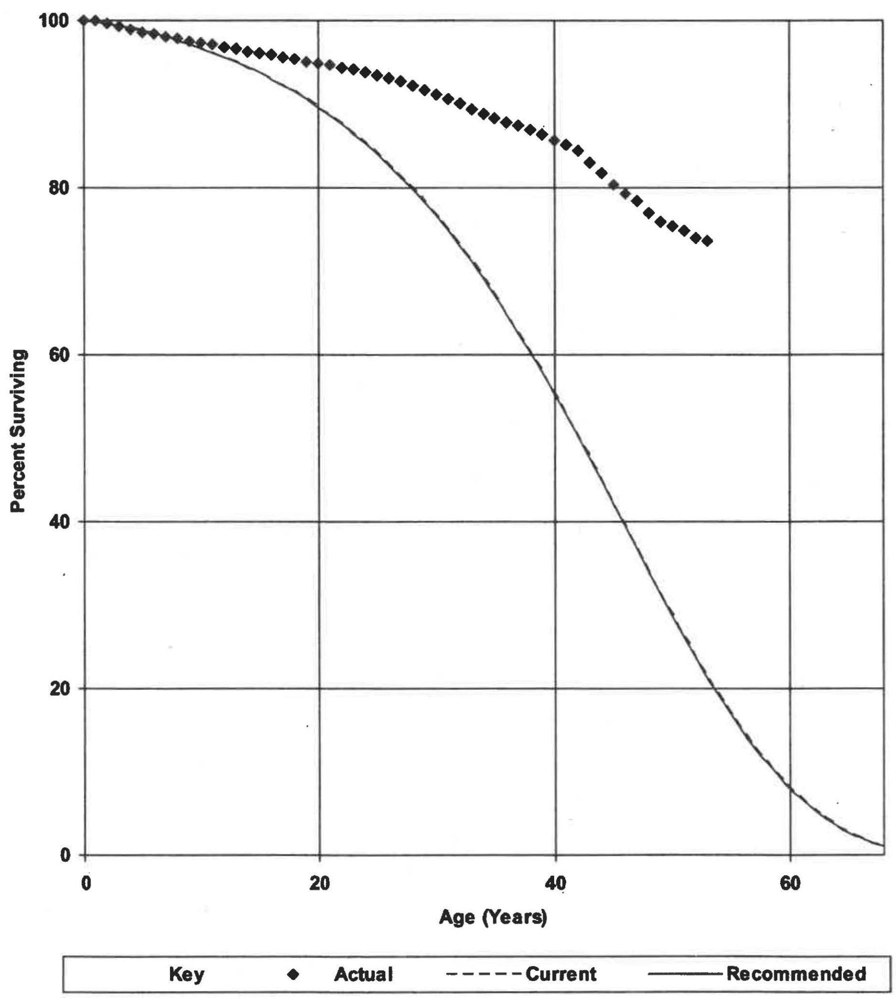
HYDRO ONE NETWORKS INC. - DISTRIBUTION

Distribution Plant

Account: 1850 Line Transformers

T-Cut: None
Placement Band: 1960-2012
Observation Band: 2000-2012

Current and Recommended Projection Life Curves Current: 40.0-R2 Recommended: 40.0-R2



Expert Rule 13A

Expert Rule 13A

Title of Report

2016 Depreciation Rate Review
—Distribution Operations
—Common Operations

Consultant

Ronald E. White, Ph.D.
Foster Associates Consultants, LLC
17595 S. Tamiami Trail, Suite 260
Fort Myers, FL 33908

Qualifications

See attached Professional Qualifications.

Instructions Provided

Foster Associates was instructed to conduct a 2016 Depreciation Rate Review and provide recommended depreciation rates for USoA categories derived from service life statistics estimated for category classifications adopted by Hydro One Networks for engineering operations and planning purposes.

Basis of Evidence

Specific information and factual assumptions upon which the 2016 Depreciation Rate Review is based are contained within the titled report.

Confirmation

Dr. White has been made aware of and agrees to accept the responsibilities that are or may be imposed as set forth in Rule 13A.

Ronald E. White, Ph.D.
December 15, 2016

FORM A

Proceeding: EB-2017-0049

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Ronald E. White, Ph.D.(*name)*. I live at Fort Myers (*city)*, in the state of Florida (*province/state*) in the United States.

2. I have been engaged by or on behalf of Hydro One Networks (*name of party/parties)* to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
   (a) to provide opinion evidence that is fair, objective and non-partisan;
   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date 02/14/2017

Signature

Professional Qualifications

Name and Address

Ronald E. White, Ph.D.
Foster Associates Consultants, LLC
17595 S. Tamiami Trail, Suite 260
Fort Myers, FL 33908

Education

1961 – 1964 Valparaiso University

Major: Electrical Engineering

1965 Iowa State University

B.S., Engineering Operations

1968 Iowa State University

M.S., Engineering Valuation

Thesis: The Multivariate Normal Distribution and the Simulated Plant Record Method of Life Analysis

1977 Iowa State University

Ph.D., Engineering Valuation

Minor: Economics

Dissertation: A Comparative Analysis of Various Estimates of the Hazard Rate Associated With the Service Life of Industrial Property

Employment

2015 – Foster Associates Consultants, LLC
President

2007 – 2015 Foster Associates, Inc.
Chairman

1996 – 2007 Foster Associates, Inc.
Executive Vice President

1988 – 1996 Foster Associates, Inc.
Senior Vice President

1979 – 1988 Foster Associates, Inc.
Vice President

1978 – 1979 Northern States Power Company
Assistant Treasurer

1974 – 1978	Northern States Power Company Manager, Corporate Economics
1972 – 1974	Northern States Power Company Corporate Economist
1970 – 1972	Iowa State University Graduate Student and Instructor
1968 – 1970	Northern States Power Company Valuation Engineer
1965 – 1968	Iowa State University Graduate Student and Teaching Assistant

PUBLICATIONS

A New Set of Generalized Survivor Tables, Journal of the Society of Depreciation Professionals, October, 1992.

The Theory and Practice of Depreciation Accounting Under Public Utility Regulation, Journal of the Society of Depreciation Professionals, December, 1989.

Standards for Depreciation Accounting Under Regulated Competition, paper presented at The Institute for Study of Regulation, Rate Symposium, February, 1985.

The Economics of Price-Level Depreciation, paper presented at the Iowa State University Regulatory Conference, May, 1981.

Depreciation and the Discount Rate for Capital Investment Decisions, paper presented at the National Communications Forum - National Electronics Conference, October 1979.

A Computerized Method for Generating a Life Table From the 'h-System' of Survival Functions, paper presented at the American Gas Association - Edison Electric Institute Depreciation Accounting Committee Meeting, December, 1975.

The Problem With AFDC is ..., paper presented at the Iowa State University Conference on Public Utility Valuation and the Rate Making Process, May, 1973.

The Simulated Plant-Record Method of Life Analysis, paper presented at the Missouri Public Service Commission Regulatory Information Systems Conference, May, 1971.

Simulated Plant-Record Survivor Analysis Program (User's Manual), special report published by Engineering Research Institute, Iowa State University, February, 1971.

A Test Procedure for the Simulated Plant-Record Method of Life Analysis, Journal of the American Statistical Association, September, 1970.

Modeling the Behavior of Property Records, paper presented at the Iowa State University Conference on Public Utility Valuation and the Rate Making Process, May, 1970.

A Technique for Simulating the Retirement Experience of Limited-Life Industrial Property, paper presented at the National Conference of Electric and Gas Utility Accountants, May, 1969.

How Dependable are Simulated Plant-Record Estimates?, paper presented at the Iowa State University Conference on Public Utility Valuation and the Rate Making Process, April, 1968.

TESTIFYING WITNESS

Alabama Public Service Commission, Docket No. 18488, General Telephone Company of the Southeast; testimony concerning engineering economy study techniques.

Alabama Public Service Commission, Docket No. 20208, General Telephone Company of the South; testimony concerning the equal-life group procedure and remaining-life technique.

Alberta Energy and Utilities Board, Application No. 1250392, Aquila Networks Canada; rebuttal testimony supporting proposed depreciation rates.

Alberta Energy and Utilities Board, Case No. RE95081, Edmonton Power Inc.; rebuttal evidence concerning appropriate depreciation rates.

Alberta Energy and Utilities Board, 1999/2000 General Tariff Application, Edmonton Power Inc.; direct and rebuttal evidence concerning appropriate depreciation rates.

Arizona Corporation Commission, Docket No. T-01051B-97-0689, U S West Communications, Inc.; testimony concerning appropriate depreciation rates.

Arizona Corporation Commission, Docket No. G-1032A-02-0598, Citizens Communications Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–0135A–03–0437, Arizona Public Service Company; rebuttal testimony supporting net salvage rates.

Arizona Corporation Commission, Docket No. E–01345A–05–0816, Arizona Public Service Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–01345A–08–0172, Arizona Public Service Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–01345A–11–0224, Arizona Public Service Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–01345A–16–0036, Arizona Public Service Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–01933A–12–0126, Tucson Electric Power Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–01933A–15–0322, Tucson Electric Power Company; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. G–04204A–06–0463, UNS Gas, Inc.; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–04204A–06–0783, UNS Electric, Inc.; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–04204A–09–0206, UNS Electric, Inc.; testimony supporting proposed depreciation rates.

Arizona Corporation Commission, Docket No. E–04204A–15–0142, UNS Electric, Inc.; testimony supporting proposed depreciation rates.

Arizona State Board of Equalization, Docket No. 6302-07-2, Arizona Public Service Company; testimony concerning valuation and assessment of contributions in aid of construction.

California Public Utilities Commission, Case Nos. A.92-06-040, 92-06-042, GTE California Incorporated; rebuttal testimony supporting depreciation study techniques.

California Public Utilities Commission. Docket No. GRC A.05–12–002, Pacific Gas and Electric Company; testimony regarding estimation of net salvage rates.

California Public Utilities Commission. Docket No. GRC A.06–12–009/A.06–12–010, San Diego Gas & Electric Company and Southern California Gas Company; testimony regarding estimation of net salvage rates.

California Public Utilities Commission. Application No. A.16–09–001 Southern California Edison; testimony regarding estimation of service lives and net salvage rates.

Public Utilities Commission of the State of Colorado, Application No. 36883-Reopened. U S WEST Communications; testimony concerning equal-life group procedure.

State of Connecticut Department of Public Utility Control, Docket No. 10–12–02, Yankee Gas Services Company; testimony supporting recommended depreciation rates.

State of Connecticut Department of Public Utility Control, Docket No. 09–12–05, The Connecticut Light and Power Company; testimony supporting recommended depreciation rates.

State of Connecticut Department of Public Utility Control, Docket No. 06–12PH01, Yankee Gas Services Company; testimony supporting recommended depreciation rates.

State of Connecticut Department of Public Utility Control, Docket No. 05–03–17, The Southern Connecticut Gas Company; testimony supporting recommended depreciation rates.

Delaware Public Service Commission, Docket No. 81-8, Diamond State Telephone Company; testimony concerning the amortization of inside wiring.

Delaware Public Service Commission, Docket No. 82-32, Diamond State Telephone Company; testimony concerning the equal-life group procedure and remaining-life technique.

Public Service Commission of the District of Columbia, Formal Case No. 842, District of Columbia Natural Gas; testimony concerning depreciation rates.

Public Service Commission of the District of Columbia, Formal Case No. 1016, Washington Gas Light Company - District of Columbia; testimony supporting proposed depreciation rates.

Public Service Commission of the District of Columbia, Formal Case No. 1054, Washington Gas Light Company - District of Columbia; testimony supporting proposed depreciation rates.

Public Service Commission of the District of Columbia, Formal Case No. 1093, Washington Gas Light Company - District of Columbia; testimony supporting proposed depreciation rates.

Public Service Commission of the District of Columbia, Formal Case No. 1115, Washington Gas Light Company - District of Columbia; testimony supporting proposed depreciation rates.

Public Service Commission of the District of Columbia, Formal Case No. 1137, Washington Gas Light Company - District of Columbia; testimony supporting proposed depreciation rates.

Federal Communications Commission, Prescription of Revised Depreciation Rates for AT&T Communications; statement concerning depreciation, regulation and competition.

Federal Communications Commission, Petition for Modification of FCC Depreciation Prescription Practices for AT&T; statement concerning alignment of depreciation expense used for financial reporting and regulatory purposes.

Federal Communications Commission, Docket No. 99-117, Bell Atlantic; affidavit concerning revenue requirement and capital recovery implications of omitted plant retirements.

Federal Energy Regulatory Commission, Docket No. RP14-118-000, WBI Energy Transmission, Inc.; testimony supporting proposed depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER10-2110-000, ITC Midwest; testimony supporting proposed depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER10-185-000, Michigan Electric Transmission Company; testimony supporting proposed depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER09-1530-000, ITC Transmission; testimony supporting proposed depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER95-267-000, New England Power Company; testimony supporting proposed depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER11-3638-000, Arizona Public Service Company; testimony supporting proposed depreciation rates

Federal Energy Regulatory Commission, Docket No. RP89-248, Mississippi River Transmission Corporation; rebuttal testimony concerning appropriateness of net salvage component in depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER91-565, New England Power Company; testimony supporting proposed depreciation rates.

Federal Energy Regulatory Commission, Docket No. ER78-291, Northern States Power Company; testimony concerning rate of return and general financial requirements.

Federal Energy Regulatory Commission, Docket Nos. RP80-97 and RP81-54, Tennessee Gas Pipeline Company; testimony concerning offshore plant depreciation rates.

Federal Power Commission, Docket No. E-8252, Northern States Power Company; testimony concerning general financial requirements and measurements of financial performance.

Federal Power Commission, Docket No. E-9148, Northern States Power Company; testimony concerning general financial requirements and measurements of financial performance.

Federal Power Commission, Docket No. ER76-818, Northern States Power Company; testimony concerning rate of return and general financial requirements.

Federal Power Commission, Docket No. RP74-80, *Northern* Natural Gas Company; testimony concerning depreciation expense.

Public Utilities Commission of the State of Hawaii, Docket No. 00-0309, The Gas Company; testimony supporting proposed depreciation rates.

Public Utilities Commission of the State of Hawaii, Docket No. 94-0298, GTE Hawaiian Telephone Company Incorporated; testimony concerning the need for shortened service lives and disclosure of asset impairment losses.

Idaho Public Utilities Commission, Case No. U-1002-59, General Telephone Company of the Northwest, Inc.; testimony concerning the remaining-life technique and the equal-life group procedure.

Illinois Commerce Commission, Case No. 04–0476, Illinois Power Company; testimony supporting proposed depreciation rates.

Illinois Commerce Commission, Docket No. 94-0481, Citizens Utilities Company of Illinois; rebuttal testimony concerning applications of the Simulated Plant-Record method of life analysis.

Iowa State Commerce Commission, Docket No. RPU 82-47, North Central Public Service Company; testimony on depreciation rates.

Iowa State Commerce Commission, Docket No. RPU 84-34, General Telephone Company of the Midwest; testimony concerning the remaining-life technique and the equal-life group procedure.

Iowa State Utilities Board, Docket No. DPU-86-2, Northwestern Bell Telephone Company; testimony concerning capital recovery in competition.

Iowa State Utilities Board, Docket No. RPU-84-7, Northwestern Bell Telephone Company; testimony concerning the deduction of a reserve deficiency from the rate base.

Iowa State Utilities Board, Docket No. DPU-88-6, U S WEST Communications; testimony concerning depreciation subject to refund.

Iowa State Utilities Board, Docket No. RPU-90-9, Central Telephone Company of Iowa; testimony concerning depreciation rates.

Iowa State Utilities Board, Docket No. RPU-93-9, U S WEST Communications; testimony concerning principles of depreciation accounting and abandonment of FASB 71.

Iowa State Utilities Board, Docket No. DPU-96-1, U S WEST Communications; testimony concerning principles of depreciation accounting and abandonment of FASB 71.

Iowa State Utilities Board, Docket No. RPU-05-2, Aquila Networks; testimony supporting recommended depreciation rates.

Kansas Corporation Commission, Docket No. 16-KGSG-491-RTS, Kansas Gas Service, a Division of ONE Gas, Inc.; testimony supporting proposed depreciation rates.

Kansas Corporation Commission, Docket No. 12-KGSG-835-RTS, Kansas Gas Service, a Division of ONEOK, Inc.; testimony supporting proposed depreciation rates.

Kansas Corporation Commission, Docket No. 12-WSEE-112-RTS, Westar Energy, Inc.; testimony supporting proposed depreciation rates.

Kansas Corporation Commission, Docket No. 10–KCPE–415–RTS; Kansas City Power and Light; cross–answering testimony addressing the recording and treatment of third–party reimbursements in estimating net salvage rates.

Kansas Corporation Commission, Docket No. 04–AQLE–1065–RTS, Aquila Networks – WPE (Kansas); testimony supporting proposed depreciation rates.

Kansas Corporation Commission, Docket No. 03–KGSG–602–RTS, Kansas Gas Service, a Division of ONEOK, Inc.; rebuttal testimony supporting net salvage rates.

Kansas Corporation Commission, Docket No. 06–KGSG–1209–RTS, Kansas Gas Service, a Division of ONEOK, Inc.; testimony supporting proposed depreciation rates.

Kentucky Public Service Commission, Case No. 97-224, Jackson Purchase Electric Cooperative Corporation; rebuttal testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 9096, Baltimore Gas and Electric Company; testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 8485, Baltimore Gas and Electric Company; testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 9424, Delmarva Power and Light Company; testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 9385, Potomac Electric Power Company; testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 9103, Washington Gas Light Company; rebuttal testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 8960, Washington Gas Light Company; testimony supporting proposed depreciation rates.

Maryland Public Service Commission, Case No. 7689, Washington Gas Light Company; testimony concerning life analysis and net salvage.

Commonwealth of Massachusetts Department of Public Utilities, D.P.U. 15–155, Massachusetts Electric Company/Nantucket Electric Company; testimony supporting proposed depreciation rates.

Commonwealth of Massachusetts Department of Public Utilities, D.P.U. 10–70, Western Massachusetts Electric Company; testimony supporting proposed depreciation rates.

Commonwealth of Massachusetts Department of Telecommunications and Energy, D.T.E. 06–55, Western Massachusetts Electric Company; testimony supporting proposed depreciation rates.

Massachusetts Department of Public Utilities, Case No. DPU 91-52, Massachusetts Electric Company; testimony supporting proposed depreciation rates which include a net salvage component.

Michigan Public Service Commission, Case No. U–18150, DTE Electric Company; testimony supporting proposed depreciation rates.

Michigan Public Service Commission, Case No. U–16991, The Detroit Edison Company; testimony supporting proposed depreciation rates.

Michigan Public Service Commission, Case No. U–16117, The Detroit Edison Company; testimony supporting proposed depreciation rates.

Michigan Public Service Commission, Case No. U–15699, Michigan Consolidated Gas Company; testimony supporting proposed depreciation rates.

Michigan Public Service Commission, Case No. U–13899, Michigan Consolidated Gas Company; testimony concerning service life estimates.

Michigan Public Service Commission, Case No. U-13393, Aquila Networks – MGU; testimony supporting proposed depreciation rates.

Michigan Public Service Commission, Case No. U-12395, Michigan Gas Utilities; testimony supporting proposed depreciation rates including amortization accounting and redistribution of recorded reserves.

Michigan Public Service Commission, Case No. U-6587, General Telephone Company of Michigan; testimony concerning use of a theoretical depreciation reserve with the remaining-life technique.

Michigan Public Service Commission, Case No. U-7134, General Telephone Company of Michigan; testimony concerning the equal-life group depreciation procedure.

Minnesota Public Service Commission, Docket No. E-611, Northern States Power Company; testimony concerning rate of return and general financial requirements.

Minnesota Public Service Commission, Docket No. E-1086, Northern States Power Company; testimony concerning depreciation rates.

Minnesota Public Service Commission, Docket No. G-1015, Northern States Power Company; testimony concerning rate of return and general financial requirements.

Public Service Commission of the State of Missouri, Case No. ER-2009-0090, KCP&L Greater Missouri Operations, rebuttal testimony concerning depreciation rates.

Public Service Commission of the State of Missouri, Case No. ER-2001-672, Missouri Public Service, a division of Utilicorp United Inc.; surrebuttal testimony regarding computation of income tax expense.

Public Service Commission of the State of Missouri, Case No. TO-82-3, Southwestern Bell Telephone Company; rebuttal testimony concerning the remaining-life technique and the equal-life group procedure.

Public Service Commission of the State of Missouri, Case No. GO-97-79, Laclede Gas Company; rebuttal testimony concerning adequacy of database for conducting depreciation studies.

Public Service Commission of the State of Missouri, Case No. GR-99-315, Laclede Gas Company; rebuttal testimony concerning treatment of net salvage in development of depreciation rates.

Public Service Commission of the State of Missouri, Case No. HR–2004–0024, Aquila Inc. d/b/a/ Aquila Networks–L & P; testimony supporting depreciation rates.

Public Service Commission of the State of Missouri, Case No. ER–2004–0034, Aquila Inc. d/b/a/ Aquila Networks–L & P and Aquila Networks–MPS; testimony supporting depreciation rates.

Public Service Commission of the State of Missouri, Case No. GR–2004–0072, Aquila Inc. d/b/a/ Aquila Networks–L & P and Aquila Networks–MPS; testimony supporting depreciation rates.

Public Service Commission of the State of Montana, Docket No. 88.2.5, Mountain State Telephone and Telegraph Company; rebuttal testimony concerning the equal-life group procedure and amortization of reserve imbalances.

Montana Public Service Commission, Docket No. D95.9.128, The Montana Power Company; testimony supporting proposed depreciation rates.

Nebraska Public Service Commission, Docket No. NG–0041, Aquila Networks (PNG Nebraska); testimony supporting proposed depreciation rates.

Public Service Commission of Nevada, Docket No. 92-7002, Central Telephone Company-Nevada; testimony supporting proposed depreciation rates.

Public Service Commission of Nevada, Docket No. 91-5054, Central Telephone Company-Nevada; testimony supporting proposed depreciation rates.

New Hampshire Public Utilities Commission, Docket No. DR95-169, Granite State Electric Company; testimony supporting proposed net salvage rates.

New Jersey Board of Public Utilities, Docket No. GR07110889, New Jersey Natural Gas Company; testimony supporting proposed depreciation rates.

New Jersey Board of Public Utilities, Docket No. GR 87060552, New Jersey Natural Gas Company; testimony supporting depreciation rates.

New Jersey Board of Regulatory Commissioners, Docket No. GR93040114J, New Jersey Natural Gas Company; testimony supporting depreciation rates.

New Jersey Board of Regulatory Commissioners, Docket No. GR15111304, New Jersey Natural Gas Company; testimony supporting depreciation rates.

New York Public Service Commission, Case No. 12–G–0202. Niagara Mohawk Power Corporation d/b/a National Grid; testimony supporting recommended depreciation rates.

New York Public Service Commission, Case No. 10–E–0050. Niagara Mohawk Power Corporation d/b/a National Grid; testimony supporting recommended depreciation rates.

North Carolina Utilities Commission, Docket No. E-7, SUB 487, Duke Power Company; rebuttal testimony concerning proposed depreciation rates.

North Carolina Utilities Commission, Docket No. P-19, SUB 207, General Telephone Company of the South; rebuttal testimony concerning the equal-life group depreciation procedure.

North Dakota Public Service Commission, Case No. 8860, Northern States Power Company; testimony concerning general financial requirements.

North Dakota Public Service Commission, Case No. 9634, Northern States Power Company; testimony concerning rate of return and general financial requirements.

North Dakota Public Service Commission, Case No. 9666, Northern States Power Company; testimony concerning rate of return and general financial requirements.

North Dakota Public Service Commission, Case No. 9741, Northern States Power Company; testimony concerning rate of return and general financial requirements.

Oklahoma Corporation Commission, Cause No. PUD 201500213, Oklahoma Natural Gas Company; testimony supporting revised depreciation rates.

Oklahoma Corporation Commission, Cause No. PUD 200900110, Oklahoma Natural Gas Company; testimony supporting revised depreciation rates.

Ontario Energy Board, E.B.R.O. 385, Tecumseh Gas Storage Limited; testimony concerning depreciation rates.

Ontario Energy Board, E.B.R.O. 388, Union Gas Limited; testimony concerning depreciation rates.

Ontario Energy Board, E.B.R.O. 456, Union Gas Limited; testimony concerning depreciation rates.

Ontario Energy Board, E.B.R.O. 476-03, Union Gas Limited; testimony concerning depreciation rates.

Public Utilities Commission of Ohio, Case No. 81-383-TP-AIR, General Telephone Company of Ohio; testimony in support of the remaining-life technique.

Public Utilities Commission of Ohio, Case No. 82-886-TP-AIR, General Telephone Company of Ohio; testimony concerning the remaining-life technique and the equal-life group procedure.

Public Utilities Commission of Ohio, Case No. 84-1026-TP-AIR, General Telephone Company of Ohio; testimony in support of the equal-life group procedure and the remaining-life technique.

Public Utilities Commission of Ohio, Case No. 81-1433, The Ohio Bell Telephone Company; testimony concerning the remaining-life technique and the equal-life group procedure.

Public Utilities Commission of Ohio, Case No. 83-300-TP-AIR, The Ohio Bell Telephone Company; testimony concerning straight-line age-life depreciation.

Public Utilities Commission of Ohio, Case No. 84-1435-TP-AIR, The Ohio Bell Telephone Company; testimony in support of test period depreciation expense.

Public Utilities Commission of Oregon, Docket No. UM 204, GTE of the Northwest; testimony concerning the theory and practice of depreciation accounting under public utility regulation.

Public Utilities Commission of Oregon, Docket No. UM 840, GTE Northwest Incorporated; rebuttal testimony concerning principles of capital recovery.

Pennsylvania Public Utility Commission, Docket No. R-80061235, The Bell Telephone Company of Pennsylvania; testimony concerning the proper depreciation reserve to be used with an original cost rate base.

Pennsylvania Public Utility Commission, Docket No. R-811512, General Telephone Company of Pennsylvania; testimony concerning the proper depreciation reserve to be used with an original cost rate base.

Pennsylvania Public Utility Commission, Docket No. R-811819, The Bell Telephone Company of Pennsylvania; testimony concerning the proper depreciation reserve to be used with an original cost rate base.

Pennsylvania Public Utility Commission, Docket No. R-822109, General Telephone Company of Pennsylvania; testimony in support of the remaining-life technique.

Pennsylvania Public Utility Commission, Docket No. R-850229, General Telephone Company of Pennsylvania; testimony in support of the remaining-life technique and the proper depreciation reserve to be used with an original cost rate base.

Pennsylvania Public Utility Commission, Docket No. C-860923, The Bell Telephone Company of Pennsylvania; testimony concerning capital recovery under competition.

Rhode Island Public Utilities Commission, Docket No. 2290, The Narragansett Electric Company; testimony supporting proposed net salvage rates and depreciation rates.

South Carolina Public Service Commission, Docket No. 91-216-E, Duke Power Company; testimony supporting proposed depreciation rates.

South Dakota Public Utilities Commission, Docket No. EL14–106, NorthWestern Energy; testimony supporting revised depreciation rates.

Public Utilities Commission of the State of South Dakota, Case No. F-3062, Northern States Power Company; testimony concerning general financial requirements and measurements of financial performance.

Public Utilities Commission of the State of South Dakota, Case No. F-3188, Northern States Power Company; testimony concerning rate of return and general financial requirements.

Securities and Exchange Commission, File No. 3-5749, Northern States Power Company; testimony concerning the financial and ratemaking implications of an affiliation with Lake Superior District Power Company.

Tennessee Public Service Commission, Docket No. 89-11041, United Inter-Mountain Telephone Company; testimony concerning depreciation principles and capital recovery under competition.

The Railroad Commission of Texas, GUD Docket No. 9988, Texas Gas Service, testimony supporting recommended depreciation rates.

The Railroad Commission of Texas, GUD Docket No. 10488, Texas Gas Service, testimony supporting recommended depreciation rates.

The Railroad Commission of Texas, GUD Docket No. 10506, Texas Gas Service, testimony supporting recommended depreciation rates.

The Railroad Commission of Texas, GUD Docket No. 10526, Texas Gas Service, testimony supporting recommended depreciation rates.

State of Vermont Public Service Board, Docket No. 6596, Citizens Communications Company – Vermont Electric Division; testimony supporting recommended depreciation rates.

State of Vermont Public Service Board, Docket No. 6946 and 6988, Central Vermont Public Service Corporation; testimony supporting net salvage rates.

Commonwealth of Virginia State Corporation Commission, Case No. PUE-2002-00364, Washington Gas Light Company; testimony supporting proposed depreciation rates.

Public Service Commission of Wisconsin, Docket No. 2180-DT-3, General Telephone Company of Wisconsin; testimony concerning the equal-life group depreciation procedure.

SPEAKER

Depreciation Workshop, Oklahoma Corporation Commission, Public Utility Division, March 2015.

Depreciation Workshop, ONE Gas Inc., January 2015.

Depreciation Training Seminar, Florida Public Service Commission, March 2013.

Depreciation and Obsolescence (Isness and Oughtness), Ninety–Fifth Annual Arizona Tax Conference, August 2012.

Group Depreciation Practices of Regulated Utilities (IAS 16 Property, Plant and Equipment), Hydro One Networks, Inc., November 2008.

Economics, Finance and Engineering Valuation. Florida Gulf Coast University, April 2007.

Depreciation Studies for Regulated Utilities, Hydro One Networks, Inc., April 2006.

Depreciation Studies for Cooperatives and Small Utilities. TELERGEE CFO and Controllers Conference, November, 2004.

Finding the "D" in RCNLD (Valuation Applications of Depreciation), Society of Depreciation Professionals Annual Meeting, September 2001.

Capital Asset and Depreciation Accounting, City of Edmonton Value Engineering Workshop, April 2001.

A Valuation View of Economic Depreciation, Society of Depreciation Professionals Annual Meeting, October 1999.

Capital Recovery in a Changing Regulatory Environment, Pennsylvania Electric Association Financial-Accounting Conference, May 1999.

Depreciation Theory and Practice, Southern Natural Gas Company Accounting and Regulatory Seminar, March 1999.

Depreciation Theory Applied to Special Franchise Property, New York Office of Real Property Services, March 1999.

Capital Recovery in a Changing Regulatory Environment, PowerPlan Consultants Annual Client Forum, November 1998.

Economic Depreciation, AGA Accounting Services Committee and EEI Property Accounting and Valuation Committee, May 1998.

Discontinuation of Application of FASB Statement No. 71, Southern Natural Gas Company Accounting Seminar, April 1998.

Forecasting in Depreciation, Society of Depreciation Professionals Annual Meeting, September 1997.

Economic Depreciation In Response to Competitive Market Pricing, 1997 TELUS Depreciation Conference, June 1997.

Valuation of Special Franchise Property, City of New York, Department of Finance Valuation Seminar, March 1997.

Depreciation Implications of FAS Exposure Draft 158-B, 1996 TLG Decommissioning Conference, October 1996.

Why Economic Depreciation?, American Gas Association Depreciation Accounting Committee Meeting, August 1995.

The Theory of Economic Depreciation, Society of Depreciation Professionals Annual Meeting, November 1994.

Vintage Depreciation Issues, G & T Accounting and Finance Association Conference, June 1994.

Pricing and Depreciation Strategies for Segmented Markets (Regulated and Competitive), Iowa State Regulatory Conference, May 1990.

Principles and Practices of Depreciation Accounting, Canadian Electrical Association and Nova Scotia Power Electric Utility Regulatory Seminar, December 1989.

Principles and Practices of Depreciation Accounting, Duke Power Accounting Seminar, September 1989.

The Theory and Practice of Depreciation Accounting Under Public Utility Regulation, GTE Capital Recovery Managers Conference, February 1989.

Valuation Methods for Regulated Utilities, GTE Capital Recovery Managers Conference, January 1988.

Depreciation Principles and Practices for REA Borrowers, NRECA 1985 National Accounting and Finance Conference, September 1985.

Depreciation Principles and Practices for REA Borrowers, Kentucky Association of Electric Cooperatives, Inc., Summer Accountants Association Meeting, June 1985.

Considerations in Conducting a Depreciation Study, NRECA 1984 National Accounting and Finance Conference, October 1984.

Software for Conducting Depreciation Studies on a Personal Computer, United States Independent Telephone Association, September 1984.

Depreciation—An Assessment of Current Practices, NRECA 1983 National Accounting and Finance Conference, September 1983

Depreciation—An Assessment of Current Practices, REA National Field Conference, September 1983.

An Overview of Depreciation Systems, Iowa State Commerce Commission, October 1982.

Depreciation Practices for Gas Utilities, Regulatory Committee of the Canadian Gas Association, September 1981.

Practice, Theory, and Needed Research on Capital Investment Decisions in the Energy Supply Industry, workshop, sponsored by Michigan State University and the Electric Power Research Institute, November 1977.

Depreciation Concepts Under Regulation, Public Utilities Conference, sponsored by The University of Texas at Dallas, July 1976.

Electric Utility Economics, Mid-Continent Area Power Pool, May 1974.Page 61

MODERATOR

Depreciation Open Forum, Iowa State University Regulatory Conference, May 1991.

The Quantification of Risk and Uncertainty in Engineering Economic Studies, Iowa State University Regulatory Conference, May 1989.

Plant Replacement Decisions with Added Revenue from New Service Offerings, Iowa State University Regulatory Conference, May 1988.

Economic Depreciation, Iowa State University Regulatory Conference, May 1987.

Opposing Views on the Use of Customer Discount Rates in Revenue Requirement Comparisons, Iowa State University Regulatory Conference, May 1986.

Cost of Capital Consequences of Depreciation Policy, Iowa State University Regulatory Conference, May 1985.

Concepts of Economic Depreciation, Iowa State University Regulatory Conference, May 1984.

Ratemaking Treatment of Large Capacity Additions, Iowa State University Regulatory Conference, May 1983.

The Economics of Excess Capacity, Iowa State University Regulatory Conference, May 1982.

New Developments in Engineering Economics, Iowa State University Regulatory Conference, May 1980.

Training in Engineering Economy, Iowa State University Regulatory Conference, May 1979.

The Real Time Problem of Capital Recovery, Missouri Public Service Commission, Regulatory Information Systems Conference, September 1974.

HONORS AND AWARDS

The Society of Sigma Xi.

Professional Achievement Citation in Engineering, Iowa State University, 1993.

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Depreciation & Amortization Expenses
Historical Years (2013, 2014, 2015 and 2016)
Year Ending December 31
($ Millions)

		2013		2014		2015		2016	
Line No.	Particulars	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Depreciation Expenses								
1	Major Fixed Assets	2.91%	236.2	2.97%	257.0	2.81%	261.0	2.82%	277.7
2	Minor Fixed Assets	8.40%	41.5	8.35%	44.0	8.43%	47.0	7.74%	45.0
3	Depreciation on Fixed Assets		277.7		301.0		308.0		322.7
4	Less Capitalized Depreciation		(15.9)		(17.5)		(17.0)		(17.6)
5	Asset Removal Costs		51.0		52.6		59.0		55.0
6	Losses/(Gains) on Asset Disposition		0.1		0.0		(1.0)		(0.3)
7	Total Depreciation Expenses		313.0		336.2		349.0		359.8
	Amortization Expenses								
8	Environmental Costs		8.5		11.1		10.5		12.0
9	Other Regulatory Amortization		0.0		0.0		0.0		0.0
10	Other Amortization		0.0		0.0		0.0		0.0
11	Total Amortization Expenses		8.5		11.1		10.5		12.0
12	Total Depreciation & Amortization Expenses		321.5		347.3		359.5		371.8
13	Exclude Other Reg Amort (1)		0.5		1.1		1.9		3.2
14	Depreciation & Amortization for recovery		321.0		346.2		357.6		368.7

(1) Historical values for other Reg Amort are updated as part of the Blue Page submission

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Depreciation & Amortization Expenses
Bridge Year (2017) and Test Years (2018 to 2022)
Year Ending December 31
($ Millions)

		2017		2018		2019		2020		2021		2022	
Line No.	**Particulars**	**Deprn Rate**	**Provision ($M)**	**Deprn Rate**	**Provision ($M)**	**Deprn Rate**	**Provision ($M)**	**Deprn Rate**	**Provision ($M)**	**Deprn Rate**	**Provision ($M)**	**Deprn Rate**	**Provision ($M)**
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Depreciation Expenses												
1	Major Fixed Assets	2.65%	283.7	2.64%	296.8	2.60%	307.5	2.56%	318.8	2.57%	338.3	2.54%	353.2
2	Minor Fixed Assets	8.61%	41.3	8.40%	43.2	8.12%	44.7	7.84%	46.2	7.40%	47.4	6.99%	48.0
3	Depreciation on Fixed Assets		325.0		340.0		352.2		365.0		385.7		401.2
4	Less Capitalized Depreciation		(18.3)		(19.3)		(20.1)		(20.8)		(20.8)		(20.8)
5	Asset Removal Costs		55.9		58.7		69.5		70.1		69.2		70.1
6	Total Depreciation Expenses		362.6		379.3		401.6		414.3		434.2		450.5
	Amortization Expenses												
7	Environmental Costs		17.8		17.3		16.2		18.8		18.6		17.4
8	Other Regulatory Amortization		0.0		0.0		0.0		0.0		0.0		0.0
9	Other Amortization		0.0		0.0		0.0		0.0		0.0		0.0
10	Total Amortization Expenses		17.8		17.3		16.2		18.8		18.6		17.4
11	Total Depreciation & Amortization Expenses		380.5		396.6		417.8		433.1		452.8		467.8
12	Exclude Other Reg Amort		3.7		4.1		4.3		4.5		4.7		4.9
13	Depreciation & Amortization for recovery		376.7		392.6		413.5		428.6		448.1		463.0

TAXES OR PILS

1. INTRODUCTION

This Exhibit explains how Hydro One calculates its income tax expenses for the purposes of rate recovery. Exhibit C1, Tab 7, Schedule 2 Attachments 1 through 6 contain detailed calculations for rate recovery purposes of income tax liabilities, supporting reconciliations, as needed, and an explanation of how tax credits were determined. The information provided in this Application is consistent with section 2.4.5 of the Filing Requirements. Material exceptions have been identified and explained.

2. DEPARTURE FROM PILS REGIME

Under the *Electricity Act, 1998* (Ontario), as a Crown-owned company exempted under section 149(1) of the *Income Tax Act* (Canada) and the *Taxation Act*, 2007 (Ontario) (Federal Tax Regime) from paying corporate income taxes, Hydro One was obligated to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation.

Effective October 31, 2015, in connection with a public offering of its shares, Hydro One was no longer subject to this exemption and exited the PILs regime. Under the *Income Tax Act*, Hydro One was deemed to have disposed of its assets at fair market value at that time and immediately re-acquired them at the same value. Hydro One Networks Inc. was obligated to pay a one-time PILs departure tax of approximately $2.3 billion based on an estimated gain under the *Electricity Act, 1998***.**

Neither the departure tax nor the change in tax regime will have any impact on ratepayers. For regulatory purposes, income tax expenses will continue to be calculated according to the method prescribed by the Board’s 2006 EDR Tax Model and 2006 EDR Handbook, Section 7.1 “OEB 2006 Regulatory Taxes Expense Methodology”.

The tax amounts included in rates relate solely to the estimated current tax liability associated with the regulatory net income before tax, based on the applicable statutory tax rates for the year. Deferred taxes reflect the future tax liabilities/assets associated with timing differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. These are not taken into consideration. When future income taxes become payable or receivable, it is expected that they will be included in the rates approved by the Board and recovered from customers at that time.

3. INCOME TAX RATE (FEDERAL AND ONTARIO)

For the test years 2018 through 2022, Hydro One has used a combined income tax rate of 26.5%, which is comprised of a federal rate of 15% and an 11.5% provincial rate. Any variance between actual taxes payable and forecast taxes, as a result of tax policy changes and difference from changes or a new assessment or administrative policy will be captured in a deferral account for tax rate changes as per section 7.1 of the EDR Handbook, described further in Exhibit F1, Tab 1, Schedules 1 and Exhibit F1, Tab 3, Schedules 1.

4. RECONCILIATION BETWEEN REGULATORY NET INCOME BEFORE TAX AND TAXABLE INCOME

Reconciliation between the regulatory net income before tax ("NIBT") and taxable income for the test years 2018 through 2022 is provided in Exhibit C1, Tab 7, Schedule 2, Attachments 1, 2 and 5. This Schedule contains the income tax computation. It also shows how the taxable income is computed by making adjustments to the regulatory NIBT for items such as depreciation and capital cost allowance (“CCA”).

Reconciliation between the accounting NIBT and taxable income for the historical years 2014 and 2015 is also provided in Exhibit C1, Tab 7, Schedule 2, Attachments 3, and 4**.** The 2016 taxable income will be provided subsequently in a blue page update. In order to simplify the review of these reconciliations, Hydro One has placed these adjustments into the following five categories:

1) recurring items that must be added (deducted) because they have been included in the OM&A expenses in arriving at the revenue requirement, or for which appropriate tax adjustments are made (for example, CCA);
2) deferral accounts not included in the revenue requirement;
3) reversal of accounting adjustments not included in the revenue requirement;
4) recurring items not in the revenue requirement; and
5) items in which impact is immaterial in total, and as such, have not been included in Hydro One’s investment plan.

5. OVERVIEW OF PROCESS TO ARRIVE AT TAXABLE INCOME

The starting point for the computation of Hydro One Distribution's taxable income for regulatory purposes is the NIBT as shown on the utility's income statement for the year. The NIBT is prepared using U.S. Generally Accepted Accounting Principles. Taxable income is computed using the relevant tax legislation, interpretations and assessment practices. Many adjustments are typically made to the NIBT to arrive at taxable income. The NIBT is increased by amounts that are not deductible for tax purposes. This includes items such as depreciation, contingent liabilities, accounting losses, accounting provisions, (such as other post-employment benefits ("OPEB")), and revenue that has been received but not recognized for accounting purposes (for example, income received with respect to a deferral account that has been set-up on the balance sheet rather than shown as additional income on the income statement). The NIBT is reduced by amounts that are deductible for tax purposes, but have not been deducted in computing NIBT. This includes items such as CCA, the deductible portion of capitalized overhead, capitalized interest and OPEB payments. Such reductions also include expenses incurred for which a deferral account has been set up on the balance sheet, rather than shown as a deduction through the income statement.

Consequently, it is imperative that the NIBT be adjusted for amounts that have been included (or deducted) for accounting purposes that are not income (or deductible) for tax return purposes.

6. TAX TREATMENT OF DEFERRAL ACCOUNTS (REGULATORY ASSETS AND LIABILITIES)

Deferral accounts are typically recognized by utilities' balance sheets for foregone revenue or for incurred expenses, for which recovery will be sought from ratepayers through future rates. The Board determines disposition of the deferral accounts.

For example, as shown in Table 1, assuming that a 26.5% tax rate is used and a $100 expense is incurred, the utility will be allowed to deduct the $100 in computing taxable income for the year in which the expense has been incurred. If the Board subsequently approves recovery of this expense over a two-year period through a rate rider, the income will be included in computing taxable income for the year in which it is billed to ratepayers. The net result is that the utility has recovered the $100 cost even though the income was taxed and the expense was deducted in in different years.

Table 1: Example: Income Tax Treatment of Deferral Account Disposition

	Year 1	Year 2	Year 3	CUM
Income (deduction)	(100)	50	50	Nil
Tax Refund (payable)	26.5	(13.25)	(13.25)	Nil
Cash Inflow (outflow)	(73.5)	36.75	36.75	Nil

Therefore, Hydro One has not included deferral accounts in computing tax payable for purposes of the revenue requirement since the tax benefit has or will be obtained through the tax system. This conclusion is consistent with the "2006 EDR Handbook Report of the Board" issued May 11, 2005, (page 61), that states:

> A PILS or tax provision is not needed for the recovery of deferred regulatory asset costs, because the distributors have deducted, or will deduct, these costs in calculating taxable income in their returns. The Handbook will reflect this treatment.

7. CONTINGENT LIABILITIES/ACCOUNTING RESERVES

Where an accounting provision is recognized for certain contingent costs that the utility may have to incur in the future (such as obsolescence provisions, lawsuits, staff reductions), the provision will reduce the NIBT of the utility. In each subsequent year, the balance for the contingent liability/accounting reserve is reviewed by the utility for reasonableness based on all available information. The balance may be adjusted upward or downward, with NIBT either decreasing or increasing, respectively.

However, for tax purposes, a contingent liability or accounting reserve is not deductible. Rather, the amount will only be deductible (or capitalized) in computing taxable income for the taxation year in which the obligation has actually been settled. Therefore, to the extent that the current year NIBT has been increased (or decreased) by the contingent liability or accounting reserve provision, the NIBT must be adjusted to reverse the increase (or decrease) in computing taxable income.

Hydro One has not adjusted the 2018 through 2022 NIBT for contingent liabilities in computing taxable income since no changes were forecast in the contingent liability balances for 2018 through 2022. Therefore, such amounts are not included in the tax computation for purposes of the revenue requirement.

The combined (federal and provincial) enacted income tax rates are as set out in Table 2.

Table 2: Combined Income Tax Rates

	Historic				**Bridge**	**Test**				
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Federal Tax Rate (%)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Provincial Rate (%)	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Total Statutory Tax Rate (%)	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**

8. INTEGRITY CHECKS

Hydro One has performed the integrity checks set described in 2.4.5.2 of the Filing Requirements.

CALCULATION OF UTILITY INCOME TAXES

Attachment 1: Calculation of Utility Income Taxes Test Years (2018 - 2022)

Attachment 2: Capital Cost Allowance (2017 - 2022)

Attachment 3: Calculation of Utility Income Taxes, Historic Years (2014, 2015, 2016)

Attachment 4: Capital Cost Allowance, Historic Years (2014, 2015, 2016)

Attachment 5: Calculation of Apprenticeship and Education Tax Credits (2018 - 2022)

Attachment 6: Calculation of Apprenticeship and Education Tax Credits (2014, 2015, 2016)

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Calculation of Utility Income Taxes
Test Years (2018 to 2022)
Year Ending December 31

($ Millions)

Line No.	Particulars	2018 (a)	2019 (b)	2020 (c)	2021 (d)	2022 (e)
	Determination of Taxable Income					
1	Regulatory Net Income (before tax)	$ 330.9	$ 347.4	$ 364.2	$ 390.1 *	$ 404.1 *
2	Book to Tax Adjustments:					
3	Other Post Employment Benefits expense	23.9	23.5	23.2	21.9	22.7
4	Other Post Employment Benefits payments	(29.0)	(30.7)	(31.8)	(31.9)	(33.8)
5	Depreciation and amortization	392.6	413.5	428.6	448.1 *	463.0 *
7	Capital Cost Allowance and Cumulative Eligible Capital	(430.5)	(453.8)	(475.0)	(495.1) *	(522.2) *
8	Removal costs	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
9	Environmental costs paid	(17.3)	(16.2)	(18.8)	(18.6)	(17.4)
10	Hedge loss - amortization	0.1	0.1	0.1	0.1	0.1
11	Non-deductible meals & entertainment	2.2	2.2	2.2	2.2	2.2
12	Capital amounts expensed for accounting	6.2	6.2	6.2	6.2	6.2
13	Research & Development ITC	1.0	1.0	1.0	1.0	1.0
14	Federal Tax Credits	0.3	0.3	0.3	0.3	0.3
15	Capitalized overhead costs deducted	(22.1)	(23.1)	(22.9)	(23.1)	(24.2)
16	Capitalized pension costs deducted	(19.8)	(19.7)	(19.6)	(19.8)	(20.8)
17	Debt Issuance costs - amortization	1.5	1.5	1.5	1.5	1.6
18	Debt Issuance costs - 20(1)(e) deduction	(2.2)	(2.1)	(2.4)	(2.1)	(2.2)
19	Premium/Discount - amortization	(0.4)	(0.4)	(0.5)	(0.5)	(0.3)
20	Bond discount deduction	(0.0)	0.0	(0.1)	0.0	0.0
21	Non-deductible LTIP	2.2	2.6	2.6	2.6	2.6
22	Capitalized ESOP	(0.5)	(0.6)	(0.5)	(0.6)	(0.6)
23	Non-deductible Share Grants	2.7	2.6	2.5	2.3	2.1
		$ (94.3)	$ (98.1)	$ (108.4)	$ (110.7)	$ (124.7)
24	Regulatory Taxable Income	$ 236.6	$ 249.3	$ 255.7	$ 279.3	$ 279.4
25	Corporate Income Tax Rate	% 26.50	% 26.50	% 26.50	% 26.50	% 26.50 %
26	Subtotal	$ 62.7	$ 66.1	$ 67.8	$ 74.0	$ 74.0
27	Less: R&D ITC / Ontario education credits	(1.2)	(1.3)	(1.3)	(1.3)	(1.3)
28	Regulatory Income Tax	$ 61.5	$ 64.7	$ 66.4	$ 72.7	$ 72.7
	Tax Rates					
29	Federal Tax	% 15.00	% 15.00	% 15.00	% 15.00	% 15.00 %
30	Provincial Tax	% 11.50	% 11.50	% 11.50	% 11.50	% 11.50 %
31	Total Tax Rate	% 26.50	% 26.50	% 26.50	% 26.50	% 26.50 %

* Figures in 2021 and 2022 have been adjusted to incorporate the acquired LDCs.

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Calculation of Capital Cost Allowance (CCA)
2017 to 2022 Networks Allocation to Dx
Year Ending December 31
($ Millions)

2017 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,438.1	29.5	1,467.6	14.75	1,452.8	4%	58.1	1,409.5
2	227.2	0.0	227.2	-	227.2	6%	13.6	213.5
3	10.5	0.0	10.5	-	10.5	5%	0.5	10.0
6	18.6	0.0	18.6	-	18.6	10%	1.9	16.7
8	92.9	29.5	122.5	14.76	107.7	20%	21.5	100.9
9	1.5	0.0	1.5	-	1.5	25%	0.4	1.1
10	119.0	33.3	152.3	16.64	135.6	30%	40.7	111.6
12	17.2	25.8	43.0	12.88	30.1	100%	30.1	12.9
13	12.6	6.0	18.7	3.02	15.6	0%	2.7	16.0
14.1	-	4.8	4.8	2.41	2.4	5%	0.1	4.7
17	16.5	0.0	16.5	-	16.5	8%	1.3	15.2
42	0.2	0.0	0.2	-	0.2	12%	0.0	0.2
45	0.0	0.0	0.0	-	0.0	45%	0.0	0.0
46	3.6	0.0	3.6	-	3.6	30%	1.1	2.5
47	2,785.1	416.2	3,201.3	208.10	2,993.2	8%	239.5	2,961.8
50	18.4	22.3	40.7	11.13	29.5	55%	16.2	24.4
	4,761.5	567.4	5,328.9	283.68	5,045.2		427.8	4,901.1
CEC Continuity	22.0	0.0	22.0	283.7	22.0	7%	1.5	20.5

Less: Non regulatory items	(4.0)
Less: Tax Depreciation - Goodwill	(2.6)
Total CCA for Revenue Requirement	422.7

2018 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,409.5	31.5	1,440.9	15.74	1,425.2	4%	57.0	1,383.9
2	213.5	0.0	213.5	-	213.5	6%	12.8	200.7
3	10.0	0.0	10.0	-	10.0	5%	0.5	9.5
6	16.7	0.0	16.7	-	16.7	10%	1.7	15.1
8	100.9	30.6	131.5	15.29	116.2	20%	23.2	108.3
9	1.1	0.0	1.1	-	1.1	25%	0.3	0.9
10	111.6	29.5	141.1	14.75	126.3	30%	37.9	103.2
12	12.9	21.9	34.7	10.93	23.8	100%	23.8	10.9
13	16.0	7.6	23.5	3.78	19.8	0%	3.0	20.5
14.1	4.7	5.4	10.1	2.68	7.4	5%	0.4	9.7
17	15.2	0.0	15.2	-	15.2	8%	1.2	14.0
42	0.2	0.0	0.2	-	0.2	12%	0.0	0.2
45	0.0	0.0	0.0	-	0.0	45%	0.0	0.0
46	2.5	0.0	2.5	-	2.5	30%	0.8	1.8
47	2,961.8	443.3	3,405.1	221.64	3,183.5	8%	254.7	3,150.4
50	24.4	17.8	42.2	8.88	33.3	55%	18.3	23.9
	4,901.1	587.4	5,488.5	293.7	5,194.8		435.6	5,052.8
CEC Continuity	20.5	0.0	20.5	0.0	20.5	7%	1.4	19.0

Less: Non regulatory items	(4.2)
Less: Tax Depreciation - Goodwill	(2.4)
Total CCA for Revenue Requirement	430.5

2019 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,383.9	36.8	1,420.8	18.42	1,402.3	4%	56.1	1,364.7
2	200.7	0.0	200.7	-	200.7	6%	12.0	188.7
3	9.5	0.0	9.5	-	9.5	5%	0.5	9.0
6	15.1	0.0	15.1	-	15.1	10%	1.5	13.6
8	108.3	25.8	134.1	12.90	121.2	20%	24.2	109.8
9	0.9	0.0	0.9	-	0.9	25%	0.2	0.6
10	103.2	34.1	137.3	17.05	120.2	30%	36.1	101.2
12	10.9	32.5	43.4	16.25	27.2	100%	27.2	16.2
13	20.5	9.0	29.5	4.50	25.0	0%	3.3	26.2
14.1	9.7	6.5	16.2	3.23	12.9	5%	0.6	15.5
17	14.0	0.0	14.0	-	14.0	8%	1.1	12.8
42	0.2	0.0	0.2	-	0.2	12%	0.0	0.2
45	0.0	0.0	0.0	-	0.0	45%	0.0	0.0
46	1.8	0.0	1.8	-	1.8	30%	0.5	1.2
47	3,150.4	554.8	3,705.3	277.42	3,427.9	8%	274.2	3,431.1
50	23.9	29.5	53.3	14.74	38.6	55%	21.2	32.1
	5,052.8	729.0	5,781.9	364.5	5,417.3		458.9	5,322.9
CEC Continuity	19.0	0.0	19.0	0.0	19.0	7%	1.3	17.7

Less: Non regulatory items	(4.3)
Less: Tax Depreciation - Goodwill	(2.2)
Total CCA for Revenue Requirement	453.8

2020 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,364.7	46.4	1,411.1	23.21	1,387.9	4%	55.5	1,355.6
2	188.7	0.0	188.7	-	188.7	6%	11.3	177.4
3	9.0	0.0	9.0	-	9.0	5%	0.5	8.6
6	13.6	0.0	13.6	-	13.6	10%	1.4	12.2
8	109.8	67.3	177.2	33.67	143.5	20%	28.7	148.5
9	0.6	0.0	0.6	-	0.6	25%	0.2	0.5
10	101.2	34.8	136.1	17.42	118.6	30%	35.6	100.5
12	16.2	16.2	32.4	8.09	24.3	100%	24.3	8.1
13	26.2	7.7	33.8	3.84	30.0	0%	3.6	30.2
14.1	15.5	6.1	21.6	3.06	18.6	5%	0.9	20.7
17	12.8	0.0	12.8	-	12.8	8%	1.0	11.8
42	0.2	0.0	0.2	-	0.2	12%	0.0	0.1
45	0.0	0.0	0.0	-	0.0	45%	0.0	0.0
46	1.2	0.0	1.2	-	1.2	30%	0.4	0.9
47	3,431.1	530.8	3,961.9	265.42	3,696.5	8%	295.7	3,666.2
50	32.1	11.6	43.7	5.80	37.9	55%	20.8	22.9
	5,322.9	721.0	6,044.0	360.5	5,683.4		480.0	5,564.0
CEC Continuity	17.7	0.0	17.7	0.0	17.7	7%	1.2	16.5

Less: Non regulatory items	(4.2)
Less: Tax Depreciation - Goodwill	(2.0)
Total CCA for Revenue Requirement	475.0

2021 CCA Class	Opening UCC	Acquired LDCs	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,355.6	41.8	30.0	1427.4	15.0	1412.4	4%	56.5	1370.9
2	177.4	-	0.0	177.4	0.0	177.4	6%	10.6	166.7
3	8.6	1.6	0.0	10.2	0.0	10.2	5%	0.5	9.7
6	12.2	-	0.0	12.2	0.0	12.2	10%	1.2	11.0
8	148.5	1.1	20.6	170.2	10.3	159.9	20%	32.0	138.2
9	0.5	-	0.0	0.5	0.0	0.5	25%	0.1	0.4
10	100.5	0.1	35.9	136.5	18.0	118.5	30%	35.6	101.0
12	8.1	-	20.4	28.5	10.2	18.3	100%	18.3	10.2
13	30.2	-	7.5	37.7	3.8	34.0	0%	4.0	33.7
14	-	1.4	0.0	1.4	0.0	1.4	0%	0.1	1.3
14.1	20.7	-	6.1	26.8	3.0	23.8	5%	1.2	25.6
17	11.8	0.0	0.0	11.8	0.0	11.8	8%	0.9	10.9
42	0.1	-	0.0	0.1	0.0	0.1	12%	0.0	0.1
45	0.0	0.0	0.0	0.0	0.0	0.0	45%	0.0	0.0
46	0.9	0.0	0.0	0.9	0.0	0.9	30%	0.3	0.6
47	3,666.2	78.9	548.5	4293.5	274.2	4019.3	8%	321.5	3972.0
50	22.9	0.0	16.2	39.1	8.1	31.0	55%	17.0	22.1
	5,564.0	124.9	685.3	6,374.2	342.6	6,031.5		499.9	5,874.2
CEC Continuity	16.5	0.3	0.2	17.5	0.1	17.4	7%	1.2	16.3

Less: Non regulatory items	(4.1)
Less: Tax Depreciation - Goodwill	(1.9)
Total CCA for Revenue Requirement	495.1

2022 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,370.9	32.7	1,403.6	16.4	1,387.2	4%	55.5	1348.1
2	166.7	-	166.7	-	166.7	6%	10.0	156.7
3	9.7	-	9.7	-	9.7	5%	0.5	9.2
6	11.0	-	11.0	-	11.0	10%	1.1	9.9
8	138.2	48.8	187.0	24.4	162.6	20%	32.5	154.5
9	0.4	-	0.4	-	0.4	25%	0.1	0.3
10	101.0	37.8	138.7	18.9	119.8	30%	36.0	102.8
12	10.2	28.3	38.5	14.2	24.4	100%	24.4	14.2
13	33.7	7.0	40.7	3.5	37.2	0%	4.4	36.3
14	1.3	-	1.3	-	1.3	0%	0.1	1.1
14.1	25.6	6.0	31.6	3.0	28.6	5%	1.4	30.1
17	10.9	-	10.9	-	10.9	8%	0.9	10.0
42	0.1	-	0.1	-	0.1	12%	0.0	0.1
45	0.0	-	0.0	-	0.0	45%	0.0	0.0
46	0.6	-	0.6	-	0.6	30%	0.2	0.4
47	3,972.0	576.7	4,548.7	288.4	4,260.3	8%	340.8	4207.9
50	22.1	25.0	47.0	12.5	34.6	55%	19.0	28.0
	5,874.2	762.3	6,636.5	381.1	6,255.3		526.8	6,109.6
CEC Continuity	16.3	0.2	16.4	0.1	16.3	7%	1.1	15.3

Less: Non regulatory items	(4.1)
Less: Tax Depreciation - Goodwill	(1.7)
Total CCA for Revenue Requirement	522.2

HYDRO ONE NETWORKS INC.
Distribution
Calculation of Utility Income Taxes Historical Years (2014, 2015 and 2016)
Year Ending December 31
($ Millions)

Line No.	Particulars		2014		2015		2016
	Calculation of Federal and ON Taxable Income						
1	Net Income Before Tax (NIBT)	$	189.7	$	306.2	$	337.1
2	**Required Adjustments to accounting NIBT**						
3	**Recurring items included in Revenue Requirement (RR):**						
4	Other Post Employment Benefit expense greater than payments		4.9		4.3		11.7
5	Depreciation and amortization		347.0		359.2		371.8
6	Capital Cost Allowance	*	(437.6)	*	(370.1)	*	(409.2)
7	Cumulative Eligible Capital	*	(0.3)	*	(0.2)	*	(0.3)
8	Removal costs		(4.5)		(4.6)		(4.8)
9	Environmental costs paid		(11.1)		(10.5)		(12.0)
10	Non-deductible items (50% Meals & entertainment / interest)		2.1		2.0		2.3
11	R & D Fed ITC/ Apprenticeship (prior yr addback)		2.6		1.6		0.1
12	Capitalized overhead costs deducted		(21.7)		(24.2)		(26.5)
13	Capital additions deducted for accounting		7.6		5.2		3.1
14	Capitalized Pension cost deductions		(45.7)		(49.6)		(27.8)
15		$	(156.7)	$	(86.9)	$	(91.4)
16	**Deferral accounts not part of RR:**						
17	RSVA/RRRP		(42.0)		(67.1)		(37.9)
18	Restricted Depreciation		0.1		0.1		0.1
19	Smart meter costs deferred		(7.5)		(0.4)		0.5
20	Deferred Pension		(18.6)		(3.8)		15.4
21	Deferral a/c's etc.		(2.9)		(2.0)		0.6
22	Tax Changes deferral a/c		4.2		0.0		0.0
23	Riders 8/9/11		8.1		(4.2)		(8.4)
24	Station Rev. and secondary Land Use		0.0		13.0		13.9
25		$	(58.6)	$	(64.4)	$	(15.8)
26	**Reversal of accounting adjustments not part of RR:**						
27	Contingent liability movement		(0.6)		(0.3)		(3.7)
28	Capitalized interest deductible for tax		(13.7)		(14.5)		(12.8)
29	Capitalized SRED Expenditures deductible for tax		(4.7)		(3.6)		0
30		$	(19.0)	$	(18.4)	$	(16.5)
31	**Recurring items not part of RR:**						
32	Capital Contribution (CCRA True up)/OPA directed projects		(0.0)		0.0		0.0
33	Loss Utilization		0.0		113.2		(112.9)
34	Excluded CCA/CEC (i.e. goodwill)	*	(1.6)	*	(1.9)	*	(2.5)
35			(1.6)		111.3		(115.4)
36	**Immaterial items not in business plan detail:**						
37	Net Underwriting/Finance costs		1.4		(1.5)		(2.2)
38	Tenant Inducement		(1.4)		1.1		2.6
39	Non-deductible LTIP Expense		0.0		0.0		0.8
40	Lump Sum Payments to Unions		0.0		0.0		(1.8)
41	Other		1.3		0.8		0.1
42			1.3		0.4		(0.6)
43							
44	NET Adjustments to Accounting NIBT	$	(234.6)	$	(58.0)	$	(239.7)
45							
46	Taxable Income	$	(44.9)	$	248.2	$	97.3
47							
48							
49	Taxable Income		(44.9)		248.2		97.3
50							
51	Corporate Income Tax Rate		26.5%		26.5%		26.5%
52							
53	Subtotal		(11.9)		65.8		25.8
54	Less: Tax Credits		0.0		0.0		0.0
55	Income Tax		(11.9)		65.8		25.8
56							
57	**Tax Rates**						
58	Federal Tax		15.0%		15.0%		15.0%
59	Provincial Tax		11.5%		11.5%		11.5%
60	Total Tax Rate		26.5%		26.5%		26.5%
61							
62							
63	* Total CCA and CEC per UCC schedules	*	(439.5)	*	(372.2)	*	(412.0)

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Calculation of Capital Cost allowance (CCA) & Cummulative Eligible Capital (CEC)
2014 Hydro One Networks Tax Return Allocation to Distribution
Year Ending December 31
($ Millions)

2014

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions *	UCC for CCA	CCA Rate (%)	CCA	Closing UCC
1	1,597.7	2.4	1,600.1	1.2	1,598.9	4%	64.0	1,536.1
2	273.5	-	273.5	-	273.5	6%	16.4	257.1
3	11.8	-	11.8	-	11.8	5%	0.6	11.2
6	13.3	3.5	16.8	1.7	15.0	10%	1.5	15.3
7	-	-	-	-	-	15%	-	-
8	113.6	5.0	118.6	2.6	116.0	20%	23.2	95.4
9	1.2	2.3	3.5	1.2	2.4	25%	0.6	2.9
10	103.4	50.4	153.8	25.2	128.6	30%	38.6	115.2
12	85.2	12.9	98.1	6.5	91.7	100%	91.7	6.4
13	4.6	5.9	10.5	2.9	7.5	N/A	1.2	9.3
17	8.2	7.2	15.4	3.6	11.8	8%	0.9	14.5
35	-	-	-	-	-	7%	-	-
42	0.1	-	0.1	-	0.1	12%	-	0.1
45	0.2	-	0.2	-	0.2	45%	0.1	0.1
46	1.7	3.1	4.8	1.6	3.3	30%	1.0	3.8
47	2,040.0	415.0	2,455.0	205.5	2,249.5	8%	180.0	2,275.0
50	23.1	18.7	41.8	9.3	32.4	55%	17.8	24.0
Total CCA	**4,277.6**	**526.4**	**4,804.0**	**261.3**	**4,542.7**		**437.6**	**4,366.4**
CEC	**26.7**	**(0.1)**	**26.6**		**26.6**	7%	**1.9**	**24.7**

CALCULATION OF CAPITAL COST ALLOWANCE HISTORIC 2014 - 2016

HYDRO ONE NETWORKS INC.
Distribution
Calculation of Capital Cost Allowance (CCA) and Cumulative Eligible Capital (CEC)
2015 Hydro One Networks Tax Return Allocation to Distribution
Year Ending December 31
($ Millions)

2015

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,536.1	14.3	1,550.4	7.1	1,543.2	4%	61.6	1,488.9
2	257.1	0.0	257.1	0.0	257.1	6%	15.4	241.7
3	11.2	0.2	11.4	0.1	11.3	5%	0.6	10.8
6	15.3	3.4	18.7	1.7	17.0	10%	1.7	17.0
8	95.4	27.7	123.1	13.8	109.2	20%	21.3	101.8
9	2.9	(0.2)	2.7	(0.1)	2.8	25%	0.7	2.0
10	115.2	47.2	162.4	23.6	138.8	30%	41.2	121.2
12	6.4	13.3	19.7	6.6	13.0	100%	10.5	9.2
13	9.3	8.3	17.6	4.2	13.5	N/A	1.2	16.4
17	14.5	3.1	17.6	1.5	16.0	8%	1.2	16.3
35	-	0.1	0.1	0.0	0.1	7%	-	0.1
42	0.1	0.1	0.2	0.1	0.2	12%	-	0.2
45	0.1	0.0	0.1	0.0	0.1	45%	0.1	-
46	3.8	1.1	4.9	0.6	4.4	30%	1.2	3.8
47	2,275.0	514.6	2,789.6	257.3	2,532.3	8%	198.9	2,590.8
50	24.0	9.8	33.8	4.9	28.9	55%	14.9	18.8
Total CCA	**4,366.4**	**642.9**	**5,009.3**	**321.4**	**4,687.9**		**370.5**	**4,639.0**
CEC	**24.7**	**0.6**	**25.3**		**25.3**	7%	**1.7**	**23.6**

2015 represents the 12 month period ranging from January 1, 2015 to December 31, 2015, which includes taxation periods under the PILs regime [Jan 1, 2015 - Oct 31, 2015] and federal tax regime [Nov 1, 2015 - Nov 4, 2015 and Nov 5, 2015 - Dec 31 2015].

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Calculation of Capital Cost allowance (CCA) and Cummulative Eligible Capital (CEC)
2016 Networks Tax Return Allocation to Distribution
Year Ending December 31
($ Millions)

2016 *

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,488.9	8.9	1,497.8	4.5	1,493.4	4%	59.7	1,438.1
2	241.7	-	241.7	-	241.7	6%	14.5	227.2
3	10.8	0.2	11.0	0.1	10.9	5%	0.5	10.5
6	17.0	3.4	20.4	1.7	18.7	10%	1.9	18.6
7	-	-	-	-	-	15%	-	-
8	101.8	12.8	114.6	6.4	108.2	20%	21.6	93.0
9	2.0	-	2.0	-	2.0	25%	0.5	1.5
10	121.2	40.2	161.4	20.1	141.3	30%	42.4	119.0
12	9.2	34.4	43.6	17.2	26.4	100%	26.4	17.2
13	16.4	(1.9)	14.5	0.3	14.2	N/A	1.9	12.6
17	16.3	1.6	17.9	0.8	17.1	8%	1.4	16.5
35	0.1	-	0.1	0.0	0.1	7%	0.0	-
42	0.2	0.0	0.2	0.0	0.2	12%	0.0	0.2
45	-	-	-	-	-	45%	-	-
46	3.8	1.1	4.9	0.6	4.4	30%	1.3	3.6
47	2,590.8	418.3	3,009.1	209.2	2,800.0	8%	224.0	2,785.1
50	18.8	13.7	32.5	6.9	25.7	55%	14.1	18.4
Total CCA	**4,639.0**	**532.9**	**5,171.9**	**267.7**	**4,904.2**		**410.3**	**4,761.5**
CEC	**23.6**	**0.1**	**23.7**		**23.7**	**7%**	**1.7**	**22.0**

*Estimates baesd on tax provision as tax returns have not been finalized

HYDRO ONE NETWORKS INC.
Distribution
Calculation of Apprenticeship, Co-op, and SR&ED Tax Credit
Tax Credit Test Years (2018 to 2022)
Year Ending December 31
($ Thousands)

Line No	Particulars	2018	2019	2020	2021	2022
1	Ontario Co-op Education Credit	$ 740	$ 740	$ 740	$ 740	$ 740
2	Eligible Positions	247	247	247	247	247
3						
4	Ontario Apprenticeship Credit	$ 1,430	$ 860	$ 810	$ 810	$ 810
5	Eligible Positions	346	268	268	268	268
6						
7	Ontario Business Research Credit	$ 90	$ 90	$ 90	$ 90	$ 90
8						
9	Federal Apprenticeship Credit	$ 320	$ 320	$ 320	$ 320	$ 320
10	Eligible Positions	169	169	169	169	169
11						
12	SR&ED	$ 950	$ 1,050	$ 1,050	$ 1,050	$ 1,050
13						
14	**TOTAL TAX CREDITS**	**$ 3,530**	**$ 3,060**	**$ 3,010**	**$ 3,010**	**$ 3,010**
15						
16	Tax Credit included in tax expense (1)	$ 1,270	$ 1,370	$ 1,370	$ 1,370	$ 1,370
17	Tax Credit included in OM&A (1)	$ 2,260	$ 1,690	$ 1,640	$ 1,640	$ 1,640
18		**$ 3,530**	**$ 3,060**	**$ 3,010**	**$ 3,010**	**$ 3,010**

(1) In accordance with US GAAP, refundable tax credits included are recorded in OM&A and non-refundable tax credits are recorded as a reduction to tax expense. Consequently, the tax credits relating Ontario Co-op, Ontario Apprenticeship, and Ontario Business Research are recorded in OM&A.

(2) Ontario budget changed ITC available for apprentices after April 24, 2015. Annual credit reduced from $10,000 to $5,000, maximum credit reduced from $40,000 to $15,000 and period of claim reduced from 48 months to 36 months.

HYDRO ONE NETWORKS INC.
Distribution
Calculation of Apprenticeship and Education Tax Historical Years (2014, 2015, 2016)
Year Ending December 31
($ Thousands)

Particulars	**2014**	**2015 ***	**2016 ****
Ontario Co-op Education Credit	$ 878	$ 847	$ 1,070
Eligible Positions	$ 291	$ 283	$ 358
Ontario Apprenticeship Credit	$ 3,333	$ 4,104	$ 2,919
Eligible Positions	$ 451	$ 501	$ 394
Ontario Business Research Credit	$ 356	$ -	$ 95
Federal Apprenticeship Credit	$ 525	$ 445	$ 462
Eligible Positions	$ 272	$ 238	$ 245
SR&ED	$ 1,093	$ 850	$ 1,113
TOTAL TAX CREDITS	**$ 6,185**	**$ 6,246**	**$ 5,659**

(1) In accordance with US GAAP, refundable tax credits included are recorded in OM&A and non-refundable tax credits are recorded as a reduction to tax expense. Consequently, the tax credits relating Ontario Co-op, Ontario, Apprenticeship, and Ontario Business Research are recorded in OM&A.

(2) Ontario budget changed the ITC available for apprentices after April 24, 2015. Annual credit reduced from $10,000 to $5,000, maximum credit reduced from $40,000 to $15,000 and the period of claim reduced from 48 months to 36 months.

(3) * 2015 represents the 12 month period ranging from January 1, 2015 to December 31, 2015, which includes taxation periods under the PILs regime [Jan 1, 2015 - Oct 31, 2015] and federal tax regime [Nov 1, 2015 - Nov 4, 2015 and Nov 5, 2015 - Dec 31 2015].

(4) ** 2016 amounts are estimates as the 2016 Hydrone One Networks Inc. tax return is not yet finalized.

2016 HYDRO ONE NETWORKS INCOME TAX RETURN

The Hydro One Networks Inc. 2016 Income Tax Return will be submitted as an update to this application when complete.

Witness: Glendy Cheung

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 **Do not use this area**

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 **www.cra.gc.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

Identification

Business number (BN) **001** 87086 5821 RC0001

Corporation's name
002 Hydro One Networks Inc.

Address of head office
Has this address changed since the last time we were notified? . . . . **010** 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 483 Bay Street, 8th Floor
012 South Tower
City **015** Toronto — Province, territory, or state **016** ON
Country (other than Canada) **017** — Postal code/Zip code **018** M5G 2P5

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . **020** 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o Giovanna Baragetti
022 483 Bay Street, 7th floor
023 South Tower
City **025** Toronto — Province, territory, or state **026** ON
Country (other than Canada) **027** — Postal code/Zip code **028** M5G 2P5

Location of books and records (if different from head office address)
Has the location of books and records changed since the last time we were notified? . . . . **030** 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 483 Bay Street, 7th floor
032 South Tower
City **035** Toronto — Province, territory, or state **036** ON
Country (other than Canada) **037** — Postal code/Zip code **038** M5G 2P5

040 **Type of corporation at the end of the tax year**
1 [X] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [ ] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . **043** ______ YYYY MM DD

To which tax year does this return apply?
Tax year start **060** 2015-01-01 (YYYY MM DD) — Tax year-end **061** 2015-10-31 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? . . . . **063** 1 Yes [ ] 2 No [X]
If **yes**, provide the date control was acquired . . . . **065** ______ YYYY MM DD

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

Is the corporation a professional corporation that is a member of a partnership? . . . . **067** 1 Yes [ ] 2 No [X]

Is this the first year of filing after:
Incorporation? . . . . **070** 1 Yes [ ] 2 No [X]
Amalgamation? . . . . **071** 1 Yes [ ] 2 No [X]
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 [X] 2 No [ ]
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . **076** 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? . . . . **078** 1 Yes [ ] 2 No [X]

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

Is the corporation a resident of Canada?
080 1 Yes [X] 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 [X]
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**

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	X	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	X	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	X	29
Did the corporation have a total amount over $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	X	
Does the corporation earn income from one or more Internet webpages or websites?	180	X	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 to Canada, a province, or a territory; 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	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	X	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207	X	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	X	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 or provincial foreign tax credits, or any federal or provincial 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	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	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 claiming a surtax credit?	237		37
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

Attachments – continued from page 2

		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	2 No X
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 product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Electricity	285	100.000 %
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	YYYY MM DD	
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	1,236,494,923	A
Deduct: Charitable donations from Schedule 2	311	520,642			
Gifts to Canada, a province, or a territory from Schedule 2	312				
Cultural gifts from Schedule 2	313				
Ecological gifts from Schedule 2	314				
Gifts of medicine 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		520,642	►	520,642	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				1,235,974,281	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C **plus** amount D)			360	1,235,974,281	
Income exempt under paragraph 149(1)(t)			370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				1,235,974,281	Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	1,236,491,829	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	1,235,974,281	B
Business limit (see notes 1 and 2 below)	410	416,438	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 416,438 x 415 *** 15,675,750 D / 11,250 = 580,264,709 E

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

Small business deduction

Amount A, B, C, or F, whichever is the least ______ x Number of days in the tax year before January 1, 2016 / Number of days in the tax year 304 / 304 x 17 % = ______ 1

Amount A, B, C, or F, whichever is the least ______ x Number of days in the tax year after December 31, 2015, and before January 1, 2017 / Number of days in the tax year ______ / 304 x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount G on line I on page 7) 430 ______ G

* 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.

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)				1,235,974,281	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27			B		
Amount K13 from Part 13 of Schedule 27			C		
Personal service 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 425 on page 4, whichever is the least			F		
Aggregate investment income from line 440 on page 6*		3,094	G		
Subtotal (**add** amounts B to G)		3,094	►	3,094	H
Amount A **minus** amount H (if negative, enter "0")				1,235,971,187	I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				160,676,254	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 B9 and H9 from Part 9 of Schedule 27			L		
Amount K13 from Part 13 of Schedule 27			M		
Personal service 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.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 .... **440** 3,094 x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 / 304 Number of days in the tax year)) % = 825 A

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

Deduct:

Foreign investment income from Schedule 7 ..... **445** x (9 1 / 3 – 1 1 / 3 x (Number of days in the tax year after 2015 / 304 Number of days in the tax year)) % = C

(if negative, enter "0") ▶ D

Amount A **minus** amount D (if negative, enter "0") .... 825 E

Taxable income from line 360 on page 3 .... 1,235,974,281 F

Deduct:

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

Foreign non-business income tax credit from line 632 on page 7 .... x 100 / 35 = H

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

Subtotal ▶ J

1,235,974,281 K

x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 / 304 Number of days in the tax year)) % = 329,593,142 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) .... 183,651,295 M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least .... **450** 825 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**

▶ O

Add the total of:

Refundable portion of Part I tax from line 450 above .... 825 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**

825 ▶ 825 R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R **485** 825

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 2 of Schedule 3 .... 870,455,244 x [(1 / 3) + (5 x (Number of days in the tax year after 2015 / 304 Number of days in the tax year)) %] = 290,151,748 S

Refundable dividend tax on hand at the end of the tax year from line 485 above .... 825 T

Dividend refund – Amount S or T, whichever is less .... 825 U

Enter amount U on line 784 on page 8.

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %	550	469,670,227	A
Recapture of investment tax credit from Schedule 31	602		B

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			3,094	C
Taxable income from line 360 on page 3	1,235,974,281	D		
Deduct:				
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least		E		
Net amount (amount D **minus** amount E)	1,235,974,281	▶	1,235,974,281	F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x ______) % of whichever is less: amount C or amount F . . . . 604 206 G

Number of days in the tax year after 2015 / 304 Number of days in the tax year

Subtotal (**add** amounts A, B, and G) 469,670,433 H

Deduct:

Small business deduction from line 430 on page 4			I
Federal tax abatement	608	123,597,428	
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	160,676,254	
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	1,745,456	
Subtotal		286,019,138 ▶ 286,019,138	J

Part I tax payable – Amount H **minus** amount J . . . . 183,651,295 K
Enter amount K on line 700 on page 8.

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 **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount K on page 7	700	183,651,295
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		183,651,295

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	135,665,554
Total tax payable	770	319,316,849 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from amount U on page 6	784	825	
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	329,521,834	
Total credits	890	329,522,659	329,522,659 B

Refund code 894 1 Overpayment 10,205,810

Balance (amount A **minus** amount B) -10,205,810

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 **www.cra-arc.gc.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 ______

Certification

I, 950 BARAGETTI (Last name (print)) 951 GIOVANNA (First name (print)) 954 Vice President, Corporate Tax (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 2016-04-27 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (416) 345-6778 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 Glendy Cheung Name (print) 959 (416) 345-6812 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

Schedule of Instalment Remittances

Name of corporation contact: Glendy Cheung

Telephone number: (416) 345-6812

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	2015 Tax Instalments	297,000,000
	2015 Balance carryforward	32,521,834

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 329,521,834 **A**

Total instalments credited to the taxation year per T9 329,521,834 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

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
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	1,095,000,000	1,242,000,000
	Total tangible capital assets	2008	+	26,293,000,000	25,040,000,000
	Total accumulated amortization of tangible capital assets	2009	–	9,205,000,000	8,709,000,000
	Total intangible capital assets	2178	+	475,000,000	377,000,000
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	2,531,000,000	1,935,000,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	21,189,000,000	19,885,000,000
	Liabilities				
	Total current liabilities	3139	+	5,025,000,000	1,596,000,000
	Total long-term liabilities	3450	+	11,721,000,000	11,321,000,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	16,746,000,000	12,917,000,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	4,443,000,000	6,968,000,000
	Total liabilities and shareholder equity	3640	=	21,189,000,000	19,885,000,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	1,018,000,000	3,610,000,000

* Generic item

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
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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	+	4,966,000,000	5,928,000,000
	Cost of sales	8518	–	2,557,000,000	2,979,000,000
	Gross profit/loss	8519	=	2,409,000,000	2,949,000,000
	Cost of sales	8518	+	2,557,000,000	2,979,000,000
	Total operating expenses	9367	+	1,744,000,000	2,143,000,000
	Total expenses (mandatory field)	9368	=	4,301,000,000	5,122,000,000
	Total revenue (mandatory field)	8299	+	4,966,000,000	5,928,000,000
	Total expenses (mandatory field)	9368	–	4,301,000,000	5,122,000,000
	Net non-farming income	9369	=	665,000,000	806,000,000
	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	=	665,000,000	806,000,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	2,365,000,000	73,000,000
	Future (deferred) income tax provision	9995	–	2,000,000	16,000,000
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-1,702,000,000	717,000,000

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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

Does the accountant have a professional designation? . . . **095** 1 Yes [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . **097** 1 Yes [X] 2 No [ ]

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 [ ]
- 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:

Has the accountant expressed a reservation? . . . **099** 1 Yes [ ] 2 No [ ]

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 [ ]

Were notes to the financial statements prepared? . . . **101** 1 Yes [X] 2 No [ ]

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

- Are subsequent events mentioned in the notes? . . . **104** 1 Yes [X] 2 No [ ]
- Is re-evaluation of asset information mentioned in the notes? . . . **105** 1 Yes [X] 2 No [ ]
- Is contingent liability information mentioned in the notes? . . . **106** 1 Yes [X] 2 No [ ]
- Is information regarding commitments mentioned in the notes? . . . **107** 1 Yes [X] 2 No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . **108** 1 Yes [ ] 2 No [X]

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 1 Yes [ ] 2 No [X]

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 1 Yes [ ] 2 No [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 1 Yes [X] 2 No [ ]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

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 1 Yes [ ] 2 No [X]

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

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Assets – lines 1000 to 2599

1060	1,067,000,000	1061	-64,000,000	1120	19,000,000
1480	54,000,000	1483	19,000,000	1599	1,095,000,000
1900	24,975,000,000	1901	-9,205,000,000	1920	1,318,000,000
2008	26,293,000,000	2009	-9,205,000,000	2010	363,000,000
2012	112,000,000	2178	475,000,000	2420	1,942,000,000
2421	589,000,000	2589	2,531,000,000	2599	21,189,000,000

Liabilities – lines 2600 to 3499

2620	3,075,000,000	2629	90,000,000	2700	450,000,000
2861	1,391,000,000	2960	19,000,000	3139	5,025,000,000
3140	7,727,000,000	3240	1,950,000,000	3320	2,044,000,000
3450	11,721,000,000	3499	16,746,000,000		

Shareholder equity – lines 3500 to 3640

3500	3,429,000,000	3541	5,000,000	3580	-9,000,000
3600	1,018,000,000	3620	4,443,000,000	3640	21,189,000,000

Retained earnings – lines 3660 to 3849

3660	3,610,000,000	3680	-1,702,000,000	3700	-890,000,000
3849	1,018,000,000				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	4,966,000,000	**8089**	4,966,000,000	**8299**	4,966,000,000

Cost of sales – lines 8300 to 8519

8320	2,557,000,000	**8518**	2,557,000,000	**8519**	2,409,000,000

Operating expenses – lines 8520 to 9369

8570	46,000,000	**8623**	64,909,611	**8670**	558,000,000
8710	303,000,000	**9284**	772,090,389	**9367**	1,744,000,000
9368	4,301,000,000	**9369**	665,000,000		

Extraordinary items and taxes – lines 9970 to 9999

9970	665,000,000	**9990**	2,365,000,000	**9995**	2,000,000
9999	-1,702,000,000				

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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*.

Amount calculated on line 9999 from Schedule 125			-1,702,127,706	A
Add:				
Provision for income taxes – current	101	2,364,220,358		
Provision for income taxes – deferred	102	2,470,611		
Interest and penalties on taxes	103	5,345		
Amortization of tangible assets	104	559,096,680		
Amortization of intangible assets	106	45,015,760		
Charitable donations and gifts from Schedule 2	112	520,642		
Taxable capital gains from Schedule 6	113	3,094		
Scientific research expenditures deducted per financial statements	118	2,384,790		
Non-deductible meals and entertainment expenses	121	2,080,465		
Reserves from financial statements – balance at the end of the year	126	2,050,508,096		
Subtotal of additions		5,026,305,841 ►	5,026,305,841	

Other additions:

Capital items expensed		206	6,414,924
Debt issue expense		208	2,631,454

Miscellaneous other additions:

600	Other Adds - See attached schedule		290	5,247,038		
601	US GAAP Adjustments for OPEB deducted in S(13)		291	126,667		
602	CCRA true up		292	7,676,257		
603	Federal apprenticeship credit prior year	938,800				
	Total	938,800	293	938,800		
604	Capital Contributions received 12(1)(x)	155,391,689				
	Legal Fees	84,239				
	2015 Ontario apprentice underaccrual	844,173				
	Total	156,320,101	294	156,320,101		
	Subtotal of other additions		199	179,355,241 ►	179,355,241	
	Total additions		500	5,205,661,082 ►	5,205,661,082	B
	Amount A **plus** amount B				3,503,533,376	

Deduct:

Deferred and prepaid expenses		409	4,638,046	
SR&ED expenditures claimed in the year from Form T661 (line 460)		411	5,338,806	
Reserves from financial statements – balance at the beginning of the year		414	1,858,253,076	
Contributions to deferred income plans from Schedule 15		417	81,613,212	
Subtotal of deductions			1,949,843,140 ▶	1,949,843,140

Other deductions:

Miscellaneous other deductions:

700 Interest cap for acct, exp for tax (761401/761402)		390	42,401,291	
701 Capital Contributions - 13(7.4) election		391	155,391,689	
703 Deduct OPEB costs capitalized in Sch 13 addback	52,683,591			
Total	52,683,591	393	52,683,591	
704 Other deductions (see attached)	66,069,059			
Income included in OCI	241,653			
Oct 2015 accrued OBRI credit	166,667			
2014 Prov to return for ONT ITC in OMA	39,515			
Restriction Transmission Assets (Write off of true up)	29,815			
2015 Ontario co-op overaccrual	172,033			
Total	66,718,742	394	66,718,742	
Subtotal of other deductions		499	317,195,313 ▶	317,195,313
Total deductions		510	2,267,038,453 ▶	2,267,038,453

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 1,236,494,923

T2 SCH 1 E (12) Canada

Attached Schedule with Total

Line 409 – Deferred and prepaid expenses

Title D-Sch 001 - Deferred or prepaid expenses deducted for tax(line 409)

Description	Amount	
20(1)(e) deduction re: underwriting fees	2,498,047	00
20(1)(e) deduction re: prospectus fees	80,995	00
20(1)(e) deduction re: upfront loan fees	803,393	00
20(1)(e) deduction re: legal fees for deferred financing	185,611	00
Bond Discount	1,070,000	00
Total	4,638,046	00

Attached Schedule with Total

Line 208 – Debt issue expense

Title B-Sch 001- Debt issue expenses added back for tax (line 208)

Description	Amount	
Amortization of Underwriting fee (GL #761780)	1,716,730	00
Amortization of Prospectus fees (GL #761790)	157,882	00
Amortization of Upfront Loan Fee (included in GL #761730)	515,189	00
Amortization of Hedge Loss (GL# 761770)	241,653	00
Total	2,631,454	00

Attached Schedule with Total

Line 704 – Amount

Title 704.1 - Amount for line 704.1

Description	Amount	
Removal Costs	7,927,010	00
Reverse environmental interest reflected on S-13	7,851,412	00
MOF - interest adjustment	155,769	00
MOF - capital tax adjustment	325,035	00
Capitalized Overhead general and administration	47,413,850	00
Bond Premium/Discount Am	977,683	00
Landscaping adjustments	1,237,278	00
Amortization of Capital contribution (741701)	130,776	00
S 18(9.1) deduction	50,246	00
Total	66,069,059	00

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Description	Amount	
Equipment under 2k (GL 620510)	443,069	00
Computer Application Software (AC 620046)	5,971,855	00
Total	6,414,924	00

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Description	Amount	
Project Cancellation costs	4,041,354	00
B2M non-deductible legal fees	75,038	00
Non-deductible fees: re: due diligence fees	900,976	00
Mark to Market	229,670	00
Total	5,247,038	00

Attached Schedule with Total

Line 391 – Amount for line 701

Title Line 391 – Amount for line 701

Explanatory note

Included in this return is an election under subsection 13(7.4) with respect to amounts that would normally be included in income under paragraph 12(1)(x). The amount in respect of which the election was made, and so was not included in income but was the amount by which the cost of depreciable property was reduced, is $163,067,946.

Description	Amount	
Subsection 13(7.4) Election	155,391,689	00
Total	155,391,689	00

Attached Schedule with Total

Line 103 – Interest and penalties on taxes

Title Line 103 – Interest and penalties on taxes

Description	Amount
Interest and penalties on taxes (GL 761681)	5,345 00
Total	5,345 00

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario community food program donation tax credit for farmers;
  - the eligible amount of gifts to Canada, a province, or a territory;
  - 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.
- All legislative references are 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.
- 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) of the federal *Act*.
- Subsection 110.1(1.2) of the federal Act 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.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
[redacted]	100
[redacted]	100
[redacted]	200
[redacted]	200
[redacted]	200
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	800
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	5,000
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	5,176
[redacted]	200
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
[redacted]	100
[redacted]	100
[redacted]	1,000
[redacted]	100
[redacted]	200
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	200
[redacted]	100
[redacted]	100
[redacted]	9,406
[redacted]	100
[redacted]	500
[redacted]	100
[redacted]	200
[redacted]	100
[redacted]	100
[redacted]	200
[redacted]	100
[redacted]	100
[redacted]	1,000
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	100
[redacted]	1,000
[redacted]	1,500
[redacted]	1,000
[redacted]	150
[redacted]	93,750
[redacted]	30,000
[redacted]	93,750
[redacted]	100,000
[redacted]	93,750
[redacted]	500
[redacted]	6,000
[redacted]	50,000
[redacted]	5,000
[redacted]	10,000
[redacted]	1,000
[redacted]	500
[redacted]	1,000
[redacted]	500
[redacted]	500
[redacted]	500
[redacted]	500
[redacted]	500
Subtotal	520,482
Add: Total donations of less than $100 each	160
Total donations in current tax year	520,642

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240		B		
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (enter this amount on line 112 of Schedule 1)	210	520,642		520,642	520,642
Subtotal (line 250 **plus** line 210)		520,642	C	520,642	520,642
Subtotal (amount B **plus** amount C)		520,642	D	520,642	520,642
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		520,642	E	520,642	520,642
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260	520,642		520,642	520,642
Charitable donations closing balance (amount E **minus** amount on line 260)	280				
Ontario community food program donation for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262				
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1		

Enter the amount from line 1 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 the amount on line 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
7th prior year	2008-12-31			
8th prior year	2007-12-31			
9th prior year	2006-12-31			
10th prior year	2005-12-31			
11th prior year	2004-12-31			
12th prior year	2003-12-31			
13th prior year	2002-12-31			
14th prior year	2001-12-31			
15th prior year	2000-12-31			
16th prior year	1999-12-31			
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

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

Net income for tax purposes* **multiplied** by 75 %			927,371,192	F
Taxable capital gains arising in respect of gifts of capital property included in Part 1 **	225	G		
Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01)	227	H		
The amount of the recapture of capital cost allowance in respect of charitable donations	230			
Proceeds of disposition, **less** outlays and expenses**		I		
Capital cost**		J		
Amount I or J, whichever is less	235			
Amount on line 230 or 235, whichever is less		K		
Subtotal (**add** amounts G, H, and K)		L		
Amount L **multiplied** by 25 %				M
Subtotal (amount F **plus** amount M)			927,371,192	N
Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less)			520,642	O

* 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.

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

Gifts to Canada, a province, or a territory at the end of the previous tax year				A
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	339			
Gifts to Canada, a province, or a territory at the beginning of the current tax year	340			B
Add:				
Gifts to Canada, a province, or a territory transferred on an amalgamation or the wind-up of a subsidiary	350			
Total gifts made to Canada, a province, or a territory in the current year*	310			
Subtotal (line 350 **plus** line 310)			►	C
Subtotal (amount B **plus** amount C)				D
Deduct:				
Adjustment for an acquisition of control	355			
Amount applied in the current year against taxable income (enter this amount on line 312 of the T2 return)	360			
Subtotal (line 355 **plus** line 360)			►	E
Gifts to Canada, a province, or a territory closing balance (amount D **minus** amount E)	380			

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			F		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		G		
Add:					
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				
Subtotal (line 450 **plus** line 410)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			J		
Gifts of certified cultural property closing balance (amount I **minus** amount J)	480				

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
7th prior year	2008-12-31			
8th prior year	2007-12-31			
9th prior year	2006-12-31			
10th prior year	2005-12-31			
11th prior year	2004-12-31			
12th prior year	2003-12-31			
13th prior year	2002-12-31			
14th prior year	2001-12-31			
15th prior year	2000-12-31			
16th prior year	1999-12-31			
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 5 – Gifts of certified ecologically sensitive land

	Line	Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			K		
Deduct: 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	540		L		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014	520				
Subtotal (**add** lines 550, 510, and 520)			M		
Subtotal (amount L **plus** amount M)			N		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			O		
Gifts of certified ecologically sensitive land closing balance (amount N **minus** amount O)	580				

* For the federal and Alberta, 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, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

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	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
7th prior year	2008-12-31			
8th prior year	2007-12-31			
9th prior year	2006-12-31			
10th prior year	2005-12-31			
11th prior year*	2004-12-31			
12th prior year	2003-12-31			
13th prior year	2002-12-31			
14th prior year	2001-12-31			
15th prior year	2000-12-31			
16th prior year	1999-12-31			
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 6 – Additional deduction for gifts of medicine

		Federal		Québec		Alberta	
Additional deduction for gifts of medicine at the end of the previous tax year			P				
Deduct: 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	640		Q				
Add:							
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650						
Additional deduction for gifts of medicine for the current year:							1
Proceeds of disposition	602		1		1		2
Cost of gifts of medicine	601		2		2		3
Subtotal (line 1 **minus** line 2)			3		3		4
Line 3 **multiplied** by 50 %			4		4		5
Eligible amount of gifts	600		5		5		

Federal

a ________ x (b ________ / c) = Additional deduction for gifts of medicine for the current year 610 ________

Québec

a ________ x (b ________ / c) = Additional deduction for gifts of medicine for the current year ________

Alberta

a ________ x (b ________ / c) = Additional deduction for gifts of medicine for the current year ________

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			R		
Subtotal (amount Q **plus** amount R)			S		
Deduct:					
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			T		
Additional deduction for gifts of medicine closing balance (amount S **minus** amount T)	680				

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
Total				

***** These donations expired in the current 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		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2014-12-31	
2nd prior year	2013-12-31	
3rd prior year	2012-12-31	
4th prior year	2011-12-31	
5th prior year	2010-12-31	
6th prior year*	2009-12-31	
7th prior year	2008-12-31	
8th prior year	2007-12-31	
9th prior year	2006-12-31	
10th prior year	2005-12-31	
11th prior year	2004-12-31	
12th prior year	2003-12-31	
13th prior year	2002-12-31	
14th prior year	2001-12-31	
15th prior year	2000-12-31	
16th prior year	1999-12-31	
17th prior year		
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

T2 SCH 2 E (12/2014)

Canada

Canada Revenue Agency — Agence du revenu du Canada

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- This schedule is for the use of any corporation 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), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- 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.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A – Enter "X" if dividends received from a foreign source (connected corporation only).
- 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.
- Column FF – Indicate if the dividends have been received before January 1, 2016, or after December 31, 2015. This information is required to determine the appropriate rate for the Part IV tax calculation.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

		Complete if payer corporation is connected			
Name of payer corporation (from which the corporation received the dividend) 200	A	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 (See note) 220	E Non-taxable dividend under section 83 230
				Total (enter on line 402 of Schedule 1)	

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation.
For more details, consult the Help.

				Complete if payer corporation is connected		
F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)* 240	F1 Eligible dividends (included in column F)	F2	FF	G Total taxable dividends paid by connected payer corporation (for tax year in column D) 250	H Dividend refund of the connected payer corporation (for tax year in column D)** 260	I Part IV tax before deductions F x rate *** 270
						J

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

* 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. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

** 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.

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

Rate: The Part IV tax rate is 38 1/3% for dividends received after December 31, 2015, and 33 1/3% for dividends received before January 1, 2016.

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1) . . . .

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax 320

Subtotal

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax 330

Non-capital losses from previous years claimed to reduce Part IV tax 335

Current-year farm loss claimed to reduce Part IV tax 340

Farm losses from previous years claimed to reduce Part IV tax 345

Total losses applied against Part IV tax ______ x 1 / 3 =

Part IV tax payable (enter amount on line 712 of the T2 return) 360

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

	A	B	C	D	D1
	Name of connected recipient corporation	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note)	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
	400	410	420	430	
1	Hydro One Inc.	86999 4731 RC0001	2015-12-31	870,455,244	

Note

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 for each tax year of the recipient corporation. For more details, consult the Help.

Total 870,455,244

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 D above **plus** line 450) 460 870,455,244

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 above) 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) 870,455,244

Other dividends paid in the tax year (total of 510 to 540) . . . .

Total dividends paid in the tax year 500 870,455,244

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 taxable dividends paid in the tax year that qualify for a dividend refund 870,455,244

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations.*
- For more information, see the *T2 Corporation – Income Tax Guide.*
- Enter the regulation number in field 100 of Part 1.

Part 1 – Allocation of taxable income

100 ____________ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia Offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes ☐	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

* "Permanent establishment" is defined in Regulation 400(2).

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. This does not apply to tax years starting after March 20, 2013.

*** For corporations other than those described under Regulation 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
1,235,974,281		1,235,974,281	142,137,042

	Line	Amount	Total	
Ontario basic income tax (from Schedule 500)	270	142,137,042		
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal		142,137,042	142,137,042	A6
Add:				
Ontario additional tax re Crown royalties (from Schedule 504)	274			
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal				B6
Subtotal (amount A6 **plus** amount B6)			142,137,042	C6
Deduct:				
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario transitional tax credits (from Schedule 506)	414			
Ontario political contributions tax credit (from Schedule 525)	415			
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			142,137,042	E6
Deduct: Ontario research and development tax credit (from Schedule 508)	416		296,848	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 **minus** amount on line 416) (if negative, enter "0")			141,840,194	F6
Deduct:				
Ontario corporate minimum tax credit (from Schedule 510)	418			
Ontario community food program donation tax credit for farmers (from Schedule 2)	420			
Ontario corporate income tax payable (amount F6 **minus** amounts on line 418 and line 420) (if negative, enter "0")			141,840,194	G6
Add:				
Ontario corporate minimum tax (from Schedule 510)	278			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal				H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			141,840,194	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	952,967		
Ontario apprenticeship training tax credit (from Schedule 552)	454	5,221,673		
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario sound recording tax credit (from Schedule 562)	464			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Subtotal		6,174,640	6,174,640	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.	290		135,665,554	K6

Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable credits **255** 135,665,554

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 6

Summary of Dispositions of Capital Property

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule if your corporation disposed of (actual or deemed) capital property or claimed an allowable business investment loss (ABIL), or both, in the tax year.
- Also use this schedule to make a designation under paragraph 111(4)(e) of the *Income Tax Act* if control of the corporation has been acquired by a person or a group of persons.
- For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in Guide T4012, *T2 Corporation – Income Tax Guide*.

Designation under paragraph 111(4)(e) of the Income Tax Act

Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)? . . . . . . **050** 1 Yes [ ] 2 No [X]

If **yes**, attach a statement specifying which properties such a designation applies to.

Part 1 – Shares

1 Number of shares **100**	2 Name of corporation in which the shares are held **105**	3 Class of shares **106**	4 Date of Acquisition YYYY/MM/DD **110**	5 Proceeds of disposition **120**	6 Adjusted cost base **130**	7 Outlays and expenses from disposition **140**	8 Gain (or loss) (column 5 **minus** columns 6 and 7) **150**	Foreign source
			Totals					

Total adjustment under subsection 112(3) of the Act to all losses identified in Part 1 . . . . **160** ____________

Actual gain or loss from the disposition of shares (total of column 8 **plus** line 160) . . . . ____________ **A**

Part 2 – Real estate (Do not include losses on depreciable property)

	1 Municipal address of real estate 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code **200**	2 Date of Acquisition YYYY/MM/DD **210**	3 Proceeds of disposition **220**	4 Adjusted cost base **230**	5 Outlays and expenses from disposition **240**	6 Gain (or loss) (column 3 **minus** columns 4 and 5) **250**	Foreign source
1	30 Second Street	1984-07-01	22,808	16,621		6,187	
	NIPIGON						
	ON CA P0T 2J0						
		Totals	22,808	16,621		6,187	**B**

Part 3 – Bonds

1 Face value of bonds **300**	2 Maturity date YYYY/MM/DD **305**	3 Name of bond issuer **307**	4 Date of Acquisition YYYY/MM/DD **310**	5 Proceeds of disposition **320**	6 Adjusted cost base **330**	7 Outlays and expenses from disposition **340**	8 Gain (or loss) (column 5 **minus** columns 6 and 7) **350**	Foreign source
			Totals					**C**

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

1 Description of other property 400	2 Date of Acquisition YYYY/MM/DD 410	3 Proceeds of disposition 420	4 Adjusted cost base 430	5 Outlays and expenses from disposition 440	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 450	Foreign source
Totals						D

Note
Other property includes capital debts established as bad debts, as well as amounts that arise from foreign currency transactions.

Part 5 – Personal-use property (Do not include listed personal property)

1 Description of personal-use property 500	2 Date of Acquisition YYYY/MM/DD 510	3 Proceeds of disposition 520	4 Adjusted cost base 530	5 Outlays and expenses from disposition 540	6 Gain only (column 3 **minus** columns 4 and 5; if negative, enter "0") 550	Foreign source
Totals						E

Note
You cannot deduct losses on dispositions of personal-use property (other than listed personal property) from your income.

Part 6 – Listed personal property

1 Description of listed personal property 600	2 Date of Acquisition YYYY/MM/DD 610	3 Proceeds of disposition 620	4 Adjusted cost base 630	5 Outlays and expenses from disposition 640	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 650	Foreign source
Totals						

Deduct: Unapplied listed personal property losses from other years (amount from line 530 of Schedule 4, *Corporation Loss Continuity and Application*) . . . . 655 ______

Net gains (or losses) from the disposition of listed personal property (total of column 6 **minus** line 655) . . . . ______ F

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

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

1 Name of small business corporation 900	2 Shares, enter 1; debt, enter 2 905	3 Date of Acquisition YYYY/MM/DD 910	4 Proceeds of disposition 920	5 Adjusted cost base 930	6 Outlays and expenses from disposition 940	7 Loss only (column 4 **minus** columns 5 and 6) 950	Foreign source
Totals							

Allowable business investment losses (ABILs) . . . . Total of Column 7 ______ x 50.0000 % = ______ G

Enter amount G on line 406 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.

Note
Properties listed in Part 7 should not be included in any other parts of this schedule.

Part 8 – Capital gains or losses

Total of amounts A to F (do not include amount F if it is a loss)		6,187	H
Add:			Foreign source
Capital gains dividend received in the year	875		I ☐
Capital gains reserve opening balance (from Part 1 of Schedule 13, *Continuity of Reserves,* enter the amount from line 8, *Balance at the beginning of the year* **plus** the amount from line 9, *Transfer on an amalgamation or the wind–up of a subsidiary*)	880		J
Subtotal (total of amounts H to J)		6,187	K
Deduct: Capital gains reserve closing balance (from Schedule 13)	885		L
Capital gains or losses, excluding ABILs (amount K **minus** amount L)	890	6,187	M

Part 9 – Taxable capital gains and total capital losses

Capital gains or losses, excluding ABILs (amount from line 890 in Part 8) . . . 6,187 N

Deduct the following amounts included in amount N, that are subject to the zero inclusion rate:

Note
When a taxpayer is entitled to an advantage in respect of a donation, the zero inclusion rate is restricted to only part of the taxpayer's capital gain on disposition of the property. See section 38.2 of the Act for more information.

Gain on the donation to a qualified donee of a share, debt obligation, or right listed on a designated stock exchange and other securities under subparagraphs 38(a.1)(i) and (iii) of the Act	895		a		Foreign source ☐
Gain on the donation to a qualified donee of ecologically sensitive land under paragraph 38(a.2) of the Act*	896		b		Foreign source ☐
Exempt portion of the gain on the donation of securities arising from the exchange of a partnership interest under paragraph 38(a.3)			b-2		Foreign source ☐
Subtotal (amount a **plus** amount b **plus** b-2)			▶		O
Subtotal (amount N **minus** amount O)				6,187	P

Add:

Deemed capital gain from the donation of property included in a flow-through share class of property to a qualified donee under subsection 40(12) of the Act:

Exemption threshold at time of disposition	897		c		
The total of all capital gains from the disposition of the actual property	898		d		
Amount c or amount d, whichever is less					Q ☐ (Foreign source)
Taxable capital gains under section 34.2 of the Act (line 275 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)		x 2 =	899		R
Subtotal (total of amounts P to R)				6,187	S

Deduct:

Allowable capital losses under section 34.2 of the Act (line 285 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)		x 2 =	901		T
Total capital gains or losses (amount S **minus** amount T)				6,187	U

Taxable capital gains or total capital losses

Total capital losses (amount U, if amount U is negative; if amount U is positive, enter "0") . . . V
Enter amount V on line 210 of Schedule 4.

Taxable capital gains (if amount U is positive, enter amount U 6,187 multiplied by 50.0000 %;
if amount U is negative, enter "0") . . . 3,094 W
Enter amount W on line 113 of Schedule 1.

* Do not include gains on donations of ecologically sensitive land to a private foundation.

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Schedule 7

Aggregate Investment Income and Active Business Income

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- This schedule is for the use of Canadian-controlled private corporations (CCPCs) to calculate:
  - for the purpose of determining the refundable portion of Part I tax, aggregate investment income and foreign investment income, as defined in subsection 129(4) of the *Income Tax Act;*
  - specified partnership income, when the CCPC is a member of one or more partnership(s); and
  - income from an active business carried on in Canada for the small business deduction.
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part I Tax" in Guide T4012, *T2 Corporation – Income Tax Guide.*

Part 1 – Aggregate investment income

The aggregate investment income is the aggregate **world** source income.

	Line	Amount		Amount	
Eligible portion of taxable capital gains for the year	002			3,094	A
Deduct:					
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	012		a		
Net capital losses of previous years claimed on line 332 on the T2 return	022		b		
Subtotal (amount a **plus** amount b)					B
Amount A **minus** amount B (if negative, enter "0")				3,094	C
Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada)	032		c		
Deduct:					
Exempt income	042		1		
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year	052		2		
Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses)	062		3		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072		4		
Subtotal (**add** amounts 1 to 4)			d		
Subtotal (amount c **minus** amount d)					D
Amount C **plus** amount D				3,094	E
Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	082				F
Amount E **minus** amount F (if negative, enter "0")	092			3,094	G

Enter amount G on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains for the year before taking into account the capital gains reserve (federal) of Schedule 13	3,094	1.1		
Reserve's eligible portion (addition/deduction)		1.2		
Taxable capital gains under section 34.2 of the ITA		1.3		
The eligible portion of taxable capital gains for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1, 1.2 and 1.3)	3,094	▶	3,094	1a
Deduct:				
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		2a		
Net capital losses of previous years of other years claimed on line 332 on the T2 return		3a		
Allowable capital losses under section 34.2 of the ITA		3.1		
Total of amounts 2a, 3a and 3.1		▶		4a
Amount 1a **minus** amount 4a (if negative, enter "0")			3,094	5a
Taxable dividends		6.1		
Rental property income (under regulation 1100(11))		6.2		
Other property income		6.3		
Property income under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)		6.4		
Total property income from **Canadian** sources		▶		6a
Deduct:				
Exempt income		7a		
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year		8a		
Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses)		9a		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)		10a		
Total of amounts 7a to 10a		▶		11a
Amount 6a **minus** amount 11a				12a
Amount 5a **plus** amount 12a			3,094	13a
Rental property losses (under regulation 1100(11))		14.1		
Dividend losses		14.2		
Other property losses		14.3		
Property losses under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)		14.4		
Total property losses from **Canadian** sources		▶		14a
Amount 13a **minus** amount 14a (if negative, enter "0")			3,094	15a

Part 2 – Foreign investment income

The foreign investment income is all income from sources **outside Canada**.

Eligible portion of taxable capital gains for the year before taking into account the capital gains reserve (federal) of Schedule 13			H1		
Reserve's eligible portion (addition/deduction)			H2		
Taxable capital gains under section 34.2 of the ITA*			H3		
Eligible portion of taxable capital gains for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts H1, H2 and H3)			▶	001	H
Allowable capital losses for the year			I1		
Allowable capital losses under section 34.2 of the ITA*			I2		
Eligible portion of allowable capital losses for the year (including allowable business investment losses) (total of amounts I1 and I2)			▶	009	I
Subtotal (amount H **minus** amount I) (if negative, enter "0")					J
Taxable dividends		e1			
Rental property income (under regulation 1100(11))		e2			
Other property income		e3			
Property income under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)*		e4			
Total income from property from a source **outside Canada** (net of related expenses)		▶ 019	e		
Deduct:					
Exempt income	029	5			
Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses)	049	6			
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059	7			
Subtotal (**add** amounts 5 to 7)		▶	f		
Subtotal (amount e **minus** amount f)			▶		K
Amount J **plus** amount K					L
Rental property losses (under regulation 1100(11))			M1		
Dividend losses			M2		
Other property losses			M3		
Property losses under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)*			M4		
Total losses from property from a source **outside Canada**			▶	069	M
Amount L **minus** amount M (if negative, enter "0") (enter amount N on line 445 of the T2 return)				079	N

* When an amount is entered on these lines, the amounts calculated for the taxable capital gains or allowable capital losses on lines 1.3 and 3.1 as well as property income or losses on lines 6.4 and 14.3 in Part 2A, "Canadian investment income calculation" are automatically updated. For more details, press F1 to consult the Help.

Net taxable dividends	**Canadian**	**Foreign**	**Total**
Taxable dividends deducted per schedule 3			
Less: Expenses related to such dividends			
Total expenses			
Net taxable dividends			

Part 3 – Specified partnership income

A		B	C	D1
Partnership name 200	Partnership's account number	Total income (loss) partnership from active business 300	Corporation's share of amount column B 310	Adjustment under section 34.2*

D2	D	E	F	G	H	I
Expenses incurred to earn partnership income	Adjustments (add or deduct the prorated amounts calculated under section 34.2* and deduct expenses incurred by the corporation to earn partnership income) (column D1 **minus** column D2) 315	Corporation's income (loss) of the partnership (column C **plus** column D) 320	Number of days in the partnership's fiscal period 325	Prorated business limit (column C ÷ column B) x [$500,000 x (column F ÷ 365)] (if column C is negative, enter "0")** 330	Column E **minus** column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0") 340
	Total	350			Total 385	360

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

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

Subtotal (amount g **plus** amount h) ________ i

Amount at line 385 or amount i, whichever is less . . . . **390** ________ O

Specified partnership income (line 360 **plus** amount O) . . . . **400** ________ P

Enter amount P at line T in Part 4.

Part 3 – Specified partnership income (continued)

* In general, amounts included under subsections 34.2(2), (3), and (12) or claimed under subsections 34.2(4) and (11) are deemed to have the **same character** and be in the **same proportions** as the partnership income they relate to. For example, if a corporation receives $100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of $40,000 of active business income, $30,000 of income from property, and $30,000 as a taxable capital gain, the corporation's adjusted stub period accrual (ASPA) in respect of the partnership would be 40% active business income, 30% property income, and 30% taxable capital gains. Add or deduct **only the portion** of the following amounts that is deemed under subsection 34.2(5) to be **active business income**:

Add:

- the ASPA under subsection 34.2(2) (column 4 of Schedule 73)
- the income inclusion for a new corporate member of a partnership under subsection 34.2(3) (column 6 of Schedule 73)
- the previous-year transitional reserve under subsection 34.2(12) (column 12 of Schedule 73)

Deduct:

- the previous-year ASPA under subsection 34.2(4) (column 5 of Schedule 73)
- the previous-year income inclusion for a new corporate member of a partnership under subsection 34.2(4) (column 7 of Schedule 73)
- the current-year transitional reserve under subsection 34.2(11) (column 11 of Schedule 73)

** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income for the purpose of calculating the prorated business limit in column G. Enter on line h the total of all loss from column E.

Part 4 – Partnership income not eligible for the small business deduction

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses – from line 350 in Part 3 (if the net amount is negative, enter "0" on line U)			Q
Specified partnership loss (from amount h in Part 3)			R
Subtotal (amount Q **plus** amount R)			S
Deduct:			
Specified partnership income (from amount P in Part 3)			T
Partnership income not eligible for the small business deduction (amount S **minus** amount T) (enter on line p in Part 5)	450		U

Part 5 – Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return		1,236,494,923	j		
Plus:					
Allowable business investment loss from line 406 of Schedule 1			k		
Subtotal (amount j **plus** amount k)		1,236,494,923	►	1,236,494,923	V
Deduct:					
Foreign business income after deducting related expenses*	500		l		
Taxable capital gains from line 113 of Schedule 1		3,094	m		
Net property income (amount c** **minus** amounts 1, 2, and F* in Part 1)			n		
Personal services business income and other income after deducting related expenses*	520		o		
Subtotal (**add** amounts l to o)		3,094	►	3,094	W
Net amount (amount V **minus** amount W)				1,236,491,829	X
Deduct:					
Partnership income not eligible for the small business deduction (amount U in Part 4)			p		
Income allocated to the corporation under subsection 96(1.1)	530		q		
Subtotal (amount p **plus** amount q)			►		Y
Income from active business carried on in Canada (amount X **minus** amount Y) (enter amount Z on line 400 of the T2 return - if negative, enter "0")				1,236,491,829	Z

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

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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** 1 Yes [ ] 2 No [X]

	1		2	3	4	5	6	7	8	9	10	11	12
	Class number (See Note)	Description	Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8)	Cost of acquisitions during the year (new property must be available for use)*	Adjustments and transfers**	Proceeds of dispositions during the year (amount not to exceed the capital cost)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	Reduced undepreciated capital cost	CCA rate % ****	Recapture of capital cost allowance***** (line 107 of Schedule 1)	Terminal loss (line 404 of Schedule 1)	Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ******	Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11)
	200		**201**	**203**	**205**	**207**	**211**		**212**	**213**	**215**	**217**	**220**
1.	1		3,637,279,150	4,953,667	21,617,173	3663849990			4	0	0		
2.	2		826,941,005			826,941,005			6	0	0		
3.	3		255,046,347	8,148,798	2,208,827	265,403,972			5	0	0		
4.	6		89,587,984	4,879,638		94,467,622			10	0	0		
5.	7		25,238			25,238			15	0	0		
6.	8		185,255,080	66,206,407	740,634	252,202,121			20	0	0		
7.	9		5,983,227			5,983,227			25	0	0		
8.	10		160,119,989	52,424,104	203,192	212,747,285			30	0	0		
9.	12		15,430,673	9,747,419		25,178,092			100	0	0		
10.	13	Leases	345,369		439,840	785,209			NA	0	0		
11.	17		81,627,929	6,160,851		87,788,780			8	0	0		
12.	35		105,340			105,340			7	0	0		
13.	42		73,028,699	8,655,300		81,683,999			12	0	0		
14.	45	Computers - old cl.10 post Mar 22/04	311,052		1,606	312,658			45	0	0		
15.	46	cl.8 post Mar 22/04	15,815,674	898,446		16,714,120			30	0	0		
16.	47	Electricity Assets > 22-02-2005	5,039,012,496	580,652,147	29,605,508	5649270151			8	0	0		
17.	50	Computers	92,681,205	36,338,524	27,889	129,047,618			55	0	0		
18.	13	Barrie Office (WBS 700004578)	315,600			315,600			NA	0	0		
19.	13	Atrium on Bay (WBS 300040666)	71,201			71,201			NA	0	0		
20.	13	Newmarket Garage (WBS 300040668)	118,535			118,535			NA	0	0		
21.	13	255 Matheson Mississauga (WBS 3000430[illegible])	1,173,450			1,173,450			NA	0	0		
22.	13	95 Mural Street (WBS 700010355)	1,408			1,408			NA	0	0		
23.	13	Nipigon (WBS 700011829)	138,242			138,242			NA	0	0		
24.	13	Kemptville (WBS 700009832)	6,042			6,042			NA	0	0		

	1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Adjustments and transfers**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate % ****	9 Recapture of capital cost allowance***** (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ******	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11)
	200		201	203	205	207	211		212	213	215	217	220
25.	13	Sudbury (WBS 700010356)	268,506			268,506			NA	0	0		
26.	13	Lionhead (WBS 700015140)	34,480			34,480			NA	0	0		
27.	13	483 Bay St (WBS 300042991C)	3,683,515		194	3,683,709			NA	0	0		
28.	13	Newmarket SC (WBS 700016578	9,787		699	10,486			NA	0	0		
29.	13	Orillia Forestry Work Centre (WB	299,720	19,603	18,732	338,055			NA	0	0		
30.	13	483 Bay St WBS 700015844/843	10,657,553	26,562	484,434	11,168,549			NA	0	0		
31.	13	Arnprior Forestory Work Centre (	297,884		18,617	316,501			NA	0	0		
32.	13	Orleans OC		2,307,628		2,307,628			NA	0	0		
		Totals	10,495,672,380	781,419,094	55,367,345	11,332,458,819							

Note: 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%).

* 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).

** 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.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments.*

**** 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.

***** For every entry in column 9, the "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.

****** 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.

T2 SCH 8 (14)

Canadä

Proceeds of disposition do not reflect FMV because the PILs arising from the deemed disposition of assets triggered by the exit from the PILs regime has already been paid under a separate process that has been the subject of a formal agreement with Ontario pursuant to subsection 16.1(5) of Regulation 207/99 of the Electricity Act, 1998 (Ontario).

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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.	HYDRO ONE LIMITED	CA	80512 9962 RC0001	3					
2.	HYDRO ONE INC.	CA	86999 4731 RC0001	1					
3.	2486267 ONTARIO INC	CA	80232 6124 RC0001	3					
4.	2486268 ONTARIO INC	CA	80167 4078 RC0001	3					
5.	HYDRO ONE REMOTE COMMUNITIE	CA	87083 6269 RC0001	3					
6.	HYDRO ONE TELECOM INC.	CA	86800 1066 RC0001	3					
7.	HYDRO ONE TELECOM LINK LIMITE	CA	88786 7513 RC0001	3					
8.	MUNICIPAL BILLING SERVICES INC	CA	87560 6519 RC0001	3					
9.	HYDRO ONE LAKE ERIE LINK MANA	CA	87892 1519 RC0002	3					
10.	1938454 ONTARIO INC.	CA	86391 7795 RC0002	3					
11.	1943404 ONTARIO INC.	CA	86248 6123 RC0002	3					
12.	B2M GP INC.	CA	81838 1840 RC0001	3					
13.	HYDRO ONE B2M HOLDINGS INC	CA	82217 7531 RC0001	3					
14.	HYDRO ONE B2M LP INC.	CA	81838 2046 RC0001	3					
15.	NORFOLK ENERGY INC	CA	86289 0399 RC0001	3					
16.	NORFOLK POWER DISTRIBUTION II	CA	86289 2593 RC0001	2					
17.	HALDIMAND COUNTY ENERGY INC	CA	89076 2412 RC0001	3					
18.	HALDIMAND COUNTY HYDRO INC	CA	89075 9814 RC0001	3					
19.	Woodstock Hydro Services Inc.	CA	89909 5012 RC0001	3					
20.	Woodstock Hydro Holdings Inc.	CA	86248 6123 RC0001	3					
21.	1908872 ONTARIO INC.	CA	82581 6838 RC0001	3					
22.	1908873 ONTARIO INC.	CA	83392 0978 RC0001	3					
23.	1937672 ONTARIO INC.	CA	81722 4561 RC0001	3					
24.	1937680 ONTARIO INC.	CA	81930 4924 RC0001	3					
25.	1937681 ONTARIO INC.	CA	81722 4363 RC0001	3					
26.	Hydro One Brampton Networks Inc.	CA	86486 7635 RC0001	3					
27.	HYDRO ONE EAST WEST TIE INC.	CA	80105 5880 RC0001	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)

Canada

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") .... 200 — 74,626,267 A

Add: Cost of eligible capital property acquired during the taxation year .... 222 — 1,227,832

Other adjustments .... 226 —

Subtotal (line 222 plus line 226) 1,227,832 x 3 / 4 = 920,874 B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 .... 228 — x 1 / 2 = C

amount B minus amount C (if negative, enter "0") 920,874 ▶ 920,874 D

Amount transferred on amalgamation or wind-up of subsidiary .... 224 — 154,310 E

Subtotal (add amounts A, D, and E) 230 — 75,701,451 F

Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year .... 242 — 100,935,268 G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) .... 244 — H

Other adjustments .... 246 — I

(add amounts G,H, and I) 100,935,268 x 3 / 4 = 248 — 75,701,451 J

Cumulative eligible capital balance (amount F minus amount J) .... K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business 249 —

amount K ______

less amount from line 249 ______

Current year deduction .... ______ x 7.00 % = 250 — *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) ▶ L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") .... 300 — M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Proceeds of disposition do not reflect FMV because the PILs arising from the deemed disposition of assets triggered by the exit from the PILs regime has already been paid under a separate process that has been the subject of a formal agreement with Ontario pursuant to subsection 16.1(5) of Regulation 207/99 of the Electricity Act, 1998 (Ontario).

Part 2 – Amount to be included in income arising from disposition

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

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

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SCHEDULE 11

TRANSACTIONS WITH SHAREHOLDERS, OFFICERS, OR EMPLOYEES

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

– payments the corporation made or amounts credited to the account of shareholders, officers, or employees, which were not part of their remuneration or reimbursement of expenses;

– assets the corporation sold to or purchased from shareholders, officers, or employees, including those for which an election was made under section 85; or

– loans or indebtedness to shareholders, officers, or employees, or persons connected with a shareholder, which were not repaid by the end of the taxation year.

	Relationship code (see note) 100	Payments $ 200	Reimbursement (Other than reimbursement of expenses) $ 300	Loans receivable from, or debts owing to $ 400	Assets sold or purchased $ 500	Does section 85 apply to assets sold or purchased? 550
1	1				66,204,980	Yes X No

Note: Enter the code number of the relationship that applies: (if more than one relationship exists, enter the lowest applicable number)
1 - Shareholder
2 - Officer
3 - Employee

T2 SCH 11 (00)

Canada

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	OPEB Liability Short Term	48,537,000				48,537,000
2	OPEB Liability Long Term	1,493,066,644	1,167,902	61,603,972		1,555,838,518
3	Environmental Short Term	16,394,331		14,677,046		31,071,377
4	Environmental Long Term	209,942,797			21,051,681	188,891,116
5	Contingent Liabilities	12,236,959	500,000		534,998	12,201,961
6	Regulatory Accounts	63,509,691	-633,822	135,405,355		198,281,224
7	Tenant Inducement	-4,333,226		1,949,931		-2,383,295
8	Asset Retirement Obligations	8,626,796		170,395		8,797,191
9	General Bad Debt Reserve	3,908,361				3,908,361
10	Insurance proceeds reserve	5,329,643				5,329,643
11	Non deductible accruals			35,000		35,000
12						
13						
	Reserves from Part 2 of Schedule 13					
	Totals	1,857,218,996	1,034,080	213,841,699	21,586,679	2,050,508,096

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 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Hydro One Inc	483 Bay Street Toronto ON CA M5G 2P5			6,236,923		

T2 SCH 14 (99)

Canada

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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	146,522,823	1059104			

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 . . . . 146,522,823 A

Less:

Total of all amounts for deferred income plans deducted in your financial statements . . . . . 64,909,611 B

Deductible amount for contributions to deferred income plans
(amount A **minus** amount B) (if negative, enter "0") . . . . 81,613,212 C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer (EPSP only)

T2 SCH 15 (13)

Canada

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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* (ITA) 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 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. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 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 falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2006	maximum $300,000
2007	$300,001 to $400,000

Calendar year	Acceptable range
2008	maximum $400,000
2009	$400,001 to $500,000

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed $500,000.

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 2015

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . **075** 1 Yes [ ] 2 No [X]

	1 Names of associated corporations **100**	2 Business Number of associated corporations **200**	3 Association code **300**	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	Hydro One Networks Inc.	87086 5821 RC0001	1	500,000	100.0000	500,000
2	HYDRO ONE LIMITED	80512 9962 RC0001	1	500,000		
3	HYDRO ONE INC.	86999 4731 RC0001	1	500,000		
4	2486267 ONTARIO INC	80232 6124 RC0001	1	500,000		
5	2486268 ONTARIO INC	80167 4078 RC0001	1	500,000		
6	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	1	500,000		
7	HYDRO ONE TELECOM INC.	86800 1066 RC0001	1	500,000		
8	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	1	500,000		
9	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	1	500,000		
10	HYDRO ONE LAKE ERIE LINK MANAGEMENT IN	87892 1519 RC0002	1	500,000		
11	1938454 ONTARIO INC.	86391 7795 RC0002	1	500,000		
12	1943404 ONTARIO INC.	86248 6123 RC0002	1	500,000		
13	B2M GP INC.	81838 1840 RC0001	1	500,000		

	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
14	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	1	500,000		
15	HYDRO ONE B2M LP INC.	81838 2046 RC0001	1	500,000		
16	NORFOLK ENERGY INC	86289 0399 RC0001	1	500,000		
17	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	1	500,000		
18	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	1	500,000		
19	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	1	500,000		
20	Woodstock Hydro Services Inc.	89909 5012 RC0001	1	500,000		
21	Woodstock Hydro Holdings Inc.	86248 6123 RC0001	1	500,000		
22	1908872 ONTARIO INC.	82581 6838 RC0001	1	500,000		
23	1908873 ONTARIO INC.	83392 0978 RC0001	1	500,000		
24	1937672 ONTARIO INC.	81722 4561 RC0001	1	500,000		
25	1937680 ONTARIO INC.	81930 4924 RC0001	1	500,000		
26	1937681 ONTARIO INC.	81722 4363 RC0001	1	500,000		
27	Hydro One Brampton Networks Inc.	86486 7635 RC0001	1	500,000		
28	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	1	500,000		
				Total	100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the ITA

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. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to 0.225% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's 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 apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if $500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

T2 SCH 23 (09) Canada

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 24

FIRST-TIME FILER AFTER INCORPORATION, AMALGAMATION, OR WINDING-UP OF A SUBSIDIARY INTO A PARENT

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1 – Type of operation

100 For those corporations filing for the first time after incorporation or amalgamation, please identify the type of operation that applies to your corporation:

Part 2 – First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information:

Name of predecessor corporation(s) 200	Business Number (If a corporation is not registered, enter "NR") 300

Part 3 – First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information:

	Name of subsidiary corporation(s) 400	Business Number (If a corporation is not registered, enter "NR") 500	Commencement date of wind-up (YYYY/MM/DD) 600	Date of wind-up (YYYY/MM/DD) 700
1	NORFOLK POWER DISTRIBUTION INC.	86289 2593 RC0001	2015-09-01	2015-09-01

T2 SCH 24 (04)

Canada

Canada Revenue Agency | Agence du revenu du Canada

SCHEDULE 29

PAYMENTS TO NON-RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- A corporation that makes payments or credits amounts to non-residents under subsections 202(1) and 105(1) of the *Income Tax Regulations* has to file the applicable information return.
- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than $100, you do not have to complete the information for that payee.

Name (list each payee separately) 100	Address 200	Payment code (see note 1) 300	Amount $ 400
[redacted]	[redacted]	09	4,868
[redacted]	[redacted]	09	3,638
[redacted]	[redacted]	09	27,500
[redacted]	[redacted]	09	49,711
[redacted]	[redacted]	09	12,450
[redacted]	[redacted]	09	16,497
[redacted]	[redacted]	09	75,860
[redacted]	[redacted]	09	3,944
[redacted]	[redacted]	09	40,202
[redacted]	[redacted]	09	13,393
[redacted]	[redacted]	09	10,357

Name (list each payee separately) 100	Address 200	Payment code (see note 1) 300	Amount $ 400
[redacted]		09	1,121
		09	2,665
		09	14,586
		09	6,072
		09	67,163
		09	592,570
		09	20,414
		09	324,459
		02	161,559
		02	21,706

Note 1: Enter the applicable payment code in column 300:

1 – Royalties
2 – Rents
3 – Management fees/commissions
4 – Technical assistance fees
5 – Research and development fees
6 – Interest
7 – Dividends
8 – Film payments: – motion picture film, or – a film or video tape for use in connection with television
9 – Other services

T2 SCH 29 (99)

Canadä

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*;
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- Investments or expenditures, described in subsection 127(9) of the Act and Part XLVI of the Regulations, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim;*
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release
- For more information on SR&ED, see Brochure RC4472, *Overview of the Scientific Research and Experimental Development Program (SR&ED) Tax Incentive Program*; Brochure RC4467, *Support for your R&D in Canada*, and T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **www.cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21 of the Act), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) of the Act for more information.
- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) of the Act for more information.

Detailed information (continued)

- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures***:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013***	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures****:	
– after March 28, 2012, and before 2014****	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015****	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** Pre-production mining exploration expenditures are described in subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9).

**** A transitional relief rate of 10% may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraph (k)(ii) of the definition of **specified percentage** in subsection 127(9) for more information. Pre-production mining development expenditures are described in subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9).

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

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

Note: A CCPC calculating a refundable ITC is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

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

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

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

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

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

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

Contributions to agricultural organizations for SR&ED* . . . . **103** ______

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see Guide RC4088, *General Index of Financial Information (GIFI)*. Enter contributions on line 350 of Part 8.

* Enter only contributions not already included on Form T661. Include all of the contributions made before 2013 and 80% of the contributions made after 2012.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

CCA* class number **105**	Description of investment **110**	Date available for use **115**	Location used (province or territory) **120**	Amount of investment **125**
			Total of investments for qualified property and qualified resource property	A

* CCA: capital cost allowance

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year . . . . B

Deduct:

Credit deemed as a remittance of co-op corporations 210

Credit expired 215

Subtotal (line 210 **plus** line 215) ▶ C

ITC at the beginning of the tax year (amount B **minus** amount C) 220

Add:

Credit transferred on amalgamation or wind-up of subsidiary 230

ITC from repayment of assistance 235

Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part of amount A from Part 4) . . . . . . x 10 % = 240

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part of amount A from Part 4) . . . . . . x 5 % = 242

Credit allocated from a partnership 250

Subtotal (total of lines 230 to 250) ▶ D

Total credit available (line 220 **plus** amount D) . . . . . . E

Deduct:

Credit deducted from Part I tax (enter at amount D in Part 30) 260

Credit carried back to the previous year(s) (amount H from Part 6) . . . . . . a

Credit transferred to offset Part VII tax liability 280

Subtotal (total of line 260, amount a, and line 280 ▶ F

Credit balance before refund (amount E **minus** amount F) . . . . . . G

Deduct:

Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7) 310

ITC closing balance of investments from qualified property and qualified resource property (amount G **minus** line 310) 320

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

	Year	Month	Day		
1st previous tax year				Credit to be applied	901
2nd previous tax year				Credit to be applied	902
3rd previous tax year				Credit to be applied	903

Total (enter at amount a in Part 5) H

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 from Part 5) I

Credit balance before refund (amount G from Part 5) . . . . . . J

Refund (40 % of amount I or J, whichever is less) . . . . . . K

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

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures

Current expenditures (from line 557 on Form T661)		6,323,774		
Contributions to agricultural organizations for SR&ED				
Deduct: Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		+		
Current expenditures (line 557 on Form T661 **plus** line 103 from Part 3)*		6,323,774	350	6,323,774
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	6,323,774

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures.

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

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates an SR&ED expenditure limit is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:
- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

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

Complete lines 390 and 398 if you answered **no** to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49)

Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied) **390** ______

Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million **398** ______

* If either of the tax years referred to at line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in these tax years.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone corporation:			$ **8,000,000**	
Deduct: Taxable income for the previous tax year (line 390 from Part 9) or $500,000, whichever is more		x 10 =		A
Excess ($8,000,000 **minus** amount A; if negative, enter "0")				B
$ 40,000,000 **minus** line 398 from Part 9		a		
Amount a **divided** by $ 40,000,000				C
Expenditure limit for the stand-alone corporation (amount B **multiplied** by amount C)				D*
For an associated corporation: If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49			400	E*

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

Amount D or E ______ x Number of days in the tax year / 365 = 304 / 365 = ______ F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410** ______

* Amount D or E cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10), whichever is less*	420		x	35 %	=		G
Line 350 **minus** line 410 (if negative, enter "0")**	430	6,323,774	x	15 %	=	948,566	H
Line 410 **minus** line 350 (if negative, enter "0")			b				
Capital expenditures (line 360 from Part 8) or amount b above, whichever is less*	440		x	35 %	=		I
Line 360 **minus** amount b above (if negative, enter "0")**	450		x	15 %	=		J

Repayments (amount from line 370 in Part 8)

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.**

460		x	35 %	=		c
480		x	15 %	=		d

Subtotal (amount c **plus** amount d) ▶ K

Current-year SR&ED ITC (total of amounts G to K; enter on line 540 in Part 12) 948,566 L

* For corporations that are not CCPCs, enter "0" for amounts G and I.

** For tax years that end after 2013, the general SR&ED rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

	Line	Amount		Total	
ITC at the end of the previous tax year					M
Deduct:					
Credit deemed as a remittance of co-op corporations	510				
Credit expired	515				
Subtotal (line 510 **plus** line 515)			▶		N
ITC at the beginning of the tax year (amount M **minus** amount N)	520				
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	530				
Total current-year credit (from amount L in Part 11)	540	948,566			
Credit allocated from a partnership	550				
Subtotal (total of lines 530 to 550)		948,566	▶	948,566	O
Total credit available (line 520 **plus** amount O)				948,566	P
Deduct:					
Credit deducted from Part I tax (enter at amount E in Part 30)	560	948,566			
Credit carried back to the previous year(s) (amount S from Part 13)			e		
Credit transferred to offset Part VII tax liability	580				
Subtotal (total of line 560, amount e, and line 580)		948,566	▶	948,566	Q
Credit balance before refund (amount P **minus** amount Q)					R
Deduct:					
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)	610				
ITC closing balance on SR&ED (amount R **minus** line 610)	620				

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

	Year	Month	Day				
1st previous tax year				Credit to be applied	911		
2nd previous tax year				Credit to be applied	912		
3rd previous tax year				Credit to be applied	913		
				Total (enter at amount e in Part 12)			S

Part 14 – Refund of ITC for qualifying corporations – SR&ED

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

Is the corporation an excluded corporation as defined under subsection 127.1(2)? 650 1 Yes [ ] 2 No [X]

Current-year ITC (lines 540 **plus** 550 from Part 12 **minus** amount K from Part 11) ______ f

Refundable credits (amount f above or amount R from Part 12, whichever is less*) ______ T

Deduct:

Amount T or amount G from Part 11, whichever is less ______ U

Net amount (amount T **minus** amount U; if negative, enter "0") ______ V

Amount V **multiplied** by 40 % ______ W

Add:

Amount U ______ X

Refund of ITC (amount W **plus** amount X – enter this, or a lesser amount, on line 610 in Part 12) ______ Y

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

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined at line 101 in Part 2.

Credit balance before refund (amount R from Part 12) ______ Z

Deduct:

Amount Z or amount G from Part 11, whichever is less ______ AA

Net amount (amount Z **minus** amount AA; if negative, enter "0") ______ BB

Amount BB or amount I from Part 11, whichever is less ______ CC

Amount CC **multiplied** by 40 % ______ DD

Add :

Amount AA ______ EE

Refund of ITC (amount DD **plus** amount EE) ______ FF

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

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED

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

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

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

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

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

Calculation 1 – If you meet all of the above conditions

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

Subtotal (enter this amount at amount C in Part 17) ______ A

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B in Part 16 on page 9.

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

Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B below.

D Amount determined by the formula (A x B) – C	**E** ITC earned by the transferee for the qualified expenditures that were transferred **750**	**F** Amount from column D or E, whichever is less

Subtotal (enter this amount at amount D in Part 17) ______ B

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760 below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported at amount E in Part 1' **760** ______

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC for calculation 1 from amount A in Part 16		C
Recaptured ITC for calculation 2 from amount B in Part 16		D
Recaptured ITC for calculation 3 from line 760 in Part 16		E
Total recapture of SR&ED investment tax credit – total of amounts C to E		F

Enter amount F at amount A in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

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

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

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

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

Development:

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

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

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826

Add amounts in column 826		►	A
Total pre-production mining expenditures (total of lines 810 to 821 and amount A)	830		
Deduct:			
Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B
Add:			
Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B **plus** line 835)			C

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year . . . . . . D

Deduct:

Credit deemed as a remittance of co-op corporations 841

Credit expired 845

Subtotal (line 841 **plus** line 845) ▶ E

ITC at the beginning of the tax year (amount D **minus** amount E) 850

Add:

Credit transferred on amalgamation or wind-up of subsidiary 860

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part of amount C from Part 18) . . 870 x 10 % = a

Pre-production mining exploration expenditures incurred in 2013 (applicable part of amount C from Part 18) . . 872 x 5 % = b

Pre-production mining development expenditures incurred in 2014 (applicable part of amount C from Part 18) . . 874 x 7 % = c

Pre-production mining development expenditures incurred in 2015 (applicable part of amount C from Part 18) . . 876 x 4 % = d

Current year credit (total of amounts a to d) 880 ▶ F

Total credit available (total of lines 850, 860, and amount F) . . . . . . G

Deduct:

Credit deducted from Part I tax (enter at amount F in Part 30) 885

Credit carried back to the previous year(s) (amount I from Part 20) . . . . . . e

Subtotal (line 885 **plus** amount e) ▶ H

ITC closing balance from pre-production mining expenditures (amount G **minus** amount H) 890

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied	921
2nd previous tax year				Credit to be applied	922
3rd previous tax year				Credit to be applied	923

Total (enter at amount e in Part 19) I

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . 611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice.

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	444B	7,153	715	715
	434A	66,541	6,654	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	309A	2,600	260	260
	433A	57,169	5,717	2,000
	309A	2,683	268	268
	309A	51,717	5,172	2,000
	309A	51,010	5,101	2,000
	434A	43,297	4,330	2,000
	434A	59,873	5,987	2,000
	434A	97	10	10
	434A	1,472	147	147
	434A	908	91	91
	434A	2,101	210	210
	434A	2,861	286	286
	434A	2,132	213	213
	434A	221	22	22
	434A	55	6	6
	434A	1,956	196	196
	434A	1,908	191	191
	434A	79,149	7,915	2,000
	434A	21,129	2,113	2,000
	434A	28,140	2,814	2,000
	434A	21,621	2,162	2,000
	434A	26,875	2,688	2,000
	434A	22,199	2,220	2,000
	434A	24,019	2,402	2,000
	309A	3,509	351	351
	403A	79,723	7,972	2,000
	444B	5,439	544	544
	444B	7,654	765	765
	444B	57,239	5,724	2,000
	309A	8,238	824	824
	309A	8,414	841	841
	309A	12,982	1,298	1,298
	309A	3,049	305	305
	309A	9,431	943	943
	434A	61,135	6,114	2,000
	309A	11,821	1,182	1,182
	309A	10,609	1,061	1,061
	309A	12,769	1,277	1,277
	309A	11,821	1,182	1,182
	309A	12,704	1,270	1,270
	309A	10,457	1,046	1,046
	309A	14,045	1,405	1,405
	403A	70,769	7,077	2,000
	310T	76,766	7,677	2,000
	310T	82,687	8,269	2,000
	310T	63,507	6,351	2,000
	310T	38,679	3,868	2,000
	310T	64,419	6,442	2,000
	310T	62,416	6,242	2,000
	310T	58,574	5,857	2,000
	434A	63,264	6,326	2,000
	434A	61,409	6,141	2,000
	434A	64,010	6,401	2,000
	434A	67,746	6,775	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	70,664	7,066	2,000
[redacted]	434A	73,985	7,399	2,000
[redacted]	434A	60,882	6,088	2,000
[redacted]	434A	59,782	5,978	2,000
[redacted]	434A	38,819	3,882	2,000
[redacted]	434A	61,323	6,132	2,000
[redacted]	434A	61,560	6,156	2,000
[redacted]	434A	61,781	6,178	2,000
[redacted]	434A	56,268	5,627	2,000
[redacted]	434A	75,673	7,567	2,000
[redacted]	434A	59,869	5,987	2,000
[redacted]	309A	52,762	5,276	2,000
[redacted]	309A	46,075	4,608	2,000
[redacted]	403A	48,260	4,826	2,000
[redacted]	309A	39,206	3,921	2,000
[redacted]	309A	52,279	5,228	2,000
[redacted]	434A	64,001	6,400	2,000
[redacted]	434A	56,904	5,690	2,000
[redacted]	434A	54,696	5,470	2,000
[redacted]	434A	59,590	5,959	2,000
[redacted]	434A	64,820	6,482	2,000
[redacted]	434A	62,949	6,295	2,000
[redacted]	434A	63,914	6,391	2,000
[redacted]	434A	74,355	7,436	2,000
[redacted]	434A	56,721	5,672	2,000
[redacted]	434A	64,167	6,417	2,000
[redacted]	434A	65,153	6,515	2,000
[redacted]	434A	65,312	6,531	2,000
[redacted]	434A	61,864	6,186	2,000
[redacted]	434A	62,765	6,277	2,000
[redacted]	434A	53,376	5,338	2,000
[redacted]	434A	74,602	7,460	2,000
[redacted]	434A	76,971	7,697	2,000
[redacted]	309A	10,900	1,090	1,090
[redacted]	309A	51,067	5,107	2,000
[redacted]	309A	50,733	5,073	2,000
[redacted]	309A	42,111	4,211	2,000
[redacted]	309A	51,587	5,159	2,000
[redacted]	309A	39,710	3,971	2,000
[redacted]	434A	58,748	5,875	2,000
[redacted]	434A	54,911	5,491	2,000
[redacted]	434A	70,917	7,092	2,000
[redacted]	434A	20,078	2,008	2,000
[redacted]	434A	59,628	5,963	2,000
[redacted]	434A	60,908	6,091	2,000
[redacted]	434A	61,367	6,137	2,000
[redacted]	434A	91,618	9,162	2,000
[redacted]	434A	64,726	6,473	2,000
[redacted]	434A	58,147	5,815	2,000
[redacted]	434A	60,558	6,056	2,000
[redacted]	434A	63,099	6,310	2,000
[redacted]	434A	65,586	6,559	2,000
[redacted]	434A	56,921	5,692	2,000
[redacted]	434A	60,725	6,073	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	69,944	6,994	2,000
[redacted]	434A	54,041	5,404	2,000
[redacted]	434A	67,544	6,754	2,000
[redacted]	434A	66,248	6,625	2,000
[redacted]	444B	57,963	5,796	2,000
[redacted]	444B	54,022	5,402	2,000
[redacted]	444B	50,712	5,071	2,000
[redacted]	444B	51,389	5,139	2,000
[redacted]	444B	51,397	5,140	2,000
[redacted]	444B	50,512	5,051	2,000
[redacted]	444B	49,043	4,904	2,000
[redacted]	444B	50,698	5,070	2,000
[redacted]	444B	49,904	4,990	2,000
[redacted]	444B	53,070	5,307	2,000
[redacted]	444B	49,561	4,956	2,000
[redacted]	444B	58,532	5,853	2,000
[redacted]	309A	27,408	2,741	2,000
[redacted]	309A	12,954	1,295	1,295
[redacted]	434A	57,553	5,755	2,000
[redacted]	434A	71,107	7,111	2,000
[redacted]	309A	34,846	3,485	2,000
[redacted]	309A	41,772	4,177	2,000
[redacted]	309A	39,463	3,946	2,000
[redacted]	309A	48,999	4,900	2,000
[redacted]	309A	41,544	4,154	2,000
[redacted]	309A	43,390	4,339	2,000
[redacted]	434A	65,086	6,509	2,000
[redacted]	434A	55,569	5,557	2,000
[redacted]	434A	61,098	6,110	2,000
[redacted]	434A	36,555	3,656	2,000
[redacted]	434A	71,129	7,113	2,000
[redacted]	434A	71,533	7,153	2,000
[redacted]	434A	60,281	6,028	2,000
[redacted]	434A	67,621	6,762	2,000
[redacted]	434A	25,071	2,507	2,000
[redacted]	434A	70,829	7,083	2,000
[redacted]	434A	66,358	6,636	2,000
[redacted]	434A	60,805	6,081	2,000
[redacted]	434A	58,110	5,811	2,000
[redacted]	309A	55,359	5,536	2,000
[redacted]	444B	51,082	5,108	2,000
[redacted]	444B	54,249	5,425	2,000
[redacted]	444B	59,122	5,912	2,000
[redacted]	444B	50,467	5,047	2,000
[redacted]	444B	47,912	4,791	2,000
[redacted]	444B	47,119	4,712	2,000
[redacted]	444B	47,473	4,747	2,000
[redacted]	444B	50,695	5,070	2,000
[redacted]	444B	55,799	5,580	2,000
[redacted]	444B	50,412	5,041	2,000
[redacted]	444B	49,840	4,984	2,000
[redacted]	444B	53,839	5,384	2,000
[redacted]	434A	47,351	4,735	2,000
[redacted]	434A	52,940	5,294	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	53,214	5,321	2,000
[redacted]	434A	50,330	5,033	2,000
[redacted]	434A	55,523	5,552	2,000
[redacted]	434A	57,661	5,766	2,000
[redacted]	434A	83,863	8,386	2,000
[redacted]	434A	55,113	5,511	2,000
[redacted]	434A	69,340	6,934	2,000
[redacted]	434A	55,541	5,554	2,000
[redacted]	434A	64,517	6,452	2,000
[redacted]	434A	62,221	6,222	2,000
[redacted]	434A	62,052	6,205	2,000
[redacted]	434A	59,256	5,926	2,000
[redacted]	434A	58,884	5,888	2,000
[redacted]	434A	60,948	6,095	2,000
[redacted]	434A	66,495	6,650	2,000
[redacted]	309A	44,885	4,489	2,000
[redacted]	309A	55,600	5,560	2,000
[redacted]	309A	58,679	5,868	2,000
[redacted]	434A	61,657	6,166	2,000
[redacted]	434A	57,404	5,740	2,000
[redacted]	434A	60,139	6,014	2,000
[redacted]	434A	64,961	6,496	2,000
[redacted]	434A	65,854	6,585	2,000
[redacted]	434A	65,945	6,595	2,000
[redacted]	434A	55,998	5,600	2,000
[redacted]	434A	58,540	5,854	2,000
[redacted]	434A	66,375	6,638	2,000
[redacted]	434A	61,991	6,199	2,000
[redacted]	434A	61,312	6,131	2,000
[redacted]	434A	54,355	5,436	2,000
[redacted]	434A	54,475	5,448	2,000
[redacted]	434A	68,890	6,889	2,000
[redacted]	434A	58,348	5,835	2,000
[redacted]	434A	62,158	6,216	2,000
[redacted]	444B	1,709	171	171
[redacted]	444B	52,379	5,238	2,000
[redacted]	444B	53,286	5,329	2,000
[redacted]	444B	50,475	5,048	2,000
[redacted]	444B	58,662	5,866	2,000
[redacted]	444B	47,539	4,754	2,000
[redacted]	444B	52,358	5,236	2,000
[redacted]	444B	50,151	5,015	2,000
[redacted]	444B	49,267	4,927	2,000
[redacted]	444B	49,684	4,968	2,000
[redacted]	444B	46,993	4,699	2,000
[redacted]	444B	48,273	4,827	2,000
[redacted]	309A	55,753	5,575	2,000
[redacted]	309A	40,661	4,066	2,000
[redacted]	309A	53,848	5,385	2,000
[redacted]	309A	56,410	5,641	2,000
[redacted]	309A	55,654	5,565	2,000
[redacted]	309A	21,387	2,139	2,000
[redacted]	309A	44,276	4,428	2,000
[redacted]	309A	46,731	4,673	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	309A	45,197	4,520	2,000
	309A	53,579	5,358	2,000
	309A	48,776	4,878	2,000
	309A	48,785	4,879	2,000
	309A	53,363	5,336	2,000
	309A	43,929	4,393	2,000
	309A	46,608	4,661	2,000
	309A	70,126	7,013	2,000
	309A	54,751	5,475	2,000
	444B	43,315	4,332	2,000
	444B	49,231	4,923	2,000
	444B	52,131	5,213	2,000
	444B	48,522	4,852	2,000
	444B	43,218	4,322	2,000
	444B	44,791	4,479	2,000
	444B	51,367	5,137	2,000
	444B	48,295	4,830	2,000
	444B	39,240	3,924	2,000
	444B	51,109	5,111	2,000
	444B	50,362	5,036	2,000
	444B	47,540	4,754	2,000
	309A	43,986	4,399	2,000
	309A	54,531	5,453	2,000
	309A	40,908	4,091	2,000
	309A	39,879	3,988	2,000
	309A	37,025	3,703	2,000
	309A	39,416	3,942	2,000
	309A	56,963	5,696	2,000
	434A	58,790	5,879	2,000
	434A	67,623	6,762	2,000
	434A	66,484	6,648	2,000
	434A	57,307	5,731	2,000
	434A	47,093	4,709	2,000
	434A	65,327	6,533	2,000
	434A	57,635	5,764	2,000
	434A	55,900	5,590	2,000
	434A	54,120	5,412	2,000
	434A	64,034	6,403	2,000
	434A	60,366	6,037	2,000
	309A	29,971	2,997	2,000
	309A	31,075	3,108	2,000
	309A	38,471	3,847	2,000
	309A	48,608	4,861	2,000
	309A	33,152	3,315	2,000
	309A	33,475	3,348	2,000
	309A	50,611	5,061	2,000
	309A	34,520	3,452	2,000
	309A	39,369	3,937	2,000
	309A	31,075	3,108	2,000
	434A	58,445	5,845	2,000
	434A	18,888	1,889	1,889
	434A	72,336	7,234	2,000
	434A	50,222	5,022	2,000
	434A	54,336	5,434	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	53,445	5,345	2,000
[redacted]	434A	39,926	3,993	2,000
[redacted]	434A	50,882	5,088	2,000
[redacted]	434A	55,318	5,532	2,000
[redacted]	434A	48,044	4,804	2,000
[redacted]	434A	51,295	5,130	2,000
[redacted]	434A	43,865	4,387	2,000
[redacted]	434A	47,187	4,719	2,000
[redacted]	434A	49,743	4,974	2,000
[redacted]	434A	56,588	5,659	2,000
[redacted]	434A	52,890	5,289	2,000
[redacted]	434A	55,403	5,540	2,000
[redacted]	434A	49,208	4,921	2,000
[redacted]	434A	60,515	6,052	2,000
[redacted]	310T	56,361	5,636	2,000
[redacted]	310T	60,448	6,045	2,000
[redacted]	310T	58,078	5,808	2,000
[redacted]	310T	75,386	7,539	2,000
[redacted]	310T	44,327	4,433	2,000
[redacted]	434A	49,597	4,960	2,000
[redacted]	434A	45,729	4,573	2,000
[redacted]	434A	44,078	4,408	2,000
[redacted]	434A	46,081	4,608	2,000
[redacted]	434A	50,206	5,021	2,000
[redacted]	434A	47,705	4,771	2,000
[redacted]	434A	50,791	5,079	2,000
[redacted]	434A	51,351	5,135	2,000
[redacted]	434A	45,282	4,528	2,000
[redacted]	434A	52,502	5,250	2,000
[redacted]	434A	49,450	4,945	2,000
[redacted]	434A	55,989	5,599	2,000
[redacted]	434A	44,114	4,411	2,000
[redacted]	434A	41,645	4,165	2,000
[redacted]	434A	48,177	4,818	2,000
[redacted]	434A	56,144	5,614	2,000
[redacted]	403A	44,416	4,442	2,000
[redacted]	309A	32,101	3,210	2,000
[redacted]	309A	34,247	3,425	2,000
[redacted]	309A	30,156	3,016	2,000
[redacted]	309A	32,678	3,268	2,000
[redacted]	309A	25,729	2,573	2,000
[redacted]	403A	53,282	5,328	2,000
[redacted]	434A	39,818	3,982	2,000
[redacted]	434A	42,374	4,237	2,000
[redacted]	434A	45,996	4,600	2,000
[redacted]	434A	52,469	5,247	2,000
[redacted]	434A	43,242	4,324	2,000
[redacted]	434A	45,631	4,563	2,000
[redacted]	434A	39,986	3,999	2,000
[redacted]	434A	41,351	4,135	2,000
[redacted]	434A	44,478	4,448	2,000
[redacted]	434A	45,847	4,585	2,000
[redacted]	434A	41,142	4,114	2,000
[redacted]	434A	41,843	4,184	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	39,645	3,965	2,000
[redacted]	434A	47,876	4,788	2,000
[redacted]	434A	42,719	4,272	2,000
[redacted]	434A	36,276	3,628	2,000
[redacted]	403A	22,418	2,242	2,000
[redacted]	444B	49,085	4,909	2,000
[redacted]	444B	35,248	3,525	2,000
[redacted]	444B	33,420	3,342	2,000
[redacted]	444B	30,596	3,060	2,000
[redacted]	444B	40,765	4,077	2,000
[redacted]	444B	29,590	2,959	2,000
[redacted]	444B	31,190	3,119	2,000
[redacted]	444B	28,590	2,859	2,000
[redacted]	444B	31,181	3,118	2,000
[redacted]	444B	29,050	2,905	2,000
[redacted]	444B	28,355	2,836	2,000
[redacted]	444B	29,543	2,954	2,000
[redacted]	444B	28,113	2,811	2,000
[redacted]	444B	29,003	2,900	2,000
[redacted]	444B	30,799	3,080	2,000
[redacted]	444B	30,403	3,040	2,000
[redacted]	444B	36,791	3,679	2,000
[redacted]	444B	28,840	2,884	2,000
[redacted]	444B	32,840	3,284	2,000
[redacted]	444B	33,506	3,351	2,000
[redacted]	444B	30,411	3,041	2,000
[redacted]	444B	22,747	2,275	2,000
[redacted]	444B	30,010	3,001	2,000
[redacted]	434A	36,427	3,643	2,000
[redacted]	434A	39,642	3,964	2,000
[redacted]	434A	39,328	3,933	2,000
[redacted]	434A	35,149	3,515	2,000
[redacted]	434A	40,201	4,020	2,000
[redacted]	434A	46,735	4,674	2,000
[redacted]	434A	36,964	3,696	2,000
[redacted]	434A	37,725	3,773	2,000
[redacted]	434A	34,625	3,463	2,000
[redacted]	434A	35,712	3,571	2,000
[redacted]	434A	38,974	3,897	2,000
[redacted]	434A	40,470	4,047	2,000
[redacted]	434A	44,787	4,479	2,000
[redacted]	434A	38,790	3,879	2,000
[redacted]	434A	36,825	3,683	2,000
[redacted]	434A	42,368	4,237	2,000
[redacted]	434A	40,201	4,020	2,000
[redacted]	434A	38,197	3,820	2,000
[redacted]	434A	38,097	3,810	2,000
[redacted]	434A	35,829	3,583	2,000
[redacted]	434A	42,241	4,224	2,000
[redacted]	434A	34,774	3,477	2,000
[redacted]	434A	55,232	5,523	2,000
[redacted]	434A	32,170	3,217	2,000
[redacted]	434A	33,233	3,323	2,000
[redacted]	434A	41,220	4,122	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	40,934	4,093	2,000
[redacted]	434A	40,612	4,061	2,000
[redacted]	434A	46,863	4,686	2,000
[redacted]	434A	32,441	3,244	2,000
[redacted]	434A	30,372	3,037	2,000
[redacted]	434A	36,303	3,630	2,000
[redacted]	434A	42,214	4,221	2,000
[redacted]	309A	40,909	4,091	2,000
[redacted]	309A	30,350	3,035	2,000
[redacted]	309A	26,422	2,642	2,000
[redacted]	309A	36,092	3,609	2,000
[redacted]	309A	27,234	2,723	2,000
[redacted]	309A	34,377	3,438	2,000
[redacted]	309A	31,628	3,163	2,000
[redacted]	309A	36,211	3,621	2,000
[redacted]	309A	25,748	2,575	2,000
[redacted]	309A	28,913	2,891	2,000
[redacted]	433A	44,251	4,425	2,000
[redacted]	433A	41,110	4,111	2,000
[redacted]	403A	32,549	3,255	2,000
[redacted]	309A	17,376	1,738	1,738
[redacted]	309A	17,309	1,731	1,731
[redacted]	309A	15,166	1,517	1,517
[redacted]	309A	3,585	359	359
[redacted]	434A	26,916	2,692	2,000
[redacted]	434A	20,195	2,020	2,000
[redacted]	434A	21,060	2,106	2,000
[redacted]	434A	17,140	1,714	1,714
[redacted]	434A	16,539	1,654	1,654
[redacted]	434A	26,900	2,690	2,000
[redacted]	434A	29,537	2,954	2,000
[redacted]	434A	25,987	2,599	2,000
[redacted]	434A	28,211	2,821	2,000
[redacted]	434A	14,907	1,491	1,491
[redacted]	434A	20,805	2,081	2,000
[redacted]	434A	17,015	1,702	1,702
[redacted]	434A	19,368	1,937	1,937
[redacted]	434A	19,352	1,935	1,935
[redacted]	434A	21,145	2,115	2,000
[redacted]	434A	19,284	1,928	1,928
[redacted]	434A	55,051	5,505	2,000
[redacted]	309A	18,300	1,830	1,830

Total current-year credit (enter at line 640 in Part 22) 796,890 A

* Net of any other government or non-government assistance received or to be received.

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year				B
Deduct:				
Credit deemed as a remittance of co-op corporations	612			
Credit expired after 20 tax years	615			
Subtotal (line 612 **plus** line 615)			▶	C
ITC at the beginning of the tax year (amount B **minus** amount C)			625	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	630			
ITC from repayment of assistance	635			
Total current-year credit (amount A from Part 21)	640	796,890		
Credit allocated from a partnership	655			
Subtotal (total of lines 630 to 655)		796,890	▶ 796,890	D
Total credit available (line 625 **plus** amount D)			796,890	E
Deduct:				
Credit deducted from Part I tax (enter at amount G in Part 30)	660	796,890		
Credit carried back to the previous year(s) (amount G from Part 23)		a		
Subtotal (line 660 **plus** amount a)		796,890	▶ 796,890	F
ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F)			690	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	931	
2nd previous tax year				Credit to be applied	932	
3rd previous tax year				Credit to be applied	933	
				Total (enter at amount a in Part 22)		G

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	CCA* class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year 715 ______

Add:

Specified child care start-up expenditures from the current tax year . . . . . 705 ______

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ______ A

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line A . . . . . 725 ______

Excess (amount A **minus** line 725) (if negative, enter "0") . . . . . ______ B

Add:

Repayments by the corporation of government and non-government assistance . . . . . 735 ______

Total eligible expenditures for child care spaces (amount B **plus** line 735) . . . . . 745 ______

* CCA: capital cost allowance

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745) . . . . . ______ x 25 % = ______ C

Number of child care spaces . . . . . 755 ______ x $ 10,000 = ______ D

ITC from child care spaces expenditures (amount C or D, whichever is less) . . . . . ______ E

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year					F
Deduct:					
Credit deemed as a remittance of co-op corporations	765				
Credit expired after 20 tax years	770				
Subtotal (line 765 **plus** line 770)			▶		G
ITC at the beginning of the tax year (amount F **minus** amount G)			775		
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	777				
Total current-year credit (amount E from Part 25)	780				
Credit allocated from a partnership	782				
Subtotal (total of lines 777 to 782)			▶		H
Total credit available (line 775 **plus** amount H)					I
Deduct:					
Credit deducted from Part I tax (enter at amount H in Part 30)	785				
Credit carried back to the previous year(s) (amount K from Part 27)			a		
Subtotal (line 785 **plus** amount a)			▶		J
ITC closing balance from child care spaces expenditures (amount I **minus** amount J)			790		

Part 27 – Request for carryback of credit from child care space expenditures

	Year Month Day			
1st previous tax year	2014-12-31	Credit to be applied	941	
2nd previous tax year	2013-12-31	Credit to be applied	942	
3rd previous tax year	2012-12-31	Credit to be applied	943	
		Total (enter at amount a in Part 26)		K

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

the new child care space is no longer available; or

property that was an eligible expenditure for the child care space is:

– disposed of or leased to a lessee; or
– converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))	792		
In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:			
The amount that can reasonably be considered to have been included in the original ITC	795		
25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property	797		
Amount from line 795 or line 797, whichever is less			A

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC	799		
Total recapture of child care spaces investment tax credit (total of line 792, amount A, and line 799)			B

Enter amount B at amount B in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F in Part 17)		A
Recaptured child care spaces ITC (from amount B in Part 28)		B
Total recapture of investment tax credit (amount A **plus** amount B)		C

Enter amount C on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)		D
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	948,566	E
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)		F
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	796,890	G
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)		H
Total ITC deducted from Part I tax (total of amounts D to H)	1,745,456	I

Enter amount I at line 652 of the T2 return.

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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)
796,890	796,890			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
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				
2000-12-31				
1999-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 796,890

* 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.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for 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)
948,566	948,566			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
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				
2000-12-31				
1999-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 948,566

* 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
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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:

	Line	Amount	
Reserves that have not been deducted in calculating income for the year under Part I	101		
Capital stock (or members' contributions if incorporated without share capital)	103	3,429,000,000	
Retained earnings	104	1,018,000,000	
Contributed surplus	105	5,000,000	
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108		
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)		4,452,000,000 ►	4,452,000,000 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.

Part 1 – Capital (continued)

Subtotal A (from page 1)			4,452,000,000	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	4,452,000,000	

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	
A loan or advance to another corporation (other than a financial institution)	402	
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	

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)		4,452,000,000	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	4,452,000,000	

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) 4,452,000,000 x (Taxable income earned in Canada **610** 1,235,974,281 / Taxable income 1,235,974,281) = **Taxable capital employed in Canada** **690** 4,452,000,000

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.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Schedule 33 - Supplementary Schedule

Description	Amount
LT Debt payable within a year (FS) A/C 330000	
Primary Debt (FS) A/C 302000	
Customer deposit (390000/392010/392000)	
P/Port Amounts withheld from contracts (425001)	
WSIB(451070)	
Banked Vacation(362100)	
Mark to Market Adjustment (304300)	
Unearned Revenue (Cash Deposits) A/C 427000 - 427100	
Total	

Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Schedule 33/CT23 - Supplementary Schedule

Description	Amount
Trade Receivables outstanding over 365 days	
Prepaid insurance(277180)	
Intercompany receivable	
Total	

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 the

Description	Amount
Schedule 13 Adjustments	
Future Income Tax Liability	
Regulatory Future Income Tax Asset	
Total	

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder: Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	Hydro One Inc.	86999 4731 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
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

On: 2015-10-31

- 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).
- When an eligible dividend was paid in the tax year, 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.
- 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, 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.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year				100	2,405,250,113 A
Taxable income for the year (DICs enter "0") *		110	1,235,974,281 B		
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120				
Amount on line 400, 405, 410, or 425 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	3,094			
Subtotal (**add** lines 120, 130, and 140)		3,094 ►	3,094 C		
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")		150	1,235,971,187		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))				190	889,899,255 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
GRIP addition:					
Becoming a CCPC (from amount PP in Part 4)		220			
Post-amalgamation (total of amounts EE in Part 3 and amounts PP in Part 4)		230			
Post-wind-up (total of amounts EE in Part 3 and amounts PP in Part 4)		240			
Subtotal (**add** lines 220, 230, and 240)		290	►		F
Subtotal (**add** amounts A, D, E, and F)					3,295,149,368 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	3,295,149,368
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)				560	
GRIP at the end of the tax year (line 490 **minus** line 560) Enter this amount on line 160 of Schedule 55.				590	3,295,149,368

* For lines 110, 120, 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.

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 2014-12-31

Taxable income before specified future tax consequences from the current tax year		297,411,344 J1	
Enter the following amounts before specified future tax consequences from the current tax year:			
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	K1		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less	L1		
Aggregate investment income (line 440 of the T2 return)	M1		
Subtotal (**add** amounts K1, L1, and M1)	►	N1	
Subtotal (amount J1 **minus** amount N1) (if negative, enter "0")		297,411,344 ►	297,411,344 O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

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 . . . . ______ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R1

Aggregate investment income (line 440 of the T2 return) . . . . ______ S1

Subtotal (**add** amounts Q1, R1, and S1) ______ ▶ ______ T1

Subtotal (amount P1 **minus** amount T1) (if negative, enter "0") ______ ▶ ______ U1

Subtotal (amount O1 **minus** amount U1) (if negative, enter "0") ______ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(amount V1 **multiplied** by 0.72) . . . . **500** ______

Second previous tax year 2013-12-31

Taxable income before specified future tax consequences from the current tax year 427,742,633 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L2

Aggregate investment income (line 440 of the T2 return) . . . . ______ M2

Subtotal (**add** amounts K2, L2, and M2) ______ ▶ ______ N2

Subtotal (amount J2 **minus** amount N2) (if negative, enter "0") 427,742,633 ▶ 427,742,633 O2

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 . . . . ______ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R2

Aggregate investment income (line 440 of the T2 return) . . . . ______ S2

Subtotal (**add** amounts Q2, R2, and S2) ______ ▶ ______ T2

Subtotal (amount P2 **minus** amount T2) (if negative, enter "0") ______ ▶ ______ U2

Subtotal (amount O2 **minus** amount U2) (if negative, enter "0") ______ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(amount V2 **multiplied** by 0.72) . . . . **520** ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2012-12-31

Taxable income before specified future tax consequences from the current tax year 487,554,778 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) 44,664 M3

Subtotal (**add** amounts K3, L3, and M3) 44,664 ▶ 44,664 N3

Subtotal (amount J3 **minus** amount N3) (if negative, enter "0") 487,510,114 ▶ 487,510,114 O3

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 . . . . ______ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . ______ S3

Subtotal (**add** amounts Q3, R3, and S3) ______ ▶ ______ T3

Subtotal (amount P3 **minus** amount T3) (if negative, enter "0") ______ ▶ ______ U3

Subtotal (amount O3 **minus** amount U3) (if negative, enter "0") ______ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount V3 **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") . . . . ______ W

Enter amount W on line 560 in part 1.

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. In the calculation below, **corporation** means a predecessor or a subsidiary. 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.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the 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 . . . . ______ AA

Eligible dividends paid by the corporation in its last tax year . . . . ______ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ CC

Subtotal (amount BB **minus** amount CC) ______ ▶ ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount AA **minus** amount DD) . . . . ______ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not 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.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ______ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ______ GG

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 . . . . ______ a
Net capital losses . . . . ______ b
Farm losses . . . . ______ c
Restricted farm losses . . . . ______ d
Limited partnership losses . . . . ______ e

Subtotal (**add** amounts a to e) ______ ► ______ 1

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 . . . . ______ f
Net capital losses . . . . ______ g
Farm losses . . . . ______ h
Restricted farm losses . . . . ______ i
Limited partnership losses . . . . ______ j

Subtotal (**add** amounts f to j) ______ ► ______ 2

Unused and unexpired losses at the end of the corporation's previous/last tax ye (amount 1 **minus** amount 2) ______ ► ______ HH

Subtotal (**add** amounts FF, GG, and HH) ______ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ______ JJ

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 . . . . ______ KK

All the corporation's reserves deducted in its previous/last tax year . . . . ______ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ______ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ______ NN

Subtotal (**add** amounts JJ to NN) ______ ► ______ OO

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 II **minus** amount OO) (if negative, enter "0") . . . . ______ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP 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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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Do not use this area

- 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.

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		870,455,244		
Total taxable dividends paid in the tax year	100	870,455,244		
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 3,295,149,368	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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Schedule 89

Capital Dividend Account Balance Calculation Worksheet

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- A private corporation can use this worksheet to calculate its current capital dividend account (CDA) balance. This schedule is a worksheet only. You do not have to file it with the T2 Corporation Income Tax Return.
- All legislative references are to the federal *Income Tax Act*.
- This schedule does not replace the law. For more information, see the applicable legislation in the Act.
- The CDA keeps track of various tax-free amounts that a private corporation accumulates. These amounts may be distributed as capital dividends free of tax to the corporation's Canadian-resident shareholders. A corporation paying a capital dividend must file Form T2054, *Election for a capital dividend under subsection 83(2)*.
- If you will be filing a T2054 election, note that the election under subsection 83(2) cannot exceed the balance of the CDA. If the election amount exceeds the account balance, the corporation may have to pay Part III tax on the excessive dividends. See section 184 for more information.

Part 1 – Capital dividend account components

1 Tax year-end (YYYY/MM/DD) (Note 1)	2 Non-taxable portion of capital gains and non-deductible capital losses (Note 2)	3 Capital dividends received (Note 3)	4 Eligible capital property (Note 4)	4A Non-taxable portion of eligible capital property sales	5 Life insurance proceeds (Note 5)	6 Non-taxable portion of capital gains from a trust (Note 6)	7 Capital dividends from a trust (Note 7)
2006-12-31	6,795,753						
2007-12-31	195,907						
2008-12-31							
2009-12-31	1,070,321						
2010-12-31	2,495,683						
2011-12-31							
2012-12-31	44,665						
2013-12-31							
2014-12-31			68,962,944				
2015-10-31	3,094		74,780,577				
Totals	10,605,423						

If you need more space, use additional worksheets.

Note 1. Include as many tax years as required. Start your list with the tax year that began after the corporation last became a private corporation and that ended after 1971. End your list immediately before the balance in the CDA account is to be determined (referred to in Note 10 as **period**).

Note 2. Include all non-taxable portions of capital gains and non-deductible capital losses, as well as the non-deductible portion of allowable business investment losses, in accordance with paragraph (a) of the definition of **capital dividend account** in subsection 89(1), and the non-taxable gain from the disposition of a property made on or after March 22, 2011, per subsection 40(12).

Note 3. Include capital dividends received from other corporations in accordance with paragraph (b) of the definition of capital dividend account in subsection 89(1).

Note 4. – Include all acquisitions of eligible capital property in accordance with variable A of the definition of **cumulative eligible capital** in subsection 14(5). Show them as negative amounts; and
– include all dispositions of eligible capital property in accordance with variable E of the definition of cumulative eligible capital in subsection 14(5). Show them as positive amounts.

Note 5. Include the net proceeds of each life insurance policy (in excess of the adjusted cost basis of each policy) that the corporation was a beneficiary of, in accordance with paragraph (d) of the definition of capital dividend account in subsection 89(1).

Note 6. Include the non-taxable portion of capital gains distributed by a trust in accordance with paragraph (f) of the definition of capital dividend account in subsection 89(1). Include only capital gains from a trust applicable to capital dividend elections that became payable after 1997.

Note 7. Include the portion of capital dividends received by a trust and distributed to the corporation in accordance with paragraph (g) of the definition of capital dividend account in subsection 89(1). Include only capital dividends from a trust applicable to capital dividend elections that became payable after 1997.

Part 2 – Additional information

For each capital dividend received, as represented in column 3 in Part 1, provide the name and business number of the corporation that paid the capital dividend and the date the dividend became payable.

	1 Name of corporation	2 Business number	3 Date the dividend became payable (YYYY/MM/DD)
1.			

If you need more space, use additional worksheets.

Part 3 – CDA balance

Non-taxable portion of capital gains and non-deductible capital losses (total of column 2 in Part 1; if negative enter "0")		10,605,423	A
Capital dividends received (total of column 3 in Part 1)			B
Eligible capital property (as calculated per paragraphs (c), (c.1) and (c.2) in the definition of capital dividend account; if negative, enter "0")			C
Life insurance proceeds (total of column 5 in Part 1; if negative, enter "0")			D
Life insurance CDA (Note 8)			E
Non-taxable portion of capital gains from a trust (total of column 6 in Part 1)			F
Capital dividends from a trust (total of column 7 in Part 1)			G
Amounts from predecessor corporations (Note 9)			H
Subtotal (total of amounts A to H)		10,605,423	I
Deduct:			
Aggregate of dividends – prior years			
Dividends paid or payable for the year	+		
Capital dividends that previously became payable (Note 10)	=	►	J
CDA balance up to which a capital dividend can be paid (amount I **minus** amount J) (Note 11)		10,605,423	K

Eligible capital property

Disposition incurred during a taxation year after October 17, 2000

Amount to include in income under paragraph 14(1)(b): Amount on line S of Schedule 10 for taxation years ending after October 17, 2000 – for the current year			
Appropriate portion of the amount deducted as a bad debt (subsection 20(4.2)) or eligible capital loss (subsection 20(4.3)) for taxation years ending after October 17, 2000 – for the current year	–		
Non-taxable portion of eligible capital property sales	=	►	L
CDA balance (amount I **minus** amount J **plus** amount L)		10,605,423	M

Note 8. Include the balance of the corporation's life insurance CDA immediately before May 24, 1985, in accordance with paragraph (e) of the definition of capital dividend account in subsection 89(1). Where a private corporation became a beneficiary under a life insurance policy after June 28, 1982, and received, before May 24, 1985, the proceeds of the policy because the insured person died, the net proceeds were included in the corporation's life insurance CDA.

Note 9.
- For amalgamations and wind-ups occurring **before** July 14, 1990, the CDA balance of each predecessor or subsidiary corporation is computed separately and these CDA balances are added to the CDA of the successor or parent corporation. Do not carry forward negative amounts, as these are deemed to be nil.
- For amalgamations and wind-ups occurring **after** July 13, 1990, the amounts of all the CDA components of each predecessor or subsidiary corporation are carried over into the calculation of the CDA components of the new corporation. As a result, a negative balance in a component of a CDA of a predecessor or subsidiary corporation is reflected in the CDA of the successor or parent corporation. Include a separate CDA calculation on a separate worksheet for each predecessor or subsidiary corporation.
- For amalgamations, see paragraph 87(2)(z.1). For wind-ups, see paragraph 88(1)(e.2).

Note 10. Enter the total of all capital dividends that became payable during the period explained in Note 1.

Note 11. This amount represents the balance in the CDA as of the particular time of calculation.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year . . . . 11.5 % A

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . 1,235,974,281 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . 142,137,042 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)	1,236,491,829	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	1,235,974,281	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	416,438	3

Ontario business limit reduction:

Amount from line 3 . . . 416,438 a

Deduct:

Amount from line E of the T2 return 580,264,709 x Number of days in the tax year after May 1, 2014 304 / Number of days in the tax year 304 = 580,264,709 b

Reduced Ontario business limit (amount a **minus** amount b) (if negative, enter "0") ▶ ______ 4

Enter the least of amounts 1, 2, 3, and 4 . . . ______ D

Ontario domestic factor (ODF): Ontario taxable income * 1,235,974,281.00 / Taxable income earned in all provinces and territories ** 1,235,974,281 = 1.00000 E

Amount D × ODF (line E) ______ c

Ontario taxable income (amount B from Part 2) 1,235,974,281 d

Ontario small business income (lesser of amount c and amount d) . . . ______ F

OSBD rate for the year . . . 7 % G

Ontario small business deduction: amount F **multiplied** by rate G . . . ______ H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount d from Part 3) . . . ______ I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17		J		
Deduct:				
Ontario adjusted small business income (amount I from Part 4)		K		
Subtotal (amount J **minus** amount K) (if negative, enter "0")		L		
Amount L **multiplied** by rate G from Part 3				M
Ontario domestic factor (line E from Part 3)			1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by ODF from line N)				O

Enter amount O on line 410 of Schedule 5.

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SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return.*

Part 1 – Ontario SR&ED expenditure pool

	Line	Amount				
Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	6,596,622	A			
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B			
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		6,596,622	C			
Add: Eligible expenditures transferred to the corporation by another corporation	110		D			
Subtotal (amount C **plus** amount D)		6,596,622	►		6,596,622	E
Deduct: Eligible expenditures the corporation transferred to another corporation				115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")				120	6,596,622	G

Part 2 – Calculation of the current part of the ORDTC

	Line	Amount					Line	Amount	
Ontario SR&ED expenditure pool (amount G in Part 1)					6,596,622	x 4.50 % =	200	296,848	H
ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *							205		I
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment				210		x 4.50 % =	215		J
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment	220		x 1 / 4 =			x 4.50 % =	225		K
Current part of the ORDTC (total of amounts H to K)							230	296,848	L

* If there is a disposal or change of use of eligible property, see Part 6

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

	Line	Amount		Amount	
ORDTC balance at the end of the previous tax year					M
Deduct: ORDTC expired after 20 tax years	300				N
ORDTC at the beginning of the tax year (amount M **minus** amount N)	305				O
Add:					
ORDTC transferred on amalgamation or windup	310				P
Current part of ORDTC (amount L in Part 2)		296,848	Q		

Are you waiving all or part of the current part of the ORDTC? 315 Yes 1 [ ] No 2 [X]

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

	Line	Amount		Amount		Amount	
Deduct: Waiver of the current part of the ORDTC	320		R				
Subtotal (amount Q **minus** amount R)		296,848	►	296,848	S		
ORDTC available for deduction (total of amounts O, P and S)				296,848	►	296,848	T
Deduct:							
ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*)				296,848	U		
ORDTC carried back to a previous tax year (from Part 4)					V		
Subtotal (amount U **plus** amount V)				296,848	►	296,848	W
ORDTC balance at the end of the tax year (amount T **minus** amount W)	325						X

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount T); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

	Year-Month-Day		Line	Amount
1st previous tax year	2014-12-31	Credit to be applied	901	
2nd previous tax year	2013-12-31	Credit to be applied	902	
3rd previous tax year	2012-12-31	Credit to be applied	903	
		Total (enter amount on line V in Part 3)		

Part 5 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year / Month / Day	Credit available	Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
		2005-12-31	
		2006-12-31	
		2007-12-31	
		2008-12-31	
1999-12-31		2009-12-31	
2000-12-31		2010-12-31	
2001-12-31		2011-12-31	
2002-12-31		2012-12-31	
2003-12-31		2013-12-31	
2004-12-31		2014-12-31	
		Current tax year 2015-10-31	

Total (equals line 325 in Part 3) ____________

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 6 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

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

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – If you meet all of the above conditions

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

Subtotal (enter amount BB, on line KK in Part 7) ____________ BB

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

	CC The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	DD The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	EE The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	FF Amount determined by the formula (CC x DD) – EE (using the columns above)	GG The federal ITC earned by the transferee for the qualified expenditure that was transferred 750	HH Amount from column FF or GG, whichever is less
1.			

Subtotal (enter amount II on line LL below) ______ II

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) . . . . **760** ______ JJ

Part 7 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line BB) . . . . ______ KK

Recaptured federal ITC for Calculation 2 (amount from line II above) . . . . ______ LL

Amount KK **plus** amount LL . . . . ______ x 23.56 % = ______ MM

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) . . . . ______ NN

Recapture of ORDTC (amount MM **plus** amount NN) (enter amount OO on line 277 of Schedule 5) . . . . ______ OO

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures			Capital Expenditures	
Total expenditures for SR&ED		7,192,438				
Add						
• payment of prior years' unpaid expenses (other than salary or wages)	+	271,904				
• prescribed proxy amount (Enter "0" if you use the traditional method)	+					
• expenditures on shared-use equipment				+		
• other additions	+			+		
Subtotal	=	7,464,342		=		
Less						
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–	112,882				
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–					
• 20% of contract expenditures for SR&ED performed on your behalf	–	730,838				
• prescribed expenditures not allowed by regulations	–			–		
• other deductions	–	24,000		–		
• non-arm's length transactions						
– expenditures for non-arm's length SR&ED contracts	–					
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–			–		
Subtotal	=	6,596,622	I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)				=	6,596,622	III

Enter amount III on line 100 of Schedule 508.

Attached Schedule with Total

other deductions – Current Expenditures

Title other deductions – Current Expenditures

Description	Amount
BC Expenditures	24,000 00
Total	24,000 00

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	21,189,000,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	
Total assets (total of lines 112 to 116)		21,189,000,000
Total revenue of the corporation for the tax year **	142	5,962,467,105
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	
Total revenue (total of lines 142 to 146)		5,962,467,105

The corporation is subject to CMT if:
- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	-1,702,127,706
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	2,364,220,358		
Provision for deferred income taxes (debits)/cost of future income taxes	222	2,470,611		
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		2,366,690,969 ▶		2,366,690,969 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal		▶		B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	664,563,263

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

– exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
– include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

– Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)	515	664,563,263	
Deduct:			
CMT loss available (amount R from Part 7)			
Minus: Adjustment for an acquisition of control *	518		
Adjusted CMT loss available			C
Net income subject to CMT calculation (if negative, enter "0")	520	664,563,263	

Amount from line 520	664,563,263	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 304	x 4 % =		1
Amount from line 520	664,563,263	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	304 / 304	x 2.7 % =	17,943,208	2
			Subtotal (amount 1 **plus** amount 2)			17,943,208	3

Gross CMT: amount on line 3 above x OAF **	540	17,943,208	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		17,943,208	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		141,840,194	
Net CMT payable (if negative, enter "0")			E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** = ______

Ontario allocation factor .... 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *			G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)			▶	620	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)				650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)					H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					J
Add:					
Net CMT payable (amount E from Part 3)					
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal			▶		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		141,840,194 1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	17,943,208 2			
For a life insurance corporation:				
Gross CMT (line 540 from Part 3)	3			
Gross SAT (line 460 from Part 6 of Schedule 512)	4			
The **greater** of amounts 3 and 4	5			
Deduct: line 2 or line 5, whichever applies:		17,943,208 6		
Subtotal (if negative, enter "0")		123,896,986 ▶	123,896,986	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		141,840,194		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		6,174,640		
Subtotal (if negative, enter "0")		135,665,554 ▶	135,665,554	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . ______ Q

Deduct:

CMT loss expired * . . . . **700** ______

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ______ ► **720** ______

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . **750** ______

CMT loss available (line 720 **plus** line 750) . . . . ______ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . ______

Subtotal (if negative, enter "0") ______ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . **760** ______

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . **770** ______ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	HYDRO ONE LIMITED	80512 9962 RC0001	0	0
2	HYDRO ONE INC.	86999 4731 RC0001	0	0
3	2486267 ONTARIO INC	80232 6124 RC0001	0	0
4	2486268 ONTARIO INC	80167 4078 RC0001	0	0
5	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	0	0
6	HYDRO ONE TELECOM INC.	86800 1066 RC0001	0	0
7	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	0	0
8	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	0	0
9	HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	87892 1519 RC0002	0	0
10	1938454 ONTARIO INC.	86391 7795 RC0002	0	0
11	1943404 ONTARIO INC.	86248 6123 RC0002	0	0
12	B2M GP INC.	81838 1840 RC0001	0	0
13	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	0	0
14	HYDRO ONE B2M LP INC.	81838 2046 RC0001	0	0
15	NORFOLK ENERGY INC	86289 0399 RC0001	0	0
16	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	0	0
17	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	0	0
18	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	0	0
19	Woodstock Hydro Services Inc.	89909 5012 RC0001	0	0
20	Woodstock Hydro Holdings Inc.	86248 6123 RC0001	0	0
21	1908872 ONTARIO INC.	82581 6838 RC0001	0	0
22	1908873 ONTARIO INC.	83392 0978 RC0001	0	0
23	1937672 ONTARIO INC.	81722 4561 RC0001	0	0
24	1937680 ONTARIO INC.	81930 4924 RC0001	0	0
25	1937681 ONTARIO INC.	81722 4363 RC0001	0	0
26	Hydro One Brampton Networks Inc.	86486 7635 RC0001	0	0

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
27	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	0	0
		Total	450	550

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

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

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Glendy Cheung

120 Telephone number including area code: (416) 345-6812

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . . **160** ______

Enter the percentage of the partnership's CETC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 859,978,816

For eligible expenditures incurred before March 27, 2009:

– If line 300 is $400,000 or less, enter 15% on line 310.
– If line 300 is $600,000 or more, enter 10% on line 310.
– If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \;\textbf{minus}\; \$\;400{,}000}{\$\;200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

– If line 300 is $400,000 or less, enter 30% on line 312.
– If line 300 is $600,000 or more, enter 25% on line 312.
– If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \;\textbf{minus}\; \$\;400{,}000}{\$\;200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
[redacted]	Business Economics
	MBA
	MBA
	Accounting
	MBA
	MBA
	MBA
	Computer Science
	MBA
	MBA
	Business Administration
	MBA
	MBA
	Computer Science
	Computer Science
	MBA
	MBA
	Masters of Business Economics
	MBA
	MBA
	MBA
	MBA
	Math and Computing

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Powerline Technician
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Computer Science/IT
[redacted]	Computer Science/IT
[redacted]	Powerline Technician
[redacted]	Powerline Technician
[redacted]	Business Administration
[redacted]	Powerline Technician
[redacted]	Instrumentation Engineering & Control Technician
[redacted]	GIS and Urban Planning
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering Technologist
[redacted]	Electrical Engineering Technology
[redacted]	Engineering and Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technologist
[redacted]	Finance/Accounting
[redacted]	Business Adminisration - Human Resources
[redacted]	Computer Science/IT
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrican Technician
[redacted]	Human Resources
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Human Resources
[redacted]	Electrical Engineering Technician
[redacted]	Electrical Engineering Technology
[redacted]	Civil Engineering Technologist
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineer
[redacted]	Electrical Engineer

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technician
[redacted]	Business Administration
[redacted]	Business Administration
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Human Resources/Industrial Relations
[redacted]	Human Resources/Industrial Relations
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technician
[redacted]	Civil Technician
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
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[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Finance/Accounting
[redacted]	Finance/Accounting
[redacted]	Finance/Accounting
[redacted]	Business Administration
[redacted]	Business Administration
[redacted]	Business Administration
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Civil Engineering
[redacted]	Civil Engineering
[redacted]	Electrical and Biomedical Engineering
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Electrical Engineering

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Finance
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Energy Engineering Technology
[redacted]	Energy Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Actuarial and Financial Mathematics
[redacted]	Actuarial and Financial Mathematics
[redacted]	Energy Systems Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Energy Systems Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
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[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering Technology
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Energy Systems Engineering Technology
[redacted]	Business Administration Operations Management
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Chemical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	International Business Management
[redacted]	Management Economics & Finance
[redacted]	Real Estate and Housing
[redacted]	Real Estate and Housing

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Management Economics & Finance
[redacted]	Management Economics & Finance
[redacted]	Management Economics & Finance
[redacted]	Real Estate and Housing
[redacted]	Real Estate and Housing
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Computer Science
[redacted]	Electrical Engineering
[redacted]	Electrical Engineer
[redacted]	Electrical Engineer
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Accounting
[redacted]	Civil Engineering
[redacted]	Finance/Accounting
[redacted]	Management and Marketing
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Computer Science/IT
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Computer Engineering
[redacted]	Computer Engineering
[redacted]	Civil Engineering
[redacted]	Civil Engineering
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Finance/Accounting
[redacted]	Finance/Accounting
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Management and Marketing
[redacted]	Finance/Accounting
[redacted]	Finance/Accounting
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical and Computer Engineering
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Civil Engineering
[redacted]	Civil Engineering
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Management
[redacted]	Electrical Engineering
[redacted]	Materials Science & Engineering
[redacted]	Electrical Engineering
[redacted]	Mechanical Engineering
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Electrical Engineering
[redacted]	Computer Science/IT
[redacted]	Electrical Engineering
[redacted]	Mechanical Engineering
[redacted]	Mechanical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Engineering Science
[redacted]	Finance/Accounting
[redacted]	Finance/Accounting
[redacted]	Electrical Engineering
[redacted]	Finance/Accounting
[redacted]	Electrical Engineering
[redacted]	Nanotechnology Engineering
[redacted]	Electrical Engineering
[redacted]	Accounting and Finance
[redacted]	Finance/Accounting
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering
[redacted]	Environment and Business
[redacted]	Environment and Business
[redacted]	English Rhetoric & Prof Writing
[redacted]	Planning
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Environmental Science
[redacted]	Electrical Engineering
[redacted]	Biology and Medical Sciences
[redacted]	Biology and Medical Sciences
[redacted]	Electrical Engineering
[redacted]	Management
[redacted]	Business Administration
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Electrical Engineering
[redacted]	Business Administration
[redacted]	Computer Science/IT
[redacted]	Finance/Accounting

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-01-01	2015-04-30
[redacted]	2015-05-01	2015-08-26
[redacted]	2015-01-01	2015-05-01
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[redacted]	2015-01-01	2015-04-30
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[redacted]	2015-01-05	2015-05-04
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[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-04	2015-09-04
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[redacted]	2015-05-01	2015-09-04

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-01-12	2015-04-30
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[redacted]	2015-04-20	2015-08-28
[redacted]	2015-04-30	2015-08-26
[redacted]	2015-05-04	2015-08-31
[redacted]	2015-05-14	2015-09-04
[redacted]	2015-01-01	2015-04-23
[redacted]	2015-01-05	2015-04-24
[redacted]	2015-05-01	2015-08-28
[redacted]	2015-01-01	2015-05-02
[redacted]	2015-01-05	2015-04-23
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[redacted]	2015-04-20	2015-09-04
[redacted]	2015-01-01	2015-03-29
[redacted]	2015-06-24	2015-10-31
[redacted]	2015-04-27	2015-09-04
[redacted]	2015-01-05	2015-04-29
[redacted]	2015-05-04	2015-08-28
[redacted]	2015-01-05	2015-04-23
[redacted]	2015-05-01	2015-08-29
[redacted]	2015-01-05	2015-05-01
[redacted]	2015-01-01	2015-04-24
[redacted]	2015-01-05	2015-05-01
[redacted]	2015-05-01	2015-09-05
[redacted]	2015-01-01	2015-05-01
[redacted]	2015-01-05	2015-04-23
[redacted]	2015-01-05	2015-04-24
[redacted]	2015-01-05	2015-05-01

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-01-05	2015-04-24
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[redacted]	2015-01-05	2015-05-01
[redacted]	2015-05-04	2015-08-28
[redacted]	2015-01-01	2015-04-23
[redacted]	2015-05-01	2015-09-04
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C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-05-01	2015-08-31
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[redacted]	2015-05-01	2015-08-28
[redacted]	2015-01-19	2015-05-01
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C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-05-01	2015-08-28
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[redacted]	2015-01-01	2015-05-01
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[redacted]	2015-05-04	2015-08-31
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[redacted]	2015-05-01	2015-08-20
[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-01	2015-08-28
[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-01	2015-08-28
[redacted]	2015-01-01	2015-05-01
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[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-01	2015-08-28
[redacted]	2015-05-14	2015-08-31
[redacted]	2015-01-01	2015-05-01

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-04-24	2015-09-05
[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-01	2015-08-28
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[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-01	2015-08-27
[redacted]	2015-05-04	2015-08-31
[redacted]	2015-01-01	2015-05-01
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[redacted]	2015-05-01	2015-08-29
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[redacted]	2015-05-01	2015-08-26
[redacted]	2015-05-01	2015-08-19
[redacted]	2015-05-01	2015-08-28
[redacted]	2015-05-01	2015-08-26
[redacted]	2015-01-01	2015-05-01
[redacted]	2015-05-01	2015-08-29
[redacted]	2015-05-01	2015-08-26
[redacted]	2015-05-01	2015-09-05
[redacted]	2015-05-01	2015-08-29
[redacted]	2015-01-01	2015-05-02
[redacted]	2015-01-01	2015-04-16
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[redacted]	2015-01-01	2015-05-02
[redacted]	2015-05-04	2015-08-31
[redacted]	2015-04-27	2015-08-29
[redacted]	2015-01-01	2015-05-02
[redacted]	2015-01-01	2015-05-01
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C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
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[redacted]	2015-01-01	2015-05-01
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[redacted]	2015-05-01	2015-09-05
[redacted]	2015-05-04	2015-08-31
[redacted]	2015-04-13	2015-09-05
[redacted]	2015-01-01	2015-05-16
[redacted]	2015-01-01	2015-05-02
[redacted]	2015-01-05	2015-05-01
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[redacted]	2015-05-08	2015-08-31
[redacted]	2015-01-01	2015-04-30
[redacted]	2015-01-01	2015-03-21

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	20,346	25.000 %		17
2.		10.000 %	35,001	25.000 %		16
3.		10.000 %	35,001	25.000 %		16
4.		10.000 %	28,853	25.000 %		17
5.		10.000 %	29,478	25.000 %		15
6.		10.000 %	29,478	25.000 %		20
7.		10.000 %	26,275	25.000 %		16
8.		10.000 %	26,580	25.000 %		17
9.		10.000 %	26,594	25.000 %		16
10.		10.000 %	19,627	25.000 %		15
11.		10.000 %	20,401	25.000 %		18
12.		10.000 %	22,875	25.000 %		15
13.		10.000 %	22,875	25.000 %		20
14.		10.000 %	24,528	25.000 %		17
15.		10.000 %	24,528	25.000 %		18
16.		10.000 %	22,658	25.000 %		17
17.		10.000 %	22,658	25.000 %		16
18.		10.000 %	21,292	25.000 %		18
19.		10.000 %	26,594	25.000 %		16
20.		10.000 %	27,782	25.000 %		16
21.		10.000 %	22,728	25.000 %		15
22.		10.000 %	22,728	25.000 %		20
23.		10.000 %	17,926	25.000 %		17
24.		10.000 %	15,014	25.000 %		19
25.		10.000 %	25,592	25.000 %		17
26.		10.000 %	19,650	25.000 %		18
27.		10.000 %	21,201	25.000 %		17
28.		10.000 %	21,201	25.000 %		18
29.		10.000 %	18,018	25.000 %		18
30.		10.000 %	21,180	25.000 %		17
31.		10.000 %	21,180	25.000 %		17
32.		10.000 %	21,366	25.000 %		19
33.		10.000 %	13,586	25.000 %		16
34.		10.000 %	13,742	25.000 %		14
35.		10.000 %	14,836	25.000 %		15
36.		10.000 %	15,993	25.000 %		17
37.		10.000 %	15,449	25.000 %		19
38.		10.000 %	14,021	25.000 %		16
39.		10.000 %	29,643	25.000 %		17
40.		10.000 %	13,396	25.000 %		16
41.		10.000 %	17,264	25.000 %		15
42.		10.000 %	10,474	25.000 %		16
43.		10.000 %	10,474	25.000 %		17
44.		10.000 %	15,662	25.000 %		17
45.		10.000 %	13,655	25.000 %		15
46.		10.000 %	14,945	25.000 %		17
47.		10.000 %	17,208	25.000 %		20
48.		10.000 %	18,131	25.000 %		17
49.		10.000 %	13,955	25.000 %		17
50.		10.000 %	14,088	25.000 %		16
51.		10.000 %	16,419	25.000 %		17

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
52.		10.000 %	13,843	25.000 %		18
53.		10.000 %	18,475	25.000 %		17
54.		10.000 %	14,220	25.000 %		17
55.		10.000 %	16,183	25.000 %		15
56.		10.000 %	16,785	25.000 %		15
57.		10.000 %	14,108	25.000 %		17
58.		10.000 %	15,837	25.000 %		19
59.		10.000 %	15,267	25.000 %		15
60.		10.000 %	14,978	25.000 %		15
61.		10.000 %	14,526	25.000 %		15
62.		10.000 %	14,617	25.000 %		15
63.		10.000 %	17,316	25.000 %		17
64.		10.000 %	15,443	25.000 %		17
65.		10.000 %	14,269	25.000 %		18
66.		10.000 %	10,914	25.000 %		14
67.		10.000 %	16,256	25.000 %		20
68.		10.000 %	13,455	25.000 %		12
69.		10.000 %	14,548	25.000 %		18
70.		10.000 %	14,970	25.000 %		19
71.		10.000 %	15,483	25.000 %		16
72.		10.000 %	14,354	25.000 %		17
73.		10.000 %	14,569	25.000 %		15
74.		10.000 %	14,569	25.000 %		17
75.		10.000 %	13,068	25.000 %		17
76.		10.000 %	23,289	25.000 %		16
77.		10.000 %	19,158	25.000 %		17
78.		10.000 %	19,158	25.000 %		18
79.		10.000 %	18,265	25.000 %		17
80.		10.000 %	15,995	25.000 %		15
81.		10.000 %	14,593	25.000 %		16
82.		10.000 %	13,899	25.000 %		17
83.		10.000 %	13,899	25.000 %		15
84.		10.000 %	15,267	25.000 %		15
85.		10.000 %	14,444	25.000 %		17
86.		10.000 %	15,891	25.000 %		15
87.		10.000 %	14,792	25.000 %		17
88.		10.000 %	17,931	25.000 %		17
89.		10.000 %	17,931	25.000 %		18
90.		10.000 %	13,628	25.000 %		17
91.		10.000 %	13,500	25.000 %		17
92.		10.000 %	14,227	25.000 %		16
93.		10.000 %	14,562	25.000 %		16
94.		10.000 %	14,213	25.000 %		17
95.		10.000 %	13,831	25.000 %		17
96.		10.000 %	16,446	25.000 %		15
97.		10.000 %	16,446	25.000 %		18
98.		10.000 %	17,796	25.000 %		15
99.		10.000 %	14,803	25.000 %		15
100.		10.000 %	16,256	25.000 %		20
101.		10.000 %	19,026	25.000 %		17
102.		10.000 %	18,464	25.000 %		16
103.		10.000 %	20,473	25.000 %		17
104.		10.000 %	15,787	25.000 %		16

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
105.		10.000 %	31,822	25.000 %		17
106.		10.000 %	31,822	25.000 %		16
107.		10.000 %	22,853	25.000 %		17
108.		10.000 %	22,853	25.000 %		16
109.		10.000 %	33,456	25.000 %		16
110.		10.000 %	33,456	25.000 %		17
111.		10.000 %	22,084	25.000 %		17
112.		10.000 %	22,084	25.000 %		16
113.		10.000 %	19,408	25.000 %		17
114.		10.000 %	18,201	25.000 %		17
115.		10.000 %	18,201	25.000 %		17
116.		10.000 %	20,745	25.000 %		17
117.		10.000 %	20,745	25.000 %		17
118.		10.000 %	20,745	25.000 %		17
119.		10.000 %	22,285	25.000 %		16
120.		10.000 %	22,285	25.000 %		17
121.		10.000 %	22,285	25.000 %		15
122.		10.000 %	19,099	25.000 %		17
123.		10.000 %	18,400	25.000 %		16
124.		10.000 %	18,922	25.000 %		15
125.		10.000 %	18,922	25.000 %		17
126.		10.000 %	22,428	25.000 %		17
127.		10.000 %	22,428	25.000 %		17
128.		10.000 %	22,115	25.000 %		17
129.		10.000 %	22,115	25.000 %		16
130.		10.000 %	18,730	25.000 %		16
131.		10.000 %	19,644	25.000 %		17
132.		10.000 %	19,644	25.000 %		17
133.		10.000 %	21,500	25.000 %		17
134.		10.000 %	21,500	25.000 %		19
135.		10.000 %	19,093	25.000 %		17
136.		10.000 %	19,153	25.000 %		17
137.		10.000 %	21,357	25.000 %		17
138.		10.000 %	21,357	25.000 %		16
139.		10.000 %	21,411	25.000 %		17
140.		10.000 %	21,411	25.000 %		17
141.		10.000 %	15,656	25.000 %		16
142.		10.000 %	18,477	25.000 %		16
143.		10.000 %	15,576	25.000 %		16
144.		10.000 %	18,232	25.000 %		16
145.		10.000 %	19,721	25.000 %		17
146.		10.000 %	19,721	25.000 %		16
147.		10.000 %	15,918	25.000 %		17
148.		10.000 %	16,001	25.000 %		17
149.		10.000 %	16,001	25.000 %		17
150.		10.000 %	16,913	25.000 %		17
151.		10.000 %	15,573	25.000 %		16
152.		10.000 %	15,573	25.000 %		17
153.		10.000 %	17,165	25.000 %		17
154.		10.000 %	17,165	25.000 %		17
155.		10.000 %	16,370	25.000 %		16
156.		10.000 %	16,370	25.000 %		17
157.		10.000 %	16,980	25.000 %		15

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
158.		10.000 %	14,281	25.000 %		15
159.		10.000 %	14,281	25.000 %		17
160.		10.000 %	16,215	25.000 %		17
161.		10.000 %	16,215	25.000 %		17
162.		10.000 %	15,300	25.000 %		15
163.		10.000 %	15,300	25.000 %		17
164.		10.000 %	16,405	25.000 %		17
165.		10.000 %	16,405	25.000 %		17
166.		10.000 %	16,625	25.000 %		17
167.		10.000 %	15,663	25.000 %		19
168.		10.000 %	16,533	25.000 %		14
169.		10.000 %	21,530	25.000 %		17
170.		10.000 %	21,530	25.000 %		17
171.		10.000 %	20,829	25.000 %		16
172.		10.000 %	20,829	25.000 %		17
173.		10.000 %	20,829	25.000 %		17
174.		10.000 %	23,151	25.000 %		17
175.		10.000 %	21,228	25.000 %		16
176.		10.000 %	21,228	25.000 %		17
177.		10.000 %	21,228	25.000 %		17
178.		10.000 %	17,731	25.000 %		15
179.		10.000 %	27,150	25.000 %		17
180.		10.000 %	27,150	25.000 %		16
181.		10.000 %	20,705	25.000 %		17
182.		10.000 %	20,705	25.000 %		16
183.		10.000 %	20,705	25.000 %		17
184.		10.000 %	23,932	25.000 %		16
185.		10.000 %	17,827	25.000 %		18
186.		10.000 %	17,386	25.000 %		16
187.		10.000 %	23,955	25.000 %		17
188.		10.000 %	23,955	25.000 %		17
189.		10.000 %	18,981	25.000 %		15
190.		10.000 %	18,981	25.000 %		16
191.		10.000 %	19,262	25.000 %		16
192.		10.000 %	18,738	25.000 %		17
193.		10.000 %	18,738	25.000 %		16
194.		10.000 %	18,057	25.000 %		19
195.		10.000 %	18,057	25.000 %		17
196.		10.000 %	19,153	25.000 %		18
197.		10.000 %	19,137	25.000 %		17
198.		10.000 %	20,612	25.000 %		17
199.		10.000 %	20,612	25.000 %		18
200.		10.000 %	15,962	25.000 %		16
201.		10.000 %	22,586	25.000 %		17
202.		10.000 %	22,586	25.000 %		17
203.		10.000 %	20,888	25.000 %		17
204.		10.000 %	20,888	25.000 %		15
205.		10.000 %	18,606	25.000 %		17
206.		10.000 %	22,571	25.000 %		16
207.		10.000 %	21,832	25.000 %		17
208.		10.000 %	21,832	25.000 %		14
209.		10.000 %	22,758	25.000 %		17
210.		10.000 %	22,758	25.000 %		17

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
211.		10.000 %	22,340	25.000 %		16
212.		10.000 %	22,340	25.000 %		17
213.		10.000 %	19,375	25.000 %		17
214.		10.000 %	19,790	25.000 %		18
215.		10.000 %	18,477	25.000 %		16
216.		10.000 %	24,922	25.000 %		17
217.		10.000 %	16,768	25.000 %		17
218.		10.000 %	21,174	25.000 %		17
219.		10.000 %	21,834	25.000 %		17
220.		10.000 %	22,522	25.000 %		17
221.		10.000 %	17,564	25.000 %		17
222.		10.000 %	17,564	25.000 %		15
223.		10.000 %	20,979	25.000 %		17
224.		10.000 %	20,979	25.000 %		17
225.		10.000 %	22,778	25.000 %		17
226.		10.000 %	22,778	25.000 %		17
227.		10.000 %	22,717	25.000 %		17
228.		10.000 %	22,717	25.000 %		17
229.		10.000 %	20,674	25.000 %		17
230.		10.000 %	20,674	25.000 %		17
231.		10.000 %	20,261	25.000 %		17
232.		10.000 %	18,434	25.000 %		16
233.		10.000 %	19,095	25.000 %		17
234.		10.000 %	21,085	25.000 %		17
235.		10.000 %	21,085	25.000 %		16
236.		10.000 %	18,129	25.000 %		16
237.		10.000 %	21,616	25.000 %		17
238.		10.000 %	21,616	25.000 %		17
239.		10.000 %	22,245	25.000 %		17
240.		10.000 %	22,245	25.000 %		17
241.		10.000 %	21,590	25.000 %		17
242.		10.000 %	21,590	25.000 %		17
243.		10.000 %	17,631	25.000 %		15
244.		10.000 %	22,392	25.000 %		17
245.		10.000 %	22,245	25.000 %		17
246.		10.000 %	22,245	25.000 %		17
247.		10.000 %	25,321	25.000 %		19
248.		10.000 %	21,768	25.000 %		17
249.		10.000 %	21,768	25.000 %		17
250.		10.000 %	23,324	25.000 %		17
251.		10.000 %	22,507	25.000 %		17
252.		10.000 %	22,507	25.000 %		16
253.		10.000 %	19,838	25.000 %		17
254.		10.000 %	21,796	25.000 %		17
255.		10.000 %	21,796	25.000 %		16
256.		10.000 %	14,473	25.000 %		17
257.		10.000 %	14,473	25.000 %		17
258.		10.000 %	22,086	25.000 %		17
259.		10.000 %	22,086	25.000 %		16
260.		10.000 %	21,840	25.000 %		17
261.		10.000 %	21,840	25.000 %		16
262.		10.000 %	21,259	25.000 %		17
263.		10.000 %	21,259	25.000 %		17

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
264.		10.000 %	21,163	25.000 %		17
265.		10.000 %	19,064	25.000 %		17
266.		10.000 %	19,064	25.000 %		13
267.		10.000 %	21,827	25.000 %		17
268.		10.000 %	21,827	25.000 %		17
269.		10.000 %	19,590	25.000 %		17
270.		10.000 %	22,681	25.000 %		15
271.		10.000 %	20,991	25.000 %		18
272.		10.000 %	19,144	25.000 %		17
273.		10.000 %	16,335	25.000 %		18
274.		10.000 %	19,095	25.000 %		17
275.		10.000 %	18,606	25.000 %		10
276.		10.000 %	22,571	25.000 %		16
277.		10.000 %	19,375	25.000 %		15
278.		10.000 %	21,174	25.000 %		16
279.		10.000 %	21,834	25.000 %		15
280.		10.000 %	22,522	25.000 %		17
281.		10.000 %	20,261	25.000 %		16
282.		10.000 %	21,270	25.000 %		17
283.		10.000 %	21,270	25.000 %		17
284.		10.000 %	22,392	25.000 %		16
285.		10.000 %	23,324	25.000 %		18
286.		10.000 %	21,163	25.000 %		17
287.		10.000 %	24,108	25.000 %		17
288.		10.000 %	20,679	25.000 %		14
289.		10.000 %	15,951	25.000 %		17
290.		10.000 %	24,137	25.000 %		17
291.		10.000 %	19,168	25.000 %		17
292.		10.000 %	21,125	25.000 %		17
293.		10.000 %	17,602	25.000 %		17
294.		10.000 %	22,883	25.000 %		18
295.		10.000 %	23,859	25.000 %		17
296.		10.000 %	22,353	25.000 %		17
297.		10.000 %	15,816	25.000 %		13
298.		10.000 %	15,774	25.000 %		16
299.		10.000 %	15,774	25.000 %		18
300.		10.000 %	19,957	25.000 %		17
301.		10.000 %	19,957	25.000 %		16
302.		10.000 %	20,891	25.000 %		16
303.		10.000 %	21,173	25.000 %		17
304.		10.000 %	13,908	25.000 %		17
305.		10.000 %	20,877	25.000 %		17
306.		10.000 %	25,488	25.000 %		18
307.		10.000 %	23,201	25.000 %		16
308.		10.000 %	22,506	25.000 %		17
309.		10.000 %	22,506	25.000 %		18
310.		10.000 %	20,477	25.000 %		17
311.		10.000 %	26,308	25.000 %		21
312.		10.000 %	28,154	25.000 %		19
313.		10.000 %	24,652	25.000 %		17
314.		10.000 %	18,383	25.000 %		17
315.		10.000 %	18,383	25.000 %		17
316.		10.000 %	17,373	25.000 %		16

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) [redacted]	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
317.		10.000 %	25,054	25.000 %		16
318.		10.000 %	17,614	25.000 %		11

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	5,087	3,000	3,000		3,000
2.	8,750	3,000	3,000		3,000
3.	8,750	3,000	3,000		3,000
4.	7,213	3,000	3,000		3,000
5.	7,370	3,000	3,000		3,000
6.	7,370	3,000	3,000		3,000
7.	6,569	3,000	3,000		3,000
8.	6,645	3,000	3,000		3,000
9.	6,649	3,000	3,000		3,000
10.	4,907	3,000	3,000		3,000
11.	5,100	3,000	3,000		3,000
12.	5,719	3,000	3,000		3,000
13.	5,719	3,000	3,000		3,000
14.	6,132	3,000	3,000		3,000
15.	6,132	3,000	3,000		3,000
16.	5,665	3,000	3,000		3,000
17.	5,665	3,000	3,000		3,000
18.	5,323	3,000	3,000		3,000
19.	6,649	3,000	3,000		3,000
20.	6,946	3,000	3,000		3,000
21.	5,682	3,000	3,000		3,000
22.	5,682	3,000	3,000		3,000
23.	4,482	3,000	3,000		3,000
24.	3,754	3,000	3,000		3,000
25.	6,398	3,000	3,000		3,000
26.	4,913	3,000	3,000		3,000
27.	5,300	3,000	3,000		3,000
28.	5,300	3,000	3,000		3,000
29.	4,505	3,000	3,000		3,000
30.	5,295	3,000	3,000		3,000
31.	5,295	3,000	3,000		3,000
32.	5,342	3,000	3,000		3,000
33.	3,397	3,000	3,000		3,000
34.	3,436	3,000	3,000		3,000
35.	3,709	3,000	3,000		3,000
36.	3,998	3,000	3,000		3,000
37.	3,862	3,000	3,000		3,000
38.	3,505	3,000	3,000		3,000
39.	7,411	3,000	3,000		3,000
40.	3,349	3,000	3,000		3,000
41.	4,316	3,000	3,000		3,000
42.	2,619	3,000	2,619		2,619
43.	2,619	3,000	2,619		2,619
44.	3,916	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
45.	3,414	3,000	3,000		3,000
46.	3,736	3,000	3,000		3,000
47.	4,302	3,000	3,000		3,000
48.	4,533	3,000	3,000		3,000
49.	3,489	3,000	3,000		3,000
50.	3,522	3,000	3,000		3,000
51.	4,105	3,000	3,000		3,000
52.	3,461	3,000	3,000		3,000
53.	4,619	3,000	3,000		3,000
54.	3,555	3,000	3,000		3,000
55.	4,046	3,000	3,000		3,000
56.	4,196	3,000	3,000		3,000
57.	3,527	3,000	3,000		3,000
58.	3,959	3,000	3,000		3,000
59.	3,817	3,000	3,000		3,000
60.	3,745	3,000	3,000		3,000
61.	3,632	3,000	3,000		3,000
62.	3,654	3,000	3,000		3,000
63.	4,329	3,000	3,000		3,000
64.	3,861	3,000	3,000		3,000
65.	3,567	3,000	3,000		3,000
66.	2,729	3,000	2,729		2,729
67.	4,064	3,000	3,000		3,000
68.	3,364	3,000	3,000		3,000
69.	3,637	3,000	3,000		3,000
70.	3,743	3,000	3,000		3,000
71.	3,871	3,000	3,000		3,000
72.	3,589	3,000	3,000		3,000
73.	3,642	3,000	3,000		3,000
74.	3,642	3,000	3,000		3,000
75.	3,267	3,000	3,000		3,000
76.	5,822	3,000	3,000		3,000
77.	4,790	3,000	3,000		3,000
78.	4,790	3,000	3,000		3,000
79.	4,566	3,000	3,000		3,000
80.	3,999	3,000	3,000		3,000
81.	3,648	3,000	3,000		3,000
82.	3,475	3,000	3,000		3,000
83.	3,475	3,000	3,000		3,000
84.	3,817	3,000	3,000		3,000
85.	3,611	3,000	3,000		3,000
86.	3,973	3,000	3,000		3,000
87.	3,698	3,000	3,000		3,000
88.	4,483	3,000	3,000		3,000
89.	4,483	3,000	3,000		3,000
90.	3,407	3,000	3,000		3,000
91.	3,375	3,000	3,000		3,000
92.	3,557	3,000	3,000		3,000
93.	3,641	3,000	3,000		3,000
94.	3,553	3,000	3,000		3,000
95.	3,458	3,000	3,000		3,000
96.	4,112	3,000	3,000		3,000
97.	4,112	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
98.	4,449	3,000	3,000		3,000
99.	3,701	3,000	3,000		3,000
100.	4,064	3,000	3,000		3,000
101.	4,757	3,000	3,000		3,000
102.	4,616	3,000	3,000		3,000
103.	5,118	3,000	3,000		3,000
104.	3,947	3,000	3,000		3,000
105.	7,956	3,000	3,000		3,000
106.	7,956	3,000	3,000		3,000
107.	5,713	3,000	3,000		3,000
108.	5,713	3,000	3,000		3,000
109.	8,364	3,000	3,000		3,000
110.	8,364	3,000	3,000		3,000
111.	5,521	3,000	3,000		3,000
112.	5,521	3,000	3,000		3,000
113.	4,852	3,000	3,000		3,000
114.	4,550	3,000	3,000		3,000
115.	4,550	3,000	3,000		3,000
116.	5,186	3,000	3,000		3,000
117.	5,186	3,000	3,000		3,000
118.	5,186	3,000	3,000		3,000
119.	5,571	3,000	3,000		3,000
120.	5,571	3,000	3,000		3,000
121.	5,571	3,000	3,000		3,000
122.	4,775	3,000	3,000		3,000
123.	4,600	3,000	3,000		3,000
124.	4,731	3,000	3,000		3,000
125.	4,731	3,000	3,000		3,000
126.	5,607	3,000	3,000		3,000
127.	5,607	3,000	3,000		3,000
128.	5,529	3,000	3,000		3,000
129.	5,529	3,000	3,000		3,000
130.	4,683	3,000	3,000		3,000
131.	4,911	3,000	3,000		3,000
132.	4,911	3,000	3,000		3,000
133.	5,375	3,000	3,000		3,000
134.	5,375	3,000	3,000		3,000
135.	4,773	3,000	3,000		3,000
136.	4,788	3,000	3,000		3,000
137.	5,339	3,000	3,000		3,000
138.	5,339	3,000	3,000		3,000
139.	5,353	3,000	3,000		3,000
140.	5,353	3,000	3,000		3,000
141.	3,914	3,000	3,000		3,000
142.	4,619	3,000	3,000		3,000
143.	3,894	3,000	3,000		3,000
144.	4,558	3,000	3,000		3,000
145.	4,930	3,000	3,000		3,000
146.	4,930	3,000	3,000		3,000
147.	3,980	3,000	3,000		3,000
148.	4,000	3,000	3,000		3,000
149.	4,000	3,000	3,000		3,000
150.	4,228	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
151.	3,893	3,000	3,000		3,000
152.	3,893	3,000	3,000		3,000
153.	4,291	3,000	3,000		3,000
154.	4,291	3,000	3,000		3,000
155.	4,093	3,000	3,000		3,000
156.	4,093	3,000	3,000		3,000
157.	4,245	3,000	3,000		3,000
158.	3,570	3,000	3,000		3,000
159.	3,570	3,000	3,000		3,000
160.	4,054	3,000	3,000		3,000
161.	4,054	3,000	3,000		3,000
162.	3,825	3,000	3,000		3,000
163.	3,825	3,000	3,000		3,000
164.	4,101	3,000	3,000		3,000
165.	4,101	3,000	3,000		3,000
166.	4,156	3,000	3,000		3,000
167.	3,916	3,000	3,000		3,000
168.	4,133	3,000	3,000		3,000
169.	5,383	3,000	3,000		3,000
170.	5,383	3,000	3,000		3,000
171.	5,207	3,000	3,000		3,000
172.	5,207	3,000	3,000		3,000
173.	5,207	3,000	3,000		3,000
174.	5,788	3,000	3,000		3,000
175.	5,307	3,000	3,000		3,000
176.	5,307	3,000	3,000		3,000
177.	5,307	3,000	3,000		3,000
178.	4,433	3,000	3,000		3,000
179.	6,788	3,000	3,000		3,000
180.	6,788	3,000	3,000		3,000
181.	5,176	3,000	3,000		3,000
182.	5,176	3,000	3,000		3,000
183.	5,176	3,000	3,000		3,000
184.	5,983	3,000	3,000		3,000
185.	4,457	3,000	3,000		3,000
186.	4,347	3,000	3,000		3,000
187.	5,989	3,000	3,000		3,000
188.	5,989	3,000	3,000		3,000
189.	4,745	3,000	3,000		3,000
190.	4,745	3,000	3,000		3,000
191.	4,816	3,000	3,000		3,000
192.	4,685	3,000	3,000		3,000
193.	4,685	3,000	3,000		3,000
194.	4,514	3,000	3,000		3,000
195.	4,514	3,000	3,000		3,000
196.	4,788	3,000	3,000		3,000
197.	4,784	3,000	3,000		3,000
198.	5,153	3,000	3,000		3,000
199.	5,153	3,000	3,000		3,000
200.	3,991	3,000	3,000		3,000
201.	5,647	3,000	3,000		3,000
202.	5,647	3,000	3,000		3,000
203.	5,222	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
204.	5,222	3,000	3,000		3,000
205.	4,652	3,000	3,000		3,000
206.	5,643	3,000	3,000		3,000
207.	5,458	3,000	3,000		3,000
208.	5,458	3,000	3,000		3,000
209.	5,690	3,000	3,000		3,000
210.	5,690	3,000	3,000		3,000
211.	5,585	3,000	3,000		3,000
212.	5,585	3,000	3,000		3,000
213.	4,844	3,000	3,000		3,000
214.	4,948	3,000	3,000		3,000
215.	4,619	3,000	3,000		3,000
216.	6,231	3,000	3,000		3,000
217.	4,192	3,000	3,000		3,000
218.	5,294	3,000	3,000		3,000
219.	5,459	3,000	3,000		3,000
220.	5,631	3,000	3,000		3,000
221.	4,391	3,000	3,000		3,000
222.	4,391	3,000	3,000		3,000
223.	5,245	3,000	3,000		3,000
224.	5,245	3,000	3,000		3,000
225.	5,695	3,000	3,000		3,000
226.	5,695	3,000	3,000		3,000
227.	5,679	3,000	3,000		3,000
228.	5,679	3,000	3,000		3,000
229.	5,169	3,000	3,000		3,000
230.	5,169	3,000	3,000		3,000
231.	5,065	3,000	3,000		3,000
232.	4,609	3,000	3,000		3,000
233.	4,774	3,000	3,000		3,000
234.	5,271	3,000	3,000		3,000
235.	5,271	3,000	3,000		3,000
236.	4,532	3,000	3,000		3,000
237.	5,404	3,000	3,000		3,000
238.	5,404	3,000	3,000		3,000
239.	5,561	3,000	3,000		3,000
240.	5,561	3,000	3,000		3,000
241.	5,398	3,000	3,000		3,000
242.	5,398	3,000	3,000		3,000
243.	4,408	3,000	3,000		3,000
244.	5,598	3,000	3,000		3,000
245.	5,561	3,000	3,000		3,000
246.	5,561	3,000	3,000		3,000
247.	6,330	3,000	3,000		3,000
248.	5,442	3,000	3,000		3,000
249.	5,442	3,000	3,000		3,000
250.	5,831	3,000	3,000		3,000
251.	5,627	3,000	3,000		3,000
252.	5,627	3,000	3,000		3,000
253.	4,960	3,000	3,000		3,000
254.	5,449	3,000	3,000		3,000
255.	5,449	3,000	3,000		3,000
256.	3,618	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
257.	3,618	3,000	3,000		3,000
258.	5,522	3,000	3,000		3,000
259.	5,522	3,000	3,000		3,000
260.	5,460	3,000	3,000		3,000
261.	5,460	3,000	3,000		3,000
262.	5,315	3,000	3,000		3,000
263.	5,315	3,000	3,000		3,000
264.	5,291	3,000	3,000		3,000
265.	4,766	3,000	3,000		3,000
266.	4,766	3,000	3,000		3,000
267.	5,457	3,000	3,000		3,000
268.	5,457	3,000	3,000		3,000
269.	4,898	3,000	3,000		3,000
270.	5,670	3,000	3,000		3,000
271.	5,248	3,000	3,000		3,000
272.	4,786	3,000	3,000		3,000
273.	4,084	3,000	3,000		3,000
274.	4,774	3,000	3,000		3,000
275.	4,652	3,000	3,000		3,000
276.	5,643	3,000	3,000		3,000
277.	4,844	3,000	3,000		3,000
278.	5,294	3,000	3,000		3,000
279.	5,459	3,000	3,000		3,000
280.	5,631	3,000	3,000		3,000
281.	5,065	3,000	3,000		3,000
282.	5,318	3,000	3,000		3,000
283.	5,318	3,000	3,000		3,000
284.	5,598	3,000	3,000		3,000
285.	5,831	3,000	3,000		3,000
286.	5,291	3,000	3,000		3,000
287.	6,027	3,000	3,000		3,000
288.	5,170	3,000	3,000		3,000
289.	3,988	3,000	3,000		3,000
290.	6,034	3,000	3,000		3,000
291.	4,792	3,000	3,000		3,000
292.	5,281	3,000	3,000		3,000
293.	4,401	3,000	3,000		3,000
294.	5,721	3,000	3,000		3,000
295.	5,965	3,000	3,000		3,000
296.	5,588	3,000	3,000		3,000
297.	3,954	3,000	3,000		3,000
298.	3,944	3,000	3,000		3,000
299.	3,944	3,000	3,000		3,000
300.	4,989	3,000	3,000		3,000
301.	4,989	3,000	3,000		3,000
302.	5,223	3,000	3,000		3,000
303.	5,293	3,000	3,000		3,000
304.	3,477	3,000	3,000		3,000
305.	5,219	3,000	3,000		3,000
306.	6,372	3,000	3,000		3,000
307.	5,800	3,000	3,000		3,000
308.	5,627	3,000	3,000		3,000
309.	5,627	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
310.	5,119	3,000	3,000		3,000
311.	6,577	3,000	3,000		3,000
312.	7,039	3,000	3,000		3,000
313.	6,163	3,000	3,000		3,000
314.	4,596	3,000	3,000		3,000
315.	4,596	3,000	3,000		3,000
316.	4,343	3,000	3,000		3,000
317.	6,264	3,000	3,000		3,000
318.	4,404	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) 500 952,967 L

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ______ x percentage on line 170 in Part 1 ______ % = ... M

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received.
Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

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Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Glendy Cheung

120 Telephone number: (416) 345-6812

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 150, what is the name of the partnership? . **160** ____________

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 859,978,816

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 30% on line 310.
- If line 300 is $600,000 or more, enter 25% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Specified percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . . **310** 25.000 %

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 35\,\% + \left[10\,\% \times \left[1 - \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right] \right]$$

Specified percentage . . . . . **312** 35.000 %

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

$$\text{Specified percentage} = 25\,\% + \left[5\,\% \times \left[1 - \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right] \right]$$

Specified percentage . . . . . **314** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Ontario apprenticeship training tax credit

Complete a **separate entry** for each apprentice for each qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a **separate entry** for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

	A Trade code **400**	B Apprenticeship program/trade name **405**	C Name of apprentice **410**
1.	309a	Electrician-Construction and Maintenance	[redacted]
2.	309a	Electrician-Construction and Maintenance	[redacted]
3.	309a	Electrician-Construction and Maintenance	[redacted]
4.	309a	Electrician-Construction and Maintenance	[redacted]
5.	434a	Powerline Technician	[redacted]
6.	309a	Electrician-Construction and Maintenance	[redacted]
7.	434a	Powerline Technician	[redacted]
8.	434a	Powerline Technician	[redacted]
9.	434a	Powerline Technician	[redacted]
10.	434a	Powerline Technician	[redacted]
11.	434a	Powerline Technician	[redacted]
12.	434a	Powerline Technician	[redacted]
13.	434a	Powerline Technician	[redacted]
14.	434a	Powerline Technician	[redacted]
15.	434a	Powerline Technician	[redacted]
16.	434a	Powerline Technician	[redacted]
17.	434a	Powerline Technician	[redacted]
18.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
19.	434a	Powerline Technician	[redacted]
20.	403a	General Carpenter	
21.	434a	Powerline Technician	
22.	434a	Powerline Technician	
23.	434a	Powerline Technician	
24.	434a	Powerline Technician	
25.	434a	Powerline Technician	
26.	434a	Powerline Technician	
27.	434a	Powerline Technician	
28.	434a	Powerline Technician	
29.	434a	Powerline Technician	
30.	434a	Powerline Technician	
31.	434a	Powerline Technician	
32.	434a	Powerline Technician	
33.	434a	Powerline Technician	
34.	434a	Powerline Technician	
35.	310t	Truck And Coach Technician	
36.	310t	Truck And Coach Technician	
37.	309a	Electrician-Construction and Maintenance	
38.	309a	Electrician-Construction and Maintenance	
39.	309a	Electrician-Construction and Maintenance	
40.	309a	Electrician-Construction and Maintenance	
41.	309a	Electrician-Construction and Maintenance	
42.	309a	Electrician-Construction and Maintenance	
43.	309a	Electrician-Construction and Maintenance	
44.	309a	Electrician-Construction and Maintenance	
45.	309a	Electrician-Construction and Maintenance	
46.	309a	Electrician-Construction and Maintenance	
47.	309a	Electrician-Construction and Maintenance	
48.	434a	Powerline Technician	
49.	403a	General Carpenter	
50.	434a	Powerline Technician	
51.	434a	Powerline Technician	
52.	434a	Powerline Technician	
53.	434a	Powerline Technician	
54.	434a	Powerline Technician	
55.	434a	Powerline Technician	
56.	434a	Powerline Technician	
57.	434a	Powerline Technician	
58.	434a	Powerline Technician	
59.	434a	Powerline Technician	
60.	434a	Powerline Technician	
61.	434a	Powerline Technician	
62.	434a	Powerline Technician	
63.	434a	Powerline Technician	
64.	434a	Powerline Technician	
65.	434a	Powerline Technician	
66.	309a	Electrician-Construction and Maintenance	
67.	309a	Electrician-Construction and Maintenance	
68.	309a	Electrician-Construction and Maintenance	
69.	434a	Powerline Technician	
70.	434a	Powerline Technician	
71.	434a	Powerline Technician	
72.	434a	Powerline Technician	
73.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
74.	434a	Powerline Technician	[redacted]
75.	434a	Powerline Technician	[redacted]
76.	434a	Powerline Technician	[redacted]
77.	434a	Powerline Technician	[redacted]
78.	434a	Powerline Technician	[redacted]
79.	434a	Powerline Technician	[redacted]
80.	434a	Powerline Technician	[redacted]
81.	434a	Powerline Technician	[redacted]
82.	434a	Powerline Technician	[redacted]
83.	434a	Powerline Technician	[redacted]
84.	434a	Powerline Technician	[redacted]
85.	309a	Electrician-Construction and Maintenance	[redacted]
86.	309a	Electrician-Construction and Maintenance	[redacted]
87.	309a	Electrician-Construction and Maintenance	[redacted]
88.	309a	Electrician-Construction and Maintenance	[redacted]
89.	309a	Electrician-Construction and Maintenance	[redacted]
90.	309a	Electrician-Construction and Maintenance	[redacted]
91.	309a	Electrician-Construction and Maintenance	[redacted]
92.	309a	Electrician-Construction and Maintenance	[redacted]
93.	309a	Electrician-Construction and Maintenance	[redacted]
94.	309a	Electrician-Construction and Maintenance	[redacted]
95.	309a	Electrician-Construction and Maintenance	[redacted]
96.	309a	Electrician-Construction and Maintenance	[redacted]
97.	434a	Powerline Technician	[redacted]
98.	434a	Powerline Technician	[redacted]
99.	434a	Powerline Technician	[redacted]
100.	434a	Powerline Technician	[redacted]
101.	434a	Powerline Technician	[redacted]
102.	444B	Utility Arborist	[redacted]
103.	444B	Utility Arborist	[redacted]
104.	444B	Utility Arborist	[redacted]
105.	444B	Utility Arborist	[redacted]
106.	444B	Utility Arborist	[redacted]
107.	444B	Utility Arborist	[redacted]
108.	444B	Utility Arborist	[redacted]
109.	444B	Utility Arborist	[redacted]
110.	444B	Utility Arborist	[redacted]
111.	444B	Utility Arborist	[redacted]
112.	444B	Utility Arborist	[redacted]
113.	444B	Utility Arborist	[redacted]
114.	444B	Utility Arborist	[redacted]
115.	444B	Utility Arborist	[redacted]
116.	444B	Utility Arborist	[redacted]
117.	444B	Utility Arborist	[redacted]
118.	444B	Utility Arborist	[redacted]
119.	434a	Powerline Technician	[redacted]
120.	434a	Powerline Technician	[redacted]
121.	434a	Powerline Technician	[redacted]
122.	434a	Powerline Technician	[redacted]
123.	434a	Powerline Technician	[redacted]
124.	434a	Powerline Technician	[redacted]
125.	434a	Powerline Technician	[redacted]
126.	434a	Powerline Technician	[redacted]
127.	434a	Powerline Technician	[redacted]
128.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
129.	434a	Powerline Technician	[redacted]
130.	434a	Powerline Technician	[redacted]
131.	434a	Powerline Technician	[redacted]
132.	434a	Powerline Technician	[redacted]
133.	434a	Powerline Technician	[redacted]
134.	434a	Powerline Technician	[redacted]
135.	434a	Powerline Technician	[redacted]
136.	434a	Powerline Technician	[redacted]
137.	434a	Powerline Technician	[redacted]
138.	434a	Powerline Technician	[redacted]
139.	434a	Powerline Technician	[redacted]
140.	310t	Truck And Coach Technician	[redacted]
141.	309a	Electrician-Construction and Maintenance	[redacted]
142.	309a	Electrician-Construction and Maintenance	[redacted]
143.	309a	Electrician-Construction and Maintenance	[redacted]
144.	444B	Utility Arborist	[redacted]
145.	444B	Utility Arborist	[redacted]
146.	444B	Utility Arborist	[redacted]
147.	444B	Utility Arborist	[redacted]
148.	444B	Utility Arborist	[redacted]
149.	444B	Utility Arborist	[redacted]
150.	444B	Utility Arborist	[redacted]
151.	444B	Utility Arborist	[redacted]
152.	444B	Utility Arborist	[redacted]
153.	444B	Utility Arborist	[redacted]
154.	444B	Utility Arborist	[redacted]
155.	444B	Utility Arborist	[redacted]
156.	444B	Utility Arborist	[redacted]
157.	444B	Utility Arborist	[redacted]
158.	309a	Electrician-Construction and Maintenance	[redacted]
159.	309a	Electrician-Construction and Maintenance	[redacted]
160.	309a	Electrician-Construction and Maintenance	[redacted]
161.	309a	Electrician-Construction and Maintenance	[redacted]
162.	309a	Electrician-Construction and Maintenance	[redacted]
163.	309a	Electrician-Construction and Maintenance	[redacted]
164.	309a	Electrician-Construction and Maintenance	[redacted]
165.	309a	Electrician-Construction and Maintenance	[redacted]
166.	309a	Electrician-Construction and Maintenance	[redacted]
167.	309a	Electrician-Construction and Maintenance	[redacted]
168.	309a	Electrician-Construction and Maintenance	[redacted]
169.	309a	Electrician-Construction and Maintenance	[redacted]
170.	309a	Electrician-Construction and Maintenance	[redacted]
171.	434a	Powerline Technician	[redacted]
172.	434a	Powerline Technician	[redacted]
173.	434a	Powerline Technician	[redacted]
174.	434a	Powerline Technician	[redacted]
175.	434a	Powerline Technician	[redacted]
176.	434a	Powerline Technician	[redacted]
177.	434a	Powerline Technician	[redacted]
178.	434a	Powerline Technician	[redacted]
179.	434a	Powerline Technician	[redacted]
180.	434a	Powerline Technician	[redacted]
181.	434a	Powerline Technician	[redacted]
182.	434a	Powerline Technician	[redacted]
183.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
184.	434a	Powerline Technician	[redacted]
185.	434a	Powerline Technician	[redacted]
186.	434a	Powerline Technician	[redacted]
187.	434a	Powerline Technician	[redacted]
188.	434a	Powerline Technician	[redacted]
189.	434a	Powerline Technician	[redacted]
190.	434a	Powerline Technician	[redacted]
191.	434a	Powerline Technician	[redacted]
192.	434a	Powerline Technician	[redacted]
193.	434a	Powerline Technician	[redacted]
194.	434a	Powerline Technician	[redacted]
195.	434a	Powerline Technician	[redacted]
196.	434a	Powerline Technician	[redacted]
197.	434a	Powerline Technician	[redacted]
198.	434a	Powerline Technician	[redacted]
199.	434a	Powerline Technician	[redacted]
200.	434a	Powerline Technician	[redacted]
201.	434a	Powerline Technician	[redacted]
202.	434a	Powerline Technician	[redacted]
203.	434a	Powerline Technician	[redacted]
204.	434a	Powerline Technician	[redacted]
205.	434a	Powerline Technician	[redacted]
206.	434a	Powerline Technician	[redacted]
207.	434a	Powerline Technician	[redacted]
208.	434a	Powerline Technician	[redacted]
209.	434a	Powerline Technician	[redacted]
210.	434a	Powerline Technician	[redacted]
211.	434a	Powerline Technician	[redacted]
212.	434a	Powerline Technician	[redacted]
213.	434a	Powerline Technician	[redacted]
214.	434a	Powerline Technician	[redacted]
215.	434a	Powerline Technician	[redacted]
216.	434a	Powerline Technician	[redacted]
217.	434a	Powerline Technician	[redacted]
218.	434a	Powerline Technician	[redacted]
219.	434a	Powerline Technician	[redacted]
220.	434a	Powerline Technician	[redacted]
221.	434a	Powerline Technician	[redacted]
222.	434a	Powerline Technician	[redacted]
223.	434a	Powerline Technician	[redacted]
224.	434a	Powerline Technician	[redacted]
225.	434a	Powerline Technician	[redacted]
226.	434a	Powerline Technician	[redacted]
227.	434a	Powerline Technician	[redacted]
228.	434a	Powerline Technician	[redacted]
229.	434a	Powerline Technician	[redacted]
230.	434a	Powerline Technician	[redacted]
231.	434a	Powerline Technician	[redacted]
232.	434a	Powerline Technician	[redacted]
233.	434a	Powerline Technician	[redacted]
234.	434a	Powerline Technician	[redacted]
235.	444B	Utility Arborist	[redacted]
236.	444B	Utility Arborist	[redacted]
237.	444B	Utility Arborist	[redacted]
238.	444B	Utility Arborist	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
239.	444B	Utility Arborist	[redacted]
240.	444B	Utility Arborist	[redacted]
241.	444B	Utility Arborist	[redacted]
242.	444B	Utility Arborist	[redacted]
243.	444B	Utility Arborist	[redacted]
244.	444B	Utility Arborist	[redacted]
245.	444B	Utility Arborist	[redacted]
246.	434a	Powerline Technician	[redacted]
247.	434a	Powerline Technician	[redacted]
248.	434a	Powerline Technician	[redacted]
249.	434a	Powerline Technician	[redacted]
250.	434a	Powerline Technician	[redacted]
251.	434a	Powerline Technician	[redacted]
252.	434a	Powerline Technician	[redacted]
253.	434a	Powerline Technician	[redacted]
254.	434a	Powerline Technician	[redacted]
255.	434a	Powerline Technician	[redacted]
256.	434a	Powerline Technician	[redacted]
257.	434a	Powerline Technician	[redacted]
258.	434a	Powerline Technician	[redacted]
259.	434a	Powerline Technician	[redacted]
260.	434a	Powerline Technician	[redacted]
261.	434a	Powerline Technician	[redacted]
262.	309a	Electrician-Construction and Maintenance	[redacted]
263.	309a	Electrician-Construction and Maintenance	[redacted]
264.	309a	Electrician-Construction and Maintenance	[redacted]
265.	309a	Electrician-Construction and Maintenance	[redacted]
266.	309a	Electrician-Construction and Maintenance	[redacted]
267.	309a	Electrician-Construction and Maintenance	[redacted]
268.	309a	Electrician-Construction and Maintenance	[redacted]
269.	309a	Electrician-Construction and Maintenance	[redacted]
270.	309a	Electrician-Construction and Maintenance	[redacted]
271.	309a	Electrician-Construction and Maintenance	[redacted]
272.	434a	Powerline Technician	[redacted]
273.	434a	Powerline Technician	[redacted]
274.	434a	Powerline Technician	[redacted]
275.	434a	Powerline Technician	[redacted]
276.	434a	Powerline Technician	[redacted]
277.	309a	Electrician-Construction and Maintenance	[redacted]
278.	309a	Electrician-Construction and Maintenance	[redacted]
279.	309a	Electrician-Construction and Maintenance	[redacted]
280.	309a	Electrician-Construction and Maintenance	[redacted]
281.	309a	Electrician-Construction and Maintenance	[redacted]
282.	309a	Electrician-Construction and Maintenance	[redacted]
283.	309a	Electrician-Construction and Maintenance	[redacted]
284.	309a	Electrician-Construction and Maintenance	[redacted]
285.	309a	Electrician-Construction and Maintenance	[redacted]
286.	309a	Electrician-Construction and Maintenance	[redacted]
287.	309a	Electrician-Construction and Maintenance	[redacted]
288.	309a	Electrician-Construction and Maintenance	[redacted]
289.	309a	Electrician-Construction and Maintenance	[redacted]
290.	309a	Electrician-Construction and Maintenance	[redacted]
291.	434a	Powerline Technician	[redacted]
292.	434a	Powerline Technician	[redacted]
293.	433a	Industrial Mechanic (Millwright)	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
294.	433a	Industrial Mechanic (Millwright)	[redacted]
295.	433a	Industrial Mechanic (Millwright)	[redacted]
296.	433a	Industrial Mechanic (Millwright)	[redacted]
297.	309a	Electrician-Construction and Maintenance	[redacted]
298.	309a	Electrician-Construction and Maintenance	[redacted]
299.	309a	Electrician-Construction and Maintenance	[redacted]
300.	444B	Utility Arborist	[redacted]
301.	444B	Utility Arborist	[redacted]
302.	444B	Utility Arborist	[redacted]
303.	444B	Utility Arborist	[redacted]
304.	444B	Utility Arborist	[redacted]
305.	444B	Utility Arborist	[redacted]
306.	444B	Utility Arborist	[redacted]
307.	444B	Utility Arborist	[redacted]
308.	309a	Electrician-Construction and Maintenance	[redacted]
309.	309a	Electrician-Construction and Maintenance	[redacted]
310.	309a	Electrician-Construction and Maintenance	[redacted]
311.	434a	Powerline Technician	[redacted]
312.	434a	Powerline Technician	[redacted]
313.	434a	Powerline Technician	[redacted]
314.	434a	Powerline Technician	[redacted]
315.	434a	Powerline Technician	[redacted]
316.	434a	Powerline Technician	[redacted]
317.	434a	Powerline Technician	[redacted]
318.	434a	Powerline Technician	[redacted]
319.	434a	Powerline Technician	[redacted]
320.	434a	Powerline Technician	[redacted]
321.	434a	Powerline Technician	[redacted]
322.	434a	Powerline Technician	[redacted]
323.	434a	Powerline Technician	[redacted]
324.	434a	Powerline Technician	[redacted]
325.	434a	Powerline Technician	[redacted]
326.	434a	Powerline Technician	[redacted]
327.	434a	Powerline Technician	[redacted]
328.	434a	Powerline Technician	[redacted]
329.	434a	Powerline Technician	[redacted]
330.	434a	Powerline Technician	[redacted]
331.	434a	Powerline Technician	[redacted]
332.	434a	Powerline Technician	[redacted]
333.	434a	Powerline Technician	[redacted]
334.	434a	Powerline Technician	[redacted]
335.	434a	Powerline Technician	[redacted]
336.	434a	Powerline Technician	[redacted]
337.	309a	Electrician-Construction and Maintenance	[redacted]
338.	309a	Electrician-Construction and Maintenance	[redacted]
339.	403a	General Carpenter	[redacted]
340.	403a	General Carpenter	[redacted]
341.	444B	Utility Arborist	[redacted]
342.	444B	Utility Arborist	[redacted]
343.	444B	Utility Arborist	[redacted]
344.	444B	Utility Arborist	[redacted]
345.	444B	Utility Arborist	[redacted]
346.	444B	Utility Arborist	[redacted]
347.	444B	Utility Arborist	[redacted]
348.	444B	Utility Arborist	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
349.	444B	Utility Arborist	[redacted]
350.	444B	Utility Arborist	
351.	444B	Utility Arborist	
352.	444B	Utility Arborist	
353.	444B	Utility Arborist	
354.	309a	Electrician-Construction and Maintenance	
355.	309a	Electrician-Construction and Maintenance	
356.	309a	Electrician-Construction and Maintenance	
357.	309a	Electrician-Construction and Maintenance	
358.	309a	Electrician-Construction and Maintenance	
359.	434a	Powerline Technician	
360.	309a	Electrician-Construction and Maintenance	
361.	309a	Electrician-Construction and Maintenance	
362.	309a	Electrician-Construction and Maintenance	
363.	309a	Electrician-Construction and Maintenance	
364.	309a	Electrician-Construction and Maintenance	
365.	309a	Electrician-Construction and Maintenance	
366.	309a	Electrician-Construction and Maintenance	
367.	403a	General Carpenter	
368.	310t	Truck And Coach Technician	
369.	310t	Truck And Coach Technician	
370.	310t	Truck And Coach Technician	
371.	310t	Truck And Coach Technician	
372.	310t	Truck And Coach Technician	
373.	310t	Truck And Coach Technician	
374.	310t	Truck And Coach Technician	
375.	434a	Powerline Technician	
376.	434a	Powerline Technician	
377.	434a	Powerline Technician	
378.	434a	Powerline Technician	
379.	434a	Powerline Technician	
380.	434a	Powerline Technician	
381.	434a	Powerline Technician	
382.	434a	Powerline Technician	
383.	434a	Powerline Technician	
384.	434a	Powerline Technician	
385.	434a	Powerline Technician	
386.	434a	Powerline Technician	
387.	434a	Powerline Technician	
388.	434a	Powerline Technician	
389.	434a	Powerline Technician	
390.	309a	Electrician-Construction and Maintenance	
391.	309a	Electrician-Construction and Maintenance	
392.	403a	General Carpenter	
393.	309a	Electrician-Construction and Maintenance	
394.	309a	Electrician-Construction and Maintenance	
395.	434a	Powerline Technician	
396.	434a	Powerline Technician	
397.	434a	Powerline Technician	
398.	434a	Powerline Technician	
399.	434a	Powerline Technician	
400.	434a	Powerline Technician	
401.	434a	Powerline Technician	
402.	434a	Powerline Technician	
403.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
404.	434a	Powerline Technician	[redacted]
405.	434a	Powerline Technician	[redacted]
406.	434a	Powerline Technician	[redacted]
407.	434a	Powerline Technician	[redacted]
408.	434a	Powerline Technician	[redacted]
409.	434a	Powerline Technician	[redacted]
410.	434a	Powerline Technician	[redacted]
411.	434a	Powerline Technician	[redacted]
412.	309a	Electrician-Construction and Maintenance	[redacted]
413.	309a	Electrician-Construction and Maintenance	[redacted]
414.	309a	Electrician-Construction and Maintenance	[redacted]
415.	309a	Electrician-Construction and Maintenance	[redacted]
416.	309a	Electrician-Construction and Maintenance	[redacted]
417.	309a	Electrician-Construction and Maintenance	[redacted]
418.	434a	Powerline Technician	[redacted]
419.	434a	Powerline Technician	[redacted]
420.	434a	Powerline Technician	[redacted]
421.	434a	Powerline Technician	[redacted]
422.	434a	Powerline Technician	[redacted]
423.	434a	Powerline Technician	[redacted]
424.	434a	Powerline Technician	[redacted]
425.	434a	Powerline Technician	[redacted]
426.	434a	Powerline Technician	[redacted]
427.	434a	Powerline Technician	[redacted]
428.	434a	Powerline Technician	[redacted]
429.	434a	Powerline Technician	[redacted]
430.	434a	Powerline Technician	[redacted]
431.	434a	Powerline Technician	[redacted]
432.	434a	Powerline Technician	[redacted]
433.	434a	Powerline Technician	[redacted]
434.	434a	Powerline Technician	[redacted]
435.	434a	Powerline Technician	[redacted]
436.	434a	Powerline Technician	[redacted]
437.	444B	Utility Arborist	[redacted]
438.	444B	Utility Arborist	[redacted]
439.	444B	Utility Arborist	[redacted]
440.	444B	Utility Arborist	[redacted]
441.	444B	Utility Arborist	[redacted]
442.	444B	Utility Arborist	[redacted]
443.	444B	Utility Arborist	[redacted]
444.	444B	Utility Arborist	[redacted]
445.	444B	Utility Arborist	[redacted]
446.	444B	Utility Arborist	[redacted]
447.	444B	Utility Arborist	[redacted]
448.	444B	Utility Arborist	[redacted]
449.	309a	Electrician-Construction and Maintenance	[redacted]
450.	309a	Electrician-Construction and Maintenance	[redacted]
451.	434a	Powerline Technician	[redacted]
452.	434a	Powerline Technician	[redacted]
453.	309a	Electrician-Construction and Maintenance	[redacted]
454.	309a	Electrician-Construction and Maintenance	[redacted]
455.	309a	Electrician-Construction and Maintenance	[redacted]
456.	309a	Electrician-Construction and Maintenance	[redacted]
457.	309a	Electrician-Construction and Maintenance	[redacted]
458.	309a	Electrician-Construction and Maintenance	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice
459.	434a	Powerline Technician	[redacted]
460.	434a	Powerline Technician	[redacted]
461.	434a	Powerline Technician	[redacted]
462.	434a	Powerline Technician	[redacted]
463.	434a	Powerline Technician	[redacted]
464.	434a	Powerline Technician	[redacted]
465.	434a	Powerline Technician	[redacted]
466.	434a	Powerline Technician	[redacted]
467.	434a	Powerline Technician	[redacted]
468.	434a	Powerline Technician	[redacted]
469.	434a	Powerline Technician	[redacted]
470.	434a	Powerline Technician	[redacted]
471.	434a	Powerline Technician	[redacted]
472.	309a	Electrician-Construction and Maintenance	[redacted]
473.	444B	Utility Arborist	[redacted]
474.	444B	Utility Arborist	[redacted]
475.	444B	Utility Arborist	[redacted]
476.	444B	Utility Arborist	[redacted]
477.	444B	Utility Arborist	[redacted]
478.	444B	Utility Arborist	[redacted]
479.	444B	Utility Arborist	[redacted]
480.	444B	Utility Arborist	[redacted]
481.	444B	Utility Arborist	[redacted]
482.	444B	Utility Arborist	[redacted]
483.	444B	Utility Arborist	[redacted]
484.	444B	Utility Arborist	[redacted]
485.	434a	Powerline Technician	[redacted]
486.	434a	Powerline Technician	[redacted]
487.	434a	Powerline Technician	[redacted]
488.	434a	Powerline Technician	[redacted]
489.	434a	Powerline Technician	[redacted]
490.	434a	Powerline Technician	[redacted]
491.	434a	Powerline Technician	[redacted]
492.	434a	Powerline Technician	[redacted]
493.	434a	Powerline Technician	[redacted]
494.	434a	Powerline Technician	[redacted]
495.	434a	Powerline Technician	[redacted]
496.	434a	Powerline Technician	[redacted]
497.	434a	Powerline Technician	[redacted]
498.	434a	Powerline Technician	[redacted]
499.	434a	Powerline Technician	[redacted]
500.	434a	Powerline Technician	[redacted]
501.	434a	Powerline Technician	[redacted]
502.	309a	Electrician-Construction and Maintenance	[redacted]
503.	309a	Electrician-Construction and Maintenance	[redacted]
504.	309a	Electrician-Construction and Maintenance	[redacted]
505.	434a	Powerline Technician	[redacted]
506.	434a	Powerline Technician	[redacted]
507.	434a	Powerline Technician	[redacted]
508.	434a	Powerline Technician	[redacted]
509.	434a	Powerline Technician	[redacted]
510.	434a	Powerline Technician	[redacted]
511.	434a	Powerline Technician	[redacted]
512.	434a	Powerline Technician	[redacted]
513.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
514.	434a	Powerline Technician	[redacted]
515.	434a	Powerline Technician	
516.	434a	Powerline Technician	
517.	434a	Powerline Technician	
518.	434a	Powerline Technician	
519.	434a	Powerline Technician	
520.	434a	Powerline Technician	
521.	444B	Utility Arborist	
522.	444B	Utility Arborist	
523.	444B	Utility Arborist	
524.	444B	Utility Arborist	
525.	444B	Utility Arborist	
526.	444B	Utility Arborist	
527.	444B	Utility Arborist	
528.	444B	Utility Arborist	
529.	444B	Utility Arborist	
530.	444B	Utility Arborist	
531.	444B	Utility Arborist	
532.	444B	Utility Arborist	
533.	309a	Electrician-Construction and Maintenance	
534.	309a	Electrician-Construction and Maintenance	
535.	309a	Electrician-Construction and Maintenance	
536.	309a	Electrician-Construction and Maintenance	
537.	309a	Electrician-Construction and Maintenance	
538.	309a	Electrician-Construction and Maintenance	
539.	309a	Electrician-Construction and Maintenance	
540.	309a	Electrician-Construction and Maintenance	
541.	309a	Electrician-Construction and Maintenance	
542.	309a	Electrician-Construction and Maintenance	
543.	309a	Electrician-Construction and Maintenance	
544.	309a	Electrician-Construction and Maintenance	
545.	309a	Electrician-Construction and Maintenance	
546.	309a	Electrician-Construction and Maintenance	
547.	309a	Electrician-Construction and Maintenance	
548.	309a	Electrician-Construction and Maintenance	
549.	309a	Electrician-Construction and Maintenance	
550.	444B	Utility Arborist	
551.	444B	Utility Arborist	
552.	444B	Utility Arborist	
553.	444B	Utility Arborist	
554.	444B	Utility Arborist	
555.	444B	Utility Arborist	
556.	444B	Utility Arborist	
557.	444B	Utility Arborist	
558.	444B	Utility Arborist	
559.	444B	Utility Arborist	
560.	444B	Utility Arborist	
561.	444B	Utility Arborist	
562.	309a	Electrician-Construction and Maintenance	
563.	309a	Electrician-Construction and Maintenance	
564.	309a	Electrician-Construction and Maintenance	
565.	309a	Electrician-Construction and Maintenance	
566.	309a	Electrician-Construction and Maintenance	
567.	309a	Electrician-Construction and Maintenance	
568.	309a	Electrician-Construction and Maintenance	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
569.	434a	Powerline Technician	[redacted]
570.	434a	Powerline Technician	[redacted]
571.	434a	Powerline Technician	[redacted]
572.	434a	Powerline Technician	[redacted]
573.	434a	Powerline Technician	[redacted]
574.	434a	Powerline Technician	[redacted]
575.	434a	Powerline Technician	[redacted]
576.	434a	Powerline Technician	[redacted]
577.	434a	Powerline Technician	[redacted]
578.	434a	Powerline Technician	[redacted]
579.	434a	Powerline Technician	[redacted]
580.	309a	Electrician-Construction and Maintenance	[redacted]
581.	309a	Electrician-Construction and Maintenance	[redacted]
582.	309a	Electrician-Construction and Maintenance	[redacted]
583.	309a	Electrician-Construction and Maintenance	[redacted]
584.	309a	Electrician-Construction and Maintenance	[redacted]
585.	309a	Electrician-Construction and Maintenance	[redacted]
586.	309a	Electrician-Construction and Maintenance	[redacted]
587.	309a	Electrician-Construction and Maintenance	[redacted]
588.	309a	Electrician-Construction and Maintenance	[redacted]
589.	309a	Electrician-Construction and Maintenance	[redacted]
590.	434a	Powerline Technician	[redacted]
591.	434a	Powerline Technician	[redacted]
592.	434a	Powerline Technician	[redacted]
593.	434a	Powerline Technician	[redacted]
594.	434a	Powerline Technician	[redacted]
595.	434a	Powerline Technician	[redacted]
596.	434a	Powerline Technician	[redacted]
597.	434a	Powerline Technician	[redacted]
598.	434a	Powerline Technician	[redacted]
599.	434a	Powerline Technician	[redacted]
600.	434a	Powerline Technician	[redacted]
601.	434a	Powerline Technician	[redacted]
602.	434a	Powerline Technician	[redacted]
603.	434a	Powerline Technician	[redacted]
604.	434a	Powerline Technician	[redacted]
605.	434a	Powerline Technician	[redacted]
606.	434a	Powerline Technician	[redacted]
607.	434a	Powerline Technician	[redacted]
608.	434a	Powerline Technician	[redacted]
609.	310t	Truck And Coach Technician	[redacted]
610.	310t	Truck And Coach Technician	[redacted]
611.	310t	Truck And Coach Technician	[redacted]
612.	310t	Truck And Coach Technician	[redacted]
613.	310t	Truck And Coach Technician	[redacted]
614.	434a	Powerline Technician	[redacted]
615.	434a	Powerline Technician	[redacted]
616.	434a	Powerline Technician	[redacted]
617.	434a	Powerline Technician	[redacted]
618.	434a	Powerline Technician	[redacted]
619.	434a	Powerline Technician	[redacted]
620.	434a	Powerline Technician	[redacted]
621.	434a	Powerline Technician	[redacted]
622.	434a	Powerline Technician	[redacted]
623.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
624.	434a	Powerline Technician	[redacted]
625.	434a	Powerline Technician	[redacted]
626.	434a	Powerline Technician	[redacted]
627.	434a	Powerline Technician	[redacted]
628.	434a	Powerline Technician	[redacted]
629.	434a	Powerline Technician	[redacted]
630.	403a	General Carpenter	[redacted]
631.	309a	Electrician-Construction and Maintenance	[redacted]
632.	309a	Electrician-Construction and Maintenance	[redacted]
633.	309a	Electrician-Construction and Maintenance	[redacted]
634.	309a	Electrician-Construction and Maintenance	[redacted]
635.	309a	Electrician-Construction and Maintenance	[redacted]
636.	403a	General Carpenter	[redacted]
637.	434a	Powerline Technician	[redacted]
638.	434a	Powerline Technician	[redacted]
639.	434a	Powerline Technician	[redacted]
640.	434a	Powerline Technician	[redacted]
641.	434a	Powerline Technician	[redacted]
642.	434a	Powerline Technician	[redacted]
643.	434a	Powerline Technician	[redacted]
644.	434a	Powerline Technician	[redacted]
645.	434a	Powerline Technician	[redacted]
646.	434a	Powerline Technician	[redacted]
647.	434a	Powerline Technician	[redacted]
648.	434a	Powerline Technician	[redacted]
649.	434a	Powerline Technician	[redacted]
650.	434a	Powerline Technician	[redacted]
651.	434a	Powerline Technician	[redacted]
652.	434a	Powerline Technician	[redacted]
653.	403a	General Carpenter	[redacted]
654.	444B	Utility Arborist	[redacted]
655.	444B	Utility Arborist	[redacted]
656.	444B	Utility Arborist	[redacted]
657.	444B	Utility Arborist	[redacted]
658.	444B	Utility Arborist	[redacted]
659.	444B	Utility Arborist	[redacted]
660.	444B	Utility Arborist	[redacted]
661.	444B	Utility Arborist	[redacted]
662.	444B	Utility Arborist	[redacted]
663.	444B	Utility Arborist	[redacted]
664.	444B	Utility Arborist	[redacted]
665.	444B	Utility Arborist	[redacted]
666.	444B	Utility Arborist	[redacted]
667.	444B	Utility Arborist	[redacted]
668.	444B	Utility Arborist	[redacted]
669.	444B	Utility Arborist	[redacted]
670.	444B	Utility Arborist	[redacted]
671.	444B	Utility Arborist	[redacted]
672.	444B	Utility Arborist	[redacted]
673.	444B	Utility Arborist	[redacted]
674.	444B	Utility Arborist	[redacted]
675.	444B	Utility Arborist	[redacted]
676.	444B	Utility Arborist	[redacted]
677.	434a	Powerline Technician	[redacted]
678.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
679.	434a	Powerline Technician	[redacted]
680.	434a	Powerline Technician	[redacted]
681.	434a	Powerline Technician	[redacted]
682.	434a	Powerline Technician	[redacted]
683.	434a	Powerline Technician	[redacted]
684.	434a	Powerline Technician	[redacted]
685.	434a	Powerline Technician	[redacted]
686.	434a	Powerline Technician	[redacted]
687.	434a	Powerline Technician	[redacted]
688.	434a	Powerline Technician	[redacted]
689.	434a	Powerline Technician	[redacted]
690.	434a	Powerline Technician	[redacted]
691.	434a	Powerline Technician	[redacted]
692.	434a	Powerline Technician	[redacted]
693.	434a	Powerline Technician	[redacted]
694.	434a	Powerline Technician	[redacted]
695.	434a	Powerline Technician	[redacted]
696.	434a	Powerline Technician	[redacted]
697.	434a	Powerline Technician	[redacted]
698.	434a	Powerline Technician	[redacted]
699.	434a	Powerline Technician	[redacted]
700.	434a	Powerline Technician	[redacted]
701.	434a	Powerline Technician	[redacted]
702.	434a	Powerline Technician	[redacted]
703.	434a	Powerline Technician	[redacted]
704.	434a	Powerline Technician	[redacted]
705.	434a	Powerline Technician	[redacted]
706.	434a	Powerline Technician	[redacted]
707.	434a	Powerline Technician	[redacted]
708.	434a	Powerline Technician	[redacted]
709.	434a	Powerline Technician	[redacted]
710.	309a	Electrician-Construction and Maintenance	[redacted]
711.	309a	Electrician-Construction and Maintenance	[redacted]
712.	309a	Electrician-Construction and Maintenance	[redacted]
713.	309a	Electrician-Construction and Maintenance	[redacted]
714.	309a	Electrician-Construction and Maintenance	[redacted]
715.	309a	Electrician-Construction and Maintenance	[redacted]
716.	309a	Electrician-Construction and Maintenance	[redacted]
717.	309a	Electrician-Construction and Maintenance	[redacted]
718.	309a	Electrician-Construction and Maintenance	[redacted]
719.	309a	Electrician-Construction and Maintenance	[redacted]
720.	433a	Industrial Mechanic (Millwright)	[redacted]
721.	433a	Industrial Mechanic (Millwright)	[redacted]
722.	403a	General Carpenter	[redacted]
723.	309a	Electrician-Construction and Maintenance	[redacted]
724.	309a	Electrician-Construction and Maintenance	[redacted]
725.	309a	Electrician-Construction and Maintenance	[redacted]
726.	309a	Electrician-Construction and Maintenance	[redacted]
727.	434a	Powerline Technician	[redacted]
728.	434a	Powerline Technician	[redacted]
729.	434a	Powerline Technician	[redacted]
730.	434a	Powerline Technician	[redacted]
731.	434a	Powerline Technician	[redacted]
732.	434a	Powerline Technician	[redacted]
733.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
734.	434a	Powerline Technician	[redacted]
735.	434a	Powerline Technician	
736.	434a	Powerline Technician	
737.	434a	Powerline Technician	
738.	434a	Powerline Technician	
739.	434a	Powerline Technician	
740.	434a	Powerline Technician	
741.	434a	Powerline Technician	
742.	434a	Powerline Technician	
743.	434a	Powerline Technician	
744.	309a	Electrician-Construction and Maintenance	
745.	310t	Truck And Coach Technician	
746.	310t	Truck And Coach Technician	
747.	310t	Truck And Coach Technician	
748.	310t	Truck And Coach Technician	
749.	310t	Truck And Coach Technician	
750.	310t	Truck And Coach Technician	
751.	309a	Electrician-Construction and Maintenance	
752.	434a	Powerline Technician	
753.	434a	Powerline Technician	
754.	434a	Powerline Technician	

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
[redacted]	2011-01-10	2015-01-01	2015-01-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-02-26
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-04-12	2015-01-01	2015-04-11
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-02	2015-01-01	2015-05-01
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-05-30	2015-01-01	2015-05-29
[redacted]	2011-07-14	2015-01-01	2015-07-13
[redacted]	2011-09-19	2015-01-01	2015-09-18
[redacted]	2011-11-03	2015-01-01	2015-03-24
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-01-30	2015-01-01	2015-10-31
[redacted]	2012-02-01	2015-01-01	2015-06-24
[redacted]	2012-02-06	2015-01-01	2015-10-31
[redacted]	2012-02-06	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-02-27	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-07-08
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-06
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-03-29	2015-01-01	2015-10-31
[redacted]	2012-04-12	2015-01-01	2015-03-12
[redacted]	2012-04-12	2015-01-01	2015-10-31
[redacted]	2012-04-12	2015-01-01	2015-03-11
[redacted]	2012-04-12	2015-01-01	2015-10-31
[redacted]	2012-04-12	2015-01-01	2015-10-31
[redacted]	2012-04-12	2015-01-01	2015-10-31
[redacted]	2012-04-16	2015-01-01	2015-08-25
[redacted]	2012-04-16	2015-01-01	2015-10-31
[redacted]	2012-04-16	2015-01-01	2015-10-31
[redacted]	2012-04-16	2015-01-01	2015-10-31
[redacted]	2012-04-16	2015-01-01	2015-09-25
[redacted]	2012-04-16	2015-01-01	2015-05-14
[redacted]	2012-04-16	2015-01-01	2015-08-20
[redacted]	2012-04-16	2015-01-01	2015-06-04
[redacted]	2012-04-16	2015-01-01	2015-09-10
[redacted]	2012-04-16	2015-01-01	2015-08-05
[redacted]	2012-04-16	2015-01-01	2015-05-01
[redacted]	2012-04-16	2015-01-01	2015-04-30
[redacted]	2012-04-16	2015-01-01	2015-10-31
[redacted]	2012-04-16	2015-01-01	2015-08-06
[redacted]	2012-04-16	2015-01-01	2015-09-24
[redacted]	2012-04-16	2015-01-01	2015-07-31
[redacted]	2012-04-16	2015-01-01	2015-10-31
[redacted]	2012-04-26	2015-01-01	2015-10-31
[redacted]	2012-04-26	2015-01-01	2015-10-31
[redacted]	2012-04-26	2015-01-01	2015-08-05
[redacted]	2012-04-26	2015-01-01	2015-10-31
[redacted]	2012-04-26	2015-01-01	2015-10-31
[redacted]	2012-04-26	2015-01-01	2015-01-08
[redacted]	2012-04-30	2015-01-01	2015-05-05
[redacted]	2012-05-28	2015-01-01	2015-10-31
[redacted]	2012-05-28	2015-01-01	2015-10-31
[redacted]	2012-05-28	2015-01-01	2015-10-31
[redacted]	2012-05-28	2015-01-01	2015-10-31
[redacted]	2012-05-28	2015-01-01	2015-10-31
[redacted]	2012-05-28	2015-01-01	2015-10-31
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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[redacted]	2011-03-28	2015-01-01	2015-03-27

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
1.		9		9	247
2.		68		68	1,863
3.		68		68	1,863
4.		68		68	1,863
5.		68		68	1,863
6.		68		68	1,863
7.		86		86	2,356
8.		86		86	2,356
9.		57		57	1,562
10.		86		86	2,356
11.		86		86	2,356
12.		86		86	2,356
13.		86		86	2,356
14.		86		86	2,356
15.		86		86	2,356
16.		86		86	2,356
17.		86		86	2,356
18.		86		86	2,356
19.		86		86	2,356
20.		101		101	2,767
21.		121		121	3,315
22.		121		121	3,315
23.		121		121	3,315
24.		121		121	3,315
25.		121		121	3,315
26.		121		121	3,315
27.		121		121	3,315
28.		121		121	3,315
29.		121		121	3,315
30.		121		121	3,315
31.		121		121	3,315
32.		121		121	3,315
33.		121		121	3,315
34.		121		121	3,315
35.		149		149	4,082
36.		149		149	4,082
37.		149		149	4,082
38.		149		149	4,082
39.		149		149	4,082
40.		149		149	4,082
41.		149		149	4,082
42.		149		149	4,082
43.		149		149	4,082
44.		149		149	4,082
45.		149		149	4,082
46.		149		149	4,082
47.		194		194	5,315
48.		261		261	7,151
49.		83		83	2,274
50.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
51.		304		304	8,329
52.		304		304	8,329
53.		304		304	8,329
54.		304		304	8,329
55.		304		304	8,329
56.		304		304	8,329
57.		304		304	8,329
58.		304		304	8,329
59.		304		304	8,329
60.		304		304	8,329
61.		304		304	8,329
62.		304		304	8,329
63.		304		304	8,329
64.		304		304	8,329
65.		304		304	8,329
66.		175		175	4,795
67.		304		304	8,329
68.		304		304	8,329
69.		304		304	8,329
70.		304		304	8,329
71.		304		304	8,329
72.		304		304	8,329
73.		304		304	8,329
74.		304		304	8,329
75.		304		304	8,329
76.		304		304	8,329
77.		304		304	8,329
78.		304		304	8,329
79.		304		304	8,329
80.		304		304	8,329
81.		304		304	8,329
82.		304		304	8,329
83.		304		304	8,329
84.		304		304	8,329
85.		304		304	8,329
86.		304		304	8,329
87.		304		304	8,329
88.		304		304	8,329
89.		189		189	5,178
90.		304		304	8,329
91.		304		304	8,329
92.		279		279	7,644
93.		304		304	8,329
94.		304		304	8,329
95.		304		304	8,329
96.		71		71	1,945
97.		304		304	8,329
98.		70		70	1,918
99.		304		304	8,329
100.		304		304	8,329
101.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
102.		237		237	6,493
103.		304		304	8,329
104.		304		304	8,329
105.		304		304	8,329
106.		268		268	7,342
107.		134		134	3,671
108.		232		232	6,356
109.		155		155	4,247
110.		253		253	6,932
111.		217		217	5,945
112.		121		121	3,315
113.		120		120	3,288
114.		304		304	8,329
115.		218		218	5,973
116.		267		267	7,315
117.		212		212	5,808
118.		304		304	8,329
119.		304		304	8,329
120.		304		304	8,329
121.		217		217	5,945
122.		304		304	8,329
123.		304		304	8,329
124.		8		8	219
125.		125		125	3,425
126.		304		304	8,329
127.		304		304	8,329
128.		304		304	8,329
129.		304		304	8,329
130.		304		304	8,329
131.		304		304	8,329
132.		304		304	8,329
133.		304		304	8,329
134.		304		304	8,329
135.		304		304	8,329
136.		304		304	8,329
137.		304		304	8,329
138.		304		304	8,329
139.		304		304	8,329
140.		304		304	8,329
141.		304		304	8,329
142.		304		304	8,329
143.		304		304	8,329
144.		289		289	7,918
145.		301		301	8,247
146.		304		304	8,329
147.		238		238	6,521
148.		304		304	8,329
149.		278		278	7,616
150.		229		229	6,274
151.		304		304	8,329
152.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
153.		304		304	8,329
154.		304		304	8,329
155.		236		236	6,466
156.		304		304	8,329
157.		131		131	3,589
158.		304		304	8,329
159.		203		203	5,562
160.		304		304	8,329
161.		304		304	8,329
162.		304		304	8,329
163.		304		304	8,329
164.		22		22	603
165.		304		304	8,329
166.		304		304	8,329
167.		304		304	8,329
168.		304		304	8,329
169.		304		304	8,329
170.		304		304	8,329
171.		304		304	8,329
172.		304		304	8,329
173.		304		304	8,329
174.		304		304	8,329
175.		304		304	8,329
176.		304		304	8,329
177.		304		304	8,329
178.		304		304	8,329
179.		304		304	8,329
180.		304		304	8,329
181.		304		304	8,329
182.		304		304	8,329
183.		304		304	8,329
184.		304		304	8,329
185.		304		304	8,329
186.		304		304	8,329
187.		304		304	8,329
188.		304		304	8,329
189.		304		304	8,329
190.		304		304	8,329
191.		304		304	8,329
192.		304		304	8,329
193.		304		304	8,329
194.		304		304	8,329
195.		304		304	8,329
196.		304		304	8,329
197.		304		304	8,329
198.		304		304	8,329
199.		304		304	8,329
200.		304		304	8,329
201.		304		304	8,329
202.		304		304	8,329
203.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
204.		304		304	8,329
205.		304		304	8,329
206.		304		304	8,329
207.		304		304	8,329
208.		304		304	8,329
209.		304		304	8,329
210.		304		304	8,329
211.		304		304	8,329
212.		304		304	8,329
213.		304		304	8,329
214.		188		188	5,151
215.		304		304	8,329
216.		304		304	8,329
217.		304		304	8,329
218.		304		304	8,329
219.		304		304	8,329
220.		304		304	8,329
221.		304		304	8,329
222.		304		304	8,329
223.		304		304	8,329
224.		304		304	8,329
225.		304		304	8,329
226.		304		304	8,329
227.		304		304	8,329
228.		304		304	8,329
229.		304		304	8,329
230.		304		304	8,329
231.		304		304	8,329
232.		304		304	8,329
233.		304		304	8,329
234.		304		304	8,329
235.		304		304	8,329
236.		304		304	8,329
237.		304		304	8,329
238.		304		304	8,329
239.		304		304	8,329
240.		304		304	8,329
241.		304		304	8,329
242.		304		304	8,329
243.		304		304	8,329
244.		304		304	8,329
245.		304		304	8,329
246.		304		304	8,329
247.		304		304	8,329
248.		304		304	8,329
249.		304		304	8,329
250.		304		304	8,329
251.		304		304	8,329
252.		304		304	8,329
253.		304		304	8,329
254.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
255.		304		304	8,329
256.		304		304	8,329
257.		304		304	8,329
258.		304		304	8,329
259.		304		304	8,329
260.		304		304	8,329
261.		304		304	8,329
262.		304		304	8,329
263.		304		304	8,329
264.		304		304	8,329
265.		304		304	8,329
266.		304		304	8,329
267.		304		304	8,329
268.		304		304	8,329
269.		304		304	8,329
270.		304		304	8,329
271.		304		304	8,329
272.		304		304	8,329
273.		304		304	8,329
274.		304		304	8,329
275.		304		304	8,329
276.		161		161	4,411
277.		304		304	8,329
278.		304		304	8,329
279.		304		304	8,329
280.		304		304	8,329
281.		304		304	8,329
282.		304		304	8,329
283.		304		304	8,329
284.		304		304	8,329
285.		304		304	8,329
286.		304		304	8,329
287.		304		304	8,329
288.		304		304	8,329
289.		304		304	8,329
290.		304		304	8,329
291.		304		304	8,329
292.		304		304	8,329
293.		304		304	8,329
294.		304		304	8,329
295.		304		304	8,329
296.		304		304	8,329
297.		304		304	8,329
298.		304		304	8,329
299.		304		304	8,329
300.		304		304	8,329
301.		304		304	8,329
302.		304		304	8,329
303.		304		304	8,329
304.		304		304	8,329
305.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
306.		304		304	8,329
307.		304		304	8,329
308.		304		304	8,329
309.		304		304	8,329
310.		304		304	8,329
311.		237		237	6,493
312.		304		304	8,329
313.		304		304	8,329
314.		304		304	8,329
315.		304		304	8,329
316.		304		304	8,329
317.		304		304	8,329
318.		304		304	8,329
319.		304		304	8,329
320.		304		304	8,329
321.		304		304	8,329
322.		304		304	8,329
323.		304		304	8,329
324.		304		304	8,329
325.		304		304	8,329
326.		304		304	8,329
327.		304		304	8,329
328.		304		304	8,329
329.		304		304	8,329
330.		28		28	767
331.		304		304	8,329
332.		304		304	8,329
333.		304		304	8,329
334.		304		304	8,329
335.		304		304	8,329
336.		304		304	8,329
337.		304		304	8,329
338.		304		304	8,329
339.		304		304	8,329
340.		304		304	8,329
341.		304		304	8,329
342.		304		304	8,329
343.		304		304	8,329
344.		304		304	8,329
345.		304		304	8,329
346.		304		304	8,329
347.		304		304	8,329
348.		304		304	8,329
349.		304		304	8,329
350.		304		304	8,329
351.		304		304	8,329
352.		304		304	8,329
353.		304		304	8,329
354.		304		304	8,329
355.		304		304	8,329
356.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
357.		304		304	8,329
358.		304		304	8,329
359.		304		304	8,329
360.		304		304	8,329
361.		304		304	8,329
362.		304		304	8,329
363.		304		304	8,329
364.		304		304	8,329
365.		304		304	8,329
366.		304		304	8,329
367.		304		304	8,329
368.		304		304	8,329
369.		304		304	8,329
370.		304		304	8,329
371.		304		304	8,329
372.		304		304	8,329
373.		304		304	8,329
374.		304		304	8,329
375.		49		49	1,342
376.		304		304	8,329
377.		304		304	8,329
378.		304		304	8,329
379.		304		304	8,329
380.		304		304	8,329
381.		304		304	8,329
382.		304		304	8,329
383.		304		304	8,329
384.		304		304	8,329
385.		304		304	8,329
386.		304		304	8,329
387.		304		304	8,329
388.		304		304	8,329
389.		304		304	8,329
390.		304		304	8,329
391.		304		304	8,329
392.		304		304	8,329
393.		304		304	8,329
394.		304		304	8,329
395.		304		304	8,329
396.		304		304	8,329
397.		304		304	8,329
398.		304		304	8,329
399.		304		304	8,329
400.		304		304	8,329
401.		304		304	8,329
402.		304		304	8,329
403.		304		304	8,329
404.		304		304	8,329
405.		304		304	8,329
406.		304		304	8,329
407.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
408.		304		304	8,329
409.		304		304	8,329
410.		304		304	8,329
411.		304		304	8,329
412.		304		304	8,329
413.		304		304	8,329
414.		304		304	8,329
415.		304		304	8,329
416.		304		304	8,329
417.		304		304	8,329
418.		304		304	8,329
419.		304		304	8,329
420.		304		304	8,329
421.		98		98	2,685
422.		304		304	8,329
423.		304		304	8,329
424.		304		304	8,329
425.		304		304	8,329
426.		304		304	8,329
427.		304		304	8,329
428.		304		304	8,329
429.		304		304	8,329
430.		304		304	8,329
431.		304		304	8,329
432.		304		304	8,329
433.		304		304	8,329
434.		304		304	8,329
435.		304		304	8,329
436.		304		304	8,329
437.		304		304	8,329
438.		304		304	8,329
439.		304		304	8,329
440.		304		304	8,329
441.		304		304	8,329
442.		304		304	8,329
443.		304		304	8,329
444.		304		304	8,329
445.		304		304	8,329
446.		304		304	8,329
447.		304		304	8,329
448.		304		304	8,329
449.		304		304	8,329
450.		304		304	8,329
451.		237		237	6,493
452.		237		237	6,493
453.		304		304	8,329
454.		304		304	8,329
455.		304		304	8,329
456.		304		304	8,329
457.		260		260	7,123
458.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
459.		119		119	3,260
460.		304		304	8,329
461.		304		304	8,329
462.		304		304	8,329
463.		304		304	8,329
464.		304		304	8,329
465.		304		304	8,329
466.		304		304	8,329
467.		304		304	8,329
468.		304		304	8,329
469.		304		304	8,329
470.		304		304	8,329
471.		304		304	8,329
472.		304		304	8,329
473.		304		304	8,329
474.		304		304	8,329
475.		304		304	8,329
476.		304		304	8,329
477.		304		304	8,329
478.		304		304	8,329
479.		304		304	8,329
480.		304		304	8,329
481.		304		304	8,329
482.		304		304	8,329
483.		304		304	8,329
484.		304		304	8,329
485.		304		304	8,329
486.		304		304	8,329
487.		304		304	8,329
488.		304		304	8,329
489.		304		304	8,329
490.		304		304	8,329
491.		304		304	8,329
492.		304		304	8,329
493.		304		304	8,329
494.		304		304	8,329
495.		304		304	8,329
496.		304		304	8,329
497.		304		304	8,329
498.		304		304	8,329
499.		304		304	8,329
500.		304		304	8,329
501.		304		304	8,329
502.		304		304	8,329
503.		304		304	8,329
504.		304		304	8,329
505.		304		304	8,329
506.		304		304	8,329
507.		304		304	8,329
508.		304		304	8,329
509.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
510.		304		304	8,329
511.		304		304	8,329
512.		304		304	8,329
513.		304		304	8,329
514.		304		304	8,329
515.		304		304	8,329
516.		304		304	8,329
517.		304		304	8,329
518.		304		304	8,329
519.		304		304	8,329
520.		304		304	8,329
521.		17		17	466
522.		304		304	8,329
523.		304		304	8,329
524.		304		304	8,329
525.		304		304	8,329
526.		304		304	8,329
527.		304		304	8,329
528.		304		304	8,329
529.		304		304	8,329
530.		304		304	8,329
531.		304		304	8,329
532.		304		304	8,329
533.		304		304	8,329
534.		304		304	8,329
535.		304		304	8,329
536.		304		304	8,329
537.		304		304	8,329
538.		304		304	8,329
539.		304		304	8,329
540.		304		304	8,329
541.		304		304	8,329
542.		304		304	8,329
543.		304		304	8,329
544.		304		304	8,329
545.		304		304	8,329
546.		304		304	8,329
547.		304		304	8,329
548.		304		304	8,329
549.		304		304	8,329
550.		304		304	8,329
551.		304		304	8,329
552.		304		304	8,329
553.		304		304	8,329
554.		304		304	8,329
555.		304		304	8,329
556.		304		304	8,329
557.		304		304	8,329
558.		304		304	8,329
559.		304		304	8,329
560.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
561.		304		304	8,329
562.		304		304	8,329
563.		233		233	6,384
564.		304		304	8,329
565.		304		304	8,329
566.		304		304	8,329
567.		304		304	8,329
568.		304		304	8,329
569.		237		237	6,493
570.		237		237	6,493
571.		237		237	6,493
572.		237		237	6,493
573.		237		237	6,493
574.		297		297	8,137
575.		237		237	6,493
576.		237		237	6,493
577.		237		237	6,493
578.		237		237	6,493
579.		237		237	6,493
580.		304		304	8,329
581.		304		304	8,329
582.		304		304	8,329
583.		304		304	8,329
584.		304		304	8,329
585.		304		304	8,329
586.		304		304	8,329
587.		304		304	8,329
588.		304		304	8,329
589.		304		304	8,329
590.		300		300	8,219
591.		144		144	3,945
592.		300		300	8,219
593.		279		279	7,644
594.		279		279	7,644
595.		279		279	7,644
596.		279		279	7,644
597.		279		279	7,644
598.		279		279	7,644
599.		279		279	7,644
600.		279		279	7,644
601.		279		279	7,644
602.		279		279	7,644
603.		279		279	7,644
604.		279		279	7,644
605.		279		279	7,644
606.		279		279	7,644
607.		279		279	7,644
608.		279		279	7,644
609.		279		279	7,644
610.		279		279	7,644
611.		279		279	7,644

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
612.		279		279	7,644
613.		279		279	7,644
614.		251		251	6,877
615.		251		251	6,877
616.		251		251	6,877
617.		251		251	6,877
618.		251		251	6,877
619.		251		251	6,877
620.		251		251	6,877
621.		251		251	6,877
622.		251		251	6,877
623.		251		251	6,877
624.		251		251	6,877
625.		251		251	6,877
626.		251		251	6,877
627.		251		251	6,877
628.		251		251	6,877
629.		96		96	2,630
630.		237		237	6,493
631.		234		234	6,411
632.		234		234	6,411
633.		234		234	6,411
634.		234		234	6,411
635.		234		234	6,411
636.		230		230	6,301
637.		230		230	6,301
638.		230		230	6,301
639.		230		230	6,301
640.		230		230	6,301
641.		230		230	6,301
642.		230		230	6,301
643.		230		230	6,301
644.		230		230	6,301
645.		230		230	6,301
646.		230		230	6,301
647.		230		230	6,301
648.		230		230	6,301
649.		230		230	6,301
650.		230		230	6,301
651.		230		230	6,301
652.		230		230	6,301
653.		148		148	4,055
654.		202		202	5,534
655.		202		202	5,534
656.		202		202	5,534
657.		202		202	5,534
658.		202		202	5,534
659.		202		202	5,534
660.		202		202	5,534
661.		202		202	5,534
662.		202		202	5,534

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
663.		202		202	5,534
664.		202		202	5,534
665.		202		202	5,534
666.		202		202	5,534
667.		202		202	5,534
668.		202		202	5,534
669.		202		202	5,534
670.		202		202	5,534
671.		202		202	5,534
672.		202		202	5,534
673.		202		202	5,534
674.		202		202	5,534
675.		43		43	1,178
676.		44		44	1,205
677.			188		2,575
678.			188		2,575
679.			188		2,575
680.			188		2,575
681.			188		2,575
682.			188		2,575
683.			188		2,575
684.			188		2,575
685.			188		2,575
686.			188		2,575
687.			188		2,575
688.			188		2,575
689.			188		2,575
690.			188		2,575
691.			188		2,575
692.			188		2,575
693.			160		2,192
694.			160		2,192
695.			160		2,192
696.			160		2,192
697.			160		2,192
698.			160		2,192
699.			160		2,192
700.			160		2,192
701.			160		2,192
702.			160		2,192
703.			160		2,192
704.			160		2,192
705.			160		2,192
706.			160		2,192
707.			160		2,192
708.			160		2,192
709.			160		2,192
710.			153		2,096
711.			153		2,096
712.			153		2,096
713.			153		2,096

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
714.			153		2,096
715.			153		2,096
716.			153		2,096
717.			153		2,096
718.			153		2,096
719.			153		2,096
720.			153		2,096
721.			153		2,096
722.			118		1,616
723.			87		1,192
724.			87		1,192
725.			87		1,192
726.			87		1,192
727.			83		1,137
728.			83		1,137
729.			83		1,137
730.			83		1,137
731.			83		1,137
732.			83		1,137
733.			83		1,137
734.			83		1,137
735.			83		1,137
736.			83		1,137
737.			83		1,137
738.			83		1,137
739.			83		1,137
740.			83		1,137
741.			83		1,137
742.			83		1,137
743.			47		644
744.		151		151	4,137
745.		52		52	1,425
746.		269		269	7,370
747.		184		184	5,041
748.		224		224	6,137
749.		216		216	5,918
750.		277		277	7,589
751.		304		304	8,329
752.		214		214	5,863
753.		96		96	2,630
754.		86		86	2,356

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E on page 2.
For 4H: The days employed as an apprentice must be within 36 months of the registration date provided in column E on page 2.

Note 2: Maximum credit = ($10,000 × H2/365*) or ($5,000 × 4H/365*), whichever applies.
* 366 days, if the tax year includes February 29

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
1.		100,249		100,249	35,087
2.		70,997		70,997	24,849
3.		49,094		49,094	17,183
4.		72,378		72,378	25,332
5.		17,935		17,935	6,277
6.		51,921		51,921	18,172
7.		86,984		86,984	30,444
8.		102,735		102,735	35,957
9.		98,495		98,495	34,473
10.		85,764		85,764	30,017
11.		117,129		117,129	40,995
12.		118,561		118,561	41,496
13.		82,633		82,633	28,922
14.		97,134		97,134	33,997
15.		106,864		106,864	37,402
16.		104,616		104,616	36,616
17.		90,113		90,113	31,540
18.		88,858		88,858	31,100
19.		116,430		116,430	40,751
20.		80,369		80,369	28,129
21.		112,417		112,417	39,346
22.		76,731		76,731	26,856
23.		106,073		106,073	37,126
24.		78,325		78,325	27,414
25.		94,969		94,969	33,239
26.		96,703		96,703	33,846
27.		91,204		91,204	31,921
28.		100,597		100,597	35,209
29.		95,977		95,977	33,592
30.		109,882		109,882	38,459
31.		100,451		100,451	35,158
32.		102,846		102,846	35,996
33.		106,342		106,342	37,220
34.		80,470		80,470	28,165
35.		85,295		85,295	29,853
36.		90,738		90,738	31,758
37.		109,380		109,380	38,283
38.		131,690		131,690	46,092
39.		73,542		73,542	25,740
40.		81,342		81,342	28,470
41.		102,498		102,498	35,874
42.		87,285		87,285	30,550
43.		77,572		77,572	27,150
44.		114,453		114,453	40,059
45.		66,503		66,503	23,276
46.		90,762		90,762	31,767
47.		64,999		64,999	22,750
48.		79,132		79,132	27,696
49.		87,368		87,368	30,579
50.		80,975		80,975	28,341
51.		80,601		80,601	28,210

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
52.		85,628		85,628	29,970
53.		103,203		103,203	36,121
54.		81,507		81,507	28,527
55.		92,237		92,237	32,283
56.		80,096		80,096	28,034
57.		75,662		75,662	26,482
58.		112,173		112,173	39,261
59.		107,910		107,910	37,769
60.		85,393		85,393	29,888
61.		86,025		86,025	30,109
62.		89,120		89,120	31,192
63.		84,654		84,654	29,629
64.		75,810		75,810	26,534
65.		83,023		83,023	29,058
66.		102,274		102,274	35,796
67.		92,418		92,418	32,346
68.		96,313		96,313	33,710
69.		89,800		89,800	31,430
70.		82,558		82,558	28,895
71.		91,089		91,089	31,881
72.		83,872		83,872	29,355
73.		81,438		81,438	28,503
74.		100,992		100,992	35,347
75.		80,437		80,437	28,153
76.		76,165		76,165	26,658
77.		82,738		82,738	28,958
78.		102,362		102,362	35,827
79.		77,017		77,017	26,956
80.		78,130		78,130	27,346
81.		81,136		81,136	28,398
82.		81,883		81,883	28,659
83.		74,945		74,945	26,231
84.		85,776		85,776	30,022
85.		76,511		76,511	26,779
86.		67,109		67,109	23,488
87.		66,140		66,140	23,149
88.		66,184		66,184	23,164
89.		73,034		73,034	25,562
90.		53,014		53,014	18,555
91.		57,171		57,171	20,010
92.		77,805		77,805	27,232
93.		57,512		57,512	20,129
94.		67,556		67,556	23,645
95.		65,864		65,864	23,052
96.		70,588		70,588	24,706
97.		78,090		78,090	27,332
98.		105,441		105,441	36,904
99.		62,254		62,254	21,789
100.		67,207		67,207	23,522
101.		91,302		91,302	31,956
102.		55,158		55,158	19,305

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
103.		67,106		67,106	23,487
104.		83,192		83,192	29,117
105.		62,272		62,272	21,795
106.		58,977		58,977	20,642
107.		70,367		70,367	24,628
108.		67,401		67,401	23,590
109.		66,603		66,603	23,311
110.		63,227		63,227	22,129
111.		60,561		60,561	21,196
112.		70,481		70,481	24,668
113.		68,856		68,856	24,100
114.		43,964		43,964	15,387
115.		81,139		81,139	28,399
116.		60,210		60,210	21,074
117.		76,054		76,054	26,619
118.		60,102		60,102	21,036
119.		79,681		79,681	27,888
120.		72,015		72,015	25,205
121.		102,197		102,197	35,769
122.		72,879		72,879	25,508
123.		72,568		72,568	25,399
124.		2,371		2,371	830
125.		100,936		100,936	35,328
126.		68,281		68,281	23,898
127.		74,856		74,856	26,200
128.		80,906		80,906	28,317
129.		77,425		77,425	27,099
130.		74,063		74,063	25,922
131.		72,291		72,291	25,302
132.		99,390		99,390	34,787
133.		72,715		72,715	25,450
134.		80,678		80,678	28,237
135.		76,769		76,769	26,869
136.		81,105		81,105	28,387
137.		81,447		81,447	28,506
138.		100,838		100,838	35,293
139.		83,593		83,593	29,258
140.		63,204		63,204	22,121
141.		49,991		49,991	17,497
142.		74,017		74,017	25,906
143.		92,126		92,126	32,244
144.		60,863		60,863	21,302
145.		76,464		76,464	26,762
146.		69,219		69,219	24,227
147.		61,689		61,689	21,591
148.		65,439		65,439	22,904
149.		79,550		79,550	27,843
150.		65,255		65,255	22,839
151.		75,042		75,042	26,265
152.		80,797		80,797	28,279
153.		58,967		58,967	20,638

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
154.		84,958		84,958	29,735
155.		72,649		72,649	25,427
156.		60,270		60,270	21,095
157.		83,090		83,090	29,082
158.		55,784		55,784	19,524
159.		23,383		23,383	8,184
160.		51,021		51,021	17,857
161.		62,867		62,867	22,003
162.		59,397		59,397	20,789
163.		52,712		52,712	18,449
164.		1,670		1,670	585
165.		59,117		59,117	20,691
166.		48,389		48,389	16,936
167.		50,543		50,543	17,690
168.		38,407		38,407	13,442
169.		52,964		52,964	18,537
170.		83,889		83,889	29,361
171.		74,821		74,821	26,187
172.		63,649		63,649	22,277
173.		66,700		66,700	23,345
174.		62,121		62,121	21,742
175.		70,298		70,298	24,604
176.		72,881		72,881	25,508
177.		87,432		87,432	30,601
178.		75,690		75,690	26,492
179.		60,020		60,020	21,007
180.		66,270		66,270	23,195
181.		71,382		71,382	24,984
182.		80,250		80,250	28,088
183.		50,101		50,101	17,535
184.		82,051		82,051	28,718
185.		86,442		86,442	30,255
186.		68,481		68,481	23,968
187.		72,650		72,650	25,428
188.		69,308		69,308	24,258
189.		68,199		68,199	23,870
190.		71,290		71,290	24,952
191.		40,749		40,749	14,262
192.		71,996		71,996	25,199
193.		72,229		72,229	25,280
194.		90,172		90,172	31,560
195.		73,276		73,276	25,647
196.		72,772		72,772	25,470
197.		74,116		74,116	25,941
198.		83,066		83,066	29,073
199.		72,219		72,219	25,277
200.		69,230		69,230	24,231
201.		46,715		46,715	16,350
202.		73,604		73,604	25,761
203.		70,271		70,271	24,595
204.		72,837		72,837	25,493

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
205.		71,192		71,192	24,917
206.		60,994		60,994	21,348
207.		67,137		67,137	23,498
208.		65,774		65,774	23,021
209.		70,149		70,149	24,552
210.		75,847		75,847	26,546
211.		29,163		29,163	10,207
212.		22,049		22,049	7,717
213.		76,773		76,773	26,871
214.		27,138		27,138	9,498
215.		29,687		29,687	10,390
216.		22,561		22,561	7,896
217.		41,088		41,088	14,381
218.		31,275		31,275	10,946
219.		75,086		75,086	26,280
220.		66,440		66,440	23,254
221.		115,426		115,426	40,399
222.		79,109		79,109	27,688
223.		70,416		70,416	24,646
224.		66,412		66,412	23,244
225.		68,814		68,814	24,085
226.		71,167		71,167	24,908
227.		67,231		67,231	23,531
228.		75,323		75,323	26,363
229.		74,434		74,434	26,052
230.		80,891		80,891	28,312
231.		53,391		53,391	18,687
232.		63,969		63,969	22,389
233.		58,045		58,045	20,316
234.		89,999		89,999	31,500
235.		61,221		61,221	21,427
236.		54,432		54,432	19,051
237.		64,229		64,229	22,480
238.		68,415		68,415	23,945
239.		60,465		60,465	21,163
240.		66,968		66,968	23,439
241.		67,205		67,205	23,522
242.		62,014		62,014	21,705
243.		55,980		55,980	19,593
244.		63,713		63,713	22,300
245.		55,902		55,902	19,566
246.		66,541		66,541	23,289
247.		68,652		68,652	24,028
248.		68,034		68,034	23,812
249.		75,503		75,503	26,426
250.		68,908		68,908	24,118
251.		71,070		71,070	24,875
252.		101,756		101,756	35,615
253.		59,560		59,560	20,846
254.		56,678		56,678	19,837
255.		55,157		55,157	19,305

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
256.		68,406		68,406	23,942
257.		74,883		74,883	26,209
258.		74,307		74,307	26,007
259.		67,775		67,775	23,721
260.		63,374		63,374	22,181
261.		65,036		65,036	22,763
262.		54,859		54,859	19,201
263.		58,019		58,019	20,307
264.		78,822		78,822	27,588
265.		57,059		57,059	19,971
266.		57,857		57,857	20,250
267.		53,910		53,910	18,869
268.		45,436		45,436	15,903
269.		47,823		47,823	16,738
270.		43,438		43,438	15,203
271.		61,845		61,845	21,646
272.		25,765		25,765	9,018
273.		48,565		48,565	16,998
274.		26,582		26,582	9,304
275.		23,569		23,569	8,249
276.		103,977		103,977	36,392
277.		70,535		70,535	24,687
278.		67,688		67,688	23,691
279.		65,285		65,285	22,850
280.		75,267		75,267	26,343
281.		53,772		53,772	18,820
282.		51,870		51,870	18,155
283.		79,363		79,363	27,777
284.		70,264		70,264	24,592
285.		51,442		51,442	18,005
286.		63,584		63,584	22,254
287.		50,753		50,753	17,764
288.		45,861		45,861	16,051
289.		64,352		64,352	22,523
290.		43,769		43,769	15,319
291.		25,610		25,610	8,964
292.		73,454		73,454	25,709
293.		79,415		79,415	27,795
294.		57,169		57,169	20,009
295.		122,355		122,355	42,824
296.		113,472		113,472	39,715
297.		66,717		66,717	23,351
298.		55,554		55,554	19,444
299.		71,464		71,464	25,012
300.		61,361		61,361	21,476
301.		32,007		32,007	11,202
302.		57,186		57,186	20,015
303.		58,496		58,496	20,474
304.		54,813		54,813	19,185
305.		55,624		55,624	19,468
306.		57,925		57,925	20,274

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
307.		60,213		60,213	21,075
308.		58,426		58,426	20,449
309.		51,717		51,717	18,101
310.		51,010		51,010	17,854
311.		43,297		43,297	15,154
312.		59,873		59,873	20,956
313.		23,585		23,585	8,255
314.		31,284		31,284	10,949
315.		26,524		26,524	9,283
316.		23,291		23,291	8,152
317.		24,970		24,970	8,740
318.		23,116		23,116	8,091
319.		75,360		75,360	26,376
320.		21,046		21,046	7,366
321.		25,928		25,928	9,075
322.		62,516		62,516	21,881
323.		28,630		28,630	10,021
324.		21,751		21,751	7,613
325.		64,932		64,932	22,726
326.		64,278		64,278	22,497
327.		59,540		59,540	20,839
328.		24,678		24,678	8,637
329.		25,116		25,116	8,791
330.		79,149		79,149	27,702
331.		21,129		21,129	7,395
332.		28,140		28,140	9,849
333.		21,621		21,621	7,567
334.		26,875		26,875	9,406
335.		22,199		22,199	7,770
336.		24,019		24,019	8,407
337.		57,383		57,383	20,084
338.		43,303		43,303	15,156
339.		51,372		51,372	17,980
340.		79,723		79,723	27,903
341.		55,096		55,096	19,284
342.		62,320		62,320	21,812
343.		62,051		62,051	21,718
344.		55,397		55,397	19,389
345.		62,902		62,902	22,016
346.		55,984		55,984	19,594
347.		65,011		65,011	22,754
348.		60,640		60,640	21,224
349.		57,239		57,239	20,034
350.		49,194		49,194	17,218
351.		69,085		69,085	24,180
352.		56,909		56,909	19,918
353.		57,473		57,473	20,116
354.		52,370		52,370	18,330
355.		43,568		43,568	15,249
356.		72,800		72,800	25,480
357.		79,481		79,481	27,818

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
358.		48,168		48,168	16,859
359.		61,135		61,135	21,397
360.		39,874		39,874	13,956
361.		57,238		57,238	20,033
362.		42,159		42,159	14,756
363.		51,986		51,986	18,195
364.		43,235		43,235	15,132
365.		51,780		51,780	18,123
366.		37,784		37,784	13,224
367.		70,769		70,769	24,769
368.		76,766		76,766	26,868
369.		82,687		82,687	28,940
370.		63,507		63,507	22,227
371.		38,679		38,679	13,538
372.		64,419		64,419	22,547
373.		62,416		62,416	21,846
374.		58,574		58,574	20,501
375.		63,264		63,264	22,142
376.		61,409		61,409	21,493
377.		64,010		64,010	22,404
378.		67,746		67,746	23,711
379.		70,664		70,664	24,732
380.		73,985		73,985	25,895
381.		60,882		60,882	21,309
382.		59,782		59,782	20,924
383.		38,819		38,819	13,587
384.		61,323		61,323	21,463
385.		61,560		61,560	21,546
386.		61,781		61,781	21,623
387.		56,268		56,268	19,694
388.		75,673		75,673	26,486
389.		59,869		59,869	20,954
390.		52,762		52,762	18,467
391.		46,075		46,075	16,126
392.		48,260		48,260	16,891
393.		39,206		39,206	13,722
394.		52,279		52,279	18,298
395.		64,001		64,001	22,400
396.		56,904		56,904	19,916
397.		54,696		54,696	19,144
398.		59,590		59,590	20,857
399.		64,820		64,820	22,687
400.		62,949		62,949	22,032
401.		63,914		63,914	22,370
402.		74,355		74,355	26,024
403.		56,721		56,721	19,852
404.		64,167		64,167	22,458
405.		65,153		65,153	22,804
406.		65,312		65,312	22,859
407.		61,864		61,864	21,652
408.		62,765		62,765	21,968

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
409.		53,376		53,376	18,682
410.		74,602		74,602	26,111
411.		76,971		76,971	26,940
412.		60,076		60,076	21,027
413.		51,067		51,067	17,873
414.		50,733		50,733	17,757
415.		42,111		42,111	14,739
416.		51,587		51,587	18,055
417.		39,710		39,710	13,899
418.		58,748		58,748	20,562
419.		54,911		54,911	19,219
420.		70,917		70,917	24,821
421.		20,078		20,078	7,027
422.		59,628		59,628	20,870
423.		60,908		60,908	21,318
424.		61,367		61,367	21,478
425.		91,618		91,618	32,066
426.		64,726		64,726	22,654
427.		58,147		58,147	20,351
428.		60,558		60,558	21,195
429.		63,099		63,099	22,085
430.		65,586		65,586	22,955
431.		56,921		56,921	19,922
432.		60,725		60,725	21,254
433.		69,944		69,944	24,480
434.		54,041		54,041	18,914
435.		67,544		67,544	23,640
436.		66,248		66,248	23,187
437.		57,963		57,963	20,287
438.		54,022		54,022	18,908
439.		50,712		50,712	17,749
440.		51,389		51,389	17,986
441.		51,397		51,397	17,989
442.		50,512		50,512	17,679
443.		49,043		49,043	17,165
444.		50,698		50,698	17,744
445.		49,904		49,904	17,466
446.		53,070		53,070	18,575
447.		49,561		49,561	17,346
448.		58,532		58,532	20,486
449.		27,408		27,408	9,593
450.		12,954		12,954	4,534
451.		57,553		57,553	20,144
452.		71,107		71,107	24,887
453.		34,846		34,846	12,196
454.		41,772		41,772	14,620
455.		39,463		39,463	13,812
456.		48,999		48,999	17,150
457.		41,544		41,544	14,540
458.		43,390		43,390	15,187
459.		65,086		65,086	22,780

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
460.		55,569		55,569	19,449
461.		61,098		61,098	21,384
462.		36,555		36,555	12,794
463.		71,129		71,129	24,895
464.		71,533		71,533	25,037
465.		60,281		60,281	21,098
466.		67,621		67,621	23,667
467.		25,071		25,071	8,775
468.		70,829		70,829	24,790
469.		66,358		66,358	23,225
470.		60,805		60,805	21,282
471.		58,110		58,110	20,339
472.		55,359		55,359	19,376
473.		51,082		51,082	17,879
474.		54,249		54,249	18,987
475.		59,122		59,122	20,693
476.		50,467		50,467	17,663
477.		47,912		47,912	16,769
478.		47,119		47,119	16,492
479.		47,473		47,473	16,616
480.		50,695		50,695	17,743
481.		55,799		55,799	19,530
482.		50,412		50,412	17,644
483.		49,840		49,840	17,444
484.		53,839		53,839	18,844
485.		47,351		47,351	16,573
486.		52,940		52,940	18,529
487.		53,214		53,214	18,625
488.		50,330		50,330	17,616
489.		55,523		55,523	19,433
490.		57,661		57,661	20,181
491.		83,863		83,863	29,352
492.		55,113		55,113	19,290
493.		69,340		69,340	24,269
494.		55,541		55,541	19,439
495.		64,517		64,517	22,581
496.		62,221		62,221	21,777
497.		62,052		62,052	21,718
498.		59,256		59,256	20,740
499.		58,884		58,884	20,609
500.		60,948		60,948	21,332
501.		66,495		66,495	23,273
502.		44,885		44,885	15,710
503.		55,600		55,600	19,460
504.		58,679		58,679	20,538
505.		61,657		61,657	21,580
506.		57,404		57,404	20,091
507.		60,139		60,139	21,049
508.		64,961		64,961	22,736
509.		65,854		65,854	23,049
510.		65,945		65,945	23,081

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
511.		55,998		55,998	19,599
512.		58,540		58,540	20,489
513.		66,375		66,375	23,231
514.		61,991		61,991	21,697
515.		61,312		61,312	21,459
516.		54,355		54,355	19,024
517.		54,475		54,475	19,066
518.		68,890		68,890	24,112
519.		58,348		58,348	20,422
520.		62,158		62,158	21,755
521.		1,709		1,709	598
522.		52,379		52,379	18,333
523.		53,286		53,286	18,650
524.		50,475		50,475	17,666
525.		58,662		58,662	20,532
526.		47,539		47,539	16,639
527.		52,358		52,358	18,325
528.		50,151		50,151	17,553
529.		49,267		49,267	17,243
530.		49,684		49,684	17,389
531.		46,993		46,993	16,448
532.		48,273		48,273	16,896
533.		55,753		55,753	19,514
534.		40,661		40,661	14,231
535.		53,848		53,848	18,847
536.		56,410		56,410	19,744
537.		55,654		55,654	19,479
538.		21,387		21,387	7,485
539.		44,276		44,276	15,497
540.		46,731		46,731	16,356
541.		45,197		45,197	15,819
542.		53,579		53,579	18,753
543.		48,776		48,776	17,072
544.		48,785		48,785	17,075
545.		53,363		53,363	18,677
546.		43,929		43,929	15,375
547.		46,608		46,608	16,313
548.		70,126		70,126	24,544
549.		54,751		54,751	19,163
550.		43,315		43,315	15,160
551.		49,231		49,231	17,231
552.		52,131		52,131	18,246
553.		48,522		48,522	16,983
554.		43,218		43,218	15,126
555.		44,791		44,791	15,677
556.		51,367		51,367	17,978
557.		48,295		48,295	16,903
558.		39,240		39,240	13,734
559.		51,109		51,109	17,888
560.		50,362		50,362	17,627
561.		47,540		47,540	16,639

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
562.		43,986		43,986	15,395
563.		54,531		54,531	19,086
564.		40,908		40,908	14,318
565.		39,879		39,879	13,958
566.		37,025		37,025	12,959
567.		39,416		39,416	13,796
568.		56,963		56,963	19,937
569.		58,790		58,790	20,577
570.		67,623		67,623	23,668
571.		66,484		66,484	23,269
572.		57,307		57,307	20,057
573.		47,093		47,093	16,483
574.		65,327		65,327	22,864
575.		57,635		57,635	20,172
576.		55,900		55,900	19,565
577.		54,120		54,120	18,942
578.		64,034		64,034	22,412
579.		60,366		60,366	21,128
580.		29,971		29,971	10,490
581.		31,075		31,075	10,876
582.		38,471		38,471	13,465
583.		48,608		48,608	17,013
584.		33,152		33,152	11,603
585.		33,475		33,475	11,716
586.		50,611		50,611	17,714
587.		34,520		34,520	12,082
588.		39,369		39,369	13,779
589.		31,075		31,075	10,876
590.		58,445		58,445	20,456
591.		18,888		18,888	6,611
592.		72,336		72,336	25,318
593.		50,222		50,222	17,578
594.		54,336		54,336	19,018
595.		53,445		53,445	18,706
596.		39,926		39,926	13,974
597.		50,882		50,882	17,809
598.		55,318		55,318	19,361
599.		48,044		48,044	16,815
600.		51,295		51,295	17,953
601.		43,865		43,865	15,353
602.		47,187		47,187	16,515
603.		49,743		49,743	17,410
604.		56,588		56,588	19,806
605.		52,890		52,890	18,512
606.		55,403		55,403	19,391
607.		49,208		49,208	17,223
608.		60,515		60,515	21,180
609.		56,361		56,361	19,726
610.		60,448		60,448	21,157
611.		58,078		58,078	20,327
612.		75,386		75,386	26,385

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
613.		44,327		44,327	15,514
614.		49,597		49,597	17,359
615.		45,729		45,729	16,005
616.		44,078		44,078	15,427
617.		46,081		46,081	16,128
618.		50,206		50,206	17,572
619.		47,705		47,705	16,697
620.		50,791		50,791	17,777
621.		51,351		51,351	17,973
622.		45,282		45,282	15,849
623.		52,502		52,502	18,376
624.		49,450		49,450	17,308
625.		55,989		55,989	19,596
626.		44,114		44,114	15,440
627.		41,645		41,645	14,576
628.		48,177		48,177	16,862
629.		56,144		56,144	19,650
630.		44,416		44,416	15,546
631.		32,101		32,101	11,235
632.		34,247		34,247	11,986
633.		30,156		30,156	10,555
634.		32,678		32,678	11,437
635.		25,729		25,729	9,005
636.		53,282		53,282	18,649
637.		39,818		39,818	13,936
638.		42,374		42,374	14,831
639.		45,996		45,996	16,099
640.		52,469		52,469	18,364
641.		43,242		43,242	15,135
642.		45,631		45,631	15,971
643.		39,986		39,986	13,995
644.		41,351		41,351	14,473
645.		44,478		44,478	15,567
646.		45,847		45,847	16,046
647.		41,142		41,142	14,400
648.		41,843		41,843	14,645
649.		39,645		39,645	13,876
650.		47,876		47,876	16,757
651.		42,719		42,719	14,952
652.		36,276		36,276	12,697
653.		22,418		22,418	7,846
654.		49,085		49,085	17,180
655.		35,248		35,248	12,337
656.		33,420		33,420	11,697
657.		30,596		30,596	10,709
658.		40,765		40,765	14,268
659.		29,590		29,590	10,357
660.		31,190		31,190	10,917
661.		28,590		28,590	10,007
662.		31,181		31,181	10,913
663.		29,050		29,050	10,168

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
664.		28,355		28,355	9,924
665.		29,543		29,543	10,340
666.		28,113		28,113	9,840
667.		29,003		29,003	10,151
668.		30,799		30,799	10,780
669.		30,403		30,403	10,641
670.		36,791		36,791	12,877
671.		28,840		28,840	10,094
672.		32,840		32,840	11,494
673.		33,506		33,506	11,727
674.		30,411		30,411	10,644
675.		22,747		22,747	7,961
676.		30,010		30,010	10,504
677.			36,427		9,107
678.			39,642		9,911
679.			39,328		9,832
680.			35,149		8,787
681.			40,201		10,050
682.			46,735		11,684
683.			36,964		9,241
684.			37,725		9,431
685.			34,625		8,656
686.			35,712		8,928
687.			38,974		9,744
688.			40,470		10,118
689.			44,787		11,197
690.			38,790		9,698
691.			36,825		9,206
692.			42,368		10,592
693.			40,201		10,050
694.			38,197		9,549
695.			38,097		9,524
696.			35,829		8,957
697.			42,241		10,560
698.			34,774		8,694
699.			55,232		13,808
700.			32,170		8,043
701.			33,233		8,308
702.			41,220		10,305
703.			40,934		10,234
704.			40,612		10,153
705.			46,863		11,716
706.			32,441		8,110
707.			30,372		7,593
708.			36,303		9,076
709.			42,214		10,554
710.			40,909		10,227
711.			30,350		7,588
712.			26,422		6,606
713.			36,092		9,023
714.			27,234		6,809

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
715.			34,377		8,594
716.			31,628		7,907
717.			36,211		9,053
718.			25,748		6,437
719.			28,913		7,228
720.			44,251		11,063
721.			41,110		10,278
722.			32,549		8,137
723.			17,376		4,344
724.			17,309		4,327
725.			15,166		3,792
726.			3,585		896
727.			26,916		6,729
728.			20,195		5,049
729.			21,060		5,265
730.			17,140		4,285
731.			16,539		4,135
732.			26,900		6,725
733.			29,537		7,384
734.			25,987		6,497
735.			28,211		7,053
736.			14,907		3,727
737.			20,805		5,201
738.			17,015		4,254
739.			19,368		4,842
740.			19,352		4,838
741.			21,145		5,286
742.			19,284		4,821
743.			55,051		13,763
744.		27,870		27,870	9,755
745.		12,762		12,762	4,467
746.		63,873		63,873	22,356
747.		37,957		37,957	13,285
748.		56,060		56,060	19,621
749.		42,267		42,267	14,793
750.		59,355		59,355	20,774
751.		39,800		39,800	13,930
752.		41,468		41,468	14,514
753.		19,508		19,508	6,828
754.		30,886		30,886	10,810

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.

For 4J: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J2 × line 312) or (4J × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	247		247
2.	1,863		1,863
3.	1,863		1,863
4.	1,863		1,863
5.	1,863		1,863
6.	1,863		1,863
7.	2,356		2,356
8.	2,356		2,356
9.	1,562		1,562
10.	2,356		2,356
11.	2,356		2,356
12.	2,356		2,356
13.	2,356		2,356
14.	2,356		2,356
15.	2,356		2,356
16.	2,356		2,356
17.	2,356		2,356
18.	2,356		2,356
19.	2,356		2,356
20.	2,767		2,767
21.	3,315		3,315
22.	3,315		3,315
23.	3,315		3,315
24.	3,315		3,315
25.	3,315		3,315
26.	3,315		3,315
27.	3,315		3,315
28.	3,315		3,315
29.	3,315		3,315
30.	3,315		3,315
31.	3,315		3,315
32.	3,315		3,315
33.	3,315		3,315
34.	3,315		3,315
35.	4,082		4,082
36.	4,082		4,082
37.	4,082		4,082
38.	4,082		4,082
39.	4,082		4,082
40.	4,082		4,082
41.	4,082		4,082
42.	4,082		4,082
43.	4,082		4,082
44.	4,082		4,082
45.	4,082		4,082
46.	4,082		4,082
47.	5,315		5,315
48.	7,151		7,151
49.	2,274		2,274
50.	8,329		8,329
51.	8,329		8,329
52.	8,329		8,329
53.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
54.	8,329		8,329
55.	8,329		8,329
56.	8,329		8,329
57.	8,329		8,329
58.	8,329		8,329
59.	8,329		8,329
60.	8,329		8,329
61.	8,329		8,329
62.	8,329		8,329
63.	8,329		8,329
64.	8,329		8,329
65.	8,329		8,329
66.	4,795		4,795
67.	8,329		8,329
68.	8,329		8,329
69.	8,329		8,329
70.	8,329		8,329
71.	8,329		8,329
72.	8,329		8,329
73.	8,329		8,329
74.	8,329		8,329
75.	8,329		8,329
76.	8,329		8,329
77.	8,329		8,329
78.	8,329		8,329
79.	8,329		8,329
80.	8,329		8,329
81.	8,329		8,329
82.	8,329		8,329
83.	8,329		8,329
84.	8,329		8,329
85.	8,329		8,329
86.	8,329		8,329
87.	8,329		8,329
88.	8,329		8,329
89.	5,178		5,178
90.	8,329		8,329
91.	8,329		8,329
92.	7,644		7,644
93.	8,329		8,329
94.	8,329		8,329
95.	8,329		8,329
96.	1,945		1,945
97.	8,329		8,329
98.	1,918		1,918
99.	8,329		8,329
100.	8,329		8,329
101.	8,329		8,329
102.	6,493		6,493
103.	8,329		8,329
104.	8,329		8,329
105.	8,329		8,329
106.	7,342		7,342

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
107.	3,671		3,671
108.	6,356		6,356
109.	4,247		4,247
110.	6,932		6,932
111.	5,945		5,945
112.	3,315		3,315
113.	3,288		3,288
114.	8,329		8,329
115.	5,973		5,973
116.	7,315		7,315
117.	5,808		5,808
118.	8,329		8,329
119.	8,329		8,329
120.	8,329		8,329
121.	5,945		5,945
122.	8,329		8,329
123.	8,329		8,329
124.	219		219
125.	3,425		3,425
126.	8,329		8,329
127.	8,329		8,329
128.	8,329		8,329
129.	8,329		8,329
130.	8,329		8,329
131.	8,329		8,329
132.	8,329		8,329
133.	8,329		8,329
134.	8,329		8,329
135.	8,329		8,329
136.	8,329		8,329
137.	8,329		8,329
138.	8,329		8,329
139.	8,329		8,329
140.	8,329		8,329
141.	8,329		8,329
142.	8,329		8,329
143.	8,329		8,329
144.	7,918		7,918
145.	8,247		8,247
146.	8,329		8,329
147.	6,521		6,521
148.	8,329		8,329
149.	7,616		7,616
150.	6,274		6,274
151.	8,329		8,329
152.	8,329		8,329
153.	8,329		8,329
154.	8,329		8,329
155.	6,466		6,466
156.	8,329		8,329
157.	3,589		3,589
158.	8,329		8,329
159.	5,562		5,562

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
160.	8,329		8,329
161.	8,329		8,329
162.	8,329		8,329
163.	8,329		8,329
164.	585		585
165.	8,329		8,329
166.	8,329		8,329
167.	8,329		8,329
168.	8,329		8,329
169.	8,329		8,329
170.	8,329		8,329
171.	8,329		8,329
172.	8,329		8,329
173.	8,329		8,329
174.	8,329		8,329
175.	8,329		8,329
176.	8,329		8,329
177.	8,329		8,329
178.	8,329		8,329
179.	8,329		8,329
180.	8,329		8,329
181.	8,329		8,329
182.	8,329		8,329
183.	8,329		8,329
184.	8,329		8,329
185.	8,329		8,329
186.	8,329		8,329
187.	8,329		8,329
188.	8,329		8,329
189.	8,329		8,329
190.	8,329		8,329
191.	8,329		8,329
192.	8,329		8,329
193.	8,329		8,329
194.	8,329		8,329
195.	8,329		8,329
196.	8,329		8,329
197.	8,329		8,329
198.	8,329		8,329
199.	8,329		8,329
200.	8,329		8,329
201.	8,329		8,329
202.	8,329		8,329
203.	8,329		8,329
204.	8,329		8,329
205.	8,329		8,329
206.	8,329		8,329
207.	8,329		8,329
208.	8,329		8,329
209.	8,329		8,329
210.	8,329		8,329
211.	8,329		8,329
212.	7,717		7,717

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
213.	8,329		8,329
214.	5,151		5,151
215.	8,329		8,329
216.	7,896		7,896
217.	8,329		8,329
218.	8,329		8,329
219.	8,329		8,329
220.	8,329		8,329
221.	8,329		8,329
222.	8,329		8,329
223.	8,329		8,329
224.	8,329		8,329
225.	8,329		8,329
226.	8,329		8,329
227.	8,329		8,329
228.	8,329		8,329
229.	8,329		8,329
230.	8,329		8,329
231.	8,329		8,329
232.	8,329		8,329
233.	8,329		8,329
234.	8,329		8,329
235.	8,329		8,329
236.	8,329		8,329
237.	8,329		8,329
238.	8,329		8,329
239.	8,329		8,329
240.	8,329		8,329
241.	8,329		8,329
242.	8,329		8,329
243.	8,329		8,329
244.	8,329		8,329
245.	8,329		8,329
246.	8,329		8,329
247.	8,329		8,329
248.	8,329		8,329
249.	8,329		8,329
250.	8,329		8,329
251.	8,329		8,329
252.	8,329		8,329
253.	8,329		8,329
254.	8,329		8,329
255.	8,329		8,329
256.	8,329		8,329
257.	8,329		8,329
258.	8,329		8,329
259.	8,329		8,329
260.	8,329		8,329
261.	8,329		8,329
262.	8,329		8,329
263.	8,329		8,329
264.	8,329		8,329
265.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
266.	8,329		8,329
267.	8,329		8,329
268.	8,329		8,329
269.	8,329		8,329
270.	8,329		8,329
271.	8,329		8,329
272.	8,329		8,329
273.	8,329		8,329
274.	8,329		8,329
275.	8,249		8,249
276.	4,411		4,411
277.	8,329		8,329
278.	8,329		8,329
279.	8,329		8,329
280.	8,329		8,329
281.	8,329		8,329
282.	8,329		8,329
283.	8,329		8,329
284.	8,329		8,329
285.	8,329		8,329
286.	8,329		8,329
287.	8,329		8,329
288.	8,329		8,329
289.	8,329		8,329
290.	8,329		8,329
291.	8,329		8,329
292.	8,329		8,329
293.	8,329		8,329
294.	8,329		8,329
295.	8,329		8,329
296.	8,329		8,329
297.	8,329		8,329
298.	8,329		8,329
299.	8,329		8,329
300.	8,329		8,329
301.	8,329		8,329
302.	8,329		8,329
303.	8,329		8,329
304.	8,329		8,329
305.	8,329		8,329
306.	8,329		8,329
307.	8,329		8,329
308.	8,329		8,329
309.	8,329		8,329
310.	8,329		8,329
311.	6,493		6,493
312.	8,329		8,329
313.	8,255		8,255
314.	8,329		8,329
315.	8,329		8,329
316.	8,152		8,152
317.	8,329		8,329
318.	8,091		8,091

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
319.	8,329		8,329
320.	7,366		7,366
321.	8,329		8,329
322.	8,329		8,329
323.	8,329		8,329
324.	7,613		7,613
325.	8,329		8,329
326.	8,329		8,329
327.	8,329		8,329
328.	8,329		8,329
329.	8,329		8,329
330.	767		767
331.	7,395		7,395
332.	8,329		8,329
333.	7,567		7,567
334.	8,329		8,329
335.	7,770		7,770
336.	8,329		8,329
337.	8,329		8,329
338.	8,329		8,329
339.	8,329		8,329
340.	8,329		8,329
341.	8,329		8,329
342.	8,329		8,329
343.	8,329		8,329
344.	8,329		8,329
345.	8,329		8,329
346.	8,329		8,329
347.	8,329		8,329
348.	8,329		8,329
349.	8,329		8,329
350.	8,329		8,329
351.	8,329		8,329
352.	8,329		8,329
353.	8,329		8,329
354.	8,329		8,329
355.	8,329		8,329
356.	8,329		8,329
357.	8,329		8,329
358.	8,329		8,329
359.	8,329		8,329
360.	8,329		8,329
361.	8,329		8,329
362.	8,329		8,329
363.	8,329		8,329
364.	8,329		8,329
365.	8,329		8,329
366.	8,329		8,329
367.	8,329		8,329
368.	8,329		8,329
369.	8,329		8,329
370.	8,329		8,329
371.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
372.	8,329		8,329
373.	8,329		8,329
374.	8,329		8,329
375.	1,342		1,342
376.	8,329		8,329
377.	8,329		8,329
378.	8,329		8,329
379.	8,329		8,329
380.	8,329		8,329
381.	8,329		8,329
382.	8,329		8,329
383.	8,329		8,329
384.	8,329		8,329
385.	8,329		8,329
386.	8,329		8,329
387.	8,329		8,329
388.	8,329		8,329
389.	8,329		8,329
390.	8,329		8,329
391.	8,329		8,329
392.	8,329		8,329
393.	8,329		8,329
394.	8,329		8,329
395.	8,329		8,329
396.	8,329		8,329
397.	8,329		8,329
398.	8,329		8,329
399.	8,329		8,329
400.	8,329		8,329
401.	8,329		8,329
402.	8,329		8,329
403.	8,329		8,329
404.	8,329		8,329
405.	8,329		8,329
406.	8,329		8,329
407.	8,329		8,329
408.	8,329		8,329
409.	8,329		8,329
410.	8,329		8,329
411.	8,329		8,329
412.	8,329		8,329
413.	8,329		8,329
414.	8,329		8,329
415.	8,329		8,329
416.	8,329		8,329
417.	8,329		8,329
418.	8,329		8,329
419.	8,329		8,329
420.	8,329		8,329
421.	2,685		2,685
422.	8,329		8,329
423.	8,329		8,329
424.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
425.	8,329		8,329
426.	8,329		8,329
427.	8,329		8,329
428.	8,329		8,329
429.	8,329		8,329
430.	8,329		8,329
431.	8,329		8,329
432.	8,329		8,329
433.	8,329		8,329
434.	8,329		8,329
435.	8,329		8,329
436.	8,329		8,329
437.	8,329		8,329
438.	8,329		8,329
439.	8,329		8,329
440.	8,329		8,329
441.	8,329		8,329
442.	8,329		8,329
443.	8,329		8,329
444.	8,329		8,329
445.	8,329		8,329
446.	8,329		8,329
447.	8,329		8,329
448.	8,329		8,329
449.	8,329		8,329
450.	4,534		4,534
451.	6,493		6,493
452.	6,493		6,493
453.	8,329		8,329
454.	8,329		8,329
455.	8,329		8,329
456.	8,329		8,329
457.	7,123		7,123
458.	8,329		8,329
459.	3,260		3,260
460.	8,329		8,329
461.	8,329		8,329
462.	8,329		8,329
463.	8,329		8,329
464.	8,329		8,329
465.	8,329		8,329
466.	8,329		8,329
467.	8,329		8,329
468.	8,329		8,329
469.	8,329		8,329
470.	8,329		8,329
471.	8,329		8,329
472.	8,329		8,329
473.	8,329		8,329
474.	8,329		8,329
475.	8,329		8,329
476.	8,329		8,329
477.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
478.	8,329		8,329
479.	8,329		8,329
480.	8,329		8,329
481.	8,329		8,329
482.	8,329		8,329
483.	8,329		8,329
484.	8,329		8,329
485.	8,329		8,329
486.	8,329		8,329
487.	8,329		8,329
488.	8,329		8,329
489.	8,329		8,329
490.	8,329		8,329
491.	8,329		8,329
492.	8,329		8,329
493.	8,329		8,329
494.	8,329		8,329
495.	8,329		8,329
496.	8,329		8,329
497.	8,329		8,329
498.	8,329		8,329
499.	8,329		8,329
500.	8,329		8,329
501.	8,329		8,329
502.	8,329		8,329
503.	8,329		8,329
504.	8,329		8,329
505.	8,329		8,329
506.	8,329		8,329
507.	8,329		8,329
508.	8,329		8,329
509.	8,329		8,329
510.	8,329		8,329
511.	8,329		8,329
512.	8,329		8,329
513.	8,329		8,329
514.	8,329		8,329
515.	8,329		8,329
516.	8,329		8,329
517.	8,329		8,329
518.	8,329		8,329
519.	8,329		8,329
520.	8,329		8,329
521.	466		466
522.	8,329		8,329
523.	8,329		8,329
524.	8,329		8,329
525.	8,329		8,329
526.	8,329		8,329
527.	8,329		8,329
528.	8,329		8,329
529.	8,329		8,329
530.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
531.	8,329		8,329
532.	8,329		8,329
533.	8,329		8,329
534.	8,329		8,329
535.	8,329		8,329
536.	8,329		8,329
537.	8,329		8,329
538.	7,485		7,485
539.	8,329		8,329
540.	8,329		8,329
541.	8,329		8,329
542.	8,329		8,329
543.	8,329		8,329
544.	8,329		8,329
545.	8,329		8,329
546.	8,329		8,329
547.	8,329		8,329
548.	8,329		8,329
549.	8,329		8,329
550.	8,329		8,329
551.	8,329		8,329
552.	8,329		8,329
553.	8,329		8,329
554.	8,329		8,329
555.	8,329		8,329
556.	8,329		8,329
557.	8,329		8,329
558.	8,329		8,329
559.	8,329		8,329
560.	8,329		8,329
561.	8,329		8,329
562.	8,329		8,329
563.	6,384		6,384
564.	8,329		8,329
565.	8,329		8,329
566.	8,329		8,329
567.	8,329		8,329
568.	8,329		8,329
569.	6,493		6,493
570.	6,493		6,493
571.	6,493		6,493
572.	6,493		6,493
573.	6,493		6,493
574.	8,137		8,137
575.	6,493		6,493
576.	6,493		6,493
577.	6,493		6,493
578.	6,493		6,493
579.	6,493		6,493
580.	8,329		8,329
581.	8,329		8,329
582.	8,329		8,329
583.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
584.	8,329		8,329
585.	8,329		8,329
586.	8,329		8,329
587.	8,329		8,329
588.	8,329		8,329
589.	8,329		8,329
590.	8,219		8,219
591.	3,945		3,945
592.	8,219		8,219
593.	7,644		7,644
594.	7,644		7,644
595.	7,644		7,644
596.	7,644		7,644
597.	7,644		7,644
598.	7,644		7,644
599.	7,644		7,644
600.	7,644		7,644
601.	7,644		7,644
602.	7,644		7,644
603.	7,644		7,644
604.	7,644		7,644
605.	7,644		7,644
606.	7,644		7,644
607.	7,644		7,644
608.	7,644		7,644
609.	7,644		7,644
610.	7,644		7,644
611.	7,644		7,644
612.	7,644		7,644
613.	7,644		7,644
614.	6,877		6,877
615.	6,877		6,877
616.	6,877		6,877
617.	6,877		6,877
618.	6,877		6,877
619.	6,877		6,877
620.	6,877		6,877
621.	6,877		6,877
622.	6,877		6,877
623.	6,877		6,877
624.	6,877		6,877
625.	6,877		6,877
626.	6,877		6,877
627.	6,877		6,877
628.	6,877		6,877
629.	2,630		2,630
630.	6,493		6,493
631.	6,411		6,411
632.	6,411		6,411
633.	6,411		6,411
634.	6,411		6,411
635.	6,411		6,411
636.	6,301		6,301

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
637.	6,301		6,301
638.	6,301		6,301
639.	6,301		6,301
640.	6,301		6,301
641.	6,301		6,301
642.	6,301		6,301
643.	6,301		6,301
644.	6,301		6,301
645.	6,301		6,301
646.	6,301		6,301
647.	6,301		6,301
648.	6,301		6,301
649.	6,301		6,301
650.	6,301		6,301
651.	6,301		6,301
652.	6,301		6,301
653.	4,055		4,055
654.	5,534		5,534
655.	5,534		5,534
656.	5,534		5,534
657.	5,534		5,534
658.	5,534		5,534
659.	5,534		5,534
660.	5,534		5,534
661.	5,534		5,534
662.	5,534		5,534
663.	5,534		5,534
664.	5,534		5,534
665.	5,534		5,534
666.	5,534		5,534
667.	5,534		5,534
668.	5,534		5,534
669.	5,534		5,534
670.	5,534		5,534
671.	5,534		5,534
672.	5,534		5,534
673.	5,534		5,534
674.	5,534		5,534
675.	1,178		1,178
676.	1,205		1,205
677.	2,575		2,575
678.	2,575		2,575
679.	2,575		2,575
680.	2,575		2,575
681.	2,575		2,575
682.	2,575		2,575
683.	2,575		2,575
684.	2,575		2,575
685.	2,575		2,575
686.	2,575		2,575
687.	2,575		2,575
688.	2,575		2,575
689.	2,575		2,575

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
690.	2,575		2,575
691.	2,575		2,575
692.	2,575		2,575
693.	2,192		2,192
694.	2,192		2,192
695.	2,192		2,192
696.	2,192		2,192
697.	2,192		2,192
698.	2,192		2,192
699.	2,192		2,192
700.	2,192		2,192
701.	2,192		2,192
702.	2,192		2,192
703.	2,192		2,192
704.	2,192		2,192
705.	2,192		2,192
706.	2,192		2,192
707.	2,192		2,192
708.	2,192		2,192
709.	2,192		2,192
710.	2,096		2,096
711.	2,096		2,096
712.	2,096		2,096
713.	2,096		2,096
714.	2,096		2,096
715.	2,096		2,096
716.	2,096		2,096
717.	2,096		2,096
718.	2,096		2,096
719.	2,096		2,096
720.	2,096		2,096
721.	2,096		2,096
722.	1,616		1,616
723.	1,192		1,192
724.	1,192		1,192
725.	1,192		1,192
726.	896		896
727.	1,137		1,137
728.	1,137		1,137
729.	1,137		1,137
730.	1,137		1,137
731.	1,137		1,137
732.	1,137		1,137
733.	1,137		1,137
734.	1,137		1,137
735.	1,137		1,137
736.	1,137		1,137
737.	1,137		1,137
738.	1,137		1,137
739.	1,137		1,137
740.	1,137		1,137
741.	1,137		1,137
742.	1,137		1,137

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
743.	644		644
744.	4,137		4,137
745.	1,425		1,425
746.	7,370		7,370
747.	5,041		5,041
748.	6,137		6,137
749.	5,918		5,918
750.	7,589		7,589
751.	8,329		8,329
752.	5,863		5,863
753.	2,630		2,630
754.	2,356		2,356

Ontario apprenticeship training tax credit (total of amounts in column N) 500 5,221,673 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ____________ x percentage on line 170 in Part 1 ______ % = ... ____________ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, **add** the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year. Complete a **separate entry** for each repayment of government assistance.

See the privacy notice on your return.

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . Hydro One Networks Inc.

Taxation Year . . . . 2015-01-01 to 2015-10-31

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 . . . 27

Type of corporation . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . . -10,205,810

* 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		1,236,494,923
Taxable income		1,235,974,281
Donations		520,642
Calculation of income from an active business carried on in Canada		1,236,491,829
Dividends paid		870,455,244
Dividends paid – Regular	870,455,244	
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		2,405,250,113
Balance of the general rate income pool at the end of the year		3,295,149,368
Part I tax (base amount)		469,670,227

Credits against part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I	183,651,295	ITC refund	
M&P deduction		Part IV		Dividends refund	825
Foreign tax credit		Part III.1		Instalments	329,521,834
Investment tax credits	1,745,456	Other*		Surtax credit	
Abatement/Other*	284,273,682	Provincial or territorial tax	135,665,554	Other*	
				Balance due/refund (–)	-10,205,810

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances

Capital dividend amount	10,605,423
Financial statement reserve	2,050,508,096

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	1,236,494,923		
Taxable income	1,235,974,281		
% Allocation	100.00		
Attributed taxable income	1,235,974,281		
Tax payable before deduction*	142,137,042		
Deductions and credits	296,848		
Net tax payable	141,840,194		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	141,840,194		
Instalments and refundable credits	6,174,640		
Balance due/Refund (-)	135,665,554		
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.

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
Hydro One Networks Inc.	6,977,000,000	6,977,000,000	4,452,000,000	4,452,000,000
HYDRO ONE LIMITED				
HYDRO ONE INC.				
2486267 ONTARIO INC				
2486268 ONTARIO INC				
HYDRO ONE REMOTE COMMUNITIES INC.				
HYDRO ONE TELECOM INC.				
HYDRO ONE TELECOM LINK LIMITED				
MUNICIPAL BILLING SERVICES INC				
HYDRO ONE LAKE ERIE LINK MANAGEMENT INC				
1938454 ONTARIO INC.				
1943404 ONTARIO INC.				
B2M GP INC.				
HYDRO ONE B2M HOLDINGS INC				
HYDRO ONE B2M LP INC.				
NORFOLK ENERGY INC				
NORFOLK POWER DISTRIBUTION INC				
HALDIMAND COUNTY ENERGY INC				
HALDIMAND COUNTY HYDRO INC				
Woodstock Hydro Services Inc.				
Woodstock Hydro Holdings Inc.				
1908872 ONTARIO INC.				
1908873 ONTARIO INC.				
1937672 ONTARIO INC.				
1937680 ONTARIO INC.				

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
1937681 ONTARIO INC.				
Hydro One Brampton Networks Inc.				
HYDRO ONE EAST WEST TIE INC.				
Total	6,977,000,000	6,977,000,000	4,452,000,000	4,452,000,000

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3) 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)
Hydro One Networks Inc.	6,968,000,000
HYDRO ONE LIMITED	
HYDRO ONE INC.	
2486267 ONTARIO INC	
2486268 ONTARIO INC	
HYDRO ONE REMOTE COMMUNITIES INC.	
HYDRO ONE TELECOM INC.	
HYDRO ONE TELECOM LINK LIMITED	
MUNICIPAL BILLING SERVICES INC	
HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	
1938454 ONTARIO INC.	
1943404 ONTARIO INC.	
B2M GP INC.	
HYDRO ONE B2M HOLDINGS INC	
HYDRO ONE B2M LP INC.	
NORFOLK ENERGY INC	
NORFOLK POWER DISTRIBUTION INC	
HALDIMAND COUNTY ENERGY INC	
HALDIMAND COUNTY HYDRO INC	
Woodstock Hydro Services Inc.	
Woodstock Hydro Holdings Inc.	
1908872 ONTARIO INC.	
1908873 ONTARIO INC.	
1937672 ONTARIO INC.	
1937680 ONTARIO INC.	

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
1937681 ONTARIO INC.	
Hydro One Brampton Networks Inc.	
HYDRO ONE EAST WEST TIE INC.	
Total	6,968,000,000

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2015-10-31**	**2014-12-31**	**2013-12-31**	**2012-12-31**	**2011-12-31**
Net income	1,236,494,923	298,627,556	428,405,133	487,936,028	564,971,095
Taxable income	1,235,974,281	297,411,344	427,742,633	487,554,778	564,502,345
Active business income	1,236,491,829	298,627,556	428,405,133	487,891,364	564,971,095
Dividends paid	870,455,244	744,503,509	220,455,653	270,455,293	182,955,551
Dividends paid – Regular	870,455,244	744,503,509	220,455,653	270,455,293	182,955,551
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	2,405,250,113	2,191,113,945	1,883,139,249	1,532,131,967	1,136,980,325
GRIP – end of the year	3,295,149,368	2,405,250,113	2,191,113,945	1,883,139,249	1,532,131,967
Donations	520,642	1,216,212	662,500	381,250	468,750
Balance due/refund (-)	-10,205,810	-9,666,762	-13,110,926	-10,219,916	-6,378,052
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2015-10-31**	**2014-12-31**	**2013-12-31**	**2012-12-31**	**2011-12-31**
Taxable income before loss carrybacks	N/A	N/A	427,742,633	487,554,778	564,502,345
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 loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A	427,742,633	487,554,778	564,502,345

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2015-10-31**	**2014-12-31**	**2013-12-31**	**2012-12-31**	**2011-12-31**
Adjusted taxable income before current year loss carrybacks*	N/A	297,411,344	427,742,633	487,554,778	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	297,411,344	427,742,633	487,554,778	N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part IV tax multiplied by 3 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 3 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	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part IV tax multiplied by 3 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 3 after loss carrybacks	N/A				N/A

** The adjusted Part IV tax multiplied by 3 before current year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by 3 to help you identify the amount of the loss that is needed to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part I	183,651,295	42,116,118	60,818,854	67,267,328	88,404,896
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	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit	1,745,456	2,495,584	3,342,542	5,874,673	4,737,990
Abatement/other*	284,273,682	68,404,609	98,380,805	112,131,793	121,368,005

* 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	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
ITC refund					
Dividend refund	825			11,910	
Instalments	329,521,834	77,739,036	115,100,000	126,095,684	153,755,210
Surtax credit					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Net income	1,236,494,923	298,627,556	428,405,133	487,936,028	564,971,095
Taxable income	1,235,974,281	297,411,344	427,742,633	487,554,778	564,502,345
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income	1,235,974,281	297,411,344	427,742,633	487,554,778	564,502,345
Surtax					
Income tax payable before deduction	142,137,042	34,202,305	49,190,403	56,068,799	66,317,397
Income tax deductions /credits	296,848	488,547	636,096	1,267,262	984,049
Net income tax payable	141,840,194	33,713,758	48,554,307	54,801,537	65,333,348
Taxable capital					
Capital tax payable					
Total tax payable*	141,840,194	33,713,758	48,554,307	54,801,537	65,333,348
Instalments and refundable credits	6,174,640	7,757,602	7,384,087	6,181,187	6,361,086
Balance due/refund**	135,665,554	25,956,156	41,170,220	48,620,350	58,972,262

* 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.

Attached Notes – Summary

Name of the cell: Terminal loss (line 404 of Schedule 1)

Form: Sch. 8 - Capital cost allowance (CCA)

Please note that proceeds do not reflect FMV because the PILs arising from the deemed disposition of assets triggered by the exit from the PILs regime has already been paid under a separate process that has been the subject to a formal agreement with Ontario pursuant to subsection 16.1(5) of Regulation 207/99 of the Electricity Act, 1998 (Ontario).

E07463 - 2016-04-14

Keep this note when rolling forward the file ☐

Canada Revenue Agency | Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: Hydro One Networks Inc.

Enter one of the following:

Business number (BN): 87086 5821 RC0001

Social insurance number (SIN):

Tax year

From: 2015-01-01 (Year Month Day)

To: 2015-10-31 (Year Month Day)

050 Total number of projects you are claiming this tax year: 8

100 Contact person for the financial information: Glendy Cheung	**105** Telephone number/extension: (416) 345-6812	**110** Fax number: (416) 345-6978
115 Contact person for the technical information: Brian Soares	**120** Telephone number/extension: (416) 345-6782	**125** Fax number: (416) 345-6978

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1301

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 [ ] I elect to use the proxy method (Enter "0" on line 360 and complete Part 5.)

162 1 [X] I choose to use the traditional method (Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

	Line		Amount
• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	2,249,267
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	2,249,267
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	102,154
• Cost of materials transformed in performing SR&ED	325	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	3,624,189
b) Non-arm's length contracts (see note 1)	345	+	
• Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	1,186,828
• Third-party payments (see note 2) (complete Form T1263*)	370	+	30,000
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	7,192,438
• Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	7,192,438

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

	Line		Amount
Amount from line 400	420		7,192,438
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	296,848
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	–	1,556,784
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	5,338,806
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	5,338,806
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	5,338,806
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

	Line	Current Expenditures	Line	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	7,192,438	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500 +	271,904		
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +			
• expenditures on shared-use equipment for property acquired **before 2014**			504 +	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	7,464,342	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	296,848	514 –	
• other government assistance	515 –		516 –	
• non-government assistance and contract payments	517 –		518 –	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520 –	112,882		
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
• 20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012	529 –	730,838		
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
• other deductions (see guide)	533 –		535 –	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	6,323,774	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	6,323,774
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	6,323,774

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307) . . . . . . 810 +

Deduct

Bonuses, remuneration based on profits, and taxable benefits that were included on line 810 . . . . . . 812 –

Subtotal (line 810 minus 812) . . . . . . 814 =

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) 816 +

Salary base (total of lines 814 and 816) . . . . . . 818 =

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) . . . . 820 =

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you. . . . . . .

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided fo**all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. 10-03 ADS – Remote Control of Distributed Generation	1,575,911	9,617	2,734,184
2. 11-01 Anti-Islanding Technology	78,352	2,488	
3. 11-03 Extreme Space Weather Preparedness	30,870	41,349	
4. 12-02 Controlling Power Quality Through FESS	35,580		
5. 13-04 Aging and Reliability Studies	3,142		188,005
6. 15-02 Data uncertainty reduction			579,000
7. 15-03 Mission Critical Protection Scheme Upgrade Methods	525,412	48,700	35,000

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
8. 15-04 Distribution Impact of Electric Vehicles			88,000
Total	2,249,267	102,154	3,624,189

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 3,538,249

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

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 [X] Basic or Applied research   **622** 1 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	15
Technologists and technicians	634	8
Managers and administrators	636	
Other technical supporting staff	638	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . [X]
3. completed Part 2 for each project . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . [X]

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

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . [X]

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 **Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?**

1 [X] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [ ] No (complete lines 970 and 975)

Claim preparer information table

940 Name of claim preparer (company or individual)	945 Business number	950 Billing arrangement code (see codes*)	955 Billing rate (percentage, hourly/daily rate or flat fee)	960 Other billing arrangement(s) (Maximum 10 words)	965 Total fee paid, payable, or expected to pay
1 [redacted]	[redacted]	4	80,000.00		80,000
				Total	80,000

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, GIOVANNA BARAGETTI, certify that the information provided in this part is complete
Name of authorized signing officer of the corporation, or individual (print)
and accurate.

Signature

975 2016-04-27
Year Month Day

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 GIOVANNA BARAGETTI
Name of authorized signing officer of the corporation, or individual

Signature

170 2016-04-27
Date

175 [redacted]
Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 "Scientific Research and Experimental Development" in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

Canada Revenue Agency | Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

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 **www.cra.gc.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

Identification

Business number (BN) 001 87086 5821 RC0001

Corporation's name
002 HYDRO ONE NETWORKS INC.

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 483 BAY STREET, 8TH FLOOR
012 SOUTH TOWER
City: 015 TORONTO
Province, territory, or state: 016 ON
Country (other than Canada): 017 CA
Postal code/Zip code: 018 M5G 2P5

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o GIOVANNA BARAGETTI
022 483 BAY STREET, 7TH FLOOR
023 SOUTH TOWER
City: 025 TORONTO
Province, territory, or state: 026 ON
Country (other than Canada): 027
Postal code/Zip code: 028 M5G 2P5

Location of books and records (if different from head office address)
Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 483 BAY STREET, 7TH FLOOR
032 SOUTH TOWER
City: 035 TORONTO
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 M5G 2P5

040 **Type of corporation at the end of the tax year**
1 [X] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [ ] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 ______ YYYY MM DD

To which tax year does this return apply?
Tax year start: 060 2015-11-01 (YYYY MM DD)
Tax year-end: 061 2015-11-04 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? . . . . 063 1 Yes [ ] 2 No [X]

If **yes**, provide the date control was acquired . . . . 065 ______ YYYY MM DD

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

Is the corporation a professional corporation that is a member of a partnership? . . . . 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after:
Incorporation? . . . . 070 1 Yes [ ] 2 No [X]
Amalgamation? . . . . 071 1 Yes [ ] 2 No [X]
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 [X]
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? . . . . 078 1 Yes [ ] 2 No [X]

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

Is the corporation a resident of Canada?
080 1 Yes [X] 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 [X]
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 ______

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		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 $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 to Canada, a province, or a territory; 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	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	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	X	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 or provincial foreign tax credits, or any federal or provincial 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 claiming a surtax credit?	237		37
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

Attachments – continued from page 2

		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

		1 Yes	2 No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Is the corporation inactive?	280		X

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

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

284	Electricity	285	100.000 %
286		287	%
288		289	%

		1 Yes	2 No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		
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	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295		

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	-2,091,831	A
Deduct: Charitable donations from Schedule 2	311				
Gifts to Canada, a province, or a territory from Schedule 2	312				
Cultural gifts from Schedule 2	313				
Ecological gifts from Schedule 2	314				
Gifts of medicine 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			►		B
Subtotal (amount A **minus** amount B) (if negative, enter "0")					C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C **plus** amount D)			360		
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

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	**400**		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**	5,479	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 5,479 x **415** *** 10,062,000 D / 11,250 = 4,900,418 E

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

Small business deduction

Amount A, B, C, or F, whichever is the least ______ x (Number of days in the tax year before January 1, 2016: 4) / (Number of days in the tax year: 4) x 17 % = ______ 1

Amount A, B, C, or F, whichever is the least ______ x (Number of days in the tax year after December 31, 2015, and before January 1, 2017: ______) / (Number of days in the tax year: 4) x 17.5 % = ______ 2

Total of amounts 1 and 2 (enter amount G on line I on page 7) **430** ______ G

* 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.

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 B9 and H9 from Part 9 of Schedule 27			B	
Amount K13 from Part 13 of Schedule 27			C	
Personal service 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 425 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 B9 and H9 from Part 9 of Schedule 27			L	
Amount K13 from Part 13 of Schedule 27			M	
Personal service 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.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ______ x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 4)) % = ______ A

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

Deduct:
Foreign investment income from Schedule 7 . . . . . **445** ______ x (9 1 / 3 − 1 1 / 3 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 4)) % = ______ C

(if negative, enter "0") ______ ▶ ______ D

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

Taxable income from line 360 on page 3 . . . . ______ F

Deduct:
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least . . . . ______ G

Foreign non-business income tax credit from line 632 on page 7 . . . . ______ x 100 / 35 = ______ H

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

Subtotal ______ ▶ ______ J

______ K

x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 4)) % = ______ 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** ______

______ ▶ ______ 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** ______

______ ▶ ______ 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 2 of Schedule 3 . . . . 10,000,000,000 x [(1 / 3) + (5 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 4)) %] = 3,333,333,333 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.

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

Recapture of investment tax credit from Schedule 31 . . . **602** ______ B

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 . . . ______ C

Taxable income from line 360 on page 3 . . . ______ D

Deduct:

Amount from line 400, 405, 410, or 425 on page 4, whichever is the least . . . ______ E

Net amount (amount D **minus** amount E) . . . ______ ► ______ F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x ______ (Number of days in the tax year after 2015) / ______ (Number of days in the tax year)) % of whichever is less: amount C or amount F . . . **604** ______ G

4

Subtotal (**add** amounts A, B, and G) ______ H

Deduct:

Small business deduction from line 430 on page 4 . . . ______ I

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 ______ ► ______ J

Part I tax payable – Amount H **minus** amount J . . . ______ K

Enter amount K on line 700 on page 8.

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 **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount K 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	199,901
Total tax payable	770	199,901 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) 199,901

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 199,901

For information on how to make your payment, go to **www.cra-arc.gc.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

Certification

I, 950 BARAGETTI (Last name (print)) 951 GIOVANNA (First name (print)) 954 Vice President, Corporate Tax (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 2016-04-29 (Date (yyyy/mm/dd)) Signature of the authorized signing officer of the corporation 956 (416) 345-6778 (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 Glendy Cheung (Name (print)) 959 (416) 345-6812 (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

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
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	1,172,000,000	1,095,000,000
	Total tangible capital assets	2008	+	26,293,000,000	26,293,000,000
	Total accumulated amortization of tangible capital assets	2009	–	9,216,000,000	9,205,000,000
	Total intangible capital assets	2178	+	475,000,000	475,000,000
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	1,942,000,000	1,942,000,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	20,666,000,000	20,600,000,000
	Liabilities				
	Total current liabilities	3139	+	2,814,000,000	5,025,000,000
	Total long-term liabilities	3450	+	11,132,000,000	11,132,000,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	13,946,000,000	16,157,000,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	6,720,000,000	4,443,000,000
	Total liabilities and shareholder equity	3640	=	20,666,000,000	20,600,000,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	1,024,000,000	1,018,000,000

* Generic item

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
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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	+	77,000,000	4,966,000,000
	Cost of sales	8518	–	40,000,000	2,557,000,000
	Gross profit/loss	8519	=	37,000,000	2,409,000,000
	Cost of sales	8518	+	40,000,000	2,557,000,000
	Total operating expenses	9367	+	30,000,000	1,744,000,000
	Total expenses (mandatory field)	9368	=	70,000,000	4,301,000,000
	Total revenue (mandatory field)	8299	+	77,000,000	4,966,000,000
	Total expenses (mandatory field)	9368	–	70,000,000	4,301,000,000
	Net non-farming income	9369	=	7,000,000	665,000,000
	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	=	7,000,000	665,000,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	1,000,000	2,365,000,000
	Future (deferred) income tax provision	9995	–		2,000,000
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	6,000,000	-1,702,000,000

Canada Revenue Agency Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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

Does the accountant have a professional designation?	**095**	1 Yes [X]	2 No [ ]
Is the accountant connected* with the corporation?	**097**	1 Yes [X]	2 No [ ]

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	[ ]
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:

Has the accountant expressed a reservation?	**099**	1 Yes [ ]	2 No [ ]

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	[ ]

Were notes to the financial statements prepared?	**101**	1 Yes [X]	2 No [ ]
If **yes**, complete lines 104 to 107 below:			
Are subsequent events mentioned in the notes?	**104**	1 Yes [ ]	2 No [X]
Is re-evaluation of asset information mentioned in the notes?	**105**	1 Yes [X]	2 No [ ]
Is contingent liability information mentioned in the notes?	**106**	1 Yes [X]	2 No [ ]
Is information regarding commitments mentioned in the notes?	**107**	1 Yes [ ]	2 No [X]
Does the corporation have investments in joint venture(s) or partnership(s)?	**108**	1 Yes [ ]	2 No [X]

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** 1 Yes [ ] 2 No [X]

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** 1 Yes [ ] 2 No [X]

Did the corporation apply hedge accounting during the tax year? . . . **255** 1 Yes [X] 2 No [ ]

Did the corporation discontinue hedge accounting during the tax year? . . . **260** 1 Yes [ ] 2 No [X]

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** 1 Yes [ ] 2 No [X]

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

1. DESCRIPTION OF THE BUSINESS

Hydro One Inc. (Hydro One) was incorporated on December 1, 1998, under the Business Corporations Act (Ontario) and was wholly owned by the Province of Ontario (the Province) until October 31, 2015. On October 31, 2015, Hydro One Limited, a wholly owned subsidiary of the Province, acquired all issued and outstanding shares of Hydro One from the Province. The principal businesses of Hydro One are the transmission and distribution of electricity to customers within Ontario.

Hydro One Networks Inc. (Hydro One Networks or the Company) was incorporated on March 4, 1999 under the Business Corporations Act (Ontario) and is a wholly -owned subsidiary of Hydro One. The Company owns and operates Hydro One's regulated transmission and distribution businesses. The regulated transmission business (Transmission Business) operates a high-voltage electrical transmission network that represents almost all of the licensed transmission capacity in Ontario. The regulated distribution business (Distribution Business) operates a low-voltage electrical distribution network that distributes electricity from the transmission system, or directly from generators, to customers within Ontario. These businesses are regulated by the Ontario Energy Board (OEB).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These Financial Statements are prepared and presented in accordance with United States Generally Accepted Accounting Principles and in Canadian dollars. The Financial Statements have been prepared solely for the purpose of filing the Company's income tax return, as on November 5, 2015, the common shares of Hydro One Limited began trading on the Toronto Stock Exchange, and as a result, the Company lost its status as a Canadian-Controlled Private Corporation. Since these financial statements have not been prepared for general purposes, some users may require additional information. These Financial Statements present the financial position of the Company at November 4, 2015 and the results of its operations and its cash flows for the period from November 1, 2015 to November 4, 2015. The comparative information is presented as at October 31, 2015 and for the period from January 1, 2015 to October 31, 2015.

Use of Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions, and assumptions believed to be reasonable at the time the assumptions are made, with any adjustments being recognized in results of operations in the period they arise. Significant estimates relate to regulatory assets and regulatory liabilities, environmental liabilities, post-retirement and post-employment benefits, asset retirement obligations (AROs), goodwill and asset impairments, contingencies, unbilled revenues, allowance for doubtful accounts, derivative instruments, and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates.

Rate Setting

The OEB has approved the use of US GAAP for rate setting and regulatory accounting and reporting by the Company's Distribution and Transmission Businesses.

Transmission

On January 8, 2015, pursuant to an application filed with the OEB, the OEB approved the 2015 Hydro One transmission rates revenue requirement of $1,477 million.

Distribution

On March 12, 2015, the OEB issued a Decision and Rate Order approving a revenue requirement of $1,326 million for 2015, $1,430 million for 2016 and $1,486 million for 2017. The revenue requirements for 2016 and 2017 are estimates that may change based on 2016 and 2017 Rate Orders. On April 23, 2015, the Final Rate Order for 2015 rates was approved by the OEB.

Regulatory Accounting

The OEB has the general power to include or exclude revenues, costs, gains or losses in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate-regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities that generally represent amounts that are refundable to future electricity customers. The Company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Company judges that it is no longer probable that the OEB will include a regulatory asset or liability in setting future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

Revenue Recognition

Transmission revenues are collected through OEB-approved rates, which are based on an approved revenue requirement that includes a rate of return. Such revenue is recognized as electricity is transmitted and delivered to customers.

Distribution revenues attributable to the delivery of electricity are based on OEB-approved distribution rates and are recognized on an accrual basis and include billed and unbilled revenues. Billed revenues are based on electricity delivered as measured from customer meters. Unbilled revenues are based on an estimate of electricity delivered determined by historical trends of consumption and are estimated at the end of each month. The unbilled revenue estimate is affected by energy consumption, weather, and changes in the composition of customer classes.

Distribution revenue also includes an amount relating to rate protection for rural, residential and remote customers, which is received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB.

Revenues also include amounts related to sales of other services and equipment. Such revenue is recognized as services are rendered or as equipment is delivered.

Revenues are recorded net of indirect taxes.

Accounts Receivable and Allowance for Doubtful Accounts

Billed accounts receivable are recorded at the invoiced amount, net of allowance for doubtful accounts. Unbilled accounts receivable are recorded at their estimated value. Overdue amounts related to regulated billings bear interest at OEB-approved
rates. The allowance for doubtful accounts reflects the Company's best estimate of losses on billed accounts receivable balances. The Company estimates the allowance for doubtful accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balances by aging category. Loss rates applied to the accounts receivable balances are based on historical overdue balances, customer payments and write -offs. Accounts receivable are written-off against the allowance when they are deemed uncollectible. The existing allowance for doubtful accounts will continue to be affected by changes in volume, prices and economic conditions.

Income Taxes

On October 31, 2015, the Company ceased to be exempt from tax under the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario) (Federal Tax Regime). Prior to that date, the Company was required to make payments in lieu of corporate income taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC) under the Electricity Act, 1998 (Ontario) (PILs Regime). These payments were calculated in accordance with the rules for computing income and other relevant amounts contained in the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario), as modified by the Electricity Act, 1998, and related regulations. Upon exiting the PILs Regime, the Company is required to make corporate income tax payments to the Canada Revenue Agency (CRA) under the Federal Tax Regime.

Current and deferred income taxes are computed based on the tax rates and tax laws enacted at the balance sheet date. Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return are recorded only when the "more-likely-than-not" recognition threshold is satisfied and are measured at the largest amount of benefit that has a greater than 50% likelihood of being realized upon settlement. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant management judgment is required to determine recognition thresholds and the related amount of tax benefits to be recognized in the Financial Statements. Management re-evaluates tax positions each period in which new information about recognition or measurement becomes available.

Deferred Income Taxes

Deferred income taxes are provided for using the liability method. Deferred income taxes are recognized based on the estimated future tax consequences attributable to temporary differences between the carrying amount of assets and liabilities in the Financial Statements and their corresponding tax bases.

Deferred income tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is more-likely-than-not that these assets will be realized from taxable income available against which deductible temporary differences can be utilized.

Deferred income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the tax rates and tax laws that have been enacted at the balance sheet date. Deferred income taxes that are not included in the rate-setting process are charged or credited to the Statements of Operations and Comprehensive Income (Loss).

If management determines that it is more-likely-than-not that some or all of a deferred income tax asset will not be realized, a valuation allowance is recorded against the deferred income tax asset to report the net asset balance at the amount expected to be realized. Previously unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become more-likely-than-not that the tax benefit will be realized.

The Company records regulatory assets and liabilities associated with deferred income taxes that will be included in the rate-setting process.

The Company uses the flow-through method to account for investment tax credits (ITCs) earned on eligible scientific research and experimental development expenditures, and apprenticeship job creation. Under this method, only non-refundable ITCs are recognized as a reduction to income tax expense.

Inter-company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries, including Hydro One Networks. The balance in the inter-company demand facility represents the cumulative net effect of all deposits and withdrawals made by the Company to and from the pooled bank accounts. Interest is earned on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. Interest is charged on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies represent consumables, small spare parts and construction materials held for internal construction and maintenance of property, plant and equipment. These assets are carried at average cost less any impairments recorded.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost, net of customer contributions, and any accumulated impairment losses. The cost of additions, including betterments and replacement asset components, is included on the Consolidated Balance Sheets as property, plant and equipment.

The original cost of property, plant and equipment includes direct materials, direct labour (including employee benefits), contracted services, attributable capitalized financing costs, asset retirement costs, and direct and indirect overheads that are related to the capital project or program. Indirect overheads include a portion of corporate costs such as finance, treasury, human resources, information technology and executive costs. Overhead costs, including corporate functions and field services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology.

Property, plant and equipment in service consists of transmission, distribution, communication, administration and service assets and land easements. Property, plant and equipment also includes future use assets, such as land, major components and spare parts, and capitalized project development costs associated with deferred capital projects.

Transmission

Transmission assets include assets used for the transmission of high-voltage electricity, such as transmission lines, support structures, foundations, insulators, connecting hardware and grounding systems, and assets used to step up the voltage of electricity from generating stations for transmission and to step down voltages for distribution, including transformers, circuit breakers and switches.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices and metering systems.

Communication

Communication assets include the fibre-optic and microwave radio system, optical ground wire, towers, telephone equipment and associated buildings.

Administration and Service

Administration and service assets include administrative buildings, personal computers, transport and work equipment, tools and other minor assets.

Intangible Assets

Intangible assets separately acquired or internally developed are measured on initial recognition at cost, which comprises purchased software, direct labour (including employee benefits), consulting, engineering, overheads and attributable capitalized financing charges. Following initial recognition, intangible assets are carried at cost, net of any accumulated amortization and accumulated impairment losses. The Company's intangible assets primarily represent major computer applications.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment or development of intangible assets. The financing cost of attributable borrowed funds is capitalized as part of the acquisition cost of such assets. The capitalized portion of financing costs is a reduction to financing charges recognized in the Statements of Operations and Comprehensive Income (Loss). Capitalized financing costs are calculated using the Company's weighted average effective cost of debt.

Construction and Development in Progress

Construction and development in progress consists of the capitalized cost of constructed assets that are not yet complete and which have not yet been placed in service.

Depreciation and Amortization

The cost of property, plant and equipment and intangible assets is depreciated or amortized on a straight-line basis based on the estimated remaining service life of each asset category, except for transport and work equipment, which is depreciated on a declining balance basis.

The Company periodically initiates an external independent review of its property, plant and equipment and intangible asset depreciation and amortization rates, as required by the OEB. Any changes arising from OEB approval of such a review are implemented on a remaining service life basis, consistent with their inclusion in electricity rates. The last review resulted in changes to rates effective January 1, 2015. A summary of average service lives and depreciation and amortization rates for the various classes of assets is included below:

	Average Service Life	Rate (%) Range	Average
Transmission	55 years	1% - 2%	2%
Distribution	46 years	1% - 7%	2%
Communication	16 years	1% - 15%	6%
Administration and service	16 years	3% - 20%	5%

The cost of intangible assets is included primarily within the administration and service classification above. Amortization rate for computer applications software and other intangible assets is 10%.

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, and intangible assets that are normally retired, is charged to accumulated depreciation, with no gain or loss being reflected in results of operations. Where a disposition of property, plant and equipment occurs through sale, a gain or loss is calculated based on proceeds and such gain or loss is included in depreciation expense. Depreciation expense also includes the costs incurred to remove property, plant and equipment where no asset retirement obligations have been recorded.

Goodwill

Goodwill represents the cost of acquired local distribution companies that is in excess of the fair value of the net identifiable assets acquired at the acquisition date. Goodwill is not included in rate base.

Goodwill is evaluated for impairment on an annual basis, or more frequently if circumstances require. The Company performs a qualitative assessment to determine whether it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount. If the Company determines, as a result of its qualitative assessment, that it is not more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, no further testing is required. If the Company determines, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, a goodwill impairment assessment is performed using a two-step, fair value-based test. The first step compares the fair value of the applicable reporting unit to its carrying amount, including goodwill. If the carrying amount of the applicable reporting unit exceeds its fair value, a second step is performed. The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss is recorded as a reduction to goodwill and as a charge to results of operations.

Long-Lived Asset Impairment

When circumstances indicate the carrying value of long-lived assets may not be recoverable, the Company evaluates whether the carrying value of such assets, excluding goodwill, has been impaired. For such long-lived assets, the Company evaluates whether impairment may exist by estimating future estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, a probability-weighted approach is used to develop estimates of future undiscounted cash flows. If the carrying value of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows, an impairment loss is recorded, measured as the excess of the carrying value of the asset over its fair value. As a result, the asset's carrying value is adjusted to its estimated fair value.

The carrying costs of most of Hydro One Networks' long-lived assets are included in rate base where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable. At November 4, 2015 and October 31, 2015, no asset impairment had been recorded.

Costs of Arranging Debt Financing

For financial liabilities classified as other than held-for-trading, the Company defers its proportionate share of the relevant Hydro One external transaction costs related to obtaining debt financing and presents such amounts as deferred debt costs on the Balance Sheets. Deferred debt costs are amortized over the contractual life of the related debt on an effective-interest basis and the amortization is included within financing charges in the Statements of Operations and Comprehensive Income (Loss). Transaction costs for items classified as held-for-trading are expensed immediately.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI). OCI and net income are presented in a single continuous Statement of Operations and Comprehensive Income (Loss).

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity; loans and receivables; held-for-trading; other liabilities; or available-for-sale. Financial assets and liabilities classified as held-for-trading are measured at fair value. All other financial assets and liabilities are measured at amortized cost, except accounts receivable, which are measured at the lower of cost or fair value. Accounts receivable are classified as loans and receivables. The Company considers the carrying amounts of accounts receivable to be reasonable estimates of fair value because of the short time to maturity of these instruments. Provisions for impaired accounts receivable are recognized as adjustments to the allowance for doubtful accounts and are recognized when there is objective evidence that the Company will not be able to collect amounts according to the original terms. All financial instrument transactions are recorded at trade date.

Derivative instruments are measured at fair value. Gains and losses from fair valuation are included within financing charges in the period in which they arise. The Company determines the classification of its financial assets and liabilities at the date of initial recognition. The Company designates certain of its financial assets and liabilities to be held at fair value, when it is consistent with the Company's risk management policy.

Derivative Instruments and Hedge Accounting

Hydro One closely monitors the risks associated with changes in interest rates on its operations and, where appropriate, uses various derivative instruments to hedge these risks. Certain of these derivative instruments qualify for hedge accounting and are designated as accounting hedges, while others either do not qualify as hedges or have not been designated as hedges (hereinafter referred to as undesignated contracts) as they are part of economic hedge relationships. Hydro One's derivative instruments, or portions thereof, are mirrored down to Hydro One Networks, and are allocated between the Company's transmission and distribution businesses. The derivative instruments are classified as fair value hedges or undesignated contracts, consistent with Hydro One's derivative instruments classification.

The accounting guidance for derivative instruments requires the recognition of all derivative instruments not identified as meeting the normal purchase and sale exemption as either assets or liabilities recorded at fair value on the Balance Sheets. For derivative instruments that qualify for hedge accounting, Hydro One may elect to designate such derivative instruments as either cash flow hedges or fair value hedges. Hydro One offsets fair value amounts recognized in its Balance Sheets related to derivative instruments executed with the same counterparty under the same master netting agreement.

For derivative instruments that qualify for hedge accounting and which are designated as cash flow hedges, the effective portion of any gain or loss, net of tax, is reported as a component of accumulated OCI (AOCI) and is reclassified to results of operations in the same period or periods during which the hedged transaction affects results of operations. Any gains or losses on the derivative instrument that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in results of operations. For fair value hedges, changes in fair value of both the derivative instrument and the underlying hedged exposure are recognized in the Statement of Operations and Comprehensive Income in the current period. The gain or loss on the derivative instrument is included in the same line item as the offsetting gain or loss on the hedged item in the Statements of Operations and Comprehensive Income. Additionally, Hydro One enters into derivative agreements that are economic hedges that either do not qualify for hedge accounting or have not been designated as hedges. The changes in fair value of these undesignated derivative instruments are reflected in results of operations.

Embedded derivative instruments are separated from their host contracts and carried at fair value on the Balance Sheets when: (a) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract; (b) the hybrid instrument is not measured at fair value, with changes in fair value recognized in results of operations each period; and (c) the embedded derivative itself meets the definition of a derivative. Hydro One does not engage in derivative trading or speculative activities and had no embedded derivatives at November 4, 2015 and October 31, 2015.

Hydro One periodically develops hedging strategies taking into account risk management objectives. At the inception of a hedging relationship where Hydro

One has elected to apply hedge accounting, Hydro One formally documents the relationship between the hedged item and the hedging instrument, the related risk management objective, the nature of the specific risk exposure being hedged, and the method for assessing the effectiveness of the hedging relationship. Hydro One also assesses, both at the inception of the hedge and on a quarterly basis, whether the hedging instruments are effective in offsetting changes in fair values or cash flows of the hedged items.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of the pension, post-retirement and post-employment benefit plans are recorded over the periods during which employees render service.

Hydro One recognizes the funded status of its pension, post-retirement and post-employment plans on its Consolidated Balance Sheets and subsequently recognizes the changes in funded status at the end of each reporting year. Pension, post-retirement and post-employment funds are considered to be underfunded when the projected benefit obligation exceeds the fair value of the plan assets. Liabilities are recognized on the Consolidated Balance Sheets of Hydro One for any net underfunded projected benefit obligation. The net underfunded projected benefit obligation may be disclosed as a current liability, long-term liability, or both. The current portion is the amount by which the actuarial present value of benefits included in the benefit obligation payable in the next 12 months exceeds the fair value of plan assets. If the fair value of plan assets exceeds the projected benefit obligation of the plan, an asset is recognized equal to the net overfunded projected benefit obligation. The post-retirement and post-employment benefit plans are unfunded because there are no related plan assets. The measurement date for the Plans was December 31.

Pension Benefits

Hydro One has a contributory defined benefit pension plan covering most regular employees of Hydro One and its subsidiaries, including Hydro One Networks. The Hydro One pension plan does not segregate assets in a separate account for individual subsidiaries, nor is the obligation of the pension plan allocated to, or funded separately by, entities within the consolidated group. Accordingly, for purposes of these Financial Statements, the pension plan is accounted for as a defined contribution plan and no pension benefit asset or liability is recorded.

A detailed description of Hydro One pension benefits is provided in the Pension and Post-Retirement and Post-Employment Benefits note to the Consolidated Financial Statements of Hydro One.

Post-Retirement and Post-Employment Benefits

Post-retirement and post-employment benefits are recorded and included in rates on an accrual basis. Costs are determined by independent actuaries using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments are amortized to results of operations based on the expected average remaining service period. Hydro One records a regulatory asset equal to the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans recorded at each year end based on annual actuarial reports.

For post-retirement benefits, all actuarial gains or losses are deferred using the "corridor" approach. The amount calculated above the "corridor" is amortized to results of operations on a straight-line basis over the expected average remaining service life of active employees in the plan and over the remaining life expectancy of inactive employees in the plan. The post-retirement benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the associated regulatory liabilities representing actuarial gains on transition to US GAAP are amortized to results of operations based on the "corridor" approach. Post transition, the actuarial gains and losses on post-employment obligations that are incurred during the year are recognized immediately to results of operations. The post-employment benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment.

All post-retirement and post-employment future benefit costs are attributed to labour and are either charged to results of operations or capitalized as part of the cost of property, plant and equipment and intangible assets.

A detailed description of Hydro One post-retirement and post-employment benefits is provided in the Pension and Post-Retirement and Post-Employment Benefits note to the Consolidated Financial Statements of Hydro One.

Loss Contingencies

Hydro One and its subsidiaries are involved in certain legal and environmental matters that arise in the normal course of business. In the preparation of its Financial Statements, management makes judgments regarding the future outcome of contingent events and records a loss for a contingency based on its best estimate when it is determined that such loss is probable and the amount of the loss can be reasonably estimated. Where the loss amount is recoverable in future rates, a regulatory asset is also recorded. When a range estimate for the probable loss exists and no amount within the range is a better estimate than any other amount, the Company records a loss at the minimum amount within the range.

Management regularly reviews current information available to determine whether recorded provisions should be adjusted and whether new provisions are required. Estimating probable losses may require analysis of multiple forecasts and scenarios that often depend on judgments about potential actions by third parties, such as federal, provincial and local courts or regulators. Contingent liabilities are often resolved over long periods of time. Amounts recorded in the Financial Statements may differ from the actual outcome once the contingency is resolved. Such differences could have a material impact on future results of operations, financial position and cash flows of the Company.

Provisions are based upon current estimates and are subject to greater uncertainty where the projection period is lengthy. A significant upward or downward trend in the number of claims filed, the nature of the alleged injuries, and the average cost of resolving each claim could change the estimated provision, as could any substantial adverse or favorable verdict at trial. A federal or provincial legislative outcome or structured settlement could also change the estimated liability. Legal fees are expensed as incurred.

Environmental Liabilities

Environmental liabilities are recorded in respect of past contamination when it is determined that future environmental remediation expenditures are probable under existing statute or regulation and the amount of the future expenditures can be reasonably estimated. Hydro One Networks records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) program and for the phase-out and destruction of polychlorinated biphenyl (PCB)-contaminated mineral oil removed from electrical equipment, based on the present value of these estimated future expenditures. The present value is determined with a discount rate equal to its credit-adjusted risk-free interest rate on financial instruments with comparable maturities to the pattern of future environmental expenditures. As the Company anticipates that the future expenditures will continue to be recoverable in future rates, an offsetting regulatory asset has been recorded to reflect the future recovery of these environmental expenditures from customers. Hydro One Networks reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

Asset Retirement Obligations

AROs are recorded for legal obligations associated with the future removal and disposal of long-lived assets. Such obligations may result from the acquisition, construction, development and/or normal use of the asset. Conditional AROs are recorded when there is a legal obligation to perform a future asset retirement activity but where the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. In such a case, the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement.

When recording an ARO, the present value of the estimated future expenditures required to complete the asset retirement activity is recorded in the period in which the obligation is incurred, if a reasonable estimate can be made. In general, the present value of the estimated future expenditures is added to the carrying amount of the associated asset and the resulting asset retirement cost is depreciated over the estimated useful life of the asset. Where an asset is no longer in service when an ARO is recorded, the asset retirement cost is recorded in results of operations.

Some transmission and distribution assets, particularly those located on unowned easements and rights-of-way, may have AROs, conditional or otherwise. The majority of the Company's easements and rights-of-way are either of perpetual duration or are automatically renewed annually. Land rights with finite terms are generally subject to extension or renewal. As the Company expects to use the majority of its facilities in perpetuity, no ARO currently exists for these assets. If, at some future date, a particular facility is shown not to meet the perpetuity assumption, it will be reviewed to determine whether an estimable ARO exists. In such a case, an ARO would be recorded at that time.

T2 BAR CODE RETURN

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001

Tax Year Start: 2015-11-01

Tax Year End: 2015-11-04

The Company's AROs recorded to date relate to estimated future expenditures associated with the removal and disposal of asbestos-containing materials installed in some of its facilities and with the decommissioning of specific switching stations located on unowned sites.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Assets – lines 1000 to 2599

1060	1,144,000,000	1061	-64,000,000	1120	19,000,000
1480	54,000,000	1481	19,000,000	1599	1,172,000,000
1900	24,975,000,000	1901	-9,216,000,000	1920	1,318,000,000
2008	26,293,000,000	2009	-9,216,000,000	2010	363,000,000
2012	112,000,000	2178	475,000,000	2420	1,942,000,000
2589	1,942,000,000	2599	20,666,000,000		

Liabilities – lines 2600 to 3499

2620	859,000,000	2629	95,000,000	2700	450,000,000
2860	1,391,000,000	2960	19,000,000	3139	2,814,000,000
3140	7,727,000,000	3240	1,361,000,000	3320	2,044,000,000
3450	11,132,000,000	3499	13,946,000,000		

Shareholder equity – lines 3500 to 3640

3500	5,700,000,000	3541	5,000,000	3580	-9,000,000
3600	1,024,000,000	3620	6,720,000,000	3640	20,666,000,000

Retained earnings – lines 3660 to 3849

3660	1,018,000,000	3680	6,000,000	3849	1,024,000,000

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	77,000,000	**8089**	77,000,000	**8299**	77,000,000

Cost of sales – lines 8300 to 8519

8320	40,000,000	**8518**	40,000,000	**8519**	37,000,000

Operating expenses – lines 8520 to 9369

8570	1,000,000	**8670**	10,000,000	**8710**	5,000,000
9284	14,000,000	**9367**	30,000,000	**9368**	70,000,000
9369	7,000,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	7,000,000	**9990**	1,000,000	**9999**	6,000,000

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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*.

Amount calculated on line 9999 from Schedule 125			6,313,757	A
Add:				
Provision for income taxes – current	101	1,089,967		
Amortization of tangible assets	104	10,399,985		
Amortization of intangible assets	106	307,170		
Charitable donations and gifts from Schedule 2	112	5,000		
Non-deductible meals and entertainment expenses	121	34,591		
Reserves from financial statements – balance at the end of the year	126	2,050,542,241		
Subtotal of additions		2,062,378,954 ▶	2,062,378,954	
Other additions:				
Debt issue expense	208	39,810		
Miscellaneous other additions:				
604				
Total	294			
Subtotal of other additions	199	39,810 ▶	39,810	
Total additions	500	2,062,418,764 ▶	2,062,418,764	B
Amount A **plus** amount B			2,068,732,521	
Deduct:				
Capital cost allowance from Schedule 8	403	17,272,370		
Cumulative eligible capital deduction from Schedule 10	405	2,974,689		
Deferred and prepaid expenses	409	47,111		
Reserves from financial statements – balance at the beginning of the year	414	2,050,508,096		
Subtotal of deductions		2,070,802,266 ▶	2,070,802,266	
Other deductions:				
Miscellaneous other deductions:				
700 Income included in OCI	390	4,196		
704 Other deductions (see attached) 17,890				
Total 17,890	394	17,890		
Subtotal of other deductions	499	22,086 ▶	22,086	
Total deductions	510	2,070,824,352 ▶	2,070,824,352	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			-2,091,831	

T2 SCH 1 E (12)

Canada

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Amortization of Underwriting fee (GL #761780)	22,483	00
Amortization of Prospectus fee (GL #761790)	2,310	00
Amortization of Upfront Loan fee (included in GL #761730)	11,753	00
Amortization of Hedge Loss (included in GL #761770)	3,264	00
Total	39,810	00

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Attached Schedule with Total

Line 409 – Deferred and prepaid expenses

Title Line 409 – Deferred and prepaid expenses

Description	Amount	
20(1)(e) deduction re: underwriting fees	32,869	00
20(1)(e) deduction re: prospectus fees	1,066	00
20(1)(e) deduction re: upfront loan fees	10,571	00
20(1)(e) deduction re: legal fees for deferred financing	2,605	00
Total	47,111	00

Attached Schedule with Total

Line 704 – Amount

Title Line 704 – Amount

Description	Amount	
Bond Premium/Discount Am	15,514	00
Amortization of Capital contribution (741701)	1,715	00
S 18(9.1) deduction	661	00
Total	17,890	00

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- For use by corporations to claim any of the following:
  – the eligible amount of charitable donations to qualified donees;
  – the Ontario community food program donation tax credit for farmers;
  – the eligible amount of gifts to Canada, a province, or a territory;
  – 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.
- All legislative references are 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.
- 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) of the federal *Act*.
- Subsection 110.1(1.2) of the federal Act 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.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
[redacted]	5,000
Subtotal	5,000
Add: Total donations of less than $100 each	
Total donations in current tax year	5,000

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240		B		
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (enter this amount on line 112 of Schedule 1)	210	5,000		5,000	5,000
Subtotal (line 250 **plus** line 210)		5,000	C	5,000	5,000
Subtotal (amount B **plus** amount C)		5,000	D	5,000	5,000
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		5,000	E	5,000	5,000
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount E **minus** amount on line 260)	280	5,000		5,000	5,000
Ontario community food program donation for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262				
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1		

Enter the amount from line 1 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 the amount on line 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
7th prior year	2009-12-31			
8th prior year	2008-12-31			
9th prior year	2007-12-31			
10th prior year	2006-12-31			
11th prior year	2005-12-31			
12th prior year	2004-12-31			
13th prior year	2003-12-31			
14th prior year	2002-12-31			
15th prior year	2001-12-31			
16th prior year	2000-12-31			
17th prior year	1999-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

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

Net income for tax purposes* **multiplied** by 75 %				F
Taxable capital gains arising in respect of gifts of capital property included in Part 1 **	225		G	
Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01)	227		H	
The amount of the recapture of capital cost allowance in respect of charitable donations	230			
Proceeds of disposition, **less** outlays and expenses**			I	
Capital cost**			J	
Amount I or J, whichever is less	235			
Amount on line 230 or 235, whichever is less			K	
Subtotal (**add** amounts G, H, and K)			L	
Amount L **multiplied** by 25 %				M
Subtotal (amount F **plus** amount M)				N
Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less)				O

* 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.

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

Gifts to Canada, a province, or a territory at the end of the previous tax year			A
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	339		
Gifts to Canada, a province, or a territory at the beginning of the current tax year	340		B
Add:			
Gifts to Canada, a province, or a territory transferred on an amalgamation or the wind-up of a subsidiary	350		
Total gifts made to Canada, a province, or a territory in the current year*	310		
Subtotal (line 350 **plus** line 310) ►			C
Subtotal (amount B **plus** amount C)			D
Deduct:			
Adjustment for an acquisition of control	355		
Amount applied in the current year against taxable income (enter this amount on line 312 of the T2 return)	360		
Subtotal (line 355 **plus** line 360) ►			E
Gifts to Canada, a province, or a territory closing balance (amount D **minus** amount E)	380		

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			F		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		G		
Add:					
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				
Subtotal (line 450 **plus** line 410)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			J		
Gifts of certified cultural property closing balance (amount I **minus** amount J)	480				

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
7th prior year	2009-12-31			
8th prior year	2008-12-31			
9th prior year	2007-12-31			
10th prior year	2006-12-31			
11th prior year	2005-12-31			
12th prior year	2004-12-31			
13th prior year	2003-12-31			
14th prior year	2002-12-31			
15th prior year	2001-12-31			
16th prior year	2000-12-31			
17th prior year	1999-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 5 – Gifts of certified ecologically sensitive land

	Line	Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			K		
Deduct: 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	540		L		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014	520				
Subtotal (**add** lines 550, 510, and 520)			M		
Subtotal (amount L **plus** amount M)			N		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			O		
Gifts of certified ecologically sensitive land closing balance (amount N **minus** amount O)	580				

* For the federal and Alberta, 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, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

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	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
7th prior year	2009-12-31			
8th prior year	2008-12-31			
9th prior year	2007-12-31			
10th prior year	2006-12-31			
11th prior year*	2005-12-31			
12th prior year	2004-12-31			
13th prior year	2003-12-31			
14th prior year	2002-12-31			
15th prior year	2001-12-31			
16th prior year	2000-12-31			
17th prior year	1999-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 6 – Additional deduction for gifts of medicine

		Federal		Québec		Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			P			
Deduct: 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	640		Q			
Add:						
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650					
Additional deduction for gifts of medicine for the current year:						
Proceeds of disposition	602		1		1	
Cost of gifts of medicine	601		2		2	
Subtotal (line 1 **minus** line 2)			3		3	
Line 3 **multiplied** by 50 %			4		4	
Eligible amount of gifts	600		5		5	

1
2
3
4
5

Federal

a ______ x (b / c) = Additional deduction for gifts of medicine for the current year 610 ______

Québec

a ______ x (b / c) = Additional deduction for gifts of medicine for the current year ______

Alberta

a ______ x (b / c) = Additional deduction for gifts of medicine for the current year ______

where:
a is the **lesser** of line 2 and line 4
b is the eligible amount of gifts (line 600)
c is the proceeds of disposition (line 602)

		Federal		Québec		Alberta
Subtotal (line 650 **plus** line 610)			R			
Subtotal (amount Q **plus** amount R)			S			
Deduct:						
Adjustment for an acquisition of control	655					
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660					
Subtotal (line 655 **plus** line 660)			T			
Additional deduction for gifts of medicine closing balance (amount S **minus** amount T)	680					

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
Total				

* These donations expired in the current 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		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2015-10-31	
2nd prior year	2014-12-31	
3rd prior year	2013-12-31	
4th prior year	2012-12-31	
5th prior year	2011-12-31	
6th prior year*	2010-12-31	
7th prior year	2009-12-31	
8th prior year	2008-12-31	
9th prior year	2007-12-31	
10th prior year	2006-12-31	
11th prior year	2005-12-31	
12th prior year	2004-12-31	
13th prior year	2003-12-31	
14th prior year	2002-12-31	
15th prior year	2001-12-31	
16th prior year	2000-12-31	
17th prior year	1999-12-31	
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

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DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- This schedule is for the use of any corporation 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), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- 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.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A – Enter "X" if dividends received from a foreign source (connected corporation only).
- 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.
- Column FF – Indicate if the dividends have been received before January 1, 2016, or after December 31, 2015. This information is required to determine the appropriate rate for the Part IV tax calculation.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

		Complete if payer corporation is connected			
Name of payer corporation (from which the corporation received the dividend) 200	A	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 (See note) 220	E Non-taxable dividend under section 83 230

Total (enter on line 402 of Schedule 1)

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation.
For more details, consult the Help.

				Complete if payer corporation is connected		
F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)* 240	F1 Eligible dividends (included in column F)	F2	FF	G Total taxable dividends paid by connected payer corporation (for tax year in column D) 250	H Dividend refund of the connected payer corporation (for tax year in column D)** 260	I Part IV tax before deductions F x rate *** 270
						J

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

* 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. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

** 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.

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

Rate: The Part IV tax rate is 38 1/3% for dividends received after December 31, 2015, and 33 1/3% for dividends received before January 1, 2016.

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1)			
Deduct:			
Part IV.I tax payable on dividends subject to Part IV tax		320	
		Subtotal	
Deduct:			
Current-year non-capital loss claimed to reduce Part IV tax	330		
Non-capital losses from previous years claimed to reduce Part IV tax	335		
Current-year farm loss claimed to reduce Part IV tax	340		
Farm losses from previous years claimed to reduce Part IV tax	345		
Total losses applied against Part IV tax		x 1 / 3 =	
Part IV tax payable (enter amount on line 712 of the T2 return)		360	

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

	A	B	C	D	D1
	Name of connected recipient corporation	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note)	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
	400	410	420	430	
1	Hydro One Inc.	86999 4731 RC0001	2015-11-04	10,000,000,000	

Note

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 for each tax year of the recipient corporation. For more details, consult the Help.

Total 10,000,000,000

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 D above **plus** line 450)		460	10,000,000,000

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 above) 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)			10,000,000,000
Other dividends paid in the tax year (total of 510 to 540)			
Total dividends paid in the tax year		500	10,000,000,000
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 taxable dividends paid in the tax year that qualify for a dividend refund			10,000,000,000

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes			-2,091,831	A
Deduct: (increase a loss)				
Net capital losses deducted in the year (enter as a positive amount)		a		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)		b		
Amount of Part VI.1 tax deductible		c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d		
Subtotal (total of amounts a to d)		▶		B
Subtotal (amount A **minus** amount B; if positive, enter "0")			-2,091,831	C
Deduct: (increase a loss)				
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				D
Subtotal (amount C **minus** amount D)			-2,091,831	E
Add: (decrease a loss)				
Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss)				F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")			-2,091,831	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e		
Deduct: Non-capital loss expired*	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102		▶		H
Add:					
Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	105		g		
Current-year non-capital loss (from amount G)	110	2,091,831	h		
Subtotal (amount g **plus** amount h)		2,091,831	▶	2,091,831	I
Subtotal (amount H **plus** amount I)				2,091,831	J

* A non-capital loss expires as follows:
- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i		
Section 80 – Adjustments for forgiven amounts	140		j		
Subsection 111(10) – Adjustments for fuel tax rebate			j.1		
Non-capital losses of previous tax years applied in the current tax year Enter amount k on line 331 of the T2 Return.	130		k		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax**	135		l		
Subtotal (total of amounts i to l)			►		K
Non-capital losses before any request for a carryback (amount J **minus** amount K)				2,091,831	L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903		o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)			►		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)			180	2,091,831	N

** Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200		a		
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205		b		
Subtotal (amount a **plus** amount b)			►		A
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	250		c		
Section 80 – Adjustments for forgiven amounts	240		d		
Subtotal (amount c **plus** amount d)			►		B
Subtotal (amount A **minus** amount B)					C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)			210		D
Unused non-capital losses that expired in the tax year*			e		
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**			f		
Enter amount e or f, whichever is less	215		g		
ABILs expired as non-capital loss: line 215 **divided** by 0.500000			220		E
Subtotal (total of amounts C to E)					F

Note

If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain*** . . . . **225** ______ G

Capital losses before any request for a carryback (amount F **minus** amount G) ______ H

Deduct – Request to carry back capital loss to**:**

	Capital gain (100%)		Amount carried back (100%)	
First previous tax year		**951**		h
Second previous tax year		**952**		i
Third previous tax year		**953**		j

Subtotal (total of amounts h to j) ______ ▶ ______ I

Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I) **280** ______ J

*** To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

**** On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year . . . . ______ a

Deduct: Farm loss expired* . . . . **300** ______ b

Farm losses at the beginning of the tax year (amount a **minus** amount b) . . . . **302** ______ ▶ ______ A

Add:

Farm losses transferred on the amalgamation or the windup of a subsidiary corporation . . . . . **305** ______ c

Current-year farm loss (amount F in Part 1) . . . . **310** ______ d

Subtotal (amount c **plus** amount d) ______ ▶ ______ B

Subtotal (amount A **plus** amount B) ______ C

Deduct:

Other adjustments (includes adjustments for an acquisition of control) . . . . **350** ______ e

Section 80 – Adjustments for forgiven amounts . . . . **340** ______ f

Farm losses of previous tax years applied in the current tax year . . . . **330** ______ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax** . . . . **335** ______ h

Subtotal (total of amounts e to h) ______ ▶ ______ D

Farm losses before any request for a carryback (amount C **minus** amount D) ______ E

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income . . . . **921** ______ i

Second previous tax year to reduce taxable income . . . . **922** ______ j

Third previous tax year to reduce taxable income . . . . **923** ______ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . **931** ______ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . **932** ______ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . **933** ______ n

Subtotal (total of amounts i to n) ______ ▶ ______ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) **380** ______ G

* A farm loss expires as follows:

after **10** tax years if it arose in a tax year ending before 2006; and

after **20** tax years if it arose in a tax year ending after 2005.

** Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business			**485**		A
Minus the deductible farm loss:					
(amount A above ______ – $2,500) **divided** by 2 =		a			
Amount a or $ 15,000 *, whichever is less		▶			b
		2,500	c		
Subtotal (amount b **plus** amount c)	2,500	▶		2,500	B
Current-year restricted farm loss (amount A **minus** amount B)					C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d		
Deduct: Restricted farm loss expired**	**400**		e		
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	**402**		▶		D
Add:					
Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation	**405**		f		
Current-year restricted farm loss (from amount C)	**410**		g		
Enter amount g on line 233 of Schedule 1 *Net Income (Loss) for Income Tax Purposes*.					
Subtotal (amount f **plus** amount g)			▶		E
Subtotal (amount D **plus** amount E)					F
Deduct:					
Restricted farm losses from previous tax years applied against current farming income	**430**		h		
Enter amount h on line 333 of the T2 return.					
Section 80 – Adjustments for forgiven amounts	**440**		i		
Other adjustments	**450**		j		
Subtotal (total of amounts h to j)			▶		G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)					H
Deduct – **Request to carry back restricted farm loss to:**					
First previous tax year to reduce farming income	**941**		k		
Second previous tax year to reduce farming income	**942**		l		
Third previous tax year to reduce farming income	**943**		m		
Subtotal (total of amounts k to m)			▶		I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	**480**				J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

* For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

** A restricted farm loss expires as follows:
after **10** tax years if it arose in a tax year ending before 2006; and
after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after seven tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)				510	B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Previous year personal property losses applied in the current tax year against listed personal property gains	530		c		
Enter amount c on line 655 of Schedule 6.					
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E
Deduct – Request to carry back listed personal property loss to:					
First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** 6)
600	602	604	606	608		620
					Total (enter this amount on line 222 of Schedule 1)	

Limited partnership losses from previous tax years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (cannot be more than line 650)	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5)
660	662	664	670	675	680
			Total (enter this amount on line 335 of the T2 return)		

Note

If you have any current–or previous–year losses, enter your partnership identifier on line 600, 630, or 660.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . **190** Yes ☐

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for the tax years that start after the commencement of the wind-up.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A	2,091,831			N/A		2,091,831
1st preceding taxation year 2015-10-31		N/A		N/A			
2nd preceding taxation year 2014-12-31		N/A		N/A			
3rd preceding taxation year 2013-12-31		N/A		N/A			
4th preceding taxation year 2012-12-31		N/A		N/A			
5th preceding taxation year 2011-12-31		N/A		N/A			
6th preceding taxation year 2010-12-31		N/A		N/A			
7th preceding taxation year 2009-12-31		N/A		N/A			
8th preceding taxation year 2008-12-31		N/A		N/A			
9th preceding taxation year 2007-12-31		N/A		N/A			
10th preceding taxation year 2006-12-31		N/A		N/A			
11th preceding taxation year 2005-12-31		N/A		N/A			
12th preceding taxation year 2004-12-31		N/A		N/A			
13th preceding taxation year 2003-12-31		N/A		N/A			
14th preceding taxation year 2002-12-31		N/A		N/A			
15th preceding taxation year 2001-12-31		N/A		N/A			
16th preceding taxation year 2000-12-31		N/A		N/A			
17th preceding taxation year 1999-12-31		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		2,091,831					2,091,831

* **This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.
- Enter the regulation number in field 100 of Part 1.

Part 1 – Allocation of taxable income

100 ______ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia Offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes ☐	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

* "Permanent establishment" is defined in Regulation 400(2).

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. This does not apply to tax years starting after March 20, 2013.

*** For corporations other than those described under Regulation 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500)	270			
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal				A6
Add:				
Ontario additional tax re Crown royalties (from Schedule 504)	274			
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal				B6
Subtotal (amount A6 **plus** amount B6)				C6
Deduct:				
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario transitional tax credits (from Schedule 506)	414			
Ontario political contributions tax credit (from Schedule 525)	415			
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")				E6
Deduct: Ontario research and development tax credit (from Schedule 508)		416		
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 **minus** amount on line 416) (if negative, enter "0")				F6
Deduct:				
Ontario corporate minimum tax credit (from Schedule 510)		418		
Ontario community food program donation tax credit for farmers (from Schedule 2)		420		
Ontario corporate income tax payable (amount F6 **minus** amounts on line 418 and line 420) (if negative, enter "0")				G6
Add:				
Ontario corporate minimum tax (from Schedule 510)	278	199,901		
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal		199,901	199,901	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			199,901	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452			
Ontario apprenticeship training tax credit (from Schedule 552)	454			
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario sound recording tax credit (from Schedule 562)	464			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Subtotal				J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.		290	199,901	K6

Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable credits	**255**	199,901

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes [ ] 2 No [X]

	1 Class number (See Note) 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)* 203	4 Adjustments and transfers** 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)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 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) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1			5,800,940	5,287,104,609	0	2,900,470	5,290,005,079	4	0	0	2,318,906	5,290,586,643
2.	2				3,256,786,260	0		3,256,786,260	6	0	0	2,141,449	3,254,644,811
3.	3			11,358,453	303,665,553	0	5,679,227	309,344,779	5	0	0	169,504	314,854,502
4.	6			7,898,936	78,894,548	0	3,949,468	82,844,016	10	0	0	90,788	86,702,696
5.	8			77,880,574	104,445,813	0	38,940,287	143,386,100	20	0	0	314,271	182,012,116
6.	9			832,725	18,456,750	0	416,363	18,873,112	25	0	0	51,707	19,237,768
7.	10			63,690,463	303,562,256	0	31,845,232	335,407,487	30	0	0	1,102,710	366,150,009
8.	12			14,895,902	309,217,562	0	7,447,951	316,665,513	100	0	0	3,470,307	320,643,157
9.	17			11,013,905	90,172,211	0	5,506,953	95,679,163	8	0	0	83,883	101,102,233
10.	42			8,858,467	121,530,116	0	4,429,234	125,959,349	12	0	0	165,645	130,222,938
11.	45				24,066,540	0		24,066,540	45	0	0	118,684	23,947,856
12.	46			2,362,721	7,194,198	0	1,181,361	8,375,558	30	0	0	27,536	9,529,383
13.	47			743,976,613	5,931,801,902	0	371,988,307	6,303,790,208	8	0	0	5,526,611	6,670,251,904
14.	50			48,536,772	224,553,024	0	24,268,386	248,821,410	55	0	0	1,499,745	271,590,051
15.	52				15,898,502	0		15,898,502	100	0	0	174,230	15,724,272
16.	13	Atrium on Bay (WBS 300040666			44,976	0		44,976	NA	0	0	99	44,877
17.	13	Newmarket Garage (WBS 30004			74,875	0		74,875	NA	0	0	164	74,711
18.	13	255 Matheson Mississauga (WBS			741,233	0		741,233	NA	0	0	1,625	739,608
19.	13	Nipigon (WBS 700011829)			87,323	0		87,323	NA	0	0	191	87,132
20.	13	Sudbury (WBS 700010356)			169,607	0		169,607	NA	0	0	186	169,421
21.	13	Lionhead (WBS 700015140)			21,780	0		21,780	NA	0	0	48	21,732
22.	13	Newmarket SC (WBS 700016578		1,864	4,760	0	932	5,692	NA	0	0	10	6,614
23.	13	Orillia Forestry Work Centre (WB		75,801	137,738	0	37,901	175,638	NA	0	0	275	213,264
24.	13	483 Bay Street (WBS 300042991		2,821,855	6,559,870	0	1,410,928	7,970,797	NA	0	0	8,735	9,372,990

	1 Class number (See Note) 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)* 203	4 Adjustments and transfers** 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)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 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) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
25.	13	Arnprior Forestry Work Centre (V		55,853	144,071	0	27,927	171,997	NA	0	0	269	199,655
26.	13	Orleans OC (WBS 700010809)		1,457,659		0	728,830	728,829	NA	0	0	4,792	1,452,867
27.	94	CIP	1,341,902,510			0		1,341,902,510	0	0	0		1,341,902,510
28.	93	Future Use Inventory	83,497,543			0		83,497,543	0	0	0		83,497,543
29.	90	Land	1,377,514,476			0		1,377,514,476	0	0	0		1,377,514,476
		Totals	2,802,914,529	1,001,519,503	16,085,336,077		500,759,757	19,389,010,352				17,272,370	19,872,497,739

Note: 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%).

* 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).

** 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.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** 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.

***** For every entry in column 9, the "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.

****** 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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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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.	HYDRO ONE LIMITED	CA	80512 9962 RC0001	3					
2.	HYDRO ONE INC.	CA	86999 4731 RC0001	1					
3.	2486267 ONTARIO INC	CA	80232 6124 RC0001	3					
4.	2486268 ONTARIO INC	CA	80167 4078 RC0001	3					
5.	HYDRO ONE REMOTE COMMUNITIE	CA	87083 6269 RC0001	3					
6.	HYDRO ONE TELECOM INC.	CA	86800 1066 RC0001	3					
7.	HYDRO ONE TELECOM LINK LIMITE	CA	88786 7513 RC0001	3					
8.	MUNICIPAL BILLING SERVICES INC	CA	87560 6519 RC0001	3					
9.	HYDRO ONE LAKE ERIE LINK MANA	CA	87892 1519 RC0002	3					
10.	1938454 ONTARIO INC.	CA	86391 7795 RC0002	3					
11.	1943404 ONTARIO INC.	CA	86248 6123 RC0002	3					
12.	B2M GP INC.	CA	81838 1840 RC0001	3					
13.	HYDRO ONE B2M HOLDINGS INC	CA	82217 7531 RC0001	3					
14.	HYDRO ONE B2M LP INC.	CA	81838 2046 RC0001	3					
15.	NORFOLK ENERGY INC	CA	86289 0399 RC0001	3					
16.	NORFOLK POWER DISTRIBUTION I	CA	86289 2593 RC0001	2					
17.	HALDIMAND COUNTY ENERGY INC	CA	89076 2412 RC0001	3					
18.	HALDIMAND COUNTY HYDRO INC	CA	89075 9814 RC0001	3					
19.	Woodstock Hydro Services Inc.	CA	89909 5012 RC0001	3					
20.	1937672 ONTARIO INC.	CA	81722 4561 RC0001	3					
21.	1937680 ONTARIO INC.	CA	81930 4924 RC0001	3					
22.	1937681 ONTARIO INC.	CA	81722 4363 RC0001	3					
23.	HYDRO ONE EAST WEST TIE INC.	CA	80105 5880 RC0001	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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200				A
Add: Cost of eligible capital property acquired during the taxation year	222				
Other adjustments	226	5,170,292,129			
Subtotal (line 222 plus line 226)		5,170,292,129	x 3 / 4 = 3,877,719,097		B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228		x 1 / 2 =		C
amount B minus amount C (if negative, enter "0")			3,877,719,097 ▶	3,877,719,097	D
Amount transferred on amalgamation or wind-up of subsidiary	224				E
Subtotal (add amounts A, D, and E)	230			3,877,719,097	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242				G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244				H
Other adjustments	246				I
(add amounts G,H, and I)			x 3 / 4 = 248		J
Cumulative eligible capital balance (amount F minus amount J)				3,877,719,097	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)					
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249				
amount K		3,877,719,097			
less amount from line 249					
Current year deduction		3,877,719,097	x 7.00 % = 250 2,974,689 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			2,974,689 ▶	2,974,689	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300			3,874,744,408	M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 – Amount to be included in income arising from disposition

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

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

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	OPEB Liability Short Term		48,537,000			48,537,000
2	OPEB Liability Long Term		1,555,838,518			1,555,838,518
3	Environmental Short Term		31,071,377			31,071,377
4	Environmental Long Term		188,891,116			188,891,116
5	Contingent Liabilities		12,201,961			12,201,961
6	Regulatory Accounts		198,281,224			198,281,224
7	Tenant Inducement		-2,383,295	31,910		-2,351,385
8	Asset Retirement Obligations		8,797,191	2,235		8,799,426
9	General Bad Debt Reserve		3,908,361			3,908,361
10	Insurance proceeds reserve		5,329,643			5,329,643
11	Non deductible accruals		35,000			35,000
12						
	Reserves from Part 2 of Schedule 13					
	Totals		2,050,508,096	34,145		2,050,542,241

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 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* (ITA) 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 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. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 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 falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range	Calendar year	Acceptable range
2006	maximum $300,000	2008	maximum $400,000
2007	$300,001 to $400,000	2009	$400,001 to $500,000

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed $500,000.

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 2015

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . . **075** 1 Yes [ ] 2 No [X]

	1 Names of associated corporations **100**	2 Business Number of associated corporations **200**	3 Association code **300**	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	HYDRO ONE NETWORKS INC.	87086 5821 RC0001	1	500,000	100.0000	500,000
2	HYDRO ONE LIMITED	80512 9962 RC0001	1	500,000		
3	HYDRO ONE INC.	86999 4731 RC0001	1	500,000		
4	2486267 ONTARIO INC	80232 6124 RC0001	1	500,000		
5	2486268 ONTARIO INC	80167 4078 RC0001	1	500,000		
6	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	1	500,000		
7	HYDRO ONE TELECOM INC.	86800 1066 RC0001	1	500,000		
8	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	1	500,000		
9	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	1	500,000		
10	HYDRO ONE LAKE ERIE LINK MANAGEMENT IN	87892 1519 RC0002	1	500,000		
11	1938454 ONTARIO INC.	86391 7795 RC0002	1	500,000		
12	1943404 ONTARIO INC.	86248 6123 RC0002	1	500,000		
13	B2M GP INC.	81838 1840 RC0001	1	500,000		

	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	
14	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	1	500,000			
15	HYDRO ONE B2M LP INC.	81838 2046 RC0001	1	500,000			
16	NORFOLK ENERGY INC	86289 0399 RC0001	1	500,000			
17	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	1	500,000			
18	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	1	500,000			
19	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	1	500,000			
20	Woodstock Hydro Services Inc.	89909 5012 RC0001	1	500,000			
21	1937672 ONTARIO INC.	81722 4561 RC0001	1	500,000			
22	1937680 ONTARIO INC.	81930 4924 RC0001	1	500,000			
23	1937681 ONTARIO INC.	81722 4363 RC0001	1	500,000			
24	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	1	500,000			
				Total	100.0000	500,000	**A**

Business limit reduction under subsection 125(5.1) of the ITA

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. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to 0.225% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's 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 apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if $500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

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Canada

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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	3,411,542,254	
Capital stock (or members' contributions if incorporated without share capital)	103	5,700,000,000	
Retained earnings	104	1,024,000,000	
Contributed surplus	105	5,000,000	
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	9,623,494,000	
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)		19,764,036,254 ►	19,764,036,254 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.

Part 1 – Capital (continued)

Subtotal A (from page 1)			19,764,036,254	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	19,000,000		
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)		19,000,000 ▶	19,000,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		19,745,036,254	

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	
A loan or advance to another corporation (other than a financial institution)	402	6,356,000
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	6,356,000

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)		19,745,036,254	C
Deduct: Investment allowance for the year (line 490)		6,356,000	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	19,738,680,254	

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) 19,738,680,254 x Taxable income earned in Canada **610** 1,000 / Taxable income 1,000 = **Taxable capital employed in Canada** **690** 19,738,680,254

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.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Schedule 33 - Supplementary Schedule

Description	Amount	
LT Debt payable within a year (FS)	450,000,000	00
Primary Debt (FS)	7,727,000,000	00
Intercompany demand facility	1,391,000,000	00
Customer deposit (a/c 390000/391010/392000/392010)	48,524,000	00
Banked vacation (a/c 362100)	6,669,000	00
Mark to Market Adjustment (a/c 304300)	301,000	00
Total	9,623,494,000	00

Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Schedule 33/CT23 - Supplementary Schedule

Description	Amount	
Prepaid insurance (a/c 277180)	3,506,000	00
Deposit -Bnft Provider (a/c 277290)	958,000	00
OEB Prepaid Expense (a/c 277950)	1,892,000	00
Total	6,356,000	00

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 the

Description	Amount	
Schedule 13 Reserves	2,050,542,254	00
Future Income Tax Liability	1,361,000,000	00
Total	3,411,542,254	00

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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	Hydro One Inc.	86999 4731 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
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

On: 2015-11-04

- 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).
- When an eligible dividend was paid in the tax year, 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.
- 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, 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 [X] 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? . . . . . [X] Yes [ ] No
5. Corporations that become a CCPC or a DIC . . . . . [ ] Yes [X] 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 [X] 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 [X] 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.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year				100	1,532,131,967 A
Taxable income for the year (DICs enter "0") *		110	B		
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120				
Amount on line 400, 405, 410, or 425 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 (**add** lines 120, 130, and 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
GRIP addition:					
Becoming a CCPC (from amount PP in Part 4)		220			
Post-amalgamation (total of amounts EE in Part 3 and amounts PP in Part 4)		230			
Post-wind-up (total of amounts EE in Part 3 and amounts PP in Part 4)		240			
Subtotal (**add** lines 220, 230, and 240)		290	▶		F
Subtotal (**add** amounts A, D, E, and F)					1,532,131,967 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	1,532,131,967
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)				560	
GRIP at the end of the tax year (line 490 **minus** line 560) Enter this amount on line 160 of Schedule 55.				590	1,532,131,967

* For lines 110, 120, 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.

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 2015-10-31

Taxable income before specified future tax consequences from the current tax year		J1	
Enter the following amounts before specified future tax consequences from the current tax year:			
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	K1		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less	L1		
Aggregate investment income (line 440 of the T2 return)	M1		
Subtotal (**add** amounts K1, L1, and M1)	▶	N1	
Subtotal (amount J1 **minus** amount N1) (if negative, enter "0")		▶	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

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 . . . . ____ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ____ R1

Aggregate investment income (line 440 of the T2 return) . . . . ____ S1

Subtotal (**add** amounts Q1, R1, and S1) ____ ► ____ T1

Subtotal (amount P1 **minus** amount T1) (if negative, enter "0") ____ ► ____ U1

Subtotal (amount O1 **minus** amount U1) (if negative, enter "0") ____ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(amount V1 **multiplied** by 0.72) . . . . **500** ____

Second previous tax year 2014-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ____ J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ____ L2

Aggregate investment income (line 440 of the T2 return) . . . . ____ M2

Subtotal (**add** amounts K2, L2, and M2) ____ ► ____ N2

Subtotal (amount J2 **minus** amount N2) (if negative, enter "0") ____ ► ____ O2

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 . . . . ____ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ____ R2

Aggregate investment income (line 440 of the T2 return) . . . . ____ S2

Subtotal (**add** amounts Q2, R2, and S2) ____ ► ____ T2

Subtotal (amount P2 **minus** amount T2) (if negative, enter "0") ____ ► ____ U2

Subtotal (amount O2 **minus** amount U2) (if negative, enter "0") ____ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(amount V2 **multiplied** by 0.72) . . . . **520** ____

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2013-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ______ J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) . . . . ______ M3

Subtotal (**add** amounts K3, L3, and M3) ______ ▶ ______ N3

Subtotal (amount J3 **minus** amount N3) (if negative, enter "0") ______ ▶ ______ O3

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 . . . . ______ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . ______ S3

Subtotal (**add** amounts Q3, R3, and S3) ______ ▶ ______ T3

Subtotal (amount P3 **minus** amount T3) (if negative, enter "0") ______ ▶ ______ U3

Subtotal (amount O3 **minus** amount U3) (if negative, enter "0") ______ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount V3 **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") . . . . ______ W

Enter amount W on line 560 in part 1.

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. In the calculation below, **corporation** means a predecessor or a subsidiary. 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.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the 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 . . . . ______ AA

Eligible dividends paid by the corporation in its last tax year . . . . ______ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ CC

Subtotal (amount BB **minus** amount CC) ______ ▶ ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount AA **minus** amount DD) . . . . ______ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not 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.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ______ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ______ GG

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	______	a
Net capital losses	______	b
Farm losses	______	c
Restricted farm losses	______	d
Limited partnership losses	______	e
Subtotal (**add** amounts a to e)	______ ► ______	1

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	______	f
Net capital losses	______	g
Farm losses	______	h
Restricted farm losses	______	i
Limited partnership losses	______	j
Subtotal (**add** amounts f to j)	______ ► ______	2

Unused and unexpired losses at the end of the corporation's previous/last tax yea (amount 1 **minus** amount 2) ______ ► ______ HH

Subtotal (**add** amounts FF, GG, and HH) ______ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year	______	JJ
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	______	KK
All the corporation's reserves deducted in its previous/last tax year	______	LL
The corporation's capital dividend account immediately before the end of its previous/last tax year	______	MM
The corporation's low rate income pool immediately before the end of its previous/last tax year	______	NN

Subtotal (**add** amounts JJ to NN) ______ ► ______ OO

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 II **minus** amount OO) (if negative, enter "0") . . . . ______ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP 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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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Do not use this area

- 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.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

	Line	Amount	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3		10,000,000,000		
Total taxable dividends paid in the tax year	100	10,000,000,000		
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		1,532,131,967	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

	Line	Amount	Amount	
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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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	20,666,000,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	
Total assets (total of lines 112 to 116)		20,666,000,000
Total revenue of the corporation for the tax year **	142	7,026,250,000
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	
Total revenue (total of lines 142 to 146)		7,026,250,000

The corporation is subject to CMT if:
- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

	Line	Amount	Line	Amount	
Net income/loss per financial statements *			210	6,313,757	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	1,089,967			
Provision for deferred income taxes (debits)/cost of future income taxes	222				
Equity losses from corporations	224				
Financial statement loss from partnerships and joint ventures	226				
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230				
Other additions (see note below):					
Share of adjusted net income of partnerships and joint ventures **	228				
Total patronage dividends received, not already included in net income/loss	232				
281	282				
283	284				
Subtotal		1,089,967		1,089,967	A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	320				
Provision for deferred income taxes (credits)/benefit of future income taxes	322				
Equity income from corporations	324				
Financial statement income from partnerships and joint ventures	326				
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330				
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332				
Gain on donation of listed security or ecological gift	340				
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342				
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344				
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	46				
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348				
Other deductions (see note below):					
Share of adjusted net loss of partnerships and joint ventures **	328				
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334				
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336				
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338				
381	382				
383	384				
385	386				
387	388				
389	390				
Subtotal					B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	7,403,724	

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

– exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
– include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

– Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	7,403,724	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available		▶		C
Net income subject to CMT calculation (if negative, enter "0")		520	7,403,724	

Amount from line 520: 7,403,724 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year: 4) x 4 % = ______ 1

Amount from line 520: 7,403,724 x (Number of days in the tax year after June 30, 2010: 4 / Number of days in the tax year: 4) x 2.7 % = 199,901 2

Subtotal (amount 1 **plus** amount 2) 199,901 3

Gross CMT: amount on line 3 above x OAF **	540	199,901	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		199,901	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		199,901	E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** = ______

Ontario allocation factor 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *			G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)			▶	620	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)				650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)					H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					J
Add:					
Net CMT payable (amount E from Part 3)		199,901			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		199,901	▶	199,901	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	199,901	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)					M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			1		
For a corporation that is not a life insurance corporation:					
CMT after foreign tax credit deduction (amount D from Part 3)	199,901	2			
For a life insurance corporation:					
Gross CMT (line 540 from Part 3)		3			
Gross SAT (line 460 from Part 6 of Schedule 512)		4			
The **greater** of amounts 3 and 4		5			
Deduct: line 2 or line 5, whichever applies:			199,901	6	
Subtotal (if negative, enter "0")				▶	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)					
Deduct:					
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)					
Subtotal (if negative, enter "0")				▶	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)					P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? **675** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ► 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . .

Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	HYDRO ONE LIMITED	80512 9962 RC0001	0	0
2	HYDRO ONE INC.	86999 4731 RC0001	0	0
3	2486267 ONTARIO INC	80232 6124 RC0001	0	0
4	2486268 ONTARIO INC	80167 4078 RC0001	0	0
5	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	0	0
6	HYDRO ONE TELECOM INC.	86800 1066 RC0001	0	0
7	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	0	0
8	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	0	0
9	HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	87892 1519 RC0002	0	0
10	1938454 ONTARIO INC.	86391 7795 RC0002	0	0
11	1943404 ONTARIO INC.	86248 6123 RC0002	0	0
12	B2M GP INC.	81838 1840 RC0001	0	0
13	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	0	0
14	HYDRO ONE B2M LP INC.	81838 2046 RC0001	0	0
15	NORFOLK ENERGY INC	86289 0399 RC0001	0	0
16	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	0	0
17	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	0	0
18	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	0	0
19	Woodstock Hydro Services Inc.	89909 5012 RC0001	0	0
20	1937672 ONTARIO INC.	81722 4561 RC0001	0	0
21	1937680 ONTARIO INC.	81930 4924 RC0001	0	0
22	1937681 ONTARIO INC.	81722 4363 RC0001	0	0
23	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	0	0
		Total	450	550

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

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

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

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 **www.cra.gc.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

Identification

Business number (BN) 001 87086 5821 RC0001

Corporation's name
002 HYDRO ONE NETWORKS INC.

Address of head office
Has this address changed since the last time we were notified? 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 483 BAY STREET, 8TH FLOOR
012 SOUTH TOWER
City: 015 TORONTO — Province, territory, or state: 016 ON
Country (other than Canada): 017 CA — Postal code/Zip code: 018 M5G 2P5

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? 020 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o GIOVANNA BARAGETTI
022 483 BAY STREET, 7TH FLOOR
023 SOUTH TOWER
City: 025 TORONTO — Province, territory, or state: 026 ON
Country (other than Canada): 027 — Postal code/Zip code: 028 M5G 2P5

Location of books and records (if different from head office address)
Has the location of books and records changed since the last time we were notified? 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 483 BAY STREET, 7TH FLOOR
032 SOUTH TOWER
City: 035 TORONTO — Province, territory, or state: 036 ON
Country (other than Canada): 037 — Postal code/Zip code: 038 M5G 2P5

040 **Type of corporation at the end of the tax year**
1 [ ] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [X] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change 043 2015-11-05 (YYYY MM DD)

To which tax year does this return apply?
Tax year start 060 2015-11-05 (YYYY MM DD) — Tax year-end 061 2015-12-31 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? 063 1 Yes [ ] 2 No [X]
If **yes**, provide the date control was acquired 065 (YYYY MM DD)

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

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after:
Incorporation? 070 1 Yes [ ] 2 No [X]
Amalgamation? 071 1 Yes [ ] 2 No [X]
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 [X]
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? 078 1 Yes [ ] 2 No [X]

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

Is the corporation a resident of Canada?
080 1 Yes [X] 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 [X]
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

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		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	X	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	X	29
Did the corporation have a total amount over $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	X	—
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 to Canada, a province, or a territory; 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		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	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	X	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	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	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 claiming a surtax credit?	237		37
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

Attachments – continued from page 2

		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		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		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

		1 Yes	2 No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Is the corporation inactive?	280		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	Electricity	285	100.000 %
286		287	%
288		289	%

		1 Yes	2 No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		
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	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295		

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	-219,765,360 A
Deduct: Charitable donations from Schedule 2	311			
Gifts to Canada, a province, or a territory from Schedule 2	312			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine 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			►	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355	D
Taxable income (amount C **plus** amount D)			360	
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.

** For a taxation year that ends after 2015.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 . . . . . **400** ________ 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) . . . . . ________ C.1

Corporation's business limit amount assigned to related CPCCs by virtue of the rules proposed in the March 22, 2016 Federal Budget (For more information, consult the Help (F1).) . . . . . ________ C.2

Business limit after assignment (amount C.1 **minus** amount C.2) . . . . . ________ ▶ **410** ________ 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 ________ x **415** *** ________ / 11,250 D = ... ________ E

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

Small business deduction

Amount A, B, C, or F, whichever is the least ________ x (Number of days in the tax year before January 1, 2016: 57 / Number of days in the tax year: 57) x 17 % = ________ 1

Amount A, B, C, or F, whichever is the least ________ x (Number of days in the tax year after December 31, 2015, and before January 1, 2017: ____ / Number of days in the tax year: 57) x 17.5 % = ________ 2

Total of amounts 1 and 2 (enter amount G on line I on page 7) **430** ________ G

* 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.

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 B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 from Part 13 of Schedule 27		C		
Personal service 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 425 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 B9 and H9 from Part 9 of Schedule 27		L		
Amount K13 from Part 13 of Schedule 27		M		
Personal service 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.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 .... **440** ______ x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 57)) % = ______ A

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

Deduct:
Foreign investment income from Schedule 7 ..... **445** ______ x (9 1 / 3 – 1 1 / 3 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 57)) % = ______ C

(if negative, enter "0") ______ ► ______ D

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

Taxable income from line 360 on page 3 .... ______ F

Deduct:
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least .... ______ G

Foreign non-business income tax credit from line 632 on page 7 .... ______ x 100 / 35 = ______ H

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

Subtotal ______ ► ______ J

______ K

K x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 57)) % = ______ 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** ______

______ ► ______ 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** ______

______ ► ______ 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 2 of Schedule 3 .... ______ x [(1 / 3) + (5 x (Number of days in the tax year after 2015 ______ / Number of days in the tax year 57)) %] = ______ 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.

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

* If an amount of taxable income for the year from a personal services business has been entered on line Z.1, the result of the following calculation will be added to the amount on line 550:

Amount Z.1 _______ x (Number of days in the taxation year that are after 2015 _______ / Number of days in the taxation year 57) x 5 % = _______ A.1

Recapture of investment tax credit from Schedule 31 . . . . . **602** _______ B

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			C
Taxable income from line 360 on page 3		D	
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least		E	
Net amount (amount D **minus** amount E)		►	F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x (Number of days in the tax year after 2015 _____ / Number of days in the tax year 57)) % of whichever is less: amount C or amount F . . . . . **604** _______ G

Subtotal (**add** amounts A, B, and G) _______ H

Deduct:

Small business deduction from line 430 on page 4			I
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		►	J

Part I tax payable – Amount H **minus** amount J . . . . . _______ K

Enter amount K on line 700 on page 8.

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 **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount K 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	1,024,409
Total tax payable	770	1,024,409 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	4,000,000	
Total credits	890	4,000,000	4,000,000 B

Refund code 894 2 Overpayment 2,975,591

Balance (amount A **minus** amount B) -2,975,591

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 **www.cra-arc.gc.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

Certification

I, 950 BARAGETTI 951 GIOVANNA 954 Vice President, Corporate Tax ,
Last name (print) First name (print) 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 2016-08-05 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (416) 345-6778 Telephone number

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

958 Glendy Cheung Name (print) 959 (416) 345-6812 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

Schedule of Instalment Remittances

Name of corporation contact: Glendy Cheung
Telephone number: (416) 345-6812

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalments	4,000,000

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 4,000,000 **A**

Total instalments credited to the taxation year per T9 4,000,000 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

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
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	1,007,000,000	1,172,000,000
	Total tangible capital assets	2008	+	26,495,000,000	26,293,000,000
	Total accumulated amortization of tangible capital assets	2009	–	9,283,000,000	9,216,000,000
	Total intangible capital assets	2178	+	477,000,000	475,000,000
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	3,469,000,000	1,942,000,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	22,165,000,000	20,666,000,000
	Liabilities				
	Total current liabilities	3139	+	3,123,530,115	2,814,000,000
	Total long-term liabilities	3450	+	9,655,000,000	11,132,000,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	12,778,530,115	13,946,000,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	9,386,469,885	6,720,000,000
	Total liabilities and shareholder equity	3640	=	22,165,000,000	20,666,000,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	3,690,469,885	1,024,000,000

* Generic item

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
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

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	+	924,000,000	77,000,000
	Cost of sales	8518	–	490,000,000	40,000,000
	Gross profit/loss	8519	=	434,000,000	37,000,000
	Cost of sales	8518	+	490,000,000	40,000,000
	Total operating expenses	9367	+	346,485,015	30,000,000
	Total expenses (mandatory field)	9368	=	836,485,015	70,000,000
	Total revenue (mandatory field)	8299	+	924,000,000	77,000,000
	Total expenses (mandatory field)	9368	–	836,485,015	70,000,000
	Net non-farming income	9369	=	87,514,985	7,000,000
	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	=	87,514,985	7,000,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	-2,578,954,900	1,000,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	2,666,469,885	6,000,000

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- 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

Does the accountant have a professional designation? . . . . . **095** 1 Yes [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . . . **097** 1 Yes [X] 2 No [ ]

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 [ ]

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:

Has the accountant expressed a reservation? . . . . . **099** 1 Yes [ ] 2 No [ ]

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 [ ]

Were notes to the financial statements prepared? . . . . . **101** 1 Yes [X] 2 No [ ]

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

Are subsequent events mentioned in the notes? . . . . . **104** 1 Yes [X] 2 No [ ]

Is re-evaluation of asset information mentioned in the notes? . . . . . **105** 1 Yes [X] 2 No [ ]

Is contingent liability information mentioned in the notes? . . . . . **106** 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . **107** 1 Yes [X] 2 No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . **108** 1 Yes [ ] 2 No [X]

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 1 Yes [X] 2 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	45,708
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . 250 1 Yes [ ] 2 No [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 1 Yes [X] 2 No [ ]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

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 1 Yes [ ] 2 No [X]

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

T2 BAR CODE RETURN

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001
Tax Year Start: 2015-11-05
Tax Year End: 2015-12-31

1. DESCRIPTION OF THE BUSINESS

Hydro One Inc. (Hydro One) was incorporated on December 1, 1998, under the Business Corporations Act (Ontario) and was wholly owned by the Province of Ontario (the Province) until October 31, 2015. On October 31, 2015, Hydro One Limited, a wholly owned subsidiary of the Province, acquired all issued and outstanding shares of Hydro One from the Province. The principal businesses of Hydro One are the transmission and distribution of electricity to customers within Ontario.

Hydro One Networks Inc. (Hydro One Networks or the Company) was incorporated on March 4, 1999 under the Business Corporations Act (Ontario) and is a wholly -owned subsidiary of Hydro One. The Company owns and operates Hydro One's regulated transmission and distribution businesses. The regulated transmission business (Transmission Business) operates a high-voltage electrical transmission network that represents almost all of the licensed transmission capacity in Ontario. The regulated distribution business (Distribution Business) operates a low-voltage electrical distribution network that distributes electricity from the transmission system, or directly from generators, to customers within Ontario. These businesses are regulated by the Ontario Energy Board (OEB).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

T2 BAR CODE RETURN

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001
Tax Year Start: 2015-11-05
Tax Year End: 2015-12-31

These Financial Statements are prepared and presented in accordance with United States Generally Accepted Accounting Principles and in Canadian dollars. The Financial Statements have been prepared solely for the purpose of filing the Company's income tax return, as on November 5, 2015, the common shares of Hydro One Limited began trading on the Toronto Stock Exchange, and as a result, the Company lost its status as a Canadian-Controlled Private Corporation. Since these financial statements have not been prepared for general purposes, some users may require additional information. These financial statements present the financial position of the Company at December 31, 2015 and the results of its operations and its cash flows for the period from November 5, 2015 to December 31, 2015. The comparative information is presented as at November 4, 2015 and for the period from November 1, 2015 to November 4, 2015.

Hydro One Networks performed an evaluation of subsequent events through to March 15, 2016, the date these Financial Statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these Financial Statements. See Note 25 - Subsequent Events.

Use of Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions, and assumptions believed to be reasonable at the time the assumptions are made, with any adjustments being recognized in results of operations in the period they arise. Significant estimates relate to regulatory assets and regulatory liabilities, environmental liabilities, post-retirement and post-employment benefits, asset retirement obligations (AROs), goodwill and asset impairments, contingencies, unbilled revenues, allowance for doubtful accounts, derivative instruments, and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates.

Rate Setting

The OEB has approved the use of US GAAP for rate setting and regulatory accounting and reporting by the Company's Distribution and Transmission Businesses.

Transmission

On January 8, 2015, pursuant to an application filed with the OEB, the OEB approved the 2015 Hydro One transmission rates revenue requirement of $1,477 million.

Distribution

On March 12, 2015, the OEB issued a Decision and Rate Order approving a revenue requirement of $1,326 million for 2015, $1,430 million for 2016 and $1,486 million for 2017. The revenue requirements for 2016 and 2017 are estimates that may change based on 2016 and 2017 Rate Orders. On April 23, 2015, the Final Rate Order for 2015 rates was approved by the OEB.

Regulatory Accounting

The OEB has the general power to include or exclude revenues, costs, gains or losses in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate-regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities that generally represent amounts that are refundable to future electricity customers. The Company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Company judges that it is no longer probable that the OEB will include a regulatory asset or liability in setting future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

Revenue Recognition

Transmission revenues are collected through OEB-approved rates, which are based on an approved revenue requirement that includes a rate of return. Such revenue is recognized as electricity is transmitted and delivered to customers.

Distribution revenues attributable to the delivery of electricity are based on OEB-approved distribution rates and are recognized on an accrual basis and include billed and unbilled revenues. Billed revenues are based on electricity delivered as measured from customer meters. Unbilled revenues are based on an estimate of electricity delivered determined by historical trends of consumption and are estimated at the end of each month. The unbilled revenue estimate is affected by energy consumption, weather, and changes in the composition of customer classes.

Distribution revenue also includes an amount relating to rate protection for rural, residential and remote customers, which is received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB.

Revenues also include amounts related to sales of other services and equipment. Such revenue is recognized as services are rendered or as equipment is delivered.

Revenues are recorded net of indirect taxes.

Accounts Receivable and Allowance for Doubtful Accounts

Billed accounts receivable are recorded at the invoiced amount, net of allowance for doubtful accounts. Unbilled accounts receivable are recorded at their estimated value. Overdue amounts related to regulated billings bear interest at OEB-approved rates. The allowance for doubtful accounts reflects the Company's best estimate of losses on billed accounts receivable balances. The Company estimates the allowance for doubtful accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balances by aging category. Loss rates applied to the accounts receivable balances are based on historical overdue balances, customer payments and write-offs. Accounts receivable are written-off against the allowance when they are deemed uncollectible. The existing allowance for doubtful accounts will continue to be affected by changes in volume, prices and economic conditions.

Income Taxes

On October 31, 2015, the Company ceased to be exempt from tax under the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario) (Federal Tax Regime). Prior to that date, the Company was required to make payments in lieu of corporate income taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC) under the Electricity Act, 1998 (Ontario) (PILs Regime). These payments were calculated in accordance with the rules for computing income and other relevant amounts contained in the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario), as modified by the Electricity Act, 1998, and related regulations. Upon exiting the PILs Regime, the Company is required to make corporate income tax payments to the Canada Revenue Agency (CRA) under the Federal Tax Regime.

Current and deferred income taxes are computed based on the tax rates and tax laws enacted at the balance sheet date. Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return are recorded only when the "more-likely-than-not" recognition threshold is satisfied and are measured at the largest amount of benefit that has a greater than 50% likelihood of being realized upon settlement. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant management judgment is required to determine recognition thresholds and the related amount of tax benefits to be recognized in the Financial Statements. Management re-evaluates tax positions each period in which new information about recognition or measurement becomes available.

Deferred Income Taxes

Deferred income taxes are provided for using the liability method. Deferred income taxes are recognized based on the estimated future tax consequences attributable to temporary differences between the carrying amount of assets and liabilities in the Financial Statements and their corresponding tax bases.

Deferred income tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is more-likely-than-not that these assets will be realized from taxable income available against which deductible temporary differences can be utilized.

Deferred income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the tax rates and tax laws that have been enacted at the balance sheet date. Deferred income taxes that are not included in the rate-setting process are charged or credited to the Statements of Operations and Comprehensive Income.

If management determines that it is more-likely-than-not that some or all of a deferred income tax asset will not be realized, a valuation allowance is recorded against the deferred income tax asset to report the net asset balance at the amount expected to be realized. Previously unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become more-likely-than-not that the tax benefit will be realized.

The Company records regulatory assets and liabilities associated with deferred income taxes that will be included in the rate-setting process.

The Company uses the flow-through method to account for investment tax credits (ITCs) earned on eligible scientific research and experimental development expenditures, and apprenticeship job creation. Under this method, only non-refundable ITCs are recognized as a reduction to income tax expense.

Inter-company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries, including Hydro One Networks. The balance in the inter-company demand facility represents the cumulative net effect of all deposits and withdrawals made by the Company to and from the pooled bank accounts. Interest is earned on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. Interest is charged on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies represent consumables, small spare parts and construction materials held for internal construction and maintenance of property, plant and equipment. These assets are carried at average cost less any impairments recorded.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost, net of customer contributions, and any accumulated impairment losses. The cost of additions, including betterments and replacement asset components, is included on the Balance Sheets as property, plant and equipment.

The original cost of property, plant and equipment includes direct materials, direct labour (including employee benefits), contracted services, attributable capitalized financing costs, asset retirement costs, and direct and indirect overheads that are related to the capital project or program. Indirect overheads include a portion of corporate costs such as finance, treasury, human resources, information technology and executive costs. Overhead costs, including corporate functions and field services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology.

Property, plant and equipment in service consists of transmission, distribution, communication, administration and service assets and land easements. Property, plant and equipment also includes future use assets, such as land, major components and spare parts, and capitalized project development costs associated with deferred capital projects.

Transmission

Transmission assets include assets used for the transmission of high-voltage electricity, such as transmission lines, support structures, foundations, insulators, connecting hardware and grounding systems, and assets used to step up the voltage of electricity from generating stations for transmission and to step down voltages for distribution, including transformers, circuit breakers and switches.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices and metering systems.

Communication

Communication assets include the fibre-optic and microwave radio system, optical ground wire, towers, telephone equipment and associated buildings.

Administration and Service

Administration and service assets include administrative buildings, personal computers, transport and work equipment, tools and other minor assets.

Intangible Assets

Intangible assets separately acquired or internally developed are measured on initial recognition at cost, which comprises purchased software, direct labour (including employee benefits), consulting, engineering, overheads and attributable capitalized financing charges. Following initial recognition, intangible assets are carried at cost, net of any accumulated amortization and accumulated impairment losses. The Company's intangible assets primarily represent major computer applications.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment or development of intangible assets. The financing cost of attributable borrowed funds is capitalized as part of the acquisition cost of such assets. The capitalized portion of financing costs is a reduction to financing charges recognized in the Statements of Operations and Comprehensive Income. Capitalized financing costs are calculated using the Company's weighted average effective cost of debt.

Construction and Development in Progress

Construction and development in progress consists of the capitalized cost of constructed assets that are not yet complete and which have not yet been placed in service.

Depreciation and Amortization

The cost of property, plant and equipment and intangible assets is depreciated or amortized on a straight-line basis based on the estimated remaining service life of each asset category, except for transport and work equipment, which is depreciated on a declining balance basis.

The Company periodically initiates an external independent review of its property, plant and equipment and intangible asset depreciation and amortization rates, as required by the OEB. Any changes arising from OEB approval of such a review are implemented on a remaining service life basis, consistent with their inclusion in electricity rates. The last review resulted in changes to rates effective January 1, 2015. A summary of average service lives and depreciation and amortization rates for the various classes of assets is included below:

	Average Service Life	Rate (%) Range	Rate (%) Average
Transmission	55 years	1% - 2%	2%
Distribution	47 years	1% - 2%	2%
Communication	16 years	1% - 15%	6%
Administration and service	18 years	1% - 20%	6%

The cost of intangible assets is included primarily within the administration and service classification above. Amortization rate for computer applications software and other intangible assets is 10%.

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, and intangible assets that are normally retired, is charged to accumulated depreciation, with no gain or loss being reflected in results of operations. Where a disposition of property, plant and equipment occurs through sale, a gain or loss is calculated based on proceeds and such gain or loss is included in depreciation expense. Depreciation expense also includes the costs incurred to remove property, plant and equipment where no asset retirement obligations have been recorded.

Goodwill

Goodwill represents the cost of acquired local distribution companies that is in excess of the fair value of the net identifiable assets acquired at the acquisition date. Goodwill is not included in rate-base.

Goodwill is evaluated for impairment on an annual basis, or more frequently if circumstances require. The Company performs a qualitative assessment to determine whether it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount. If the Company determines, as a result of its qualitative assessment, that it is not more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, no further testing is required. If the Company determines, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, a goodwill impairment assessment is performed using a two-step, fair value-based test. The first step compares the fair value of the applicable reporting unit to its carrying amount, including goodwill. If the carrying amount of the applicable reporting unit exceeds its fair value, a second step is performed. The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss is recorded as a reduction to goodwill and as a charge to results of operations. At December 31, 2015, no goodwill impairment had been recorded.

Long-Lived Asset Impairment

When circumstances indicate the carrying value of long-lived assets may not be recoverable, the Company evaluates whether the carrying value of such assets, excluding goodwill, has been impaired. For such long-lived assets, the Company evaluates whether impairment may exist by estimating future estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, a probability-weighted approach is used to develop estimates of future undiscounted cash flows. If the carrying value of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows, an impairment loss is recorded, measured as the excess of the carrying value of the asset over its fair value. As a result, the asset's carrying value is adjusted to its estimated fair value.

The carrying costs of most of Hydro One Networks' long-lived assets are included in rate base where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable. At December 31, 2015, no asset impairment had been recorded

Costs of Arranging Debt Financing

For financial liabilities classified as other than held-for-trading, the

Company defers its proportionate share of the relevant Hydro One external transaction costs related to obtaining debt financing and presents such amounts as deferred debt costs on the Balance Sheets. Deferred debt costs are amortized over the contractual life of the related debt on an effective-interest basis and the amortization is included within financing charges in the Statements of Operations and Comprehensive Income. Transaction costs for items classified as held-for-trading are expensed immediately.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI). OCI and net income are presented in a single continuous Statement of Operations and Comprehensive Income.

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity; loans and receivables; held-for-trading; other liabilities; or available-for-sale. Financial assets and liabilities classified as held-for-trading are measured at fair value. All other financial assets and liabilities are measured at amortized cost, except accounts receivable, which are measured at the lower of cost or fair value. Accounts receivable are classified as loans and receivables. The Company considers the carrying amounts of accounts receivable to be reasonable estimates of fair value because of the short time to maturity of these instruments. Provisions for impaired accounts receivable are recognized as adjustments to the allowance for doubtful accounts and are recognized when there is objective evidence that the Company will not be able to collect amounts according to the original terms. All financial instrument transactions are recorded at trade date.

Derivative instruments are measured at fair value. Gains and losses from fair valuation are included within financing charges in the period in which they arise. The Company determines the classification of its financial assets and liabilities at the date of initial recognition. The Company designates certain of its financial assets and liabilities to be held at fair value, when it is consistent with the Company's risk management policy disclosed in Note 12 - Fair Value of Financial Instruments and Risk Management.

Derivative Instruments and Hedge Accounting

Hydro One closely monitors the risks associated with changes in interest rates on its operations and, where appropriate, uses various derivative instruments to hedge these risks. Certain of these derivative instruments qualify for hedge accounting and are designated as accounting hedges, while others either do not qualify as hedges or have not been designated as hedges (hereinafter referred to as undesignated contracts) as they are part of economic hedge relationships. Hydro One's derivative instruments, or portions thereof, are mirrored down to Hydro One Networks, and are allocated between the Company's transmission and distribution businesses. The derivative instruments are classified as fair value hedges or undesignated contracts, consistent with Hydro One's derivative instruments classification.

The accounting guidance for derivative instruments requires the recognition of all derivative instruments not identified as meeting the normal purchase and sale exemption as either assets or liabilities recorded at fair value on the

Balance Sheets. For derivative instruments that qualify for hedge accounting, Hydro One may elect to designate such derivative instruments as either cash flow hedges or fair value hedges. Hydro One offsets fair value amounts recognized in its Balance Sheets related to derivative instruments executed with the same counterparty under the same master netting agreement.

For derivative instruments that qualify for hedge accounting and which are designated as cash flow hedges, the effective portion of any gain or loss, net of tax, is reported as a component of accumulated OCI (AOCI) and is reclassified to results of operations in the same period or periods during which the hedged transaction affects results of operations. Any gains or losses on the derivative instrument that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in results of operations. For fair value hedges, changes in fair value of both the derivative instrument and the underlying hedged exposure are recognized in the Statement of Operations and Comprehensive Income in the current period. The gain or loss on the derivative instrument is included in the same line item as the offsetting gain or loss on the hedged item in the Statements of Operations and Comprehensive Income. Additionally, Hydro One enters into derivative agreements that are economic hedges that either do not qualify for hedge accounting or have not been designated as hedges. The changes in fair value of these undesignated derivative instruments are reflected in results of operations.

Embedded derivative instruments are separated from their host contracts and carried at fair value on the Balance Sheets when: (a) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract; (b) the hybrid instrument is not measured at fair value, with changes in fair value recognized in results of operations each period; and (c) the embedded derivative itself meets the definition of a derivative. Hydro One does not engage in derivative trading or speculative activities and had no embedded derivatives at December 31, 2015.

Hydro One periodically develops hedging strategies taking into account risk management objectives. At the inception of a hedging relationship where Hydro One has elected to apply hedge accounting, Hydro One formally documents the relationship between the hedged item and the hedging instrument, the related risk management objective, the nature of the specific risk exposure being hedged, and the method for assessing the effectiveness of the hedging relationship. Hydro One also assesses, both at the inception of the hedge and on a quarterly basis, whether the hedging instruments are effective in offsetting changes in fair values or cash flows of the hedged items.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of the pension, post-retirement and post-employment benefit plans are recorded over the periods during which employees render service.

Hydro One recognizes the funded status of its pension, post-retirement and post-employment plans on its Consolidated Balance Sheets and subsequently recognizes the changes in funded status at the end of each reporting year. Pension, post-retirement and post-employment funds are considered to be underfunded when the projected benefit obligation exceeds the fair value of the plan assets. Liabilities are recognized on the Consolidated Balance Sheets of Hydro One for any net underfunded projected benefit obligation. The net underfunded projected benefit obligation may be disclosed as a current liability, long-term liability, or both. The current portion is the amount by which the actuarial present value of benefits included in the benefit obligation payable in the next 12 months exceeds the fair value of plan assets. If the fair value of plan assets exceeds the projected benefit obligation of the plan, an asset is recognized equal to the net overfunded projected benefit obligation. The post-retirement and post-employment benefit plans are unfunded because there are no related plan assets. The measurement date for the Plans was December 31.

Pension Benefits

Hydro One has a contributory defined benefit pension plan covering most regular employees of Hydro One and its subsidiaries, including Hydro One Networks. The Hydro One pension plan does not segregate assets in a separate account for individual subsidiaries, nor is the obligation of the pension plan allocated to, or funded separately by, entities within the consolidated group. Accordingly, for purposes of these Financial Statements, the pension plan is accounted for as a defined contribution plan and no pension benefit asset or liability is recorded.

A detailed description of Hydro One pension benefits is provided in the Pension and Post-Retirement and Post-Employment Benefits note to the Consolidated Financial Statements of Hydro One.

Post-Retirement and Post-Employment Benefits

Post-retirement and post-employment benefits are recorded and included in rates on an accrual basis. Costs are determined by independent actuaries using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments are amortized to results of operations based on the expected average remaining service period. Hydro One records a regulatory asset equal to the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans recorded at each year end based on annual actuarial reports.

For post-retirement benefits, all actuarial gains or losses are deferred using the "corridor" approach. The amount calculated above the "corridor" is amortized to results of operations on a straight-line basis over the expected average remaining service life of active employees in the plan and over the remaining life expectancy of inactive employees in the plan. The post-retirement benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the associated regulatory liabilities representing actuarial gains on transition to US GAAP are amortized to results of operations based on the "corridor" approach. Post transition, the actuarial gains and losses on post-employment obligations that are incurred during the year are recognized immediately to results of operations. The post-employment benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment.

All post-retirement and post-employment future benefit costs are attributed to labour and are either charged to results of operations or capitalized as part of the cost of property, plant and equipment and intangible assets.

A detailed description of Hydro One post-retirement and post-employment benefits is provided in the Pension and Post-Retirement and Post-Employment Benefits note to the Consolidated Financial Statements of Hydro One.
Stock-Based Compensation

Hydro One measures share grant plans based on fair value of share grants as estimated based on the grant date Hydro One Limited share price. The costs are recognized in the financial statements using the graded-vesting attribution method for share grant plans that have both a performance condition and a service condition. The Company records a regulatory asset equal to the accrued costs of share grant plans recognized in each period, as management considers it to be probable that such costs will be recovered in the future through the rate-setting process.

The Company also records the liabilities associated with its Directors' Deferred Share Unit (DSU) Plan at fair value at each reporting date until settlement, recognizing compensation expense over the vesting period on a straight-line basis. The fair value of the DSU liability is based on Hydro One Limited's common share closing price at the end of each reporting period.

Loss Contingencies

Hydro One and its subsidiaries are involved in certain legal and environmental matters that arise in the normal course of business. In the preparation of its

Financial Statements, management makes judgments regarding the future outcome of contingent events and records a loss for a contingency based on its best estimate when it is determined that such loss is probable and the amount of the loss can be reasonably estimated. Where the loss amount is recoverable in future rates, a regulatory asset is also recorded. When a range estimate for the probable loss exists and no amount within the range is a better estimate than any other amount, the Company records a loss at the minimum amount within the range.

Management regularly reviews current information available to determine whether recorded provisions should be adjusted and whether new provisions are required. Estimating probable losses may require analysis of multiple forecasts and scenarios that often depend on judgments about potential actions by third parties, such as federal, provincial and local courts or regulators. Contingent liabilities are often resolved over long periods of time. Amounts recorded in the Financial Statements may differ from the actual outcome once the contingency is resolved. Such differences could have a material impact on future results of operations, financial position and cash flows of the Company.

Provisions are based upon current estimates and are subject to greater uncertainty where the projection period is lengthy. A significant upward or downward trend in the number of claims filed, the nature of the alleged injuries, and the average cost of resolving each claim could change the estimated provision, as could any substantial adverse or favorable verdict at trial. A federal or provincial legislative outcome or structured settlement could also change the estimated liability. Legal fees are expensed as incurred.

Environmental Liabilities

Environmental liabilities are recorded in respect of past contamination when it is determined that future environmental remediation expenditures are probable under existing statute or regulation and the amount of the future expenditures can be reasonably estimated. Hydro One Networks records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) program and for the phase-out and destruction of polychlorinated biphenyl (PCB)-contaminated mineral oil removed from electrical equipment, based on the present value of these estimated future expenditures. The present value is determined with a discount rate equal to its credit-adjusted risk-free interest rate on financial instruments with comparable maturities to the pattern of future environmental expenditures. As the Company anticipates that the future expenditures will continue to be recoverable in future rates, an offsetting regulatory asset has been recorded to reflect the future recovery of these environmental expenditures from customers. Hydro One Networks reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

Asset Retirement Obligations

AROs are recorded for legal obligations associated with the future removal and disposal of long-lived assets. Such obligations may result from the acquisition, construction, development and/or normal use of the asset. Conditional AROs are recorded when there is a legal obligation to perform a future asset retirement activity but where the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. In such a case, the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement.

When recording an ARO, the present value of the estimated future expenditures required to complete the asset retirement activity is recorded in the period in which the obligation is incurred, if a reasonable estimate can be made. In general, the present value of the estimated future expenditures is added to the carrying amount of the associated asset and the resulting asset retirement cost is depreciated over the estimated useful life of the asset. Where an asset is no longer in service when an ARO is recorded, the asset retirement cost is recorded in results of operations.

Some transmission and distribution assets, particularly those located on unowned easements and rights-of-way, may have AROs, conditional or otherwise. The majority of the Company's easements and rights-of-way are either of perpetual duration or are automatically renewed annually. Land rights with finite terms are generally subject to extension or renewal. As the Company expects to use the majority of its facilities in perpetuity, no ARO currently exists for these assets. If, at some future date, a particular facility is shown not to meet the perpetuity assumption, it will be reviewed to determine whether an estimable ARO exists. In such a case, an ARO would be recorded at that time.

The Company's AROs recorded to date relate to estimated future expenditures associated with the removal and disposal of asbestos-containing materials installed in some of its facilities and with the decommissioning of specific switching stations located on unowned sites.

3. NEW ACCOUNTING PRONOUNCEMENTS

Recent Accounting Guidance Not Yet Adopted

In January 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-01, Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. This ASU eliminates the requirements for reporting entities to consider whether an underlying event or transaction is extraordinary and to show the item separately in the income statement. This ASU is effective for fiscal years, and interim periods within these years, beginning after December 15, 2015. The adoption of this ASU is not anticipated to have an impact on the Company's financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. This ASU provides guidance about the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Company is currently assessing the impact of adoption of ASU 2015-02 on its financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Upon adoption of this ASU in the first quarter of 2016, the Company's deferred debt issuance costs that are currently presented under other long-term assets will be reclassified as a deduction from the carrying amount of long-term debt.

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU provides guidance to customers about whether a cloud computing arrangement includes a software license, as well as the related accounting for the arrangement. This ASU is effective for fiscal years, and interim periods within these years, beginning after December 15, 2015. The Company is currently assessing the impact of adoption of ASU 2015-05 on its financial statements.

In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date to defer the effective date of ASU 2014-09, Revenue from Contracts with Customers (Topic 606) issued by the FASB in May 2014, by one year. The guidance in ASU 2014-09 is now effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently assessing the impact of adoption of ASU 2014-09 on its financial statements.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. The amendments in this ASU require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period of a business combination in the reporting period in which the adjustment amounts are determined. The amendments in this update require that the acquirer to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Upon adoption of this ASU in the first quarter of 2016, the Company will apply the guidance in this ASU to each future business combination, as applicable.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. The amendments in this ASU require that all deferred tax assets and liabilities be classified as noncurrent on the balance sheet. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Upon adoption of this ASU in the first quarter of 2017, the current portions of the Company's deferred income tax assets and liabilities will be reclassified as noncurrent assets and liabilities on the Balance Sheets.

4. DEPRECIATION AND AMORTIZATION

(millions of Canadian dollars) Period from

November 5 to December 31, 2015

Depreciation of property, plant and equipment 81

Amortization of intangible assets 10

Asset removal costs 17

Amortization of regulatory assets 4

112

5. FINANCING CHARGES

(millions of Canadian dollars) Period from

November 5 to

December 31, 2015

Interest on long-term debt 60

Other 2

Interest on inter-company demand facility 3

Less: Interest capitalized on construction and development in progress

(8)

57

6. INCOME TAXES

Income taxes differ from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. The reconciliation between the statutory and the effective tax rates is provided as follows:

(millions of Canadian dollars) Period from

November 5 to December 31, 2015

Income taxes at statutory rate 23

Increase (decrease) resulting from:

Net temporary differences included in amounts charged to customers:

Capital cost allowance in excess of depreciation and amortization (5)

Post-retirement and post-employment benefit expense in excess of cash payments

(2)

Pension contributions in excess of pension expense (4)

Overheads capitalized for accounting but deducted for tax purposes (2)

Interest capitalized for accounting but deducted for tax purposes (2)

Environmental expenditures (1)

Net temporary differences (16)

Net tax expense (benefit) resulting from transition from PILs Regime to

Federal Tax Regime (2,587)

Net permanent differences 1

Total income tax expense (recovery) (2,579)

Current income tax expense 234

Deferred income tax expense (2,813)

Total income tax expense (recovery) (2,579)

Effective income tax rate

(2,964%)

The provision for PILs / current income taxes is remitted to, or received from, the OEFC (PILs Regime) and the CRA (Federal Tax Regime). At December 31, 2015, $11 million due from the OEFC was included in accounts receivable on the

Balance Sheet.

The total income tax expense includes deferred income tax recovery of $2,813 million that is not included in the rate-setting process, using the balance sheet liability method of accounting. Deferred income tax expense balances expected to be included in the rate-setting process are offset by regulatory assets and liabilities to reflect the anticipated recovery or disposition of these balances within future electricity rates.

Departure Tax

Hydro One Networks' exemption from tax under the Federal Tax Regime ceased to apply on October 31, 2015. As a result, under the Electricity Act, 1998 (Ontario) (PILs Regime), Hydro One Networks was deemed to have disposed of its assets immediately before it lost its tax exempt status under the Federal Tax Regime, for proceeds equal to the fair market value of those assets at that time. Consequently, Hydro One Networks is liable to make a payment in lieu of tax (Departure Tax) under the PILs Regime in respect of the income and capital gains that arose as a result of this deemed disposition.

Hydro One Networks paid to the OEFC an amount that reasonably approximates the amount of the Departure Tax that would be payable by Hydro One Networks in respect of the deemed disposition of its assets and that is not subject to appeal or re-assessment. The amount of Departure Tax paid by Hydro One Networks is $2,271 million.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. At December 31, 2015 deferred income tax assets and liabilities consisted of the following:

(millions of Canadian dollars) December 31, 2015
Deferred income tax assets
Depreciation and amortization in excess of capital cost allowance 906
Post-retirement and post-employment benefit expense in excess of cash payments 566
Environmental expenditures Environmental expenditures 71
Non-capital losses 60
Other 3
Total deferred income tax assets 1,606
Less: current portion 18
1,588

(millions of Canadian dollars) December 31, 2015
Deferred income tax liabilities
Regulatory amounts not recognized for tax 147
Goodwill 9
Other 2
Total deferred income tax liabilities 158
Less: current portion -
158

The deferred income tax assets and liabilities are presented on the Balance Sheets as follows:

(millions of Canadian dollars)	December 31, 2015
Current deferred income tax assets	18
Current deferred income tax liabilities	-
Net current deferred income tax assets	18
Long-term deferred income tax assets	1,588
Long-term deferred income tax liabilities	(158)
Net long-term deferred income tax assets	1,430

During the period ended December 31, 2015, there were no changes in the rate applicable to future taxes.

7. ACCOUNTS RECEIVABLE

(millions of Canadian dollars)	December 31, 2015
Accounts receivable - billed	396
Accounts receivable - unbilled	588
Accounts receivable, gross	984
Allowance for doubtful accounts	(60)
Accounts receivable, net	924

The following table shows the movements in the allowance for doubtful accounts for the period ended December 31, 2015.

(millions of Canadian dollars)	Period from November 5 to December 31, 2015
Allowance for doubtful accounts - beginning of period	(64)
Write-offs	9
Additions to allowance for doubtful accounts	(5)
Allowance for doubtful accounts - end of period	(60)

8. PROPERTY, PLANT AND EQUIPMENT

December 31, 2015 (millions of Canadian dollars)	Property, Plant and Equipment	Accumulated Depreciation	Construction in Progress	Total
Transmission	13,748	4,673	851	9,926
Distribution	9,083	3,155	236	6,164
Communication	1,006	610	18	414
Administration and service	1,517	845	36	708
	25,354	9,283	1,141	17,212

Financing charges capitalized on property, plant and equipment under construction were $8 million during the period from November 5 to December 31, 2015.

9. INTANGIBLE ASSETS

December 31, 2015 (millions of Canadian dollars)	Intangible Assets	Accumulated Amortization	Development in Progress	Total
Computer applications software	579	270	25	334
Other	39	9	-	30
	618	279	25	364

Financing charges capitalized on intangible assets under development were immaterial during the period from November 5 to December 31, 2015. The estimated amortization expense for intangible assets as at December 31, 2015 is as follows: 2016 - $56 million; 2017 - $56 million; 2018 - $56 million; 2019 - $47 million; and 2020 - $30 million.

10. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-making process. Hydro One Networks has recorded the following regulatory assets and liabilities:

(millions of Canadian dollars)	December 31, 2015
Regulatory assets:	
Deferred income tax regulatory asset	1,404

Post-retirement and post-employment benefits	238
Environmental	196
Retail settlement variance accounts	113
Pension cost variance	37
2015-2017 rate rider	20
DSC exemption	10
Share-based compensation	10
Other	8
Total regulatory assets	2,036
Less: current portion	33
	2,003

(millions of Canadian dollars)	December 31, 2015
Regulatory liabilities:	
Green Energy expenditure variance	76
External revenue variance	87
CDM deferral variance account	53
PST savings deferral	4
Deferred income tax regulatory liability	18
Other	10
Total regulatory liabilities	248
Less: current portion	19
	229

Deferred Income Tax Regulatory Asset and Liability

Deferred income taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company has recognized regulatory assets and liabilities that correspond to deferred income taxes that flow through the rate-setting process. In the absence of rate-regulated accounting, the Company's provision for PILs would have been recognized using the liability method and there would be no regulatory accounts established for taxes to be recovered through future rates. As a result, the income tax expense for the period from November 5 to December 31, 2015 would have been higher by approximately $16 million.

Post-Retirement and Post-Employment Benefits

The Company recognizes the net unfunded status of post-retirement and post-employment obligations on the Balance Sheets with an incremental offset to the associated regulatory assets. A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process. The post-retirement and post-employment benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment. In the absence of rate-regulated accounting, for the period from November 5 to December 31, 2015 OCI would have been higher by $35 million.

Environmental

Hydro One Networks records a liability for the estimated future expenditures required to remediate environmental contamination. Because such expenditures are expected to be recoverable in future rates, the Company has recorded an equivalent amount as a regulatory asset. The environmental regulatory asset is amortized to results of operations based on the pattern of actual expenditures incurred and charged to environmental liabilities. During the period from November 5 to December 31, 2015, the environmental regulatory asset decreased by $24 million to reflect related changes in the Company's PCB liability, and increased by $2 million due to changes in the LAR liability. The OEB has the discretion to examine and assess the prudency and the timing of recovery of all of Hydro One Networks' actual environmental expenditures. In the absence of rate-regulated accounting, operation, maintenance and administration expenses for the period from November 5 to December 31, 2015 would have been lower by $22 million. In addition, for the period from November 5 to December 31, 2015, amortization expense would have been lower by $3 million, and financing charges would have been higher by $1 million.

Retail Settlement Variance Accounts (RSVA)

Hydro One Networks has deferred certain retail settlement variance amounts under the provisions of Article 490 of the OEB's Accounting Procedures Handbook. RSVA primarily includes variances relating to Power, Global Adjustment, Wholesale Market Service Charge and Transmission Network and Transmission Connection Services. In March 2015, the OEB approved the disposition of the total RSVA balance accumulated from January 2012 to December 2013, including accrued interest, to be recovered through the 2015-2017 Rate Rider. In 2015, the Company revised its method to estimate the unbilled accounts receivable based on new technology implemented to improve the accuracy of the estimation process. This revised method is also in compliance with OEB guidance. At December 31, 2015, the change in estimate reduced unbilled accounts receivable by approximately $121 million, with a corresponding offset to various components of RSVA. The change in estimate had no significant impact on 2015 net income.

Pension Cost Variance

A pension cost variance account was established for each of Hydro One Networks' Transmission and Distribution businesses to track the difference between the actual pension expense incurred and estimated pension costs approved by the OEB. The balance in this account reflects the excess of pension costs paid as compared to OEB-approved amounts. In the absence of rate -regulated accounting, revenue would have been lower by $1 million for the period from November 5 to December 31, 2015.

2015-2017 Rate Rider

In March 2015, as part of its decision on Hydro One Networks' Distribution rate application for 2015-2019 the OEB approved the disposition of certain deferral and variance accounts, including RSVAs and accrued interest. The 2015 -2017 Rate Rider account includes the balances approved for disposition by the OEB and will be disposed over a 32-month period in accordance with the OEB decision.

DSC Exemption

In June 2010, Hydro One Networks filed an application with the OEB regarding the OEB's new cost responsibility rules contained in the OEB's October 2009 Notice of Amendment to the Distribution System Code (DSC), with respect to the connection of certain renewable generators that were already connected or that had received a connection impact assessment prior to October 21, 2009. The application sought approval to record and defer the unanticipated costs incurred by Hydro One Networks that resulted from the connection of certain renewable generation facilities. The OEB ruled that identified specific expenditures can be recorded in a deferral account subject to the OEB's review in subsequent Hydro One Network distribution applications. In March 2015, the OEB approved the disposition of the DSC exemption deferral account at December 31, 2013, including accrued interest, which will be recovered through the 2015 -2017 Rate Rider. In addition, the OEB also approved Hydro One's request to discontinue this deferral account, and there were no additions to this regulatory account in 2015.

Share-based Compensation

The Company recognizes costs associated with stock-based compensation in a regulatory asset as management considers it probable that stock-based compensation costs will be recovered in the future through the rate-setting process. At December 31, 2015, the stock-based compensation costs related to the share grant plans are measured at fair value estimated based on grant date Hydro One Limited share price and recognized using the graded-vesting attribution method. In the absence of rate-regulated accounting, the period from November 5 to December 31, 2015 operation, maintenance and administration expenses would have been higher by $4 million.

Green Energy Expenditure Variance

In April 2010, the OEB requested the establishment of deferral accounts which capture the difference between the revenue recorded on the basis of Green Energy Plan expenditures incurred and the actual recoveries received.

External Revenue Variance

In May 2009, the OEB approved forecasted amounts related to export service revenue, external revenue from secondary land use, and external revenue from station maintenance and engineering and construction work. In November 2012, the OEB again approved forecasted amounts related to these revenue categories and extended the scope to encompass all other external revenues. The external revenue variance account balance reflects the excess of actual external revenues compared to the OEB-approved forecasted amounts.

CDM Deferral Variance Account

As part of Hydro One Networks' application for 2013 and 2014 transmission rates, the Company agreed to establish a new regulatory deferral variance account to track the impact of actual Conservation and Demand Management (CDM) and demand response results on the load forecast compared to the estimated load forecast included in the revenue requirement. The balance in the CDM deferral variance account at December 31, 2015 relates to the actual 2013 and 2014 CDM compared to the amounts included in 2013 and 2014 revenue requirement. The OEB rate order specifically states that IESO's data used to calculate the difference between forecasted and actual savings will be provided one year in arrears, and as a result, no amount should be recorded in advance of notification from the of actual results.

PST Savings Deferral Account

The provincial sales tax (PST) and goods and services tax (GST) were harmonized in July 2010. Unlike the GST, the PST was included in operation, maintenance and administration expenses or capital expenditures for past revenue requirements approved during a full cost-of-service hearing. Under the harmonized sales tax (HST) regime, the HST included in operation, maintenance and administration expenses or capital expenditures is not a cost ultimately borne by the Company and as such, a refund of the prior PST element in the approved revenue requirement is applicable, and calculations for tracking and refund were requested by the OEB. For Hydro One Networks' transmission revenue requirement, PST was included between July 1, 2010 and December 31, 2015 and recorded in a deferral account, as directed by the OEB. In March 2015, the OEB approved the disposition of the PST Savings Deferral account at December 31, 2013, including accrued interest, which will be recovered through the 2015-2017 Rate Rider.

11. DEBT

Hydro One issues notes for long-term financing under its Medium-Term Note Program. The terms of certain issuances are mirrored down to Hydro One Networks through the issuance of inter-company debt.

The following table presents the Company's outstanding long-term debt at December 31, 2015:

(millions of Canadian dollars)	December 31, 2015
Long-term debt	8,177
Less: Long-term debt payable within one year	(500)
Long-term debt	7,677

The long-term debt is unsecured and denominated in Canadian dollars. The long-term debt is summarized by the number of years to maturity in Note 12 - Fair Value of Financial Instruments and Risk Management.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

Hydro One Networks classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that Hydro One Networks has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non?Derivative Financial Assets and Liabilities

At December 31, 2015, the Company's carrying amounts of accounts receivable, inter-company demand facility, and accounts payable are representative of fair value because of the short-term nature of these instruments.

Fair Value Measurements of Long-Term Debt

The fair values and carrying values of the Company's long-term debt at December 31, 2015 are as follows:

December 31, 2015

(millions of Canadian dollars)	Carrying Value	Fair Value
Long-term debt		
$30 million notes due 20201	30	30
Other notes and debentures2	8,147	9,352
	8,177	9,382

1 The fair value of the $30 million MTN Series 33 notes subject to hedging is primarily based on changes in the present value of future cash flows due to a change in the yield in the swap market for the related swap (hedged risk).
2 The fair value of other notes and debentures represents the market value of the notes and debentures and is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

Fair Value Measurements of Derivative Instruments

Hydro One enters into interest-rate swaps agreements with respect to its long-term debt. The terms of these interest-rate swap agreements are mirrored down to Hydro One Networks.

At December 31, 2015, interest-rate swaps totaling $30 million were used to convert fixed-rate debt to floating-rate debt. These interest-rate swaps are classified as fair value hedges. The Company's fair value hedge exposure was about 1% of its total long-term debt of $8,177 million. At December 31, 2015, interest-rate swaps designated as fair value hedges were as follows:
" a $30 million fixed-to-floating interest-rate swap agreement to convert $30 million of the MTN Series 33 notes maturing April 30, 2020 into three-month variable rate debt.

At December 31, 2015, the Company had no interest-rate swaps classified as undesignated contracts.

As part of the Norfolk Power acquisition, Hydro One assumed liabilities associated with unrealized losses on derivative instruments (interest-rate swaps) totalling $3 million. Hydro One Networks extinguished the interest rate swaps and repaid these liabilities in December 2015.
At December 31, 2015, the carrying amounts of derivative instruments were representative of fair value.

Fair Value Hierarchy

Fair value hierarchy information for financial assets and liabilities at December 31, 2015 was as follows:

December 31, 2015 (millions of Canadian dollars) Carrying Value Fair
Value
Level 1
Level 2
Level 3

Liabilities:
Inter-company demand facility 1,641 1,641 1,641 - -
Long-term debt 8,177 9,382 - 9,382 -
9,818 11,023 1,641 9,382 -

The fair value of the hedged portion of the long-term debt is primarily based on the present value of future cash flows using a swap yield curve to determine the assumption for interest rates. The fair value of the un-hedged portion of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

There were no significant transfers between any of the levels during the period ended December 31, 2015.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk. The Company does have foreign exchange risk as it enters into agreements to purchase materials and equipment associated with capital programs and projects that are settled in foreign currencies. This foreign exchange risk is not material, although the Company could in the future decide to issue foreign currency-denominated debt which would be hedged back to Canadian dollars consistent with its risk management policy. Hydro One Networks is exposed to fluctuations in interest rates as the regulated rate of return for the Company's transmission and distribution businesses is derived using a formulaic approach that is based on the forecast for long-term Government of Canada bond yields and the spread in 30-year "A"-rated Canadian utility bonds over the 30-year benchmark Government of Canada bond yield. The Company estimates that a 1% decrease in the forecasted long-term Government of

Canada bond yield or the "A"-rated Canadian utility spread used in determining the Company's rate of return would reduce the Transmission Business' 2015 results of operations by approximately $20 million and the Distribution Business' 2015 results of operations by approximately $13 million.

Hydro One uses a combination of fixed and variable-rate debt to manage the mix of its debt portfolio. Hydro One also uses derivative financial instruments to manage interest-rate risk. Hydro One utilizes interest-rate swaps, which are typically designated as fair value hedges, as a means to manage its interest rate exposure to achieve a lower cost of debt. In addition, Hydro One may utilize interest-rate derivative instruments to lock in interest rate levels in anticipation of future financing. Hydro One may also enter into derivative agreements such as forward-starting pay fixed-interest-rate swap agreements to hedge against the effect of future interest rate movements on long-term fixed-rate borrowing requirements. Such arrangements are typically designated as cash flow hedges. The Company's derivative instrument policy is consistent with Hydro One. No cash flow hedge agreements were outstanding as at December 31, 2015.

A hypothetical 10% increase in the interest rates associated with variable-rate debt would not have resulted in a significant decrease in Hydro One Networks' results of operations for the period ended December 31, 2015.

Fair Value Hedges

For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative instruments as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in the Statements of Operations and Comprehensive Income. The net unrealized loss (gain) on the hedged debt and the related interest-rate swaps for the period ended December 31, 2015 was not significant.

At December 31, 2015, the notional amount of fair value hedges outstanding related to interest-rate swaps was $30 million, with assets at fair value of $nil. During the period ended December 31, 2015, there was no significant impact on the results of operations as a result of any ineffectiveness attributable to fair value hedges.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2015 there were no significant concentrations of credit risk with respect to any class of financial assets. Hydro One Networks did not earn a significant amount of revenue from any individual customer. At December 31, 2015, there was no significant accounts receivable balance due from any single customer.

At December 31, 2015, the Company's allowance for doubtful accounts was $60 million. Adjustments and write-offs are determined on the basis of a review of overdue accounts, taking into consideration historical experience. At December 31, 2015, approximately 6% of the Company's net accounts receivable were aged more than 60 days.

Hydro One manages its counterparty credit risk through various techniques including: entering into transactions with highly-rated counterparties; limiting total exposure levels with individual counterparties consistent with Hydro One's Board-approved Credit Risk Policy; entering into master agreements which enable net settlement and the contractual right of offset; and monitoring the financial condition of counterparties. In addition to payment netting language in master agreements, Hydro One establishes credit limits, margining thresholds and collateral requirements for each counterparty. Counterparty credit limits are based on an internal credit review that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings and risk management capabilities. The determination of credit exposure for a particular counterparty is the sum of current exposure plus the potential future exposure with that counterparty. The current exposure is calculated as the sum of the principal value of money market exposures and the market value of all contracts that have a positive mark-to-market position on the measurement date. The Company would only offset the positive market values against negative values with the same counterparty where permitted by the existence of a legal netting agreement such as an International Swap Dealers Association master agreement. The potential future exposure represents a safety margin to protect against future fluctuations of interest rates, currencies, equities, and commodities. It is calculated based on factors developed by the Bank of International Settlements, following extensive historical analysis of random fluctuations of interest rates and currencies. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with the Company as specified in each agreement. The Company monitors current and forward credit exposure to counterparties both on an individual and an aggregate basis. The Company's counterparty credit risk policy is consistent with Hydro One. The Company's credit risk for accounts receivable is limited to the carrying amounts on the Balance Sheets.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Hydro One Networks meets its short-term liquidity requirements through the inter-company demand facility with Hydro One and funds from operations. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

At December 31, 2015, accounts payable and accrued liabilities in the amount of $870 million are expected to be settled in cash at their carrying amounts within the next 12 months.

At December 31, 2015, the principal amount of the Company's long-term debt was $8,177 million. Principal repayments and related weighted average interest rates are summarized by the number of years to maturity in the following table:

Years to Maturity	Long-term Debt Principal Repayments (millions of Canadian dollars)	Weighted Average Interest Rate (%)
1 year	500	4.3
2 years	600	5.2
3 years	750	2.8
4 years	228	1.2
5 years	330	4.2
	2,408	3.8
6 - 10 years	580	3.2
Over 10 years	5,189	5.4
	8,177	4.8

Interest payments on long-term debt are summarized by year in the following table:

Year	Interest Payments (millions of Canadian dollars)
2016	380
2017	369
2018	338
2019	315
2020	307
	1,709
2021-2025	1,446
2026 +	3,989
	7,144

13. CAPITAL MANAGEMENT

The Company's objectives with respect to its capital structure are to maintain effective access to capital on a long-term basis at reasonable rates, and to deliver appropriate financial returns. The Company considers its capital structure to consist of shareholder's equity, preferred shares, long-term debt, and the inter-company demand facility. At December 31, 2015, Company's capital structure was as follows:

(millions of Canadian dollars) December 31, 2015

Long-term debt payable within one year 500

Inter-company demand facility 1,641

2,141

Long-term debt 7,677

Common shares 5,700

Retained earnings 3,690

Contributed surplus 5

9,395

Total capital 19,213

14. PENSION AND POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

Hydro One has a defined benefit pension plan, a supplementary pension plan, and post-retirement and post-employment benefit plans. The defined benefit pension plan (Pension Plan) is contributory and covers most regular employees of Hydro One and its subsidiaries. The supplementary pension plan provides members of the Pension Plan with benefits that would have been earned and payable under the Pension Plan but for the limitations imposed by the Income Tax Act (Canada). The supplementary pension plan obligation is included with other post-retirement and post-employment benefit obligations on the Balance Sheets.

Pension Benefits

The Pension Plan provides benefits based on highest three-year average pensionable earnings. For new management employees who commenced employment on or after January 1, 2004, and for new Society of Energy Professionals-represented staff hired after November 17, 2005, benefits are based on highest five-year average pensionable earnings. After retirement, pensions are indexed to inflation.

Hydro One and employee contributions to the Pension Plan are based on actuarial valuations performed at least every three years. Hydro One's Pension Plan contributions for period from November 5 to December 31, 2015 of $28 million were based on an actuarial valuation effective December 31, 2013 and expected levels of pensionable earnings. Estimated annual Pension Plan contributions for 2016 are approximately $180 million based on an actuarial valuation as at December 31, 2013 and projected levels of pensionable earnings. Future minimum contributions beyond 2016 will be based on an actuarial valuation effective no later than December 31, 2016. Contributions are payable one month in arrears. All of the contributions are expected to be in the form of cash.

At December 31, 2015, the present value of Hydro One's projected pension benefit obligation was estimated to be $7,683 million. The fair value of pension plan assets available for these benefits was $6,731 million. At December 31, 2015, the net unfunded status of pension plan obligation was $952 million.

Post-Retirement and Post-Employment Benefits

During the period from November 5 to December 31, 2015, the Company charged $9 million of post-retirement and post-employment benefit costs to operations, and capitalized $11 million as part of the cost of property, plant and equipment and intangible assets. Benefits paid during the period ended December 31, 2015 were $13 million. In addition, the associated post-retirement and post-employment benefits regulatory asset was decreased by $35 million.

The Company presents its post-retirement and post-employment benefit liabilities on the Balance Sheets as follows:

(millions of Canadian dollars)	December 31, 2015
Accrued liabilities	51
Post-retirement and post-employment benefit liability	1,524
	1,575

15. ENVIRONMENTAL LIABILITIES

The following tables show the movements in environmental liabilities for the period ended December 31, 2015.

Period from November 5 to December 31, 2015 (millions of Canadian dollars)	PCB	LAR	Total
Environmental liabilities, November 5	172	48	220
Interest accretion	1	-	1
Expenditures	(1)	(2)	(3)
Revaluation adjustment	(24)	2	(22)

Environmental liabilities, December 31 148 48 196

Less: current portion 12 8 20

136 40 176

The following table illustrates the reconciliation between the undiscounted basis of the environmental liabilities and the amount recognized on the Balance Sheets after factoring in the discount rate:

December 31, 2015 (millions of Canadian dollars) PCB LAR

Total

Undiscounted environmental liabilities 168 49 217

Less: discounting accumulated liabilities to present value 20 1

21

Discounted environmental liabilities 148 48 196

At December 31, 2015, the estimated future environmental expenditures were as follows:

(millions of Canadian dollars)

2016 20

2017 24

2018 24

2019 26

2020 26

Thereafter 97

217

Hydro One Networks records a liability for the estimated future expenditures for the contaminated LAR and for the phase-out and destruction of PCB-contaminated mineral oil removed from electrical equipment when it is determined that future environmental remediation expenditures are probable under existing statute or regulation and the amount of the future expenditures can be reasonably estimated.

There are uncertainties in estimating future environmental costs due to potential external events such as changes in legislation or regulations, and advances in remediation technologies. In determining the amounts to be recorded as environmental liabilities, the Company estimates the current cost of completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. A long-term inflation rate assumption of approximately 2% has been used to express these current cost estimates as estimated future expenditures. Future expenditures have been discounted using factors ranging from approximately 2.0% to 6.3%, depending on the appropriate rate for the period when expenditures are expected to be incurred. All factors used in estimating the Company's environmental liabilities represent management's best estimates of the present value of costs required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions. In addition, with respect to the PCB environmental liability, the availability of critical resources such as skilled labour and replacement assets and the ability to take maintenance outages in critical facilities may influence the timing of expenditures.

PCBs

The Environment Canada regulations, enacted under the Canadian Environmental Protection Act, 1999, govern the management, storage and disposal of PCBs based on certain criteria, including type of equipment, in-use status, and PCB -contamination thresholds. Under current regulations, Hydro One's PCBs have to be disposed of by the end of 2025, with the exception of specifically exempted equipment. Contaminated equipment will generally be replaced, or will be decontaminated by removing PCB-contaminated insulating oil and retro filling with replacement oil that contains PCBs in concentrations of less than 2 ppm.

The Company's best estimate of the total estimated future expenditures to comply with current PCB regulations is $168 million. These expenditures are expected to be incurred over the period from 2016 to 2025. As a result of its annual review of environmental liabilities, the Company recorded a revaluation adjustment in December 2015 to reduce the PCB environmental liability by $24 million.

LAR

The Company's best estimate of the total estimated future expenditures to complete its LAR program is $49 million. These expenditures are expected to be incurred over the period from 2016 to 2023. As a result of its annual review of environmental liabilities, the Company recorded a revaluation adjustment in December 2015 to increase the land assessment and remediation environmental liability by $2 million.

16. ASSET RETIREMENT OBLIGATIONS

Hydro One records a liability for the estimated future expenditures for the removal and disposal of asbestos-containing materials installed in some of its facilities and for the decommissioning of specific switching stations located on unowned sites. AROs, which represent legal obligations associated with the retirement of certain tangible long-lived assets, are computed as the present value of the projected expenditures for the future retirement of specific assets and are recognized in the period in which the liability is incurred, if a reasonable estimate of fair value can be made. If the asset remains in service at the recognition date, the present value of the liability is added to the carrying amount of the associated asset in the period the liability is incurred and this additional carrying amount is depreciated over the remaining life of the asset. If an ARO is recorded in respect of an out-of-service asset, the asset retirement cost is charged to results of operations. Subsequent to the initial recognition, the liability is adjusted for any revisions to the estimated future cash flows associated with the ARO, which can occur due to a number of factors including, but not limited to, cost escalation, changes in technology applicable to the assets to be retired, changes in legislation or regulations, as well as for accretion of the liability due to the passage of time until the obligation is settled. Depreciation expense is adjusted prospectively for any increases or decreases to the carrying amount of the associated asset.

In determining the amounts to be recorded as AROs, the Company estimates the current fair value for completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. A long-term inflation assumption of

approximately 2% has been used to express these current cost estimates as estimated future expenditures. Future expenditures have been discounted using factors ranging from approximately 3.0% to 5.0%, depending on the appropriate rate for the period when expenditures are expected to be incurred.
All factors used in estimating the Company's AROs represent management's best estimates of the costs required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions. AROs are reviewed annually or more frequently if significant changes in regulation or other relevant factors occur. Estimate changes are accounted for prospectively.

At December 31, 2015, Hydro One Networks had recorded AROs of $8 million, consisting of $7 million related to the estimated future expenditures associated with the removal and disposal of asbestos-containing materials installed in some of its facilities, as well as $1 million related to the future decommissioning and removal of two switching stations. The amount of interest recorded is nominal.

17. SHARE CAPITAL

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. At December 31, 2015, Hydro One had no issued and outstanding preferred shares.

Prior to October 31, 2015, the Company had 14,875,720 issued and outstanding cumulative preferred shares with a redemption value of $25 per share or $372 million total value. On October 31, 2015, these preferred shares were purchased and cancelled by Hydro One Networks.

Common Shares

The Company is authorized to issue an unlimited number of common shares. At December 31, 2015, the Company had 207,577,181 common shares issued and outstanding.

The following table presents the change in common shares during the year ended December 31, 2015.

Year ended December 31, 2015 (millions of Canadian dollars) (number of shares)

Common shares - January 1 2,991 148,821,741
Common shares issued - transfer of Norfolk Power (a) 66 799,191
Common shares issued - purchase and cancellation of preferred shares (b)
372 4,869,212
Common shares issued (c) 2,271 53,067,036
Common shares issued (d) - 1
Common shares - December 31 5,700 207,557,181

(a) On August 31, 2015, Hydro One Networks issued 799,191 common shares to Hydro One as consideration of the transfer of all common shares of NPDI to

Hydro One Networks by Hydro One.

(b) On October 31, 2015, Hydro One Networks purchased and cancelled its 14,875,720 preferred shares for cancellation at a price equal to the redemption price of the preferred shares totaling $372 million, which was satisfied by the issuance to the Province of 4,869,212 common shares of Hydro One Networks.

(c) On November 4, 2015, Hydro One Networks issued 53,067,036 common shares to Hydro One Limited for proceeds of $2,271 million.

(d) On November 3, 2015, Hydro One Networks declared a stock dividend on its common shares, which due to the number of shares issued and the resulting effect on the price per share was treated as a stock split. On November 5, 2015, Hydro One Networks effected a reverse split and issued as consideration one common share to Hydro One. There was no impact to the capital structure of Hydro One as a net result of the stock dividend and the reverse split.
Common share dividends are declared at the sole discretion of the Hydro One Networks Board of Directors, and are recommended by management based on results of operations, maintenance of the deemed regulatory capital structure, financial conditions, cash requirements, and other relevant factors, such as industry practice and shareholder expectations.

Earnings per Share

Earnings per share is calculated as net income for the year, after cumulative preferred dividends, divided by the weighted average number of common shares outstanding during the period.

Basic and diluted earnings per common share (EPS) is calculated by dividing net income attributable to common shareholder of Hydro One Networks by the weighted average number of common shares outstanding. During the period ended December 31, 2015, the weighted average number of shares outstanding was 207,557,181. There were no dilutive securities.

18. DIVIDENDS

During the period from November 5 to December 31, 2015, no preferred share dividends and no common share dividends were declared.

19. STOCK-BASED COMPENSATION

The following compensation plans were established by Hydro One Limited, however they represent components of compensation costs of Hydro One and its subsidiaries, including Hydro One Networks, in current and future periods.

Share Grant Plans

At December 31, 2015, Hydro One Limited had two share grant plans, one for the benefit of certain members of the Power Workers' Union (the PWU Share Grant Plan) and one for the benefit of certain members of The Society of Energy Professionals (the Society Share Grant Plan). Hydro One and Hydro One Limited entered into an inter-company agreement, such that Hydro One will pay Hydro One Limited for the compensation costs associated with these plans. The agreement requires Hydro One Networks to reimburse Hydro One for the value of shares granted to the Company's eligible employees relating to these plans.

The PWU Share Grant Plan provides for the issuance of common shares of Hydro One Limited from treasury to certain eligible members of the Power Workers' Union annually, commencing on April 1, 2017 and continuing until the earlier of April 1, 2028 or the date an eligible employee no longer meets the eligibility criteria of the PWU Share Grant Plan. To be eligible, an employee must be a member of the Pension Plan on April 1, 2015, be employed on the date annual share issuance occurs and continue to have under 35 years of service. The requisite service period for the PWU share grant plan begins on July 3, 2015, which is the date the share grant plans were ratified by the PWU. The number of common shares issued annually to each eligible employee will be equal to 2.7% of such eligible employee's salary as at April 1, 2015, divided by $20.50, being the price of the common shares of Hydro One Limited in the IPO. The aggregate number of Hydro One Limited common shares issuable under the PWU Share Grant Plan shall not exceed 3,981,763 common shares. In 2015, 3,913,671 Hydro One Limited common shares were granted under the PWU Share Grant Plan relevant to the total share based compensation recognized by Hydro One Networks.

The Society Share Grant Plan provides for the issuance of common shares of Hydro One Limited from treasury to certain eligible members of The Society of Energy Professionals annually, commencing on April 1, 2018 and continuing until the earlier of April 1, 2029 or the date an eligible employee no longer meets the eligibility criteria of the Society Share Grant Plan. To be eligible, an employee must be a member of the Pension Plan on September 1, 2015, be employed on the date annual share issuance occurs and continue to have under 35 years of service. Therefore the requisite service period for the Society Share Grant Plan begins on September 1, 2015. The number of common shares issued annually to each eligible employee will be equal to 2.0% of such eligible employee's salary as at September 1, 2015, divided by $20.50, being the price of the common shares of Hydro One Limited in the IPO. The aggregate number of Hydro One Limited common shares issuable under the Society Share Grant Plan shall not exceed 1,434,686 common shares. In 2015, 1,352,503 Hydro One Limited common shares were granted under the Society Share Grant Plan relevant to the total share based compensation recognized by Hydro One Networks.

The fair value of the Hydro One Limited share grants is estimated based on the grant date Hydro One Limited share price of $20.50 and is recognized using the graded-vesting attribution method as the share grant plans have both a performance condition and a service condition. Total fair value of shares granted to employees of Hydro One Networks in 2015 is $108 million. Total share based compensation recognized during 2015 by Hydro One Networks was $10 million and was recorded as a regulatory asset. The historical turnover rate relating to members of the Power Workers' Union and The Society of Energy Professionals is not believed to be reflective of a future turnover rate due to benefits conferred by the share grant plans. At December 31, 2015, the Company expects all eligible employees to receive the share grants until such time that they no longer meet the eligibility criteria and therefore, a forfeiture rate of 0% is assumed in amounts recognized during 2015. The Company will reevaluate this assumption in subsequent periods based on actual experience.

A summary of the Company's share grant activity under the Share Grant Plans as of December 31, 2015 is presented below:

Period from November 5 to December 31, 2015 Share Grants (Number)
Weighted-Average Price
Outstanding - beginning of period - -
Granted (non-vested) 5,266,174 $20.50
Outstanding - end of period 5,266,174 -

Employee Share Ownership Plan

Effective December 15, 2015, Hydro One Limited established an Employee Share Ownership Plan (ESOP). Under the ESOP, certain eligible management and non-represented employees may contribute between 1% and 6% of their base salary towards purchasing common shares of Hydro One Limited. Hydro One Networks will match 50% of the employee's contributions, up to a maximum Company contribution of $25,000 per calendar year. No contributions were made under the ESOP during 2015.

Long-term Incentive Plan

Effective August 31, 2015, the Board of Directors of Hydro One Limited adopted a Long-term Incentive Plan (LTIP). Under the LTIP, long-term incentives will be granted to certain executive and management employees of Hydro One Limited and its subsidiaries, and all equity-based awards will be settled in newly-issued shares of Hydro One Limited from treasury, consistent with the provisions of the plan. The aggregate number of shares issuable under the LTIP shall not exceed 11,900,000 shares of Hydro One Limited.

The LTIP provides flexibility to award a range of vehicles, including restricted share units, performance share units, stock options, share appreciation rights, restricted shares, deferred share units and other share-based awards. The mix of vehicles is intended to vary by role to recognize the level of executive accountability for overall business performance. No long-term incentives were awarded during 2015.

20. RELATED PARTY TRANSACTIONS

Hydro One Networks is a subsidiary of Hydro One. Hydro One is owned by Hydro One Limited, and the Province is the majority shareholder of Hydro One Limited. The OEFC, IESO, Ontario Power Generation Inc. (OPG), the OEB and Hydro One Brampton Inc. (Hydro One Brampton) are related parties to Hydro One Networks because they are controlled or significantly influenced by the Province. Transactions between these parties and Hydro One Networks are described below.

IESO

" During the period ended December 31, 2015, Hydro One Networks purchased power in the amount of $416 million from the IESO-administered electricity market.

" The Company receives amounts for transmission services from the IESO, based on uniform transmission rates approved by the OEB. Amounts received for the period ended December 31, 2015 were $231 million. Consistent with the Company's revenue recognition policy, $228 million was recognized during the period ended December 31, 2015 related to these services.

" Hydro One Networks receives amounts for rural rate protection from the IESO. For the period ended December 31, 2015, revenues include $21 million related to this program.

" The IESO funds substantially all of the Company's conservation and demand management programs. The funding includes program costs, incentives, and management fees. During the period ended December 31, 2015, Hydro One Networks received $3 million from the IESO related to these programs.

OPG

" During the period from November 5 to December 31, 2015, power purchased from OPG was not significant.

" The Company has service level agreements with OPG. These services include field and engineering, logistics, corporate, telecommunications and information technology services. During the period ended December 31, 2015, revenues related to the provision of construction and equipment maintenance services with respect to these service level agreements were $1 million, primarily for the Transmission Business. Operation, maintenance and administration costs related to the purchase of services with respect to these service level agreements were not significant.

OEFC

" During the period ended December 31, 2015, Hydro One purchased power in the amount of $1 million from power contracts administered by the OEFC.

" During the period ended December 31, 2015, the Company paid a $3 million fee to the OEFC for indemnification against adverse claims in excess of $10 million paid by the OEFC with respect to certain of Ontario Hydro's businesses transferred to Hydro One on April 1, 1999. Hydro One has not made any claims under the indemnity since it was put in place in 1999. Hydro One and the OEFC, with the consent of the Minister of Finance, have agreed to terminate the indemnity effective October 31, 2015.

" PILs and payments in lieu of property taxes are paid to the OEFC.

OEB

" Under the Ontario Energy Board Act, 1998, the OEB is required to recover all of its annual operating costs from gas and electricity distributors and transmitters. During the period ended December 31, 2015, Hydro One Networks incurred $2 million in OEB fees.

Hydro One Brampton

" Effective August 31, 2015, Hydro One Brampton is no longer a subsidiary of Hydro One, but is indirectly owned by the Province.

Subsequent to August 31, 2015, Hydro One Networks continues to provide certain management, administrative and smart meter network services to Hydro One Brampton pursuant to certain service level agreements, which are provided at market rates. These agreements will continue until the end of 2016 (except in the case of smart meter network services, which will continue until the end of 2017). Hydro One Brampton has the right to renew these agreements (other than smart meter network services) for additional one-year terms to end no later than December 31, 2019. These agreements will terminate if the Province disposes of its interest in Hydro One Brampton, except in the case of the smart meter network services agreement, which is anticipated to continue for a transition period after the Province disposes of its interest in Hydro One Brampton. During the period ended December 31, revenues related to the provision of services with respect to these service level agreements were not significant.

Sales to and purchases from related parties occur at normal market prices or at a proxy for fair value based on the requirements of the OEB's Affiliate Relationships Code. Outstanding balances at period end are interest free and settled in cash.

The amounts due to and from related parties as a result of the transactions referred to above are as follows:

(millions of Canadian dollars)	December 31, 2015
Accounts receivable	179
Accrued liabilities1	(132)

1 Included in accrued liabilities at December 31, 2015 are amounts owing to the IESO in respect of power purchases of $127 million.

Hydro One Limited and Subsidiaries

" The Company provides services to, and receives services from, Hydro One Limited and its other subsidiaries. Amounts due to and from Hydro One Limited and its other subsidiaries are settled through the inter-company demand facility.

The Company has entered into various agreements with Hydro One Limited and its other subsidiaries related to the provision of shared corporate functions and services, such as legal, financial and human resources services, and operational services, such as environmental, forestry, and line services.
During the period ended December 31, 2015 revenues include $1 million related to the provision of services to Hydro One Limited and its other subsidiaries.
During period ended December 31, 2015, services were purchased from Hydro One Limited and its other subsidiaries totalling $7 million, of which $5 million was expensed, and $2 million was capitalized.

" The Company's long-term debt is due to Hydro One and balances payable or receivable under the inter-company demand facility are due to or from Hydro One Limited. During the period ended December 31, 2015, financing charges include interest expense on the long-term debt in the amount of $60 million, and interest expense on the inter-company demand facility in the amount of $3 million. At December 31, 2015, the Company had accrued interest payable to Hydro One totalling $94 million.

" At December 31, 2015, common share dividends of $25 million were payable to Hydro One.

" In 2015, Hydro One Limited established certain stock-based compensation plans, however they represent components of costs of Hydro One and its subsidiaries, including Hydro One Networks in current and future periods.

Hydro One and Hydro One Limited entered into an inter-company agreement, such that Hydro One will pay Hydro One Limited for the compensation costs associated with the share grant plans. The agreement requires Hydro One Networks to reimburse Hydro One for the value of shares granted to the Company's eligible employees relating to these plans. At December 31, 2015, Hydro One Networks had a payable of $10 million to Hydro One associated with these plans. See Note 19 - Stock-based Compensation.

21. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

(millions of Canadian dollars)	Period from November 5 to December 31, 2015
Accounts receivable	156
Materials and supplies	4
Other assets	(6)
Accounts payable	(13)
Accrued liabilities	32
Accrued interest	(1)
Long-term accounts payable and other liabilities	10
Post-retirement and post-employment benefit liability	3

185

Capital Expenditures

The following table illustrates the reconciliation between investments in property, plant and equipment and the amount presented in the Statements of Cash Flows after factoring in capitalized depreciation and the net change in related accruals:

(millions of Canadian dollars) Period from
November 5 to
December 31, 2015
Capital investments in property, plant and equipment (293)
Capitalized depreciation and net change in accruals included in capital investments
in property, plant and equipment

4
Capital expenditures - property, plant and equipment (289)

The following table illustrates the reconciliation between investments in intangible assets and the amount presented in the Statements of Cash Flows after factoring in the net change in related accruals:

(millions of Canadian dollars) Period from

November 5 to

December 31, 2015

Capital investments in intangible assets (10)

Net change in accruals included in capital investments in intangible assets

(1)

Capital expenditures - intangible assets (11)

Capital Contributions

Hydro One Networks enters into contracts governed by the OEB Transmission System Code when a transmission customer requests a new or upgraded transmission connection. The customer is required to make a capital contribution to Hydro One based on the shortfall between the present value of the costs of the connection facility and the present value of revenues. The present value of revenues is based on an estimate of load forecast for the period of the contract with Hydro One. Once the connection facility is commissioned, in accordance with the OEB Transmission System Code, Hydro One will periodically reassess the estimated of load forecast which will lead to a decrease, or an increase in the capital contributions from the customer. The increase or decrease in capital contributions is recorded directly to fixed assets in service. During the period ended December 31, 2015, capital contributions from these reassessments totalled $61 million, which represents the difference between the revised load forecast of electricity transmitted compared to the load forecast in the original contract, subject to certain adjustments.

Supplementary Information

(millions of Canadian dollars) Period from

November 4 to

December 31, 2015

Net interest paid 72

Income taxes / PILs paid 253

22. CONTINGENCIES

Legal Proceedings

Hydro One Networks is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

In September 2015, Hydro One and three of its subsidiaries, including Hydro One Networks, were served with a class action suit in which the representative plaintiff is seeking up to $125 million in damages related to allegations of improper billing practices. Hydro One intends to defend the action. Due to the preliminary stage of legal proceedings, an estimate of a possible loss related to this claim cannot be made.

Transfer of Assets

The transfer orders by which the Company acquired certain of Ontario Hydro's businesses as of April 1, 1999 did not transfer title to some assets located on Reserves (as defined in the Indian Act (Canada)). Currently, the OEFC holds these assets. Under the terms of the transfer orders, the Company is required to manage these assets until it has obtained all consents necessary to complete the transfer of title of these assets to itself. The Company cannot predict the aggregate amount that it may have to pay, either on an annual or one-time basis, to obtain the required consents. If the Company cannot obtain the required consents, the OEFC will continue to hold these assets for an indefinite period of time. If the Company cannot reach a satisfactory settlement, it may have to relocate these assets to other locations at a cost that could be substantial or, in a limited number of cases, to abandon a line and replace it with diesel-generation facilities. The costs relating to these assets could have a material effect on the Company's results of operations if the Company is not able to recover them in future rate orders.

23. COMMITMENTS

Outsourcing Agreements

Inergi LP (Inergi), an affiliate of Capgemini Canada Inc., provides services to Hydro One, including settlements, source to pay services, pay operations services, information technology, finance and accounting services. The agreement with Inergi for these services expires in December 2019. In addition, Inergi provides customer service operations outsourcing services to Hydro One. The agreement for these services expires in February 2018.

Brookfield Global Integrated Solutions (formerly Brookfield Johnson Controls Canada LP) (Brookfield) provides services to Hydro One, including facilities management and execution of certain capital projects as deemed required by the

Company. The current agreement with Brookfield expires in December 2024.

At December 31, 2015, the annual commitments under the outsourcing agreements were as follows: 2016 - $167 million; 2017 - $138 million; 2018 - $106 million; 2019 - $99 million; 2020 - $2 million; and thereafter - $11 million.

Trilliant Agreement

In December 2015, Hydro One Networks entered into an agreement with Trilliant Holdings Inc. and Trilliant Networks Canada) Inc. (Trilliant) for the supply, maintenance and support services for smart meters and related hardware and software, including additional software licenses, as well as certain professional services. This agreement is for a term of ten years, from December 31, 2015 to December 31, 2025, with the option to renew for an additional term of five years at Hydro One Networks' sole discretion. At December 31, 2015, the annual commitments under the agreement were as follows: 2016 - $17 million; 2017 - $17 million; 2018 - $17 million; 2019 - $17 million; 2020 - $16 million; and thereafter - $6 million.

Prudential Support

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default based on their expected activity in the market. As at December 31, 2015, Hydro One provided prudential support to the IESO on behalf of Hydro One Networks using parental guarantees of $325 million. In addition, as at December 31, 2015, Hydro One has provided letters of credit in the amount of $ 15 million to the IESO on behalf of Hydro One Networks. The IESO could draw on these guarantees and/or letters of credit if the Company fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the face value of any letters of credit plus the amount of the parental guarantees

Retirement Compensation Arrangements

Bank letters of credit have been issued to provide security for Hydro One's liability under the terms of a trust fund established pursuant to the supplementary pension plan for the employees of Hydro One. The supplementary pension plan trustee is required to draw upon these letters of credit if Hydro One is in default of its obligations under the terms of this plan. Such obligations include the requirement to provide the trustee with an annual actuarial report as well as letters of credit sufficient to secure Hydro One's liability under the plan, to pay benefits payable under the plan and to pay the letter of credit fee. The maximum potential payment is the face value of the letters of credit. At December 31, 2015, Hydro One had letters of credit of $139 million outstanding relating to retirement compensation arrangements.
Operating Leases

Hydro One Networks is committed as lessee to irrevocable operating lease contracts for buildings used in administrative and service-related functions. These leases have a typical term of between three and five years, but several leases have lesser or greater terms to address special circumstances and/or opportunities. Renewal options, which are generally prevalent in most leases, have similar terms of three to five years. All leases include a clause to enable upward revision of the rental charge on an annual basis or on renewal according to prevailing market conditions or pre-established rents. There are no restrictions placed upon Hydro One Networks by entering into these leases.

During the period ended December 31, 2015, the Company made lease payments totaling $1 million. At December 31, 2015, the future minimum lease payments under non-cancellable operating leases were as follows: 2016 - $10 million; 2017 - $9 million; 2018 - $7 million; 2019 - $2 million; 2020 - $7 million and thereafter - $3 million.

24. SEGMENTED REPORTING

Hydro One Networks has three reportable segments:

" The Transmission Business, which comprises the core business of transmitting high voltage electricity across the province, interconnecting more than 70 local distribution companies and certain large directly connected industrial customers throughout the Ontario electricity grid;

" The Distribution Business, which comprises the core business of delivering electricity to end customers and certain other municipal electricity distributors; and

" The Other Business, which includes the Company's non-rate-regulated activities, such as donations, and deferred income tax assets related to IPO.

The designation of segments has been based on a combination of regulatory status and the nature of the products and services provided. Operating segments for the Company are determined based on information used by the chief operating decision maker in deciding how to allocate resources and evaluate the performance at each of the segments. The Company evaluates segment performance based on income before financing charges and provision for PILs from continuing operations (excluding certain allocated corporate governance costs).

The accounting policies followed by the segments are the same as those described in the summary of significant accounting policies (see Note 2 - Significant Accounting Policies). Segment information on the above basis is as follows:

Period from November 5 to December 31, 2015 (millions of Canadian dollars)

	Transmission	Distribution	Other	Total
Revenues	214	710	-	924
Purchased power	-	490	-	490
Operation, maintenance and administration	91	84	3	178
Depreciation and amortization	53	59	-	112
Income before financing charges and provision for PILs	70	77	(3)	144
Capital investments	165	138	-	303

Total Assets by Segment:

(millions of Canadian dollars)	December 31, 2015
Transmission	11,050
Distribution	8,275
Other	2,840
Total assets	22,165

All revenues, costs and assets, as the case may be, are earned, incurred or held in Canada.

25. SUBSEQUENT EVENTS

Long-term Debt

On February 24, 2016, Hydro One issued the following notes under its MTN Program:

" $500 million notes with a maturity date of February 24, 2021 and a coupon rate of 1.84%. This issuance was mirrored down to Hydro One Networks through the issuance of inter-company debt with a coupon rate of 1.86%;

" $500 million notes with a maturity date of February 24, 2026 and a coupon rate of 2.77%. $490 million of this issuance was mirrored down to Hydro One Networks through the issuance of inter-company debt with a coupon rate of 2.79%; and

" $350 million notes with a maturity date of February 23, 2046 and a coupon rate of 3.91%. This issuance was mirrored down to Hydro One Networks through the issuance of inter-company debt with a coupon rate of 3.93%.

Payments to Finance Dividends

On February 11, 2016, Hydro One Networks declared common share dividends in the amount of $2 million, and a return of stated capital in the amount of $225 million was approved, of which $24 million was paid on February 22, 2016.

T2 BAR CODE RETURN

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001

Tax Year Start: 2015-11-05

Tax Year End: 2015-12-31

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

Assets – lines 1000 to 2599

1060	984,000,000	1061	-60,000,000	1120	15,000,000
1480	50,000,000	1481	18,000,000	1599	1,007,000,000
1900	25,354,000,000	1901	-9,283,000,000	1920	1,141,000,000
2008	26,495,000,000	2009	-9,283,000,000	2010	364,000,000
2012	113,000,000	2178	477,000,000	2420	2,039,000,000
2421	1,430,000,000	2589	3,469,000,000	2599	22,165,000,000

Liabilities – lines 2600 to 3499

2620	869,530,115	2629	94,000,000	2700	500,000,000
2860	1,641,000,000	2960	19,000,000	3139	3,123,530,115
3140	7,677,000,000	3320	1,978,000,000	3450	9,655,000,000
3499	12,778,530,115				

Shareholder equity – lines 3500 to 3640

3500	5,700,000,000	3541	5,000,000	3580	-9,000,000
3600	3,690,469,885	3620	9,386,469,885	3640	22,165,000,000

Retained earnings – lines 3660 to 3849

3660	1,024,000,000	3680	2,666,469,885	3849	3,690,469,885

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	924,000,000	**8089**	924,000,000	**8299**	924,000,000

Cost of sales – lines 8300 to 8519

8320	490,000,000	**8518**	490,000,000	**8519**	434,000,000

Operating expenses – lines 8520 to 9369

8570	8,597,471	**8670**	103,361,549	**8710**	57,000,000
9284	177,525,995	**9367**	346,485,015	**9368**	836,485,015
9369	87,514,985				

Extraordinary items and taxes – lines 9970 to 9999

9970	87,514,985	**9990**	-2,578,954,900	**9999**	2,666,469,885

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- 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*.

Amount calculated on line 9999 from Schedule 125				2,666,469,885 A
Add:				
Provision for income taxes – current		101	-2,578,954,900	
Amortization of tangible assets		104	103,361,549	
Amortization of intangible assets		106	8,597,471	
Charitable donations and gifts from Schedule 2		112	226,366	
Scientific research expenditures deducted per financial statements		118	479,275	
Non-deductible meals and entertainment expenses		121	1,020,418	
Reserves from financial statements – balance at the end of the year		126	1,854,081,281	
Subtotal of additions			-611,188,540 ►	-611,188,540
Other additions:				
Capital items expensed		206	794,768	
Debt issue expense		208	568,350	
Miscellaneous other additions:				
600 Other additions - See attached schedule		290	36,770,393	
601 US GAAP adjustments for OPEB deducted in S(13)		291	35,360,235	
602 CCRA true up		292	55,234,800	
603 2015 Ontario co-op underaccrual	107,021			
Total	107,021	293	107,021	
604 2015 Ontario apprentice underaccrual	130,975			
Total	130,975	294	130,975	
Subtotal of other additions		199	128,966,542 ►	128,966,542
Total (lines 101 to 199)		500	-482,221,998 ►	-482,221,998 B
Amount A **plus** amount B				2,184,247,887 C

Deduct:

	Line	Amount		Total	
Capital cost allowance from Schedule 8	403	261,182,390			
Cumulative eligible capital deduction from Schedule 10	405	42,356,795			
Deferred and prepaid expenses	409	671,321			
Reserves from financial statements – balance at the beginning of the year	414	2,050,542,241			
Contributions to deferred income plans from Schedule 15	417	13,728,082			
Subtotal of deductions		2,368,480,829	▶	2,368,480,829	

Other deductions:

Miscellaneous other deductions:

700	Interest cap for acctg, exp for tax (a/c 761401/761402)		390	8,587,734			
701	Swap termination payment		391	3,312,300			
702	OPEB costs capitalized in S(13) addback		392	10,559,962			
703	Income included in OCI	45,708					
	Total	45,708	393	45,708			
704	Other deductions (see attached)	13,026,714					
	Total	13,026,714	394	13,026,714			
	Subtotal of other deductions		499	35,532,418	▶	35,532,418	
	Total (lines 401 to 499)		510	2,404,013,247	▶	2,404,013,247	D

Net income (loss) for income tax purposes (amount C **minus** amount D) . . . . . -219,765,360 E

Enter amount E on line 300 of the T2 return.

T2 SCH 1 E (15) Canada

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Amortization of Underwriting fee (GL #761780)	321,229	00
Amortization of Prospectus fee (GL #761790)	32,998	00
Amortization of Upfront Loan fee (included in GL #761730)	167,483	00
Amortization of Hedge Loss (included in GL #761770)	46,640	00
Total	568,350	00

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Description	Amount	
Equipment under $2K (GL 620510)	36,793	00
Computer Application Software (GL 620046)	757,975	00
Total	794,768	00

Attached Schedule with Total

Line 409 – Deferred and prepaid expenses

Title Line 409 – Deferred and prepaid expenses

Description	Amount	
20(1)(e) deduction re: underwriting fees	468,384	00
20(1)(e) deduction re: prospectus fees	15,186	00
20(1)(e) deduction re: upfront loan fees	150,636	00
20(1)(e) deduction re: legal fees for deferred financing	37,115	00
Total	671,321	00

Attached Schedule with Total

Line 704 – Amount

Title Line 704 – Amount

Description	Amount	
Bond Premium/Discount Am	221,660	00
Amortization of Capital contribution (741701)	24,440	00
S 18(9.1) deduction	9,421	00
Removal Costs	1,572,169	00
Reverse environmental interest reflected on Sch 13	1,437,488	00
Capitalized overhead general and administration	9,063,572	00
Landscaping adjustments	589,593	00
Over accrual of OBRI credit	33,333	00
Reverse B2M costs credited to income	75,038	00
Total	13,026,714	00

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Description	Amount	
Project Cancellation Costs	14,021,123	00
Mark to Market	30,427	00
Fuel Tax Recovery	346,469	00
Non-deductible fees	121,665	00
Reverse environmental valuation reflected on S(13)	22,187,234	00
Non-deductible legal fees	63,475	00
Total	36,770,393	00

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario community food program donation tax credit for farmers;
  - the eligible amount of gifts to Canada, a province, or a territory;
  - 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.
- 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.
- 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) of the federal *Act*.
- Subsection 110.1(1.2) of the federal Act 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.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
[redacted]	685
	520
	100
	10,000
	5,000
	10,000
	100,000
	50,000
	50,000
Subtotal	226,305
Add: Total donations of less than $100 each	61
Total donations in current tax year	226,366

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year		5,000	A	5,000	5,000
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240	5,000	B	5,000	5,000
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1)	210	226,366		226,366	226,366
Subtotal (line 250 **plus** line 210)		226,366	C	226,366	226,366
Subtotal (amount B **plus** amount C)		231,366	D	231,366	231,366
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		231,366	E	231,366	231,366
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount E **minus** amount on line 260)	280	231,366		231,366	231,366
Ontario community food program donation for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262				
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1		

Enter the amount from line 1 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 the amount on line 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-11-04	5,000	5,000	5,000
2nd prior year	2015-10-31			
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	2000-12-31			
18th prior year	1999-12-31			
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)		5,000	5,000	5,000

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes* **multiplied** by 75 % .... F

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

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

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

Proceeds of disposition, **less** outlays and expenses** .... ________ I

Capital cost** .... ________ J

Amount I or J, whichever is less .... **235** ________

Amount on line 230 or 235, whichever is less .... ________ K

Subtotal (**add** amounts G, H, and K) ________ L

Amount L **multiplied** by 25 % ________ M

Subtotal (amount F **plus** amount M) ________ N

Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less) .... ________ O

* 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.

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

Gifts to Canada, a province, or a territory at the end of the previous tax year .... ________ A

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

Gifts to Canada, a province, or a territory at the beginning of the current tax year .... **340** ________ B

Add:

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

Total gifts made to Canada, a province, or a territory in the current year* .... **310** ________

Subtotal (line 350 **plus** line 310) ________ ► ________ C

Subtotal (amount B **plus** amount C) ________ D

Deduct:

Adjustment for an acquisition of control .... **355** ________

Amount applied in the current year against taxable income (enter this amount on line 312 of the T2 return) .... **360** ________

Subtotal (line 355 **plus** line 360) ________ ► ________ E

Gifts to Canada, a province, or a territory closing balance (amount D **minus** amount E) .... **380** ________

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			F		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		G		
Add:					
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 (include this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			J		
Gifts of certified cultural property closing balance (amount I **minus** amount J)	480				

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-11-04			
2nd prior year	2015-10-31			
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	2000-12-31			
18th prior year	1999-12-31			
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 5 – Gifts of certified ecologically sensitive land

	Line	Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			K		
Deduct: 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	540		L		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014 (include this amount on line 112 of Schedule 1)	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014 (include this amount on line 112 of Schedule 1)	520				
Subtotal (**add** lines 550, 510, and 520)			M		
Subtotal (amount L **plus** amount M)			N		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			O		
Gifts of certified ecologically sensitive land closing balance (amount N **minus** amount O)	580				

* For the federal and Alberta, 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, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

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	2015-11-04			
2nd prior year	2015-10-31			
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	2000-12-31			
18th prior year	1999-12-31			
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 6 – Additional deduction for gifts of medicine

		Federal		Québec		Alberta	
Additional deduction for gifts of medicine at the end of the previous tax year			P				
Deduct: 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	640		Q				
Add:							
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650						
Additional deduction for gifts of medicine for the current year:							
Proceeds of disposition	602		1		1		1
Cost of gifts of medicine	601		2		2		2
Subtotal (line 1 **minus** line 2)			3		3		3
Line 3 **multiplied** by 50 %			4		4		4
Eligible amount of gifts	600		5		5		5

Federal

a ______ x (b / c) = Additional deduction for gifts of medicine for the current year . . . . **610** ______

Québec

a ______ x (b / c) = Additional deduction for gifts of medicine for the current year . . . . ______

Alberta

a ______ x (b / c) = Additional deduction for gifts of medicine for the current year . . . . ______

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec		Alberta
Subtotal (line 650 **plus** line 610)			R			
Subtotal (amount Q **plus** amount R)			S			
Deduct:						
Adjustment for an acquisition of control	655					
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660					
Subtotal (line 655 **plus** line 660)			T			
Additional deduction for gifts of medicine closing balance (amount S **minus** amount T)	680					

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-11-04			
2nd prior year	2015-10-31			
3rd prior year	2014-12-31			
4th prior year	2013-12-31			
5th prior year	2012-12-31			
6th prior year*	2011-12-31			
Total				

***** These donations expired in the current 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		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2015-11-04	
2nd prior year	2015-10-31	
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	2000-12-31	
18th prior year	1999-12-31	
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes			-219,765,360	A
Deduct: (increase a loss)				
Net capital losses deducted in the year (enter as a positive amount)		a		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)		b		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)		c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d		
Subtotal (total of amounts a to d)		▶		B
Subtotal (amount A **minus** amount B; if positive, enter "0")			-219,765,360	C
Deduct: (increase a loss)				
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				D
Subtotal (amount C **minus** amount D)			-219,765,360	E
Add: (decrease a loss)				
Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss)				F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")			-219,765,360	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year		2,091,831	e		
Deduct: Non-capital loss expired (note 1)	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102	2,091,831	▶	2,091,831	H
Add:					
Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary (note 2) corporation	105		g		
Current-year non-capital loss (from amount G)	110	219,765,360	h		
Subtotal (amount g **plus** amount h)		219,765,360	▶	219,765,360	I
Subtotal (amount H **plus** amount I)				221,857,191	J

Note 1: A non-capital loss expires as follows:

- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i		
Section 80 – Adjustments for forgiven amounts	140		j		
Subsection 111(10) – Adjustments for fuel tax rebate			j.1		
Non-capital losses of previous tax years applied in the current tax year Enter amount k on line 331 of the T2 Return.	130		k		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax (note 3)	135		l		
Subtotal (total of amounts i to l)			▶		K
Non-capital losses before any request for a carryback (amount **minus** amount K)				221,857,191	L

Deduct – **Request to carry back non-capital loss to:**

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903		o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)			▶		M
Closing balance of non-capital losses to be carried forward to future tax years (amount **minus** amount M)			180	221,857,191	N

Note 3: Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200		a		
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205		b		
Subtotal (amount a **plus** amount b)			▶		A
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	250		c		
Section 80 – Adjustments for forgiven amounts	240		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **minus** amount B)					C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)			210		D
Unused non-capital losses that expired in the tax year (note 4)			e		
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)			f		
Enter amount e or f, whichever is less	215		g		
ABILs expired as non-capital losses: line 215 **multiplied** by 2.000000			220		E
Subtotal (total of amounts C to E)					F

Note

If there has been an amalgamation or a wind–up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220 above.

Note 4: If the loss was incurred in a tax year ending after March 22, 2004, determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not used in previous years and the current year on line e.

Note 5: If the ABILs were incurred in a tax year ending after March 22, 2004, enter the amount of the ABILs from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain (note 6) . . . **225** ________ G

Capital losses before any request for a carryback (amount F **minus** amount G) ________ H

Deduct – **Request to carry back capital loss to** (note 7):

	Capital gain (100%)		Amount carried back (100%)	
First previous tax year		951		h
Second previous tax year		952		i
Third previous tax year		953		j

Subtotal (total of amounts h to j) ________ ________ I

Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I) **280** ________ J

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current-year tax, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, divide this amount by 2. The result represents the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year . . . ________ a

Deduct: Farm loss expired (note 8) . . . **300** ________ b

Farm losses at the beginning of the tax year (amount a **minus** amount b) . . . **302** ________ ▶ ________ A

Add:

Farm losses transferred on an amalgamation or on the wind–up of a subsidiary corporation . . . **305** ________ c

Current-year farm loss (amount F in Part 1) . . . **310** ________ d

Subtotal (amount c **plus** amount d) ________ ▶ ________ B

Subtotal (amount A **plus** amount B) ________ C

Deduct:

Other adjustments (includes adjustments for an acquisition of control) . . . **350** ________ e

Section 80 – Adjustments for forgiven amounts . . . **340** ________ f

Farm losses of previous tax years applied in the current tax year . . . **330** ________ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9) . . . **335** ________ h

Subtotal (total of amounts e to h) ________ ▶ ________ D

Farm losses before any request for a carryback (amount C **minus** amount D) ________ E

Deduct – **Request to carry back farm loss to:**

First previous tax year to reduce taxable income . . . **921** ________ i

Second previous tax year to reduce taxable income . . . **922** ________ j

Third previous tax year to reduce taxable income . . . **923** ________ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . **931** ________ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . **932** ________ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . **933** ________ n

Subtotal (total of amounts i to n) ________ ▶ ________ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) **380** ________ G

Note 8: A farm loss expires as follows:
after **10** tax years if it arose in a tax year ending before 2006; and
after **20** tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business			485		A
Minus the deductible farm loss:					
(amount A above ______ – $2,500) **divided** by 2 =		a			
Amount a or $ 15,000 (note 10), whichever is less				b	
		2,500	c		
Subtotal (amount b **plus** amount c)		2,500	▶	2,500	B
Current-year restricted farm loss (amount A **minus** amount B)					C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d		
Deduct: Restricted farm loss expired (note 11)	400		e		
Restricted farm losses at the beginning of the tax year (amount **minus** amount e)	402		▶		D
Add:					
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405		f		
Current-year restricted farm loss (from amount C)	410		g		
Enter amount g on line 233 of Schedule 1 *Net Income (Loss) for Income Tax Purposes*.					
Subtotal (amount f **plus** amount g)			▶		E
Subtotal (amount D **plus** amount E)					F
Deduct:					
Restricted farm losses from previous tax years applied against current farming income	430		h		
Enter amount h on line 333 of the T2 return.					
Section 80 – Adjustments for forgiven amounts	440		i		
Other adjustments	450		j		
Subtotal (total of amounts h to j)			▶		G
Restricted farm losses before any request for a carryback (amount **minus** amount G)					H

Deduct – Request to carry back restricted farm loss to:

First previous tax year to reduce farming income	941		k		
Second previous tax year to reduce farming income	942		l		
Third previous tax year to reduce farming income	943		m		
Subtotal (total of amounts k to m)			▶		I
Closing balance of restricted farm losses to be carried forward to future tax years (amount **minus** amount I)	480				J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: A restricted farm loss expires as follows:
after **10** tax years if it arose in a tax year ending before 2006; and
after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after 7 tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)				510	B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Listed personal property losses from previous tax years applied against listed personal property gains Enter amount c on line 655 of Schedule 6.	530		c		
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E
Deduct – Request to carry back listed personal property loss to:					
First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number 600	Tax year ending yyyy/mm/dd 602	Corporation's share of limited partnership loss 604	Corporation's at-risk amount 606	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses 608	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** column 6) 620
1.							

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number 630	Tax year ending yyyy/mm/dd 632	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary 634	Corporation's at-risk amount 636	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses 638	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) 650
1.							

Continuity of limited partnership losses that can be carried forward to future tax years

	1	2	3	4	5	6
	Partnership account number 660	Limited partnership losses at the end of the previous tax year 662	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary 664	Current-year limited partnership losses (from line 620) 670	Limited partnership losses applied in the current year (must be equal to or less than line 650) 675	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) 680
1.						

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . 190 Yes ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 2*First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce Taxable income	Applied to reduce Part IV tax	Balance at end of year
Current	N/A	219,765,360			N/A		219,765,360
1st preceding taxation year 2015-11-04	2,091,831	N/A		N/A			2,091,831
2nd preceding taxation year 2015-10-31		N/A		N/A			
3rd preceding taxation year 2014-12-31		N/A		N/A			
4th preceding taxation year 2013-12-31		N/A		N/A			
5th preceding taxation year 2012-12-31		N/A		N/A			
6th preceding taxation year 2011-12-31		N/A		N/A			
7th preceding taxation year 2010-12-31		N/A		N/A			
8th preceding taxation year 2009-12-31		N/A		N/A			
9th preceding taxation year 2008-12-31		N/A		N/A			
10th preceding taxation year 2007-12-31		N/A		N/A			
11th preceding taxation year 2006-12-31		N/A		N/A			
12th preceding taxation year 2005-12-31		N/A		N/A			
13th preceding taxation year 2004-12-31		N/A		N/A			
14th preceding taxation year 2003-12-31		N/A		N/A			
15th preceding taxation year 2002-12-31		N/A		N/A			
16th preceding taxation year 2001-12-31		N/A		N/A			
17th preceding taxation year 2000-12-31		N/A		N/A			
18th preceding taxation year 1999-12-31		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total	2,091,831	219,765,360					221,857,191

* **This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations.*
- For more information, see the *T2 Corporation – Income Tax Guide.*
- Enter the regulation number in field 100 of Part 1.

Part 1 – Allocation of taxable income

100 ______ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia Offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes ☐	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

* "Permanent establishment" is defined in Regulation 400(2).
** For corporations other than those described under Regulation 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. Special rules for establishing a corporation's gross revenue and salaries and wages attributable to a jurisdiction are provided in cases where the corporation operates in a partnership and the partnership had permanent establishments in more than one jurisdiction. See Guide T4068, *Guide for the Partnership Information Return* and prescribed Form T5013 Sch 5, *Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions*.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

	Line	Amount		Total	
Ontario basic income tax (from Schedule 500)	270				
Deduct: Ontario small business deduction (from Schedule 500)	402				
Subtotal			►		A6
Add:					
Ontario additional tax re Crown royalties (from Schedule 504)	274				
Ontario transitional tax debits (from Schedule 506)	276				
Recapture of Ontario research and development tax credit (from Schedule 508)	277				
Subtotal			►		B6
Subtotal (amount A6 **plus** amount B6)					C6
Deduct:					
Ontario resource tax credit (from Schedule 504)	404				
Ontario tax credit for manufacturing and processing (from Schedule 502)	406				
Ontario foreign tax credit (from Schedule 21)	408				
Ontario credit union tax reduction (from Schedule 500)	410				
Ontario political contributions tax credit (from Schedule 525)	415				
Subtotal			►		D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")					E6
Deduct: Ontario research and development tax credit (from Schedule 508)				416	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount **minus** amount on line 416) (if negative, enter "0")					F6
Deduct:					
Ontario corporate minimum tax credit (from Schedule 510)				418	
Ontario community food program donation tax credit for farmers (from Schedule 2)				420	
Ontario corporate income tax payable (amount F **minus** amounts on line 418 and line 420) (if negative, enter "0")					G6
Add:					
Ontario corporate minimum tax (from Schedule 510)	278	2,362,905			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal		2,362,905	►	2,362,905	H6
Total Ontario tax payable before refundable credits (amount G **plus** amount H6)				2,362,905	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	332,021			
Ontario apprenticeship training tax credit (from Schedule 552)	454	1,006,475			
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Subtotal		1,338,496	►	1,338,496	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.				290 1,024,409	K6

Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable credits **255** 1,024,409

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

For more information, see the section called "Capital Cost Allowance" in the *2 Corporation Income Tax Guide*.

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes [ ] 2 No [X]

	1 Class number (See Note) 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)* 203	4 Adjustments and transfers** 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)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 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) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		5,290,586,643	12,456,662		0	6,228,331	5,296,814,974	4	0	0	33,086,954	5,269,956,351
2.	2		3,254,644,811			0		3,254,644,811	6	0	0	30,495,576	3,224,149,235
3.	3		314,854,502	338,565		0	169,283	315,023,784	5	0	0	2,459,775	312,733,292
4.	6		86,702,696	2,283,614		0	1,141,807	87,844,503	10	0	0	1,371,818	87,614,492
5.	8		182,012,116	16,637,826		0	8,318,913	190,331,029	20	0	0	5,944,586	192,705,356
6.	9		19,237,768			0		19,237,768	25	0	0	751,064	18,486,704
7.	10		366,150,009	14,001,133		466,826	6,767,154	372,917,162	30	0	0	17,470,914	362,213,402
8.	12		320,643,157	9,100,360		0	4,550,180	325,193,337	100	0	0	50,783,617	278,959,900
9.	13	255 Matheson Mississauga (WBS	739,608			0		739,608	NA	0	0	23,151	716,457
10.	13	483 Bay Street (WBS 300042991	9,372,990	12,792,955		0	639,648	21,526,297	NA	0	0	232,500	21,933,445
11.	13	Arnprior Forestry Work Centre (	199,655			0		199,655	NA	0	0	4,460	195,195
12.	13	Atrium on Bay (WBS 300040666	44,877			0		44,877	NA	0	0	1,405	43,472
13.	13	Lionhead (WBS 700015140)	21,732			0		21,732	NA	0	0	680	21,052
14.	13	Newmarket Garage (WBS 30004	74,711			0		74,711	NA	0	0	2,339	72,372
15.	13	Newmarket SC (WBS 700016578	6,614			0		6,614	NA	0	0	172	6,442
16.	13	Nipigon (WBS 700011829)	87,132			0		87,132	NA	0	0	2,727	84,405
17.	13	Orillia Forestry Work Centre (WB	213,264			0		213,264	NA	0	0	4,320	208,944
18.	13	Orleans OC (WBS 700010809)	1,452,867			0		1,452,867	NA	0	0	36,037	1,416,830
19.	13	Sudbury (WBS 700010356)	169,421			0		169,421	NA	0	0	2,649	166,772
20.	13	Sudbury 500 Barrydowne (WBS		589,768		0	32,765	557,003	NA	0	0	5,117	584,651
21.	17		101,102,233	6,634,927		0	3,317,464	104,419,696	8	0	0	1,304,531	106,432,629
22.	42		130,222,938	1,492,974		0	746,487	130,969,425	12	0	0	2,454,331	129,261,581
23.	45		23,947,856			0		23,947,856	45	0	0	1,682,911	22,264,945
24.	46		9,529,383	1,481,719		0	740,860	10,270,242	30	0	0	481,154	10,529,948

	1 Class number (See Note) 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)* 203	4 Adjustments and transfers** 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)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 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) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
25.	47		6,670,251,904	350,085,944		98,703	174,993,621	6,845,245,524	8	0	0	85,518,684	6,934,720,461
26.	50		271,590,051	29,767,378		0	14,883,689	286,473,740	55	0	0	24,605,347	276,752,082
27.	52		15,724,272			0		15,724,272	100	0	0	2,455,571	13,268,701
28.	90	Land	1,377,514,476		157,273	0		1,377,671,749	0	0	0		1,377,671,749
29.	93	Future Use Inventory	83,497,543		2,818,234	0		86,315,777	0	0	0		86,315,777
30.	94	CIP	1,341,902,510		-175,384,167	0		1,166,518,343	0	0	0		1,166,518,343
		Totals	19,872,497,739	457,663,825	-172,408,660	565,529	222,530,202	19,934,657,173				261,182,390	19,896,004,985

Note: 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%).

* 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, s *Regulation* 1100(2) and (2.2).

** 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 *Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

*** 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*.

**** 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.

***** For every entry in column 9, the "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.

****** 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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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- 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	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
	100	200	300	400	500	550	600	650	700
1.	HYDRO ONE LIMITED	CA	80512 9962 RC0001	3					
2.	HYDRO ONE INC.	CA	86999 4731 RC0001	1					
3.	2486267 ONTARIO INC	CA	80232 6124 RC0001	3					
4.	2486268 ONTARIO INC	CA	80167 4078 RC0001	3					
5.	HYDRO ONE REMOTE COMMUNITIE	CA	87083 6269 RC0001	3					
6.	HYDRO ONE TELECOM INC.	CA	86800 1066 RC0001	3					
7.	HYDRO ONE TELECOM LINK LIMITE	CA	88786 7513 RC0001	3					
8.	MUNICIPAL BILLING SERVICES INC	CA	87560 6519 RC0001	3					
9.	HYDRO ONE LAKE ERIE LINK MANA	CA	87892 1519 RC0002	3					
10.	1938454 ONTARIO INC.	CA	86391 7795 RC0002	3					
11.	1943404 ONTARIO INC.	CA	86248 6123 RC0002	3					
12.	B2M GP INC.	CA	81838 1840 RC0001	3					
13.	HYDRO ONE B2M HOLDINGS INC	CA	82217 7531 RC0001	3					
14.	HYDRO ONE B2M LP INC.	CA	81838 2046 RC0001	3					
15.	NORFOLK ENERGY INC	CA	86289 0399 RC0001	3					
16.	NORFOLK POWER DISTRIBUTION I	CA	86289 2593 RC0001	2	1,000	100.000			1
17.	HALDIMAND COUNTY ENERGY INC	CA	89076 2412 RC0001	3					
18.	HALDIMAND COUNTY HYDRO INC	CA	89075 9814 RC0001	3					
19.	Woodstock Hydro Services Inc.	CA	89909 5012 RC0001	3					
20.	1937672 ONTARIO INC.	CA	81722 4561 RC0001	3					
21.	1937680 ONTARIO INC.	CA	81930 4924 RC0001	3					
22.	1937681 ONTARIO INC.	CA	81722 4363 RC0001	3					
23.	HYDRO ONE EAST WEST TIE INC.	CA	80105 5880 RC0001	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)

Canada

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

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

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") ..... **200** 3,874,744,408 A

Add: Cost of eligible capital property acquired during the taxation year ..... **222** ____

Other adjustments ..... **226** ____

Subtotal (line 222 plus line 226) ____ x 3 / 4 = ____ B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 ..... **228** ____ x 1 / 2 = ____ C

amount B minus amount C (if negative, enter "0") ____ ▶ ____ D

Amount transferred on amalgamation or wind-up of subsidiary ..... **224** ____ E

Subtotal (add amounts A, D, and E) **230** 3,874,744,408 F

Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year ..... **242** ____ G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) ..... **244** ____ H

Other adjustments ..... **246** ____ I

(add amounts G,H, and I) ____ x 3 / 4 = **248** ____ J

Cumulative eligible capital balance (amount F minus amount J) ..... 3,874,744,408 K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business **249** ____

amount K 3,874,744,408

less amount from line 249 ____

Current year deduction ..... 3,874,744,408 x 7.00 % = **250** 42,356,795 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1 42,356,795 ▶ 42,356,795 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") ..... **300** 3,832,387,613 M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 – Amount to be included in income arising from disposition

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

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

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	OPEB Liability Short Term	48,537,000		2,863,680		51,400,680
2	OPEB Liability Long Term	1,555,838,518			32,609,392	1,523,229,126
3	Environmental Short Term	31,071,377			10,820,364	20,251,013
4	Environmental Long Term	188,891,116			13,292,477	175,598,639
5	Contingent Liabilities	12,201,961			2,063,394	10,138,567
6	Regulatory Accounts	198,281,224			140,723,472	57,557,752
7	Tenant Inducement	-2,351,385		2,615		-2,348,770
8	Asset Retirement Obligations	8,799,426		31,844		8,831,270
9	General Bad Debt Reserve	3,908,361				3,908,361
10	Insurance proceeds reserve	5,329,643				5,329,643
11	Non deductible accruals	35,000		150,000		185,000
12						
	Reserves from Part 2 of Schedule 13					
	Totals	2,050,542,241		3,048,139	199,509,099	1,854,081,281

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 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Hydro One Inc	483 Bay Street Toronto ON M5G 2P5			1,039,492		

T2 SCH 14 (99)

Canada

Canada Revenue Agency / Agence du revenu du Canada

Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- 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)	Amount of contribution $ (see note 2)	Registration number (RPP, RSUBP, PRPP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) (see note 3)
	100	200	300	400	500	600
1	1	24,646,468	1059104			

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	24,646,468	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	10,918,386	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	13,728,082	C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer (EPSP only)

T2 SCH 15 (13)

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 29

PAYMENTS TO NON-RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- A corporation that makes payments or credits amounts to non-residents under subsections 202(1) and 105(1) of t *ome Tax Regulations* has to file the applicable information return.
- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than $100, you do not have to complete the information for that payee.

Name (list each payee separately) 100	Address 200	Payment code (see note 1) 300	Amount $ 400
[redacted]		09	3,638
		09	2,665
		09	6,072
		09	16,497
		09	14,586
		09	16,579
		09	349,764
		09	25,384
		02	7,792

Note 1: Enter the applicable payment code in column 300:

1 – Royalties
2 – Rents
3 – Management fees/commissions
4 – Technical assistance fees
5 – Research and development fees
6 – Interest
7 – Dividends
8 – Film payments: – motion picture film, or – a film or video tape for use in connection with television
9 – Other services

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the *Income Tax Act*;
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Investments or expenditures, described in subsection 127(9) of the Act and Part XLVI of the Regulations, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim;*
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **www.cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures***:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013***	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures****:	
– after March 28, 2012, and before 2014****	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015****	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** Pre-production mining exploration expenditures are described in subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9).

**** A transitional relief rate of 10% may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraph (k)(ii) of the definition of **specified percentage** in subsection 127(9) for more information. Pre-production mining development expenditures are described in subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9).

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

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

Note: A CCPC calculating a refundable ITC is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and

one of the corporations has at least one shareholder who is not common to both corporations.

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

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

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

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

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

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

Contributions to agricultural organizations for SR&ED* . . . . **103** ______

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see Guide RC4088, *General Index of Financial Information (GIFI)*. Enter contributions on line 350 of Part 8.

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012; for contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used (province or territory) **120**	Amount of investment **125**
			Total of investments for qualified property and qualified resource property	A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year			B1
Deduct:			
Credit deemed as a remittance of co-op corporations	210		
Credit expired	215		
Subtotal (line 210 **plus** line 215)			C1
ITC at the beginning of the tax year (amount B1 **minus** amount C1)	220		
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	230		
ITC from repayment of assistance	235		
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) ____ x 10 % =	240		
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) ____ x 5 % =	242		
Credit allocated from a partnership	250		
Subtotal (total of lines 230 to 250)			D1
Total credit available (line 220 **plus** amount D1)			E1
Deduct:			
Credit deducted from Part I tax (enter at amount D8 in Part 30)	260		
Credit carried back to the previous year(s) (from amount H1 in Part 6)			a
Credit transferred to offset Part VII tax liability	280		
Subtotal (total of line 260, amount a, and line 280)			F1
Credit balance before refund (amount E1 **minus** amount F1)			G1
Deduct:			
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)	310		
ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310)	320		

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

	Year	Month	Day			
1st previous tax year				Credit to be applied	901	
2nd previous tax year				Credit to be applied	902	
3rd previous tax year				Credit to be applied	903	

Total of lines 901 to 903 (enter amount H1 on line a in Part 5) H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)		I1
Credit balance before refund (from amount G1 in Part 5)		J1
Refund (40 % of amount I1 or J1, whichever is less)		K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		1,424,658		
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		+		
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*		1,424,658	350	1,424,658
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	1,424,658

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates an SR&ED expenditure limit is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

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

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

Complete lines 390 and 398 if you answered **no** to the question on line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49)

Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied) .... **390** ______

Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million .... **398** ______

* If either of the tax years referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in these tax years.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone corporation:			$ 8,000,000	
Deduct:				
Taxable income for the previous tax year (from line 390 in Part 9) or $500,000, whichever is more		x 10 =		A2
Excess ($8,000,000 **minus** amount A2; if negative, enter "0")				B2
$ 40,000,000 **minus** line 398 in Part 9		a		
Amount a **divided** by $ 40,000,000				C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)*				D2
For an associated corporation:				
If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49*		400		E2

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

Amount D2 or E2 ______ x Number of days in the tax year 57 / 365 = ______ F2

Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies) .... **410** ______

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

	Line	Amount		Rate		Result	
Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less*	420		x	35 %	=		G2
Line 350 **minus** line 410 (if negative, enter "0")	430	1,424,658	x	15 **%	=	213,699	H2
Line 410 **minus** line 350 (if negative, enter "0")			b				
Capital expenditures (from line 360 in Part 8) or amount b above, whichever is less*	440		x	35 %	=		I2
Line 360 **minus** amount b above (if negative, enter "0")	450		x	15 **%	=		J2

Repayments (amount from line 370 in Part 8)

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.***	Line	Amount		Rate		Result	
	460		x	35 %	=		c
	480		x	15 %	=		d

Subtotal (amount c **plus** amount d) ______ ______ K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) 213,699 L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013. If your rate is different than 15%, enter the amounts at lines 430 or 450 and use the appropriate rate instead of 15%.

*** The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC at the time your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. If the rate is different than 20% or 35%, enter the amount at line 480 and use the appropriate rate instead of 20%.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

	Line	Amount	Line	Total	
ITC at the end of the previous tax year					M2
Deduct:					
Credit deemed as a remittance of co-op corporations	510				
Credit expired	515				
Subtotal (line 510 **plus** line 515)					N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)			520		
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	530				
Total current-year credit (from amount L2 in Part 11)	540	213,699			
Credit allocated from a partnership	550				
Subtotal (total of lines 530 to 550)		213,699		213,699	O2
Total credit available (line 520 **plus** amount O2)				213,699	P2
Deduct:					
Credit deducted from Part I tax (enter at amount E8 in Part 30)	560				
Credit carried back to the previous year(s) (from amount S2 in Part 13)			e		
Credit transferred to offset Part VII tax liability	580				
Subtotal (total of line 560, amount e, and line 580)					Q2
Credit balance before refund (amount P2 **minus** amount Q2)				213,699	R2
Deduct:					
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)			610		
ITC closing balance on SR&ED (amount R2 **minus** line 610)			620	213,699	

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

	Year	Month	Day			
1st previous tax year				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	

Total of lines 911 to 913 (enter amount S2 at line e in Part 12) ______ S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

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

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . **650** 1 Yes [ ] 2 No [X]

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11) . . . ______ f

Refundable credits (amount f or amount R2 in Part 12, whichever is less)* . . . ______ T2

Deduct:

Amount T2 or amount G2 in Part 11, whichever is less . . . ______ U2

Net amount (amount T2 **minus** amount U2; if negative, enter "0") . . . ______ V2

Amount V2 **multiplied** by 40 % . . . ______ W2

Add:

Amount U2 . . . ______ X2

Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12) . . . ______ Y2

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

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12) . . . 213,699 Z2

Deduct:

Amount Z2 or amount G2 in Part 11, whichever is less . . . ______ AA2

Net amount (amount Z2 **minus** amount AA2; if negative, enter "0") . . . 213,699 BB2

Amount BB2 or amount I2 in Part 11, whichever is less . . . ______ CC2

Amount CC2 **multiplied** by 40 % . . . ______ DD2

Add :

Amount AA2 . . . ______ EE2

Refund of ITC (amount DD2 **plus** amount EE2) . . . ______ FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED

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

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

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

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

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

Calculation 1 – If you meet all of the above conditions

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

Subtotal (enter amount A3 on line C3 in Part 17) A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred 750	F Amount from column D or E, whichever is less

Subtotal (total of column F) (enter amount B3 on line D3 in Part 17) B3

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 1' **760** ____________

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 on line A8 in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

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

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

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

Prospecting 810

Geological, geophysical, or geochemical surveys 811

Drilling by rotary, diamond, percussion, or other methods 812

Trenching, digging test pits, and preliminary sampling 813

Development:

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

Clearing, removing overburden, and stripping 820

Sinking a mine shaft, constructing an adit, or other underground entry 821

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826
Total of column 826	

A4

Total pre-production mining expenditures (total of lines 810 to 821 and amount A4) 830

Deduct:

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

Excess (line 830 **minus** line 832) (if negative, enter "0") B4

Add:

Repayments of government and non-government assistance 835

Pre-production mining expenditures (amount B4 **plus** line 835) C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year D4

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 **plus** line 845) E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) **850**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **860**

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18) . . **870** x 10 % = a

Pre-production mining exploration expenditures incurred in 2013 (applicable part from amount C4 in Part 18) . . **872** x 5 % = b

Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18) . . **874** x 7 % = c

Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18) . . **876** x 4 % = d

Current year credit (total of amounts a to d) **880** F4

Total credit available (total of lines 850, 860, and amount F4) G4

Deduct:

Credit deducted from Part I tax (enter at amount F8 in Part 30) **885**

Credit carried back to the previous year(s) (from amount I4 in Part 20) . . . . . . e

Subtotal (line 885 **plus** amount e) H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) **890**

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	**921**	
2nd previous tax year				Credit to be applied	**922**	
3rd previous tax year				Credit to be applied	**923**	

Total of lines 921 to 923 (enter amount I4 on line e in Part 19) I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	[redacted]	309A	3,124	312	312

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605	
2.	[redacted]	309A	2,750	275	275	
3.	[redacted]	309A	3,078	308	308	
4.	[redacted]	309A	3,744	374	374	
5.	[redacted]	309A	3,263	326	326	
6.	[redacted]	309A	2,951	295	295	
				Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22)	1,890	A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received.

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year				B5
Deduct:				
Credit deemed as a remittance of co-op corporations	612			
Credit expired after 20 tax years	615			
Subtotal (line 612 **plus** line 615)				C5
ITC at the beginning of the tax year (amount B5 **minus** amount C5)	625			
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	630			
ITC from repayment of assistance	635			
Total current-year credit (from amount A5 in Part 21)	640	1,890		
Credit allocated from a partnership	655			
Subtotal (total of lines 630 to 655)		1,890	1,890	D5
Total credit available (line 625 **plus** amount D5)			1,890	E5
Deduct:				
Credit deducted from Part I tax (enter on line G8 in Part 30)	660			
Credit carried back to the previous year(s) (from amount G5 in Part 23)				a
Subtotal (line 660 **plus** amount a)				F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5)	690		1,890	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	931	
2nd previous tax year				Credit to be applied	932	
3rd previous tax year				Credit to be applied	933	

Total of lines 931 to 933 (enter amount G5 on line a in Part 22) G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ______

Add:

Specified child care start-up expenditures from the current tax year . . . . . **705** ______

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ______ A6

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . . **725** ______

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . . ______ B6

Add:

Repayments by the corporation of government and non-government assistance . . . . . **735** ______

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . . **745** ______

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . . ______ x 25 % = ______ C6

Number of child care spaces . . . . . **755** ______ x $ 10,000 = ______ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . . ______ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year F6

Deduct:

Credit deemed as a remittance of co-op corporations **765**

Credit expired after 20 tax years **770**

Subtotal (line 765 **plus** line 770) G6

ITC at the beginning of the tax year (amount F6 **minus** amount G6) **775**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **777**

Total current-year credit (from amount E6 in Part 25) **780**

Credit allocated from a partnership **782**

Subtotal (total of lines 777 to 782) H6

Total credit available (line 775 **plus** amount H6) I6

Deduct:

Credit deducted from Part I tax (enter on line H8 in Part 30) **785**

Credit carried back to the previous year(s) (from amount K6 in Part 27) . . . . . . a

Subtotal (line 785 **plus** amount a) J6

ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6) **790**

Part 27 – Request for carryback of credit from child care space expenditures

	Year Month Day			
1st previous tax year	2015-11-04	Credit to be applied	**941**	
2nd previous tax year	2015-10-31	Credit to be applied	**942**	
3rd previous tax year	2014-12-31	Credit to be applied	**943**	

Total of lines 941 to 943
(enter amount K6 on line a in Part 26) K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

the new child care space is no longer available; or

property that was an eligible expenditure for the child care space is:

- disposed of or leased to a lessee; or
- converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))		792	
In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:			
The amount that can reasonably be considered to have been included in the original ITC	795		
25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property	797		
Amount from line 795 or line 797, whichever is less			A7

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC	799	
Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799)		B7

Enter amount B7 on line B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F3 in Part 17)	A8
Recaptured child care spaces ITC (from amount B7 in Part 28)	B8
Total recapture of investment tax credit (amount A8 **plus** amount B8)	C8

Enter amount C8 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)	D8
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	E8
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)	F8
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	G8
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)	H8
Total ITC deducted from Part I tax (total of amounts D8 to H8)	I8

Enter amount I8 on line 652 of the T2 return.

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)
	1,890				1,890

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2015-11-04				
2015-10-31				
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				
2000-12-31				
1999-12-31				
				*
Total				

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.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for 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)
213,699				213,699

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2015-11-04				
2015-10-31				
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				
2000-12-31				
1999-12-31				
				*
Total				

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.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- 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	1,854,239,281		
Capital stock (or members' contributions if incorporated without share capital)	103	5,700,000,000		
Retained earnings	104	3,690,469,885		
Contributed surplus	105	5,000,000		
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	9,874,367,625		
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)		21,124,076,791	21,124,076,791	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.

Part 1 – Capital (continued)

Subtotal A (from page 1)			21,124,076,791	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	1,606,000,000		
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)		1,606,000,000	1,606,000,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		19,518,076,791	

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	
A loan or advance to another corporation (other than a financial institution)	402	3,532,507
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	3,532,507

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)		19,518,076,791	C
Deduct: Investment allowance for the year (line 490)		3,532,507	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	19,514,544,284	

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) 19,514,544,284 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 19,514,544,284

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.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Schedule 33 - Supplementary Schedule

Description	Amount	
LT Debt payable within a year (FS)	500,000,000	00
Primary Debt (FS)	7,677,000,000	00
Intercompany demand facility	1,641,000,000	00
Customer deposit (a/c 390000/391010/392000/392010)	49,282,354	00
Banked vacation (a/c 362100)	6,801,523	00
Mark to Market Adjustment (a/c 304300)	283,748	00
Total	9,874,367,625	00

Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Schedule 33/CT23 - Supplementary Schedule

Description	Amount	
Prepaid insurance (a/c 277180)	2,574,411	00
Deposit -Bnft Provider (a/c 277290)	958,096	00
Total	3,532,507	00

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 the

Description	Amount	
Schedule 13 Reserves	1,854,081,281	00
Future Income Tax Liability (per F/S)	158,000	00
Total	1,854,239,281	00

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

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

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder: Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	Hydro One Inc.	86999 4731 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return.*

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	1,491,789	A		
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B		
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		1,491,789	C		
Add: Eligible expenditures transferred to the corporation by another corporation	110		D		
Subtotal (amount C **plus** amount D)		1,491,789	►	1,491,789	E
Deduct: Eligible expenditures the corporation transferred to another corporation			115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")			120	1,491,789	G

Part 2 – Calculation of the current part of the ORDTC

Ontario SR&ED expenditure pool (amount G in Part 1)	1,491,789	x	4.5000 %	=	**200** 67,131	H

Note: Pursuant to subsection 38(2) of the *Taxation Act, 2007* (Ontario), the research and development tax credit rate is decreased from 4.5% to 3.5% on June 1, 2016. The rate must be prorated for taxation years straddling June 1, 2016.

ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year * . . . . . **205** ______ I

* If there is a disposal or change of use of eligible property, see Part 6

Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure, other than for first term or second term shared-use equipment, incurred in a tax year ending before June 1, 2016		x	4.50 %	=			
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure, other than for first term or second term shared-use equipment, incurred in a tax year that straddles June 1, 2016		x	%	=			
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure, other than for first term or second term shared-use equipment, incurred in a tax year that starts after May 31, 2016		x	3.50 %	=			
Total **210**						**215**	J

Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment . . . . **220** ______ x 1 / 4 = ______ x 4.50 % = **225** ______ K

Current part of the ORDTC (total of amounts H to K) . . . . . **230** 67,131 L

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year					M
Deduct: ORDTC expired after 20 tax years		300			N
ORDTC at the beginning of the tax year (amount M **minus** amount N)		305			O
Add:					
ORDTC transferred on amalgamation or windup		310			P
Current part of ORDTC (amount L in Part 2)	67,131 Q				

Are you waiving all or part of the current part of the ORDTC? . . . . . . **315** Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC	320	R			
Subtotal (amount Q **minus** amount R)	67,131		67,131	S	
ORDTC available for deduction (total of amounts O, P and S)			67,131	67,131	T
Deduct:					
ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*)					U
ORDTC carried back to a previous tax year (from Part 4)					V
Subtotal (amount U **plus** amount V)					W
ORDTC balance at the end of the tax year (amount T **minus** amount W)		325		67,131	X

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount T); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2015-11-04	Credit to be applied	901	
2nd previous tax year	2015-10-31	Credit to be applied	902	
3rd previous tax year	2014-12-31	Credit to be applied	903	
		Total (enter amount on line V in Part 3)		

Part 5 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year Month Day	Credit available
1999-12-31	
2000-12-31	
2001-12-31	
2002-12-31	
2003-12-31	
2004-12-31	
2005-12-31	
2006-12-31	

	Tax year of origin (earliest tax year first) Year Month Day	Credit available
	2007-12-31	
	2008-12-31	
	2009-12-31	
	2010-12-31	
	2011-12-31	
	2012-12-31	
	2013-12-31	
	2014-12-31	
	2015-10-31	
	2015-11-04	
Current tax year	2015-12-31	67,131

Total (equals line 325 in Part 3) 67,131

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 6 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

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

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – If you meet all of the above conditions

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

Subtotal (enter amount BB, on line KK in Part 7) BB

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

	CC The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	DD The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	EE The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	FF Amount determined by the formula (CC x DD) – EE (using the columns above)	GG The federal ITC earned by the transferee for the qualified expenditure that was transferred 750	HH Amount from column FF or GG, whichever is less
1.			

Subtotal (enter amount II on line LL below) ______ II

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) . . . . 760 ______ JJ

Part 7 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line BB) . . . . ______ KK

Recaptured federal ITC for Calculation 2 (amount from line II above) . . . . ______ LL

Amount KK **plus** amount LL . . . . ______ x 23.56 % = ______ MM

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) . . . . ______ NN

Recapture of ORDTC (amount MM **plus** amount NN) (enter amount OO on line 277 of Schedule 5) . . . . ______ OO

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures		Capital Expenditures	
Total expenditures for SR&ED		1,559,021			
Add					
• payment of prior years' unpaid expenses (other than salary or wages)	+	127,218			
• prescribed proxy amount (Enter "0" if you use the traditional method)	+				
• expenditures on shared-use equipment			+		
• other additions	+		+		
Subtotal	=	1,686,239	=		
Less					
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–				
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–				
• 20% of contract expenditures for SR&ED performed on your behalf	–	194,450			
• prescribed expenditures not allowed by regulations	–		–		
• other deductions	–		–		
• non-arm's length transactions					
– expenditures for non-arm's length SR&ED contracts	–				
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–		–		
Subtotal	=	1,491,789 I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			=	1,491,789	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	22,165,000,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	
Total assets (total of lines 112 to 116)		22,165,000,000
Total revenue of the corporation for the tax year **	142	5,916,842,105
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	
Total revenue (total of lines 142 to 146)		5,916,842,105

The corporation is subject to CMT if:
- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	2,666,469,885
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220			
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal				A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320	2,578,954,900		
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal		2,578,954,900		2,578,954,900 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	87,514,985

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

– exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
– include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

– Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	87,514,985	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available				C
Net income subject to CMT calculation (if negative, enter "0")		520	87,514,985	

Amount from line 520: 87,514,985 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year 57) x 4 % = ______ 1

Amount from line 520: 87,514,985 x (Number of days in the tax year after June 30, 2010 57 / Number of days in the tax year 57) x 2.7 % = 2,362,905 2

Subtotal (amount 1 **plus** amount 2) 2,362,905 3

Gross CMT: amount on line 3 above x OAF **	540	2,362,905	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		2,362,905	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		2,362,905	E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** = ______

Ontario allocation factor 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *		199,901	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		199,901	620	199,901	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)			650		
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)				199,901	H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)				199,901	J
Add:					
Net CMT payable (amount E from Part 3)		2,362,905			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		2,362,905		2,362,905	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	2,562,806	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

– do not enter an amount on line G or line 600;

– for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				199,901	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)				1	
For a corporation that is not a life insurance corporation:					
CMT after foreign tax credit deduction (amount D from Part 3)	2,362,905	2			
For a life insurance corporation:					
Gross CMT (line 540 from Part 3)		3			
Gross SAT (line 460 from Part 6 of Schedule 512)		4			
The **greater** of amounts 3 and 4		5			
Deduct: line 2 or line 5, whichever applies:			2,362,905	6	
Subtotal (if negative, enter "0")					N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)					
Deduct:					
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)			1,338,496		
Subtotal (if negative, enter "0")					O
CMT credit deducted in the current tax year (least of amounts M, N, and O)					P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? **675** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year *		Q		
Deduct:				
CMT loss expired *	700			
CMT loss carryforward at the beginning of the tax year * (see note below)			720	
Add:				
CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below)			750	
CMT loss available (line 720 **plus** line 750)				R
Deduct:				
CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3)				
Subtotal (if negative, enter "0")				S
Add:				
Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount)			760	
CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760)			770	T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	HYDRO ONE LIMITED	80512 9962 RC0001	0	0
2	HYDRO ONE INC.	86999 4731 RC0001	0	0
3	2486267 ONTARIO INC	80232 6124 RC0001	0	0
4	2486268 ONTARIO INC	80167 4078 RC0001	0	0
5	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	0	0
6	HYDRO ONE TELECOM INC.	86800 1066 RC0001	0	0
7	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	0	0
8	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	0	0
9	HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	87892 1519 RC0002	0	0
10	1938454 ONTARIO INC.	86391 7795 RC0002	0	0
11	1943404 ONTARIO INC.	86248 6123 RC0002	0	0
12	B2M GP INC.	81838 1840 RC0001	0	0
13	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	0	0
14	HYDRO ONE B2M LP INC.	81838 2046 RC0001	0	0
15	NORFOLK ENERGY INC	86289 0399 RC0001	0	0
16	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	0	0
17	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	0	0
18	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	0	0
19	Woodstock Hydro Services Inc.	89909 5012 RC0001	0	0
20	1937672 ONTARIO INC.	81722 4561 RC0001	0	0
21	1937680 ONTARIO INC.	81930 4924 RC0001	0	0
22	1937681 ONTARIO INC.	81722 4363 RC0001	0	0
23	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	0	0
		Total	450	550

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

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

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

* **Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

** **Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511 Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	**120** Telephone number including area code
Glendy Cheung	(416) 345-6812

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . . **160** ____

Enter the percentage of the partnership's CETC allocated to the corporation . . . . . **170** ____ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 843,179,826

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$ \ 400{,}000}{\$ \ 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$ \ 400{,}000}{\$ \ 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	**B** Name of qualifying co-operative education program **405**
1.	[redacted]	Business Economics
2.	[redacted]	Business Administration
3.	[redacted]	MBA
4.	[redacted]	Business Administration
5.	[redacted]	Business Administration
6.	[redacted]	Masters of Accounting
7.	[redacted]	Masters of Business Economics
8.	[redacted]	Masters of Accounting
9.	[redacted]	Network Technologies
10.	[redacted]	Business Administration
11.	[redacted]	Electrical Engineering Technology
12.	[redacted]	Electrical Engineering Technology
13.	[redacted]	Electrical Engineering Technology
14.	[redacted]	Electrical Engineering Technology
15.	[redacted]	Electrical Engineering Technology
16.	[redacted]	Electrical Engineering Technology
17.	[redacted]	Electrical Engineering Technology
18.	[redacted]	Electrical Engineering Technology
19.	[redacted]	Electrical Engineering Technician
20.	[redacted]	Electrical Engineering Technology
21.	[redacted]	Finance/Accounting
22.	[redacted]	Business Adminisration - Human Resources
23.	[redacted]	Computer Science/IT

	A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
24.	[redacted]	Electrical Engineering Technology
25.		Electrical Engineering Technology
26.		Electrical Engineering Technology
27.		Business Administration
28.		Electrical Engineering Technology
29.		Electrical Engineering Technology
30.		Electrical Engineering Technology
31.		Electrical Engineering Technology
32.		Electrical Engineering Technology
33.		Electrical Engineering Technology
34.		Electrical Engineering Technology
35.		Electrical Engineering Technology
36.		Electrical Engineering Technology
37.		Electrical Engineering Technology
38.		Electrical Engineering Technology
39.		Civil Engineering Technologist
40.		Electrical Engineering Technician
41.		Electrical Engineering Technology
42.		Electrical Engineering
43.		Electrical Engineering
44.		Electrical Engineering
45.		Electrical Engineering
46.		Energy Engineering Technology
47.		Electrical and Biomedical Engineering
48.		Electrical Engineering
49.		Energy Engineering Technology
50.		Mechanical Engineering
51.		Electrical Engineering
52.		Electrical Engineering
53.		Energy Engineering Technology
54.		Energy Engineering Technology
55.		Electrical and Biomedical Engineering
56.		Energy Engineering Technology
57.		Electrical Engineering
58.		Finance
59.		Energy Engineering Technology
60.		Energy Engineering Technology
61.		Electrical Engineering
62.		Electrical Engineering
63.		Electrical Engineering
64.		Electrical Engineering
65.		Electrical Engineering Technology
66.		Electrical Engineering Technology
67.		Electrical Engineering Technology
68.		Electrical Engineering Technology
69.		Electrical Engineering
70.		Electrical Engineering Technology
71.		Electrical Engineering Technology
72.		Electrical Engineering
73.		Business Administration Operations Management
74.		Electrical Engineering
75.		Chemical Engineering
76.		Occupational Health and Safety
77.		Electrical Engineering
78.		Electrical Engineering

	A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
79.	[redacted]	Computer Science
80.		Electrical Engineering
81.		Electrical Engineering
82.		Electrical Engineering
83.		Electrical Engineering
84.		Electrical Engineering
85.		Accounting
86.		Civil Engineering
87.		Management and Marketing
88.		Engineering Science
89.		Electrical Engineering
90.		Electrical Engineering
91.		Electrical Engineering
92.		Electrical and Computer Engineering
93.		Electrical Engineering
94.		Management
95.		Management and Finance
96.		Linguistics
97.		Materials Science & Engineering
98.		Electrical Engineering
99.		Mechanical Engineering
100.		Civil Engineering
101.		Planning
102.		Electrical Engineering
103.		Electrical Engineering
104.		Electrical Engineering
105.		Electrical Engineering
106.		Electrical Engineering
107.		Planning
108.		Electrical Engineering
109.		Electrical Engineering
110.		Electrical Engineering
111.		Business Administration
112.		Business Technology Management

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
1.	[redacted]	2015-09-01	2015-12-31
2.		2015-09-14	2015-12-31
3.		2015-09-01	2015-12-31
4.		2015-09-01	2015-12-31
5.		2015-08-24	2015-12-31
6.		2015-08-24	2015-12-31
7.		2015-09-01	2015-12-31
8.		2015-09-28	2015-12-31
9.		2015-09-01	2015-12-31
10.		2015-09-01	2015-12-31
11.		2015-09-08	2015-12-31
12.		2015-08-24	2015-12-31
13.		2015-10-15	2015-12-31
14.		2015-09-08	2015-12-18

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
15.	[redacted]	2015-09-08	2015-12-18
16.		2015-09-08	2015-12-19
17.		2015-08-24	2015-12-31
18.		2015-09-08	2015-12-18
19.		2015-09-08	2015-12-18
20.		2015-09-08	2015-12-18
21.		2015-08-24	2015-12-31
22.		2015-08-24	2015-12-31
23.		2015-08-31	2015-12-31
24.		2015-09-08	2015-12-18
25.		2015-09-08	2015-12-18
26.		2015-08-24	2015-12-31
27.		2015-08-31	2015-12-31
28.		2015-09-08	2015-12-19
29.		2015-09-08	2015-12-18
30.		2015-09-08	2015-12-18
31.		2015-08-24	2015-12-31
32.		2015-09-08	2015-12-18
33.		2015-08-31	2015-12-31
34.		2015-09-10	2015-12-30
35.		2015-09-08	2015-12-24
36.		2015-09-10	2015-12-30
37.		2015-09-08	2015-12-19
38.		2015-10-15	2015-12-31
39.		2015-09-08	2015-12-18
40.		2015-08-31	2015-12-31
41.		2015-09-01	2015-12-31
42.		2015-09-01	2015-12-31
43.		2015-09-10	2015-12-31
44.		2015-09-01	2015-12-31
45.		2015-09-01	2015-12-31
46.		2015-09-01	2015-12-31
47.		2015-08-24	2015-12-31
48.		2015-09-01	2015-12-31
49.		2015-09-01	2015-12-23
50.		2015-08-04	2015-12-31
51.		2015-09-01	2015-12-31
52.		2015-09-01	2015-12-31
53.		2015-09-01	2015-12-31
54.		2015-09-01	2015-12-31
55.		2015-09-01	2015-12-31
56.		2015-09-01	2015-12-11
57.		2015-09-01	2015-12-31
58.		2015-09-01	2015-12-31
59.		2015-08-31	2015-12-31
60.		2015-09-01	2015-12-15
61.		2015-09-01	2015-12-31
62.		2015-09-01	2015-12-31
63.		2015-09-01	2015-12-31
64.		2015-09-01	2015-12-31
65.		2015-09-01	2015-12-18
66.		2015-09-01	2015-12-30
67.		2015-09-01	2015-12-15
68.		2015-09-08	2015-12-18

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
69.	[redacted]	2015-09-01	2015-12-18
70.		2015-09-01	2015-12-24
71.		2015-09-01	2015-12-15
72.		2015-09-01	2015-12-18
73.		2015-09-01	2015-12-31
74.		2015-09-01	2015-12-31
75.		2015-09-01	2015-12-31
76.		2015-09-06	2015-12-31
77.		2015-09-01	2015-12-31
78.		2015-08-21	2015-12-31
79.		2015-09-01	2015-12-31
80.		2015-09-24	2015-12-19
81.		2015-09-01	2015-12-31
82.		2015-09-01	2015-12-29
83.		2015-09-01	2015-12-15
84.		2015-08-31	2015-12-18
85.		2015-09-01	2015-12-31
86.		2015-09-01	2015-12-31
87.		2015-09-01	2015-12-18
88.		2015-09-01	2015-12-31
89.		2015-09-01	2015-12-31
90.		2015-09-01	2015-12-31
91.		2015-09-01	2015-12-31
92.		2015-09-01	2015-12-31
93.		2015-09-01	2015-12-31
94.		2015-09-01	2015-12-31
95.		2015-09-01	2015-12-31
96.		2015-08-31	2015-12-31
97.		2015-09-01	2015-12-31
98.		2015-09-01	2015-12-31
99.		2015-09-01	2015-12-31
100.		2015-09-01	2015-12-31
101.		2015-08-17	2015-12-31
102.		2015-09-08	2015-12-24
103.		2015-09-01	2015-12-12
104.		2015-09-01	2015-12-19
105.		2015-09-08	2015-12-19
106.		2015-08-24	2015-12-24
107.		2015-09-01	2015-12-31
108.		2015-09-01	2015-12-31
109.		2015-09-08	2015-12-31
110.		2015-09-01	2015-12-15
111.		2015-09-01	2015-12-31
112.		2015-09-14	2015-12-31

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	20,346	25.000 %		16
2.		10.000 %	14,166	25.000 %		15
3.		10.000 %	19,627	25.000 %		16
4.		10.000 %	20,401	25.000 %		16
5.		10.000 %	22,646	25.000 %		18
6.		10.000 %	19,405	25.000 %		18
7.		10.000 %	21,292	25.000 %		16
8.		10.000 %	14,238	25.000 %		13
9.		10.000 %	16,959	25.000 %		16
10.		10.000 %	15,993	25.000 %		16
11.		10.000 %	13,651	25.000 %		15
12.		10.000 %	10,474	25.000 %		18
13.		10.000 %	6,917	25.000 %		10
14.		10.000 %	10,273	25.000 %		14
15.		10.000 %	13,011	25.000 %		14
16.		10.000 %	13,655	25.000 %		14
17.		10.000 %	14,945	25.000 %		18
18.		10.000 %	14,129	25.000 %		14
19.		10.000 %	11,326	25.000 %		14
20.		10.000 %	13,259	25.000 %		14
21.		10.000 %	15,267	25.000 %		18
22.		10.000 %	14,978	25.000 %		18
23.		10.000 %	14,526	25.000 %		17
24.		10.000 %	15,091	25.000 %		14
25.		10.000 %	11,134	25.000 %		14
26.		10.000 %	32,526	25.000 %		18
27.		10.000 %	13,941	25.000 %		17
28.		10.000 %	13,068	25.000 %		14
29.		10.000 %	13,011	25.000 %		14
30.		10.000 %	11,086	25.000 %		14
31.		10.000 %	15,267	25.000 %		18
32.		10.000 %	12,821	25.000 %		14
33.		10.000 %	15,891	25.000 %		17
34.		10.000 %	13,293	25.000 %		15
35.		10.000 %	13,628	25.000 %		14
36.		10.000 %	14,984	25.000 %		15
37.		10.000 %	14,227	25.000 %		14
38.		10.000 %	8,132	25.000 %		10
39.		10.000 %	10,734	25.000 %		14
40.		10.000 %	14,213	25.000 %		17
41.		10.000 %	16,446	25.000 %		16
42.		10.000 %	19,026	25.000 %		16
43.		10.000 %	15,879	25.000 %		15
44.		10.000 %	18,464	25.000 %		16
45.		10.000 %	20,473	25.000 %		16
46.		10.000 %	15,787	25.000 %		16
47.		10.000 %	19,242	25.000 %		18
48.		10.000 %	19,408	25.000 %		16
49.		10.000 %	18,201	25.000 %		15
50.		10.000 %	22,759	25.000 %		20
51.		10.000 %	19,099	25.000 %		16

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) [redacted]	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	**F2** Eligible expenditures after March 26, 2009 (see note 1 below) [redacted]	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	**X** Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	**Y** Total number of consecutive weeks of the student's WP (see note 3 below)
52.		10.000 %	18,400	25.000 %		16
53.		10.000 %	18,922	25.000 %		16
54.		10.000 %	22,428	25.000 %		16
55.		10.000 %	18,730	25.000 %		16
56.		10.000 %	19,644	25.000 %		14
57.		10.000 %	19,093	25.000 %		16
58.		10.000 %	19,153	25.000 %		16
59.		10.000 %	18,765	25.000 %		17
60.		10.000 %	21,411	25.000 %		14
61.		10.000 %	15,656	25.000 %		16
62.		10.000 %	18,477	25.000 %		16
63.		10.000 %	15,576	25.000 %		16
64.		10.000 %	18,232	25.000 %		16
65.		10.000 %	16,001	25.000 %		15
66.		10.000 %	15,573	25.000 %		16
67.		10.000 %	17,165	25.000 %		14
68.		10.000 %	13,871	25.000 %		14
69.		10.000 %	14,281	25.000 %		15
70.		10.000 %	16,215	25.000 %		15
71.		10.000 %	15,300	25.000 %		14
72.		10.000 %	16,405	25.000 %		15
73.		10.000 %	15,663	25.000 %		16
74.		10.000 %	16,533	25.000 %		16
75.		10.000 %	17,731	25.000 %		16
76.		10.000 %	16,814	25.000 %		16
77.		10.000 %	18,057	25.000 %		16
78.		10.000 %	19,487	25.000 %		18
79.		10.000 %	19,153	25.000 %		16
80.		10.000 %	13,895	25.000 %		12
81.		10.000 %	19,137	25.000 %		16
82.		10.000 %	15,962	25.000 %		16
83.		10.000 %	22,586	25.000 %		14
84.		10.000 %	20,168	25.000 %		16
85.		10.000 %	19,790	25.000 %		16
86.		10.000 %	18,477	25.000 %		16
87.		10.000 %	16,768	25.000 %		15
88.		10.000 %	18,434	25.000 %		16
89.		10.000 %	19,095	25.000 %		16
90.		10.000 %	18,129	25.000 %		16
91.		10.000 %	17,631	25.000 %		16
92.		10.000 %	19,838	25.000 %		16
93.		10.000 %	19,590	25.000 %		16
94.		10.000 %	19,318	25.000 %		16
95.		10.000 %	15,558	25.000 %		16
96.		10.000 %	15,772	25.000 %		17
97.		10.000 %	19,144	25.000 %		16
98.		10.000 %	16,335	25.000 %		16
99.		10.000 %	19,095	25.000 %		16
100.		10.000 %	14,473	25.000 %		16
101.		10.000 %	18,308	25.000 %		19
102.		10.000 %	19,168	25.000 %		14
103.		10.000 %	17,602	25.000 %		14
104.		10.000 %	15,816	25.000 %		15

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
105.		10.000 %	17,869	25.000 %		14
106.		10.000 %	20,440	25.000 %		17
107.		10.000 %	21,173	25.000 %		16
108.		10.000 %	20,477	25.000 %		16
109.		10.000 %	16,814	25.000 %		15
110.		10.000 %	18,383	25.000 %		14
111.		10.000 %	17,373	25.000 %		16
112.		10.000 %	14,868	25.000 %		15

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	5,087	3,000	3,000		3,000
2.	3,542	3,000	3,000		3,000
3.	4,907	3,000	3,000		3,000
4.	5,100	3,000	3,000		3,000
5.	5,662	3,000	3,000		3,000
6.	4,851	3,000	3,000		3,000
7.	5,323	3,000	3,000		3,000
8.	3,560	3,000	3,000		3,000
9.	4,240	3,000	3,000		3,000
10.	3,998	3,000	3,000		3,000
11.	3,413	3,000	3,000		3,000
12.	2,619	3,000	2,619		2,619
13.	1,729	3,000	1,729		1,729
14.	2,568	3,000	2,568		2,568
15.	3,253	3,000	3,000		3,000
16.	3,414	3,000	3,000		3,000
17.	3,736	3,000	3,000		3,000
18.	3,532	3,000	3,000		3,000
19.	2,832	3,000	2,832		2,832
20.	3,315	3,000	3,000		3,000
21.	3,817	3,000	3,000		3,000
22.	3,745	3,000	3,000		3,000
23.	3,632	3,000	3,000		3,000
24.	3,773	3,000	3,000		3,000
25.	2,784	3,000	2,784		2,784
26.	8,132	3,000	3,000		3,000
27.	3,485	3,000	3,000		3,000
28.	3,267	3,000	3,000		3,000
29.	3,253	3,000	3,000		3,000
30.	2,772	3,000	2,772		2,772
31.	3,817	3,000	3,000		3,000
32.	3,205	3,000	3,000		3,000
33.	3,973	3,000	3,000		3,000
34.	3,323	3,000	3,000		3,000
35.	3,407	3,000	3,000		3,000
36.	3,746	3,000	3,000		3,000
37.	3,557	3,000	3,000		3,000
38.	2,033	3,000	2,033		2,033

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
39.	2,684	3,000	2,684		2,684
40.	3,553	3,000	3,000		3,000
41.	4,112	3,000	3,000		3,000
42.	4,757	3,000	3,000		3,000
43.	3,970	3,000	3,000		3,000
44.	4,616	3,000	3,000		3,000
45.	5,118	3,000	3,000		3,000
46.	3,947	3,000	3,000		3,000
47.	4,811	3,000	3,000		3,000
48.	4,852	3,000	3,000		3,000
49.	4,550	3,000	3,000		3,000
50.	5,690	3,000	3,000		3,000
51.	4,775	3,000	3,000		3,000
52.	4,600	3,000	3,000		3,000
53.	4,731	3,000	3,000		3,000
54.	5,607	3,000	3,000		3,000
55.	4,683	3,000	3,000		3,000
56.	4,911	3,000	3,000		3,000
57.	4,773	3,000	3,000		3,000
58.	4,788	3,000	3,000		3,000
59.	4,691	3,000	3,000		3,000
60.	5,353	3,000	3,000		3,000
61.	3,914	3,000	3,000		3,000
62.	4,619	3,000	3,000		3,000
63.	3,894	3,000	3,000		3,000
64.	4,558	3,000	3,000		3,000
65.	4,000	3,000	3,000		3,000
66.	3,893	3,000	3,000		3,000
67.	4,291	3,000	3,000		3,000
68.	3,468	3,000	3,000		3,000
69.	3,570	3,000	3,000		3,000
70.	4,054	3,000	3,000		3,000
71.	3,825	3,000	3,000		3,000
72.	4,101	3,000	3,000		3,000
73.	3,916	3,000	3,000		3,000
74.	4,133	3,000	3,000		3,000
75.	4,433	3,000	3,000		3,000
76.	4,204	3,000	3,000		3,000
77.	4,514	3,000	3,000		3,000
78.	4,872	3,000	3,000		3,000
79.	4,788	3,000	3,000		3,000
80.	3,474	3,000	3,000		3,000
81.	4,784	3,000	3,000		3,000
82.	3,991	3,000	3,000		3,000
83.	5,647	3,000	3,000		3,000
84.	5,042	3,000	3,000		3,000
85.	4,948	3,000	3,000		3,000
86.	4,619	3,000	3,000		3,000
87.	4,192	3,000	3,000		3,000
88.	4,609	3,000	3,000		3,000
89.	4,774	3,000	3,000		3,000
90.	4,532	3,000	3,000		3,000
91.	4,408	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
92.	4,960	3,000	3,000		3,000
93.	4,898	3,000	3,000		3,000
94.	4,830	3,000	3,000		3,000
95.	3,890		3,000		3,000
96.	3,943	3,000	3,000		3,000
97.	4,786		3,000		3,000
98.	4,084	3,000	3,000		3,000
99.	4,774	3,000	3,000		3,000
100.	3,618	3,000	3,000		3,000
101.	4,577	3,000	3,000		3,000
102.	4,792	3,000	3,000		3,000
103.	4,401	3,000	3,000		3,000
104.	3,954	3,000	3,000		3,000
105.	4,467	3,000	3,000		3,000
106.	5,110	3,000	3,000		3,000
107.	5,293	3,000	3,000		3,000
108.	5,119	3,000	3,000		3,000
109.	4,204	3,000	3,000		3,000
110.	4,596	3,000	3,000		3,000
111.	4,343	3,000	3,000		3,000
112.	3,717	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) **500** 332,021 **L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ______ x percentage on line 170 in Part 1 ______ % = ... ______ **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: Glendy Cheung

120 Telephone number: (416) 345-6812

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 150, what is the name of the partnership? . **160** ______

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 843,179,826

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 45\% - \left[10\% \times \left(\frac{\text{amount on line 300} \textbf{ minus } 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . . **312** 35.000 %

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

$$\text{Specified percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} \textbf{ minus } 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . . **314** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Ontario apprenticeship training tax credit

Complete a **separate entry** for each apprentice for each qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a **separate entry** for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
1.	434a	Powerline Technician	[redacted]
2.	434a	Powerline Technician	
3.	434a	Powerline Technician	
4.	434a	Powerline Technician	
5.	434a	Powerline Technician	
6.	434a	Powerline Technician	
7.	434a	Powerline Technician	
8.	434a	Powerline Technician	
9.	434a	Powerline Technician	
10.	434a	Powerline Technician	
11.	434a	Powerline Technician	
12.	434a	Powerline Technician	
13.	434a	Powerline Technician	
14.	434a	Powerline Technician	
15.	434a	Powerline Technician	
16.	434a	Powerline Technician	
17.	309a	Electrician-Construction and Maintenance	
18.	309a	Electrician-Construction and Maintenance	
19.	434a	Powerline Technician	
20.	434a	Powerline Technician	
21.	434a	Powerline Technician	
22.	434a	Powerline Technician	
23.	434a	Powerline Technician	
24.	434a	Powerline Technician	
25.	434a	Powerline Technician	
26.	434a	Powerline Technician	
27.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
28.	434a	Powerline Technician	[redacted]
29.	434a	Powerline Technician	[redacted]
30.	434a	Powerline Technician	[redacted]
31.	434a	Powerline Technician	[redacted]
32.	434a	Powerline Technician	[redacted]
33.	434a	Powerline Technician	[redacted]
34.	434a	Powerline Technician	[redacted]
35.	309a	Electrician-Construction and Maintenance	[redacted]
36.	309a	Electrician-Construction and Maintenance	[redacted]
37.	309a	Electrician-Construction and Maintenance	[redacted]
38.	309a	Electrician-Construction and Maintenance	[redacted]
39.	309a	Electrician-Construction and Maintenance	[redacted]
40.	309a	Electrician-Construction and Maintenance	[redacted]
41.	309a	Electrician-Construction and Maintenance	[redacted]
42.	309a	Electrician-Construction and Maintenance	[redacted]
43.	309a	Electrician-Construction and Maintenance	[redacted]
44.	434a	Powerline Technician	[redacted]
45.	434a	Powerline Technician	[redacted]
46.	434a	Powerline Technician	[redacted]
47.	434a	Powerline Technician	[redacted]
48.	444B	Utility Arborist	[redacted]
49.	444B	Utility Arborist	[redacted]
50.	444B	Utility Arborist	[redacted]
51.	444B	Utility Arborist	[redacted]
52.	444B	Utility Arborist	[redacted]
53.	434a	Powerline Technician	[redacted]
54.	434a	Powerline Technician	[redacted]
55.	434a	Powerline Technician	[redacted]
56.	434a	Powerline Technician	[redacted]
57.	434a	Powerline Technician	[redacted]
58.	434a	Powerline Technician	[redacted]
59.	434a	Powerline Technician	[redacted]
60.	434a	Powerline Technician	[redacted]
61.	434a	Powerline Technician	[redacted]
62.	434a	Powerline Technician	[redacted]
63.	434a	Powerline Technician	[redacted]
64.	434a	Powerline Technician	[redacted]
65.	434a	Powerline Technician	[redacted]
66.	434a	Powerline Technician	[redacted]
67.	434a	Powerline Technician	[redacted]
68.	434a	Powerline Technician	[redacted]
69.	434a	Powerline Technician	[redacted]
70.	434a	Powerline Technician	[redacted]
71.	310t	Truck And Coach Technician	[redacted]
72.	309a	Electrician-Construction and Maintenance	[redacted]
73.	309a	Electrician-Construction and Maintenance	[redacted]
74.	309a	Electrician-Construction and Maintenance	[redacted]
75.	444B	Utility Arborist	[redacted]
76.	444B	Utility Arborist	[redacted]
77.	444B	Utility Arborist	[redacted]
78.	444B	Utility Arborist	[redacted]
79.	444B	Utility Arborist	[redacted]
80.	444B	Utility Arborist	[redacted]
81.	444B	Utility Arborist	[redacted]
82.	309a	Electrician-Construction and Maintenance	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
83.	309a	Electrician-Construction and Maintenance	[redacted]
84.	309a	Electrician-Construction and Maintenance	
85.	309a	Electrician-Construction and Maintenance	
86.	309a	Electrician-Construction and Maintenance	
87.	309a	Electrician-Construction and Maintenance	
88.	309a	Electrician-Construction and Maintenance	
89.	309a	Electrician-Construction and Maintenance	
90.	309a	Electrician-Construction and Maintenance	
91.	309a	Electrician-Construction and Maintenance	
92.	309a	Electrician-Construction and Maintenance	
93.	434a	Powerline Technician	
94.	434a	Powerline Technician	
95.	434a	Powerline Technician	
96.	434a	Powerline Technician	
97.	434a	Powerline Technician	
98.	434a	Powerline Technician	
99.	434a	Powerline Technician	
100.	434a	Powerline Technician	
101.	434a	Powerline Technician	
102.	434a	Powerline Technician	
103.	434a	Powerline Technician	
104.	434a	Powerline Technician	
105.	434a	Powerline Technician	
106.	434a	Powerline Technician	
107.	434a	Powerline Technician	
108.	434a	Powerline Technician	
109.	434a	Powerline Technician	
110.	434a	Powerline Technician	
111.	434a	Powerline Technician	
112.	434a	Powerline Technician	
113.	434a	Powerline Technician	
114.	434a	Powerline Technician	
115.	434a	Powerline Technician	
116.	434a	Powerline Technician	
117.	434a	Powerline Technician	
118.	434a	Powerline Technician	
119.	434a	Powerline Technician	
120.	434a	Powerline Technician	
121.	434a	Powerline Technician	
122.	434a	Powerline Technician	
123.	434a	Powerline Technician	
124.	434a	Powerline Technician	
125.	434a	Powerline Technician	
126.	434a	Powerline Technician	
127.	434a	Powerline Technician	
128.	434a	Powerline Technician	
129.	434a	Powerline Technician	
130.	434a	Powerline Technician	
131.	434a	Powerline Technician	
132.	434a	Powerline Technician	
133.	434a	Powerline Technician	
134.	434a	Powerline Technician	
135.	434a	Powerline Technician	
136.	434a	Powerline Technician	
137.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
138.	434a	Powerline Technician	[redacted]
139.	434a	Powerline Technician	
140.	434a	Powerline Technician	
141.	434a	Powerline Technician	
142.	434a	Powerline Technician	
143.	434a	Powerline Technician	
144.	434a	Powerline Technician	
145.	434a	Powerline Technician	
146.	434a	Powerline Technician	
147.	434a	Powerline Technician	
148.	434a	Powerline Technician	
149.	434a	Powerline Technician	
150.	434a	Powerline Technician	
151.	434a	Powerline Technician	
152.	434a	Powerline Technician	
153.	434a	Powerline Technician	
154.	444B	Utility Arborist	
155.	444B	Utility Arborist	
156.	444B	Utility Arborist	
157.	444B	Utility Arborist	
158.	444B	Utility Arborist	
159.	444B	Utility Arborist	
160.	444B	Utility Arborist	
161.	444B	Utility Arborist	
162.	444B	Utility Arborist	
163.	444B	Utility Arborist	
164.	444B	Utility Arborist	
165.	434a	Powerline Technician	
166.	434a	Powerline Technician	
167.	434a	Powerline Technician	
168.	434a	Powerline Technician	
169.	434a	Powerline Technician	
170.	434a	Powerline Technician	
171.	434a	Powerline Technician	
172.	434a	Powerline Technician	
173.	434a	Powerline Technician	
174.	434a	Powerline Technician	
175.	434a	Powerline Technician	
176.	434a	Powerline Technician	
177.	434a	Powerline Technician	
178.	434a	Powerline Technician	
179.	434a	Powerline Technician	
180.	434a	Powerline Technician	
181.	309a	Electrician-Construction and Maintenance	
182.	309a	Electrician-Construction and Maintenance	
183.	309a	Electrician-Construction and Maintenance	
184.	309a	Electrician-Construction and Maintenance	
185.	309a	Electrician-Construction and Maintenance	
186.	309a	Electrician-Construction and Maintenance	
187.	309a	Electrician-Construction and Maintenance	
188.	309a	Electrician-Construction and Maintenance	
189.	309a	Electrician-Construction and Maintenance	
190.	309a	Electrician-Construction and Maintenance	
191.	434a	Powerline Technician	
192.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
193.	434a	Powerline Technician	[redacted]
194.	309a	Electrician-Construction and Maintenance	[redacted]
195.	309a	Electrician-Construction and Maintenance	[redacted]
196.	309a	Electrician-Construction and Maintenance	[redacted]
197.	309a	Electrician-Construction and Maintenance	[redacted]
198.	309a	Electrician-Construction and Maintenance	[redacted]
199.	309a	Electrician-Construction and Maintenance	[redacted]
200.	309a	Electrician-Construction and Maintenance	[redacted]
201.	309a	Electrician-Construction and Maintenance	[redacted]
202.	309a	Electrician-Construction and Maintenance	[redacted]
203.	309a	Electrician-Construction and Maintenance	[redacted]
204.	309a	Electrician-Construction and Maintenance	[redacted]
205.	309a	Electrician-Construction and Maintenance	[redacted]
206.	309a	Electrician-Construction and Maintenance	[redacted]
207.	309a	Electrician-Construction and Maintenance	[redacted]
208.	434a	Powerline Technician	[redacted]
209.	434a	Powerline Technician	[redacted]
210.	433a	Industrial Mechanic (Millwright)	[redacted]
211.	433a	Industrial Mechanic (Millwright)	[redacted]
212.	433a	Industrial Mechanic (Millwright)	[redacted]
213.	433a	Industrial Mechanic (Millwright)	[redacted]
214.	309a	Electrician-Construction and Maintenance	[redacted]
215.	309a	Electrician-Construction and Maintenance	[redacted]
216.	309a	Electrician-Construction and Maintenance	[redacted]
217.	444B	Utility Arborist	[redacted]
218.	444B	Utility Arborist	[redacted]
219.	444B	Utility Arborist	[redacted]
220.	444B	Utility Arborist	[redacted]
221.	444B	Utility Arborist	[redacted]
222.	444B	Utility Arborist	[redacted]
223.	444B	Utility Arborist	[redacted]
224.	444B	Utility Arborist	[redacted]
225.	309a	Electrician-Construction and Maintenance	[redacted]
226.	309a	Electrician-Construction and Maintenance	[redacted]
227.	309a	Electrician-Construction and Maintenance	[redacted]
228.	434a	Powerline Technician	[redacted]
229.	434a	Powerline Technician	[redacted]
230.	434a	Powerline Technician	[redacted]
231.	434a	Powerline Technician	[redacted]
232.	434a	Powerline Technician	[redacted]
233.	434a	Powerline Technician	[redacted]
234.	434a	Powerline Technician	[redacted]
235.	434a	Powerline Technician	[redacted]
236.	434a	Powerline Technician	[redacted]
237.	434a	Powerline Technician	[redacted]
238.	434a	Powerline Technician	[redacted]
239.	434a	Powerline Technician	[redacted]
240.	434a	Powerline Technician	[redacted]
241.	434a	Powerline Technician	[redacted]
242.	434a	Powerline Technician	[redacted]
243.	434a	Powerline Technician	[redacted]
244.	434a	Powerline Technician	[redacted]
245.	309a	Electrician-Construction and Maintenance	[redacted]
246.	309a	Electrician-Construction and Maintenance	[redacted]
247.	403a	General Carpenter	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
248.	403a	General Carpenter	[redacted]
249.	444B	Utility Arborist	
250.	444B	Utility Arborist	
251.	444B	Utility Arborist	
252.	444B	Utility Arborist	
253.	444B	Utility Arborist	
254.	444B	Utility Arborist	
255.	444B	Utility Arborist	
256.	444B	Utility Arborist	
257.	444B	Utility Arborist	
258.	444B	Utility Arborist	
259.	444B	Utility Arborist	
260.	444B	Utility Arborist	
261.	444B	Utility Arborist	
262.	309a	Electrician-Construction and Maintenance	
263.	309a	Electrician-Construction and Maintenance	
264.	309a	Electrician-Construction and Maintenance	
265.	309a	Electrician-Construction and Maintenance	
266.	309a	Electrician-Construction and Maintenance	
267.	434a	Powerline Technician	
268.	309a	Electrician-Construction and Maintenance	
269.	309a	Electrician-Construction and Maintenance	
270.	309a	Electrician-Construction and Maintenance	
271.	309a	Electrician-Construction and Maintenance	
272.	309a	Electrician-Construction and Maintenance	
273.	309a	Electrician-Construction and Maintenance	
274.	309a	Electrician-Construction and Maintenance	
275.	403a	General Carpenter	
276.	310t	Truck And Coach Technician	
277.	310t	Truck And Coach Technician	
278.	310t	Truck And Coach Technician	
279.	310t	Truck And Coach Technician	
280.	310t	Truck And Coach Technician	
281.	310t	Truck And Coach Technician	
282.	310t	Truck And Coach Technician	
283.	434a	Powerline Technician	
284.	434a	Powerline Technician	
285.	434a	Powerline Technician	
286.	434a	Powerline Technician	
287.	434a	Powerline Technician	
288.	434a	Powerline Technician	
289.	434a	Powerline Technician	
290.	434a	Powerline Technician	
291.	434a	Powerline Technician	
292.	434a	Powerline Technician	
293.	434a	Powerline Technician	
294.	434a	Powerline Technician	
295.	434a	Powerline Technician	
296.	434a	Powerline Technician	
297.	309a	Electrician-Construction and Maintenance	
298.	309a	Electrician-Construction and Maintenance	
299.	403a	General Carpenter	
300.	309a	Electrician-Construction and Maintenance	
301.	309a	Electrician-Construction and Maintenance	
302.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
303.	434a	Powerline Technician	[redacted]
304.	434a	Powerline Technician	[redacted]
305.	434a	Powerline Technician	[redacted]
306.	434a	Powerline Technician	[redacted]
307.	434a	Powerline Technician	[redacted]
308.	434a	Powerline Technician	[redacted]
309.	434a	Powerline Technician	[redacted]
310.	434a	Powerline Technician	[redacted]
311.	434a	Powerline Technician	[redacted]
312.	434a	Powerline Technician	[redacted]
313.	434a	Powerline Technician	[redacted]
314.	434a	Powerline Technician	[redacted]
315.	434a	Powerline Technician	[redacted]
316.	434a	Powerline Technician	[redacted]
317.	434a	Powerline Technician	[redacted]
318.	434a	Powerline Technician	[redacted]
319.	309a	Electrician-Construction and Maintenance	[redacted]
320.	309a	Electrician-Construction and Maintenance	[redacted]
321.	309a	Electrician-Construction and Maintenance	[redacted]
322.	309a	Electrician-Construction and Maintenance	[redacted]
323.	309a	Electrician-Construction and Maintenance	[redacted]
324.	309a	Electrician-Construction and Maintenance	[redacted]
325.	434a	Powerline Technician	[redacted]
326.	434a	Powerline Technician	[redacted]
327.	434a	Powerline Technician	[redacted]
328.	434a	Powerline Technician	[redacted]
329.	434a	Powerline Technician	[redacted]
330.	434a	Powerline Technician	[redacted]
331.	434a	Powerline Technician	[redacted]
332.	434a	Powerline Technician	[redacted]
333.	434a	Powerline Technician	[redacted]
334.	434a	Powerline Technician	[redacted]
335.	434a	Powerline Technician	[redacted]
336.	434a	Powerline Technician	[redacted]
337.	434a	Powerline Technician	[redacted]
338.	434a	Powerline Technician	[redacted]
339.	434a	Powerline Technician	[redacted]
340.	434a	Powerline Technician	[redacted]
341.	434a	Powerline Technician	[redacted]
342.	434a	Powerline Technician	[redacted]
343.	444B	Utility Arborist	[redacted]
344.	444B	Utility Arborist	[redacted]
345.	444B	Utility Arborist	[redacted]
346.	444B	Utility Arborist	[redacted]
347.	444B	Utility Arborist	[redacted]
348.	444B	Utility Arborist	[redacted]
349.	444B	Utility Arborist	[redacted]
350.	444B	Utility Arborist	[redacted]
351.	444B	Utility Arborist	[redacted]
352.	444B	Utility Arborist	[redacted]
353.	444B	Utility Arborist	[redacted]
354.	444B	Utility Arborist	[redacted]
355.	309a	Electrician-Construction and Maintenance	[redacted]
356.	434a	Powerline Technician	[redacted]
357.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
358.	309a	Electrician-Construction and Maintenance	[redacted]
359.	309a	Electrician-Construction and Maintenance	[redacted]
360.	309a	Electrician-Construction and Maintenance	[redacted]
361.	309a	Electrician-Construction and Maintenance	[redacted]
362.	309a	Electrician-Construction and Maintenance	[redacted]
363.	434a	Powerline Technician	[redacted]
364.	434a	Powerline Technician	[redacted]
365.	434a	Powerline Technician	[redacted]
366.	434a	Powerline Technician	[redacted]
367.	434a	Powerline Technician	[redacted]
368.	434a	Powerline Technician	[redacted]
369.	434a	Powerline Technician	[redacted]
370.	434a	Powerline Technician	[redacted]
371.	434a	Powerline Technician	[redacted]
372.	434a	Powerline Technician	[redacted]
373.	434a	Powerline Technician	[redacted]
374.	434a	Powerline Technician	[redacted]
375.	309a	Electrician-Construction and Maintenance	[redacted]
376.	444B	Utility Arborist	[redacted]
377.	444B	Utility Arborist	[redacted]
378.	444B	Utility Arborist	[redacted]
379.	444B	Utility Arborist	[redacted]
380.	444B	Utility Arborist	[redacted]
381.	444B	Utility Arborist	[redacted]
382.	444B	Utility Arborist	[redacted]
383.	444B	Utility Arborist	[redacted]
384.	444B	Utility Arborist	[redacted]
385.	444B	Utility Arborist	[redacted]
386.	444B	Utility Arborist	[redacted]
387.	444B	Utility Arborist	[redacted]
388.	434a	Powerline Technician	[redacted]
389.	434a	Powerline Technician	[redacted]
390.	434a	Powerline Technician	[redacted]
391.	434a	Powerline Technician	[redacted]
392.	434a	Powerline Technician	[redacted]
393.	434a	Powerline Technician	[redacted]
394.	434a	Powerline Technician	[redacted]
395.	434a	Powerline Technician	[redacted]
396.	434a	Powerline Technician	[redacted]
397.	434a	Powerline Technician	[redacted]
398.	434a	Powerline Technician	[redacted]
399.	434a	Powerline Technician	[redacted]
400.	434a	Powerline Technician	[redacted]
401.	434a	Powerline Technician	[redacted]
402.	434a	Powerline Technician	[redacted]
403.	434a	Powerline Technician	[redacted]
404.	434a	Powerline Technician	[redacted]
405.	309a	Electrician-Construction and Maintenance	[redacted]
406.	309a	Electrician-Construction and Maintenance	[redacted]
407.	309a	Electrician-Construction and Maintenance	[redacted]
408.	434a	Powerline Technician	[redacted]
409.	434a	Powerline Technician	[redacted]
410.	434a	Powerline Technician	[redacted]
411.	434a	Powerline Technician	[redacted]
412.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
413.	434a	Powerline Technician	[redacted]
414.	434a	Powerline Technician	
415.	434a	Powerline Technician	
416.	434a	Powerline Technician	
417.	434a	Powerline Technician	
418.	434a	Powerline Technician	
419.	434a	Powerline Technician	
420.	434a	Powerline Technician	
421.	434a	Powerline Technician	
422.	434a	Powerline Technician	
423.	434a	Powerline Technician	
424.	444B	Utility Arborist	
425.	444B	Utility Arborist	
426.	444B	Utility Arborist	
427.	444B	Utility Arborist	
428.	444B	Utility Arborist	
429.	444B	Utility Arborist	
430.	444B	Utility Arborist	
431.	444B	Utility Arborist	
432.	444B	Utility Arborist	
433.	444B	Utility Arborist	
434.	444B	Utility Arborist	
435.	309a	Electrician-Construction and Maintenance	
436.	309a	Electrician-Construction and Maintenance	
437.	309a	Electrician-Construction and Maintenance	
438.	309a	Electrician-Construction and Maintenance	
439.	309a	Electrician-Construction and Maintenance	
440.	309a	Electrician-Construction and Maintenance	
441.	309a	Electrician-Construction and Maintenance	
442.	309a	Electrician-Construction and Maintenance	
443.	309a	Electrician-Construction and Maintenance	
444.	309a	Electrician-Construction and Maintenance	
445.	309a	Electrician-Construction and Maintenance	
446.	309a	Electrician-Construction and Maintenance	
447.	309a	Electrician-Construction and Maintenance	
448.	309a	Electrician-Construction and Maintenance	
449.	309a	Electrician-Construction and Maintenance	
450.	309a	Electrician-Construction and Maintenance	
451.	444B	Utility Arborist	
452.	444B	Utility Arborist	
453.	444B	Utility Arborist	
454.	444B	Utility Arborist	
455.	444B	Utility Arborist	
456.	444B	Utility Arborist	
457.	444B	Utility Arborist	
458.	444B	Utility Arborist	
459.	444B	Utility Arborist	
460.	444B	Utility Arborist	
461.	444B	Utility Arborist	
462.	444B	Utility Arborist	
463.	309a	Electrician-Construction and Maintenance	
464.	309a	Electrician-Construction and Maintenance	
465.	309a	Electrician-Construction and Maintenance	
466.	309a	Electrician-Construction and Maintenance	
467.	309a	Electrician-Construction and Maintenance	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
468.	309a	Electrician-Construction and Maintenance	[redacted]
469.	434a	Powerline Technician	[redacted]
470.	434a	Powerline Technician	[redacted]
471.	434a	Powerline Technician	[redacted]
472.	434a	Powerline Technician	[redacted]
473.	434a	Powerline Technician	[redacted]
474.	434a	Powerline Technician	[redacted]
475.	434a	Powerline Technician	[redacted]
476.	434a	Powerline Technician	[redacted]
477.	434a	Powerline Technician	[redacted]
478.	434a	Powerline Technician	[redacted]
479.	434a	Powerline Technician	[redacted]
480.	309a	Electrician-Construction and Maintenance	[redacted]
481.	309a	Electrician-Construction and Maintenance	[redacted]
482.	309a	Electrician-Construction and Maintenance	[redacted]
483.	309a	Electrician-Construction and Maintenance	[redacted]
484.	309a	Electrician-Construction and Maintenance	[redacted]
485.	309a	Electrician-Construction and Maintenance	[redacted]
486.	309a	Electrician-Construction and Maintenance	[redacted]
487.	309a	Electrician-Construction and Maintenance	[redacted]
488.	309a	Electrician-Construction and Maintenance	[redacted]
489.	309a	Electrician-Construction and Maintenance	[redacted]
490.	434a	Powerline Technician	[redacted]
491.	434a	Powerline Technician	[redacted]
492.	434a	Powerline Technician	[redacted]
493.	434a	Powerline Technician	[redacted]
494.	434a	Powerline Technician	[redacted]
495.	434a	Powerline Technician	[redacted]
496.	434a	Powerline Technician	[redacted]
497.	434a	Powerline Technician	[redacted]
498.	434a	Powerline Technician	[redacted]
499.	434a	Powerline Technician	[redacted]
500.	434a	Powerline Technician	[redacted]
501.	434a	Powerline Technician	[redacted]
502.	434a	Powerline Technician	[redacted]
503.	434a	Powerline Technician	[redacted]
504.	434a	Powerline Technician	[redacted]
505.	434a	Powerline Technician	[redacted]
506.	434a	Powerline Technician	[redacted]
507.	434a	Powerline Technician	[redacted]
508.	310t	Truck And Coach Technician	[redacted]
509.	310t	Truck And Coach Technician	[redacted]
510.	310t	Truck And Coach Technician	[redacted]
511.	310t	Truck And Coach Technician	[redacted]
512.	310t	Truck And Coach Technician	[redacted]
513.	434a	Powerline Technician	[redacted]
514.	434a	Powerline Technician	[redacted]
515.	434a	Powerline Technician	[redacted]
516.	434a	Powerline Technician	[redacted]
517.	434a	Powerline Technician	[redacted]
518.	434a	Powerline Technician	[redacted]
519.	434a	Powerline Technician	[redacted]
520.	434a	Powerline Technician	[redacted]
521.	434a	Powerline Technician	[redacted]
522.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
523.	434a	Powerline Technician	[redacted]
524.	434a	Powerline Technician	
525.	434a	Powerline Technician	
526.	434a	Powerline Technician	
527.	434a	Powerline Technician	
528.	434a	Powerline Technician	
529.	403a	General Carpenter	
530.	309a	Electrician-Construction and Maintenance	
531.	309a	Electrician-Construction and Maintenance	
532.	309a	Electrician-Construction and Maintenance	
533.	309a	Electrician-Construction and Maintenance	
534.	309a	Electrician-Construction and Maintenance	
535.	403a	General Carpenter	
536.	434a	Powerline Technician	
537.	434a	Powerline Technician	
538.	434a	Powerline Technician	
539.	434a	Powerline Technician	
540.	434a	Powerline Technician	
541.	434a	Powerline Technician	
542.	434a	Powerline Technician	
543.	434a	Powerline Technician	
544.	434a	Powerline Technician	
545.	434a	Powerline Technician	
546.	434a	Powerline Technician	
547.	434a	Powerline Technician	
548.	434a	Powerline Technician	
549.	434a	Powerline Technician	
550.	434a	Powerline Technician	
551.	434a	Powerline Technician	
552.	444B	Utility Arborist	
553.	444B	Utility Arborist	
554.	444B	Utility Arborist	
555.	444B	Utility Arborist	
556.	444B	Utility Arborist	
557.	444B	Utility Arborist	
558.	444B	Utility Arborist	
559.	444B	Utility Arborist	
560.	444B	Utility Arborist	
561.	444B	Utility Arborist	
562.	444B	Utility Arborist	
563.	444B	Utility Arborist	
564.	444B	Utility Arborist	
565.	444B	Utility Arborist	
566.	444B	Utility Arborist	
567.	444B	Utility Arborist	
568.	444B	Utility Arborist	
569.	444B	Utility Arborist	
570.	444B	Utility Arborist	
571.	444B	Utility Arborist	
572.	444B	Utility Arborist	
573.	434a	Powerline Technician	
574.	434a	Powerline Technician	
575.	434a	Powerline Technician	
576.	434a	Powerline Technician	
577.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
578.	434a	Powerline Technician	[redacted]
579.	434a	Powerline Technician	[redacted]
580.	434a	Powerline Technician	[redacted]
581.	434a	Powerline Technician	[redacted]
582.	434a	Powerline Technician	[redacted]
583.	434a	Powerline Technician	[redacted]
584.	434a	Powerline Technician	[redacted]
585.	434a	Powerline Technician	[redacted]
586.	434a	Powerline Technician	[redacted]
587.	434a	Powerline Technician	[redacted]
588.	434a	Powerline Technician	[redacted]
589.	434a	Powerline Technician	[redacted]
590.	434a	Powerline Technician	[redacted]
591.	434a	Powerline Technician	[redacted]
592.	434a	Powerline Technician	[redacted]
593.	434a	Powerline Technician	[redacted]
594.	434a	Powerline Technician	[redacted]
595.	434a	Powerline Technician	[redacted]
596.	434a	Powerline Technician	[redacted]
597.	434a	Powerline Technician	[redacted]
598.	434a	Powerline Technician	[redacted]
599.	434a	Powerline Technician	[redacted]
600.	434a	Powerline Technician	[redacted]
601.	434a	Powerline Technician	[redacted]
602.	434a	Powerline Technician	[redacted]
603.	434a	Powerline Technician	[redacted]
604.	434a	Powerline Technician	[redacted]
605.	434a	Powerline Technician	[redacted]
606.	309a	Electrician-Construction and Maintenance	[redacted]
607.	309a	Electrician-Construction and Maintenance	[redacted]
608.	309a	Electrician-Construction and Maintenance	[redacted]
609.	309a	Electrician-Construction and Maintenance	[redacted]
610.	309a	Electrician-Construction and Maintenance	[redacted]
611.	309a	Electrician-Construction and Maintenance	[redacted]
612.	309a	Electrician-Construction and Maintenance	[redacted]
613.	309a	Electrician-Construction and Maintenance	[redacted]
614.	309a	Electrician-Construction and Maintenance	[redacted]
615.	309a	Electrician-Construction and Maintenance	[redacted]
616.	433a	Industrial Mechanic (Millwright)	[redacted]
617.	433a	Industrial Mechanic (Millwright)	[redacted]
618.	403a	General Carpenter	[redacted]
619.	309a	Electrician-Construction and Maintenance	[redacted]
620.	309a	Electrician-Construction and Maintenance	[redacted]
621.	309a	Electrician-Construction and Maintenance	[redacted]
622.	434a	Powerline Technician	[redacted]
623.	434a	Powerline Technician	[redacted]
624.	434a	Powerline Technician	[redacted]
625.	434a	Powerline Technician	[redacted]
626.	434a	Powerline Technician	[redacted]
627.	434a	Powerline Technician	[redacted]
628.	434a	Powerline Technician	[redacted]
629.	434a	Powerline Technician	[redacted]
630.	434a	Powerline Technician	[redacted]
631.	434a	Powerline Technician	[redacted]
632.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
633.	434a	Powerline Technician	[redacted]
634.	434a	Powerline Technician	
635.	434a	Powerline Technician	
636.	434a	Powerline Technician	
637.	434a	Powerline Technician	
638.	434a	Powerline Technician	
639.	309a	Electrician-Construction and Maintenance	
640.	309a	Electrician-Construction and Maintenance	
641.	309a	Electrician-Construction and Maintenance	
642.	309a	Electrician-Construction and Maintenance	
643.	309a	Electrician-Construction and Maintenance	
644.	309a	Electrician-Construction and Maintenance	
645.	309a	Electrician-Construction and Maintenance	
646.	310t	Truck And Coach Technician	
647.	310t	Truck And Coach Technician	
648.	310t	Truck And Coach Technician	
649.	310t	Truck And Coach Technician	
650.	310t	Truck And Coach Technician	
651.	309a	Electrician-Construction and Maintenance	
652.	434a	Powerline Technician	

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
1.	[redacted]	2012-01-30	2015-11-01	2015-12-02
2.		2012-01-30	2015-11-01	2015-12-31
3.		2012-01-30	2015-11-01	2015-12-31
4.		2012-01-30	2015-11-01	2015-12-31
5.		2012-01-30	2015-11-01	2015-12-31
6.		2012-01-30	2015-11-01	2015-12-31
7.		2012-01-30	2015-11-01	2015-12-31
8.		2012-01-30	2015-11-01	2015-12-31
9.		2012-01-30	2015-11-01	2015-12-31
10.		2012-01-30	2015-11-01	2015-12-31
11.		2012-01-30	2015-11-01	2015-12-31
12.		2012-01-30	2015-11-01	2015-12-31
13.		2012-01-30	2015-11-01	2015-12-31
14.		2012-01-30	2015-11-01	2015-12-31
15.		2012-01-30	2015-11-01	2015-12-31
16.		2012-01-30	2015-11-01	2015-12-31
17.		2012-02-06	2015-11-01	2015-12-31
18.		2012-02-06	2015-11-01	2015-12-16
19.		2012-02-27	2015-11-01	2015-12-31
20.		2012-02-27	2015-11-01	2015-12-31
21.		2012-02-27	2015-11-01	2015-12-31
22.		2012-02-27	2015-11-01	2015-12-31
23.		2012-02-27	2015-11-01	2015-12-31
24.		2012-02-27	2015-11-01	2015-12-31
25.		2012-02-27	2015-11-01	2015-12-31
26.		2012-02-27	2015-11-01	2015-12-31
27.		2012-02-27	2015-11-01	2015-12-31
28.		2012-02-27	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
29.	[redacted]	2012-02-27	2015-11-01	2015-12-31
30.	[redacted]	2012-02-27	2015-11-01	2015-12-31
31.	[redacted]	2012-02-27	2015-11-01	2015-12-31
32.	[redacted]	2012-02-27	2015-11-01	2015-12-31
33.	[redacted]	2012-02-27	2015-11-01	2015-12-31
34.	[redacted]	2012-02-27	2015-11-01	2015-12-31
35.	[redacted]	2012-03-29	2015-11-01	2015-12-31
36.	[redacted]	2012-03-29	2015-11-01	2015-12-31
37.	[redacted]	2012-03-29	2015-11-01	2015-12-31
38.	[redacted]	2012-03-29	2015-11-01	2015-12-31
39.	[redacted]	2012-03-29	2015-11-01	2015-12-31
40.	[redacted]	2012-03-29	2015-11-01	2015-12-31
41.	[redacted]	2012-03-29	2015-11-01	2015-12-31
42.	[redacted]	2012-03-29	2015-11-01	2015-12-31
43.	[redacted]	2012-03-29	2015-11-01	2015-12-31
44.	[redacted]	2012-04-12	2015-11-01	2015-12-31
45.	[redacted]	2012-04-12	2015-11-01	2015-12-31
46.	[redacted]	2012-04-12	2015-11-01	2015-12-31
47.	[redacted]	2012-04-12	2015-11-01	2015-12-31
48.	[redacted]	2012-04-16	2015-11-01	2015-12-31
49.	[redacted]	2012-04-16	2015-11-01	2015-11-23
50.	[redacted]	2012-04-16	2015-11-01	2015-12-31
51.	[redacted]	2012-04-16	2015-11-01	2015-12-31
52.	[redacted]	2012-04-16	2015-11-01	2015-12-01
53.	[redacted]	2012-04-26	2015-11-01	2015-12-31
54.	[redacted]	2012-04-26	2015-11-01	2015-12-31
55.	[redacted]	2012-04-26	2015-11-01	2015-12-31
56.	[redacted]	2012-04-26	2015-11-01	2015-12-31
57.	[redacted]	2012-05-28	2015-11-01	2015-12-31
58.	[redacted]	2012-05-28	2015-11-01	2015-12-31
59.	[redacted]	2012-05-28	2015-11-01	2015-12-31
60.	[redacted]	2012-05-28	2015-11-01	2015-12-31
61.	[redacted]	2012-05-28	2015-11-01	2015-12-31
62.	[redacted]	2012-05-28	2015-11-01	2015-12-31
63.	[redacted]	2012-05-28	2015-11-01	2015-12-31
64.	[redacted]	2012-05-28	2015-11-01	2015-12-31
65.	[redacted]	2012-05-28	2015-11-01	2015-12-30
66.	[redacted]	2012-05-28	2015-11-01	2015-12-31
67.	[redacted]	2012-05-28	2015-11-01	2015-12-31
68.	[redacted]	2012-05-28	2015-11-01	2015-12-31
69.	[redacted]	2012-05-28	2015-11-01	2015-12-31
70.	[redacted]	2012-05-28	2015-11-01	2015-12-31
71.	[redacted]	2012-05-28	2015-11-01	2015-12-31
72.	[redacted]	2012-05-31	2015-11-01	2015-12-31
73.	[redacted]	2012-05-31	2015-11-01	2015-12-31
74.	[redacted]	2012-06-02	2015-11-01	2015-12-31
75.	[redacted]	2012-07-09	2015-11-01	2015-12-31
76.	[redacted]	2012-07-09	2015-11-01	2015-12-31
77.	[redacted]	2012-07-09	2015-11-01	2015-12-31
78.	[redacted]	2012-07-09	2015-11-01	2015-12-31
79.	[redacted]	2012-07-09	2015-11-01	2015-12-31
80.	[redacted]	2012-07-09	2015-11-01	2015-12-31
81.	[redacted]	2012-07-09	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
82.	[redacted]	2012-07-26	2015-11-01	2015-12-31
83.	[redacted]	2012-08-23	2015-11-01	2015-12-31
84.	[redacted]	2012-08-23	2015-11-01	2015-12-31
85.	[redacted]	2012-08-23	2015-11-01	2015-12-31
86.	[redacted]	2012-08-23	2015-11-01	2015-12-31
87.	[redacted]	2012-10-15	2015-11-01	2015-12-31
88.	[redacted]	2012-10-15	2015-11-01	2015-12-31
89.	[redacted]	2012-10-15	2015-11-01	2015-12-31
90.	[redacted]	2012-10-15	2015-11-01	2015-12-31
91.	[redacted]	2012-10-15	2015-11-01	2015-12-31
92.	[redacted]	2012-10-15	2015-11-01	2015-11-01
93.	[redacted]	2012-11-08	2015-11-01	2015-12-31
94.	[redacted]	2012-11-08	2015-11-01	2015-12-31
95.	[redacted]	2012-11-08	2015-11-01	2015-12-31
96.	[redacted]	2012-11-08	2015-11-01	2015-12-31
97.	[redacted]	2012-11-08	2015-11-01	2015-12-31
98.	[redacted]	2012-11-08	2015-11-01	2015-12-31
99.	[redacted]	2012-11-08	2015-11-01	2015-12-31
100.	[redacted]	2012-11-08	2015-11-01	2015-12-31
101.	[redacted]	2012-11-08	2015-11-01	2015-12-31
102.	[redacted]	2012-11-08	2015-11-01	2015-12-31
103.	[redacted]	2013-01-28	2015-11-01	2015-12-31
104.	[redacted]	2013-01-28	2015-11-01	2015-12-31
105.	[redacted]	2013-01-28	2015-11-01	2015-12-31
106.	[redacted]	2013-01-28	2015-11-01	2015-12-31
107.	[redacted]	2013-01-28	2015-11-01	2015-12-31
108.	[redacted]	2013-01-28	2015-11-01	2015-12-31
109.	[redacted]	2013-01-28	2015-11-01	2015-12-31
110.	[redacted]	2013-01-28	2015-11-01	2015-12-31
111.	[redacted]	2013-01-28	2015-11-01	2015-12-31
112.	[redacted]	2013-01-28	2015-11-01	2015-12-31
113.	[redacted]	2013-01-28	2015-11-01	2015-12-31
114.	[redacted]	2013-01-28	2015-11-01	2015-12-31
115.	[redacted]	2013-01-28	2015-11-01	2015-12-31
116.	[redacted]	2013-01-28	2015-11-01	2015-12-31
117.	[redacted]	2013-02-25	2015-11-01	2015-12-31
118.	[redacted]	2013-02-25	2015-11-01	2015-12-31
119.	[redacted]	2013-02-25	2015-11-01	2015-12-31
120.	[redacted]	2013-02-25	2015-11-01	2015-12-31
121.	[redacted]	2013-02-25	2015-11-01	2015-12-31
122.	[redacted]	2013-02-25	2015-11-01	2015-12-31
123.	[redacted]	2013-02-25	2015-11-01	2015-12-31
124.	[redacted]	2013-02-25	2015-11-01	2015-12-31
125.	[redacted]	2013-02-25	2015-11-01	2015-12-31
126.	[redacted]	2013-02-25	2015-11-01	2015-12-31
127.	[redacted]	2013-02-25	2015-11-01	2015-12-31
128.	[redacted]	2013-02-25	2015-11-01	2015-12-31
129.	[redacted]	2013-02-25	2015-11-01	2015-12-31
130.	[redacted]	2013-02-25	2015-11-01	2015-12-31
131.	[redacted]	2013-02-25	2015-11-01	2015-12-31
132.	[redacted]	2013-02-25	2015-11-01	2015-12-31
133.	[redacted]	2013-03-25	2015-11-01	2015-12-31
134.	[redacted]	2013-03-25	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
135.	[redacted]	2013-03-25	2015-11-01	2015-12-31
136.	[redacted]	2013-03-25	2015-11-01	2015-12-31
137.	[redacted]	2013-03-25	2015-11-01	2015-12-31
138.	[redacted]	2013-04-08	2015-11-01	2015-12-31
139.	[redacted]	2013-04-08	2015-11-01	2015-12-31
140.	[redacted]	2013-04-08	2015-11-01	2015-12-31
141.	[redacted]	2013-04-08	2015-11-01	2015-12-31
142.	[redacted]	2013-04-08	2015-11-01	2015-12-31
143.	[redacted]	2013-04-08	2015-11-01	2015-12-31
144.	[redacted]	2013-04-08	2015-11-01	2015-12-31
145.	[redacted]	2013-04-08	2015-11-01	2015-12-31
146.	[redacted]	2013-04-08	2015-11-01	2015-12-31
147.	[redacted]	2013-04-08	2015-11-01	2015-12-31
148.	[redacted]	2013-04-08	2015-11-01	2015-12-31
149.	[redacted]	2013-04-08	2015-11-01	2015-12-31
150.	[redacted]	2013-04-08	2015-11-01	2015-12-31
151.	[redacted]	2013-04-08	2015-11-01	2015-12-31
152.	[redacted]	2013-04-08	2015-11-01	2015-12-31
153.	[redacted]	2013-04-08	2015-11-01	2015-12-31
154.	[redacted]	2013-04-08	2015-11-01	2015-12-31
155.	[redacted]	2013-04-08	2015-11-01	2015-12-31
156.	[redacted]	2013-04-08	2015-11-01	2015-12-31
157.	[redacted]	2013-04-08	2015-11-01	2015-12-31
158.	[redacted]	2013-04-08	2015-11-01	2015-12-31
159.	[redacted]	2013-04-08	2015-11-01	2015-12-31
160.	[redacted]	2013-04-08	2015-11-01	2015-12-31
161.	[redacted]	2013-04-08	2015-11-01	2015-12-31
162.	[redacted]	2013-04-08	2015-11-01	2015-12-31
163.	[redacted]	2013-04-08	2015-11-01	2015-12-31
164.	[redacted]	2013-04-08	2015-11-01	2015-12-31
165.	[redacted]	2013-04-29	2015-11-01	2015-12-31
166.	[redacted]	2013-04-29	2015-11-01	2015-12-31
167.	[redacted]	2013-04-29	2015-11-01	2015-12-31
168.	[redacted]	2013-04-29	2015-11-01	2015-12-31
169.	[redacted]	2013-04-29	2015-11-01	2015-12-31
170.	[redacted]	2013-04-29	2015-11-01	2015-12-31
171.	[redacted]	2013-04-29	2015-11-01	2015-12-31
172.	[redacted]	2013-04-29	2015-11-01	2015-12-31
173.	[redacted]	2013-04-29	2015-11-01	2015-12-31
174.	[redacted]	2013-04-29	2015-11-01	2015-12-31
175.	[redacted]	2013-04-29	2015-11-01	2015-12-31
176.	[redacted]	2013-04-29	2015-11-01	2015-12-31
177.	[redacted]	2013-04-29	2015-11-01	2015-12-31
178.	[redacted]	2013-04-29	2015-11-01	2015-12-31
179.	[redacted]	2013-04-29	2015-11-01	2015-12-31
180.	[redacted]	2013-04-29	2015-11-01	2015-12-31
181.	[redacted]	2013-05-02	2015-11-01	2015-12-31
182.	[redacted]	2013-05-02	2015-11-01	2015-12-31
183.	[redacted]	2013-05-02	2015-11-01	2015-12-31
184.	[redacted]	2013-05-02	2015-11-01	2015-12-31
185.	[redacted]	2013-05-02	2015-11-01	2015-12-31
186.	[redacted]	2013-05-02	2015-11-01	2015-12-31
187.	[redacted]	2013-05-02	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
188.	[redacted]	2013-05-02	2015-11-01	2015-12-31
189.		2013-05-02	2015-11-01	2015-12-31
190.		2013-05-07	2015-11-01	2015-12-31
191.		2013-05-27	2015-11-01	2015-12-31
192.		2013-05-27	2015-11-01	2015-12-31
193.		2013-05-27	2015-11-01	2015-12-31
194.		2013-06-03	2015-11-01	2015-12-31
195.		2013-06-03	2015-11-01	2015-12-31
196.		2013-06-03	2015-11-01	2015-12-31
197.		2013-06-03	2015-11-01	2015-12-31
198.		2013-06-03	2015-11-01	2015-12-31
199.		2013-06-03	2015-11-01	2015-12-31
200.		2013-06-03	2015-11-01	2015-12-31
201.		2013-06-03	2015-11-01	2015-12-31
202.		2013-06-03	2015-11-01	2015-12-31
203.		2013-06-03	2015-11-01	2015-12-31
204.		2013-06-03	2015-11-01	2015-12-31
205.		2013-06-03	2015-11-01	2015-12-31
206.		2013-06-03	2015-11-01	2015-12-31
207.		2013-06-03	2015-11-01	2015-12-31
208.		2013-06-03	2015-11-01	2015-12-31
209.		2013-06-03	2015-11-01	2015-12-31
210.		2013-06-03	2015-11-01	2015-12-31
211.		2013-06-03	2015-11-01	2015-12-31
212.		2013-06-03	2015-11-01	2015-12-31
213.		2013-06-03	2015-11-01	2015-12-31
214.		2013-06-03	2015-11-01	2015-12-31
215.		2013-06-03	2015-11-01	2015-12-31
216.		2013-06-03	2015-11-01	2015-12-31
217.		2013-06-10	2015-11-01	2015-12-31
218.		2013-06-10	2015-11-01	2015-12-31
219.		2013-06-10	2015-11-01	2015-12-31
220.		2013-06-10	2015-11-01	2015-12-31
221.		2013-06-10	2015-11-01	2015-12-31
222.		2013-06-10	2015-11-01	2015-12-31
223.		2013-06-10	2015-11-01	2015-12-31
224.		2013-06-10	2015-11-01	2015-12-31
225.		2013-06-27	2015-11-01	2015-12-31
226.		2013-06-27	2015-11-01	2015-12-31
227.		2013-07-22	2015-11-01	2015-12-31
228.		2013-07-29	2015-11-01	2015-12-31
229.		2013-07-29	2015-11-01	2015-12-31
230.		2013-07-31	2015-11-01	2015-12-31
231.		2013-07-31	2015-11-01	2015-12-31
232.		2013-07-31	2015-11-01	2015-12-31
233.		2013-07-31	2015-11-01	2015-12-31
234.		2013-07-31	2015-11-01	2015-12-31
235.		2013-08-01	2015-11-01	2015-12-31
236.		2013-08-01	2015-11-01	2015-12-31
237.		2013-08-01	2015-11-01	2015-12-31
238.		2013-08-01	2015-11-01	2015-12-31
239.		2013-08-01	2015-11-01	2015-12-31
240.		2013-08-01	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
241.	[redacted]	2013-08-01	2015-11-01	2015-12-31
242.		2013-08-08	2015-11-01	2015-12-31
243.		2013-08-08	2015-11-01	2015-12-31
244.		2013-08-08	2015-11-01	2015-12-31
245.		2013-08-15	2015-11-01	2015-12-31
246.		2013-08-15	2015-11-01	2015-12-31
247.		2013-08-22	2015-11-01	2015-12-31
248.		2013-08-26	2015-11-01	2015-12-31
249.		2013-09-09	2015-11-01	2015-12-31
250.		2013-09-09	2015-11-01	2015-12-31
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261.		2013-09-09	2015-11-01	2015-12-31
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263.		2013-09-19	2015-11-01	2015-12-31
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272.		2013-10-17	2015-11-01	2015-12-31
273.		2013-10-21	2015-11-01	2015-12-31
274.		2013-10-21	2015-11-01	2015-12-31
275.		2014-01-06	2015-11-01	2015-12-31
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291.		2014-01-27	2015-11-01	2015-12-31
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293.		2014-01-27	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
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299.	[redacted]	2014-02-10	2015-11-01	2015-12-31
300.	[redacted]	2014-02-18	2015-11-01	2015-12-31
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303.	[redacted]	2014-02-24	2015-11-01	2015-12-31
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305.	[redacted]	2014-02-24	2015-11-01	2015-12-31
306.	[redacted]	2014-02-24	2015-11-01	2015-12-31
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314.	[redacted]	2014-02-24	2015-11-01	2015-12-31
315.	[redacted]	2014-02-24	2015-11-01	2015-12-31
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317.	[redacted]	2014-02-24	2015-11-01	2015-12-31
318.	[redacted]	2014-02-24	2015-11-01	2015-12-31
319.	[redacted]	2014-02-27	2015-11-01	2015-12-31
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322.	[redacted]	2014-02-27	2015-11-01	2015-12-31
323.	[redacted]	2014-02-27	2015-11-01	2015-12-31
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335.	[redacted]	2014-03-17	2015-11-01	2015-12-31
336.	[redacted]	2014-03-17	2015-11-01	2015-12-31
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344.	[redacted]	2014-03-17	2015-11-01	2015-12-31
345.	[redacted]	2014-03-17	2015-11-01	2015-12-31
346.	[redacted]	2014-03-17	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
347.	[redacted]	2014-03-17	2015-11-01	2015-12-31
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353.	[redacted]	2014-03-17	2015-11-01	2015-12-31
354.	[redacted]	2014-03-17	2015-11-01	2015-12-31
355.	[redacted]	2014-03-20	2015-11-01	2015-12-31
356.	[redacted]	2014-03-20	2015-11-01	2015-12-31
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365.	[redacted]	2014-04-02	2015-11-01	2015-12-31
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367.	[redacted]	2014-04-02	2015-11-01	2015-12-31
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372.	[redacted]	2014-04-02	2015-11-01	2015-12-31
373.	[redacted]	2014-04-02	2015-11-01	2015-12-31
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375.	[redacted]	2014-04-02	2015-11-01	2015-12-31
376.	[redacted]	2014-04-07	2015-11-01	2015-12-31
377.	[redacted]	2014-04-07	2015-11-01	2015-12-31
378.	[redacted]	2014-04-07	2015-11-01	2015-12-31
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382.	[redacted]	2014-04-07	2015-11-01	2015-12-31
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385.	[redacted]	2014-04-07	2015-11-01	2015-12-31
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389.	[redacted]	2014-04-28	2015-11-01	2015-12-31
390.	[redacted]	2014-04-28	2015-11-01	2015-12-31
391.	[redacted]	2014-04-28	2015-11-01	2015-12-31
392.	[redacted]	2014-04-28	2015-11-01	2015-12-31
393.	[redacted]	2014-04-28	2015-11-01	2015-12-31
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395.	[redacted]	2014-04-28	2015-11-01	2015-12-31
396.	[redacted]	2014-04-28	2015-11-01	2015-12-31
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399.	[redacted]	2014-04-28	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
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403.	[redacted]	2014-04-28	2015-11-01	2015-12-31
404.	[redacted]	2014-04-28	2015-11-01	2015-12-31
405.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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409.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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411.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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413.	[redacted]	2014-05-26	2015-11-01	2015-12-31
414.	[redacted]	2014-05-26	2015-11-01	2015-12-31
415.	[redacted]	2014-05-26	2015-11-01	2015-12-31
416.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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419.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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422.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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424.	[redacted]	2014-05-26	2015-11-01	2015-12-31
425.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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427.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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431.	[redacted]	2014-05-26	2015-11-01	2015-12-31
432.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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435.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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442.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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449.	[redacted]	2014-05-26	2015-11-01	2015-12-31
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451.	[redacted]	2014-06-09	2015-11-01	2015-12-31
452.	[redacted]	2014-06-09	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
453.	[redacted]	2014-06-09	2015-11-01	2015-12-31
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496.	[redacted]	2015-01-26	2015-11-01	2015-12-31
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504.	[redacted]	2015-01-26	2015-11-01	2015-12-31
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	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
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538.		2015-03-16	2015-11-01	2015-12-31
539.		2015-03-16	2015-11-01	2015-12-31
540.		2015-03-16	2015-11-01	2015-12-31
541.		2015-03-16	2015-11-01	2015-12-31
542.		2015-03-16	2015-11-01	2015-12-31
543.		2015-03-16	2015-11-01	2015-12-31
544.		2015-03-16	2015-11-01	2015-12-31
545.		2015-03-16	2015-11-01	2015-12-31
546.		2015-03-16	2015-11-01	2015-12-31
547.		2015-03-16	2015-11-01	2015-12-31
548.		2015-03-16	2015-11-01	2015-12-31
549.		2015-03-16	2015-11-01	2015-12-31
550.		2015-03-16	2015-11-01	2015-12-31
551.		2015-03-16	2015-11-01	2015-12-31
552.		2015-04-13	2015-11-01	2015-12-31
553.		2015-04-13	2015-11-01	2015-12-31
554.		2015-04-13	2015-11-01	2015-12-31
555.		2015-04-13	2015-11-01	2015-12-31
556.		2015-04-13	2015-11-01	2015-12-31
557.		2015-04-13	2015-11-01	2015-12-31
558.		2015-04-13	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
559.	[redacted]	2015-04-13	2015-11-01	2015-12-31
560.	[redacted]	2015-04-13	2015-11-01	2015-12-31
561.	[redacted]	2015-04-13	2015-11-01	2015-12-31
562.	[redacted]	2015-04-13	2015-11-01	2015-12-31
563.	[redacted]	2015-04-13	2015-11-01	2015-12-31
564.	[redacted]	2015-04-13	2015-11-01	2015-12-31
565.	[redacted]	2015-04-13	2015-11-01	2015-12-31
566.	[redacted]	2015-04-13	2015-11-01	2015-12-31
567.	[redacted]	2015-04-13	2015-11-01	2015-12-31
568.	[redacted]	2015-04-13	2015-11-01	2015-12-31
569.	[redacted]	2015-04-13	2015-11-01	2015-12-31
570.	[redacted]	2015-04-13	2015-11-01	2015-12-31
571.	[redacted]	2015-04-13	2015-11-01	2015-12-31
572.	[redacted]	2015-04-13	2015-11-01	2015-12-31
573.	[redacted]	2015-04-27	2015-11-01	2015-12-31
574.	[redacted]	2015-04-27	2015-11-01	2015-12-31
575.	[redacted]	2015-04-27	2015-11-01	2015-12-31
576.	[redacted]	2015-04-27	2015-11-01	2015-12-31
577.	[redacted]	2015-04-27	2015-11-01	2015-12-31
578.	[redacted]	2015-04-27	2015-11-01	2015-12-31
579.	[redacted]	2015-04-27	2015-11-01	2015-12-31
580.	[redacted]	2015-04-27	2015-11-01	2015-12-31
581.	[redacted]	2015-04-27	2015-11-01	2015-12-31
582.	[redacted]	2015-04-27	2015-11-01	2015-12-31
583.	[redacted]	2015-04-27	2015-11-01	2015-12-31
584.	[redacted]	2015-04-27	2015-11-01	2015-12-31
585.	[redacted]	2015-04-27	2015-11-01	2015-12-31
586.	[redacted]	2015-04-27	2015-11-01	2015-12-31
587.	[redacted]	2015-04-27	2015-11-01	2015-12-31
588.	[redacted]	2015-04-27	2015-11-01	2015-12-31
589.	[redacted]	2015-05-25	2015-11-01	2015-12-31
590.	[redacted]	2015-05-25	2015-11-01	2015-12-31
591.	[redacted]	2015-05-25	2015-11-01	2015-12-31
592.	[redacted]	2015-05-25	2015-11-01	2015-12-31
593.	[redacted]	2015-05-25	2015-11-01	2015-12-31
594.	[redacted]	2015-05-25	2015-11-01	2015-12-31
595.	[redacted]	2015-05-25	2015-11-01	2015-12-31
596.	[redacted]	2015-05-25	2015-11-01	2015-12-31
597.	[redacted]	2015-05-25	2015-11-01	2015-12-31
598.	[redacted]	2015-05-25	2015-11-01	2015-12-31
599.	[redacted]	2015-05-25	2015-11-01	2015-12-31
600.	[redacted]	2015-05-25	2015-11-01	2015-12-31
601.	[redacted]	2015-05-25	2015-11-01	2015-12-31
602.	[redacted]	2015-05-25	2015-11-01	2015-12-31
603.	[redacted]	2015-05-25	2015-11-01	2015-12-31
604.	[redacted]	2015-05-25	2015-11-01	2015-12-31
605.	[redacted]	2015-05-25	2015-11-01	2015-12-31
606.	[redacted]	2015-06-01	2015-11-01	2015-12-31
607.	[redacted]	2015-06-01	2015-11-01	2015-12-31
608.	[redacted]	2015-06-01	2015-11-01	2015-12-31
609.	[redacted]	2015-06-01	2015-11-01	2015-12-31
610.	[redacted]	2015-06-01	2015-11-01	2015-12-31
611.	[redacted]	2015-06-01	2015-11-01	2015-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
612.	[redacted]	2015-06-01	2015-11-01	2015-12-31
613.		2015-06-01	2015-11-01	2015-12-31
614.		2015-06-01	2015-11-01	2015-12-31
615.		2015-06-01	2015-11-01	2015-12-31
616.		2015-06-01	2015-11-01	2015-12-31
617.		2015-06-01	2015-11-01	2015-12-31
618.		2015-07-06	2015-11-01	2015-12-31
619.		2015-08-06	2015-11-01	2015-12-31
620.		2015-08-06	2015-11-01	2015-12-31
621.		2015-08-06	2015-11-01	2015-12-31
622.		2015-08-10	2015-11-01	2015-12-31
623.		2015-08-10	2015-11-01	2015-12-31
624.		2015-08-10	2015-11-01	2015-12-31
625.		2015-08-10	2015-11-01	2015-12-31
626.		2015-08-10	2015-11-01	2015-12-31
627.		2015-08-10	2015-11-01	2015-12-31
628.		2015-08-10	2015-11-01	2015-12-31
629.		2015-08-10	2015-11-01	2015-12-31
630.		2015-08-10	2015-11-01	2015-12-31
631.		2015-08-10	2015-11-01	2015-12-31
632.		2015-08-10	2015-11-01	2015-12-31
633.		2015-08-10	2015-11-01	2015-12-31
634.		2015-08-10	2015-11-01	2015-12-31
635.		2015-08-10	2015-11-01	2015-12-31
636.		2015-08-10	2015-11-01	2015-12-31
637.		2015-08-10	2015-11-01	2015-12-31
638.		2015-09-15	2015-11-01	2015-12-31
639.		2015-11-23	2015-11-23	2015-12-31
640.		2015-11-23	2015-11-23	2015-12-31
641.		2015-11-23	2015-11-23	2015-12-31
642.		2015-11-23	2015-11-23	2015-12-31
643.		2015-11-23	2015-11-23	2015-12-31
644.		2015-11-23	2015-11-23	2015-12-31
645.		2013-06-03	2015-11-27	2015-12-31
646.		2013-01-28	2015-11-01	2015-12-31
647.		2013-01-28	2015-11-01	2015-12-31
648.		2013-01-28	2015-11-01	2015-12-31
649.		2012-05-28	2015-11-01	2015-12-31
650.		2013-01-28	2015-12-24	2015-12-31
651.		2014-05-26	2015-11-01	2015-11-30
652.		2013-01-28	2015-11-01	2015-12-31

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
1.	32		877
2.	61		1,671
3.	61		1,671
4.	61		1,671
5.	61		1,671
6.	61		1,671
7.	61		1,671
8.	61		1,671
9.	61		1,671
10.	61		1,671
11.	61		1,671
12.	61		1,671
13.	61		1,671
14.	61		1,671
15.	61		1,671
16.	61		1,671
17.	61		1,671
18.	46		1,260
19.	61		1,671
20.	61		1,671
21.	61		1,671
22.	61		1,671
23.	61		1,671
24.	61		1,671
25.	61		1,671
26.	61		1,671
27.	61		1,671
28.	61		1,671
29.	61		1,671
30.	61		1,671
31.	61		1,671
32.	61		1,671
33.	61		1,671
34.	61		1,671
35.	61		1,671
36.	61		1,671
37.	61		1,671
38.	61		1,671
39.	61		1,671
40.	61		1,671
41.	61		1,671
42.	61		1,671
43.	61		1,671
44.	61		1,671
45.	61		1,671
46.	61		1,671
47.	61		1,671
48.	61		1,671
49.	23		630
50.	61		1,671
51.	61		1,671
52.	31		849

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
53.	61		1,671
54.	61		1,671
55.	61		1,671
56.	61		1,671
57.	61		1,671
58.	61		1,671
59.	61		1,671
60.	61		1,671
61.	61		1,671
62.	61		1,671
63.	61		1,671
64.	61		1,671
65.	60		1,644
66.	61		1,671
67.	61		1,671
68.	61		1,671
69.	61		1,671
70.	61		1,671
71.	61		1,671
72.	61		1,671
73.	61		1,671
74.	61		1,671
75.	61		1,671
76.	61		1,671
77.	61		1,671
78.	61		1,671
79.	61		1,671
80.	61		1,671
81.	61		1,671
82.	61		1,671
83.	61		1,671
84.	61		1,671
85.	61		1,671
86.	61		1,671
87.	61		1,671
88.	61		1,671
89.	61		1,671
90.	61		1,671
91.	61		1,671
92.	1		27
93.	61		1,671
94.	61		1,671
95.	61		1,671
96.	61		1,671
97.	61		1,671
98.	61		1,671
99.	61		1,671
100.	61		1,671
101.	61		1,671
102.	61		1,671
103.	61		1,671
104.	61		1,671
105.	61		1,671
106.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
107.	61		1,671
108.	61		1,671
109.	61		1,671
110.	61		1,671
111.	61		1,671
112.	61		1,671
113.	61		1,671
114.	61		1,671
115.	61		1,671
116.	61		1,671
117.	61		1,671
118.	61		1,671
119.	61		1,671
120.	61		1,671
121.	61		1,671
122.	61		1,671
123.	61		1,671
124.	61		1,671
125.	61		1,671
126.	61		1,671
127.	61		1,671
128.	61		1,671
129.	61		1,671
130.	61		1,671
131.	61		1,671
132.	61		1,671
133.	61		1,671
134.	61		1,671
135.	61		1,671
136.	61		1,671
137.	61		1,671
138.	61		1,671
139.	61		1,671
140.	61		1,671
141.	61		1,671
142.	61		1,671
143.	61		1,671
144.	61		1,671
145.	61		1,671
146.	61		1,671
147.	61		1,671
148.	61		1,671
149.	61		1,671
150.	61		1,671
151.	61		1,671
152.	61		1,671
153.	61		1,671
154.	61		1,671
155.	61		1,671
156.	61		1,671
157.	61		1,671
158.	61		1,671
159.	61		1,671
160.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
161.	61		1,671
162.	61		1,671
163.	61		1,671
164.	61		1,671
165.	61		1,671
166.	61		1,671
167.	61		1,671
168.	61		1,671
169.	61		1,671
170.	61		1,671
171.	61		1,671
172.	61		1,671
173.	61		1,671
174.	61		1,671
175.	61		1,671
176.	61		1,671
177.	61		1,671
178.	61		1,671
179.	61		1,671
180.	61		1,671
181.	61		1,671
182.	61		1,671
183.	61		1,671
184.	61		1,671
185.	61		1,671
186.	61		1,671
187.	61		1,671
188.	61		1,671
189.	61		1,671
190.	61		1,671
191.	61		1,671
192.	61		1,671
193.	61		1,671
194.	61		1,671
195.	61		1,671
196.	61		1,671
197.	61		1,671
198.	61		1,671
199.	61		1,671
200.	61		1,671
201.	61		1,671
202.	61		1,671
203.	61		1,671
204.	61		1,671
205.	61		1,671
206.	61		1,671
207.	61		1,671
208.	61		1,671
209.	61		1,671
210.	61		1,671
211.	61		1,671
212.	61		1,671
213.	61		1,671
214.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
377.	61		1,671
378.	61		1,671
379.	61		1,671
380.	61		1,671
381.	61		1,671
382.	61		1,671
383.	61		1,671
384.	61		1,671
385.	61		1,671
386.	61		1,671
387.	61		1,671
388.	61		1,671
389.	61		1,671
390.	61		1,671
391.	61		1,671
392.	61		1,671
393.	61		1,671
394.	61		1,671
395.	61		1,671
396.	61		1,671
397.	61		1,671
398.	61		1,671
399.	61		1,671
400.	61		1,671
401.	61		1,671
402.	61		1,671
403.	61		1,671
404.	61		1,671
405.	61		1,671
406.	61		1,671
407.	61		1,671
408.	61		1,671
409.	61		1,671
410.	61		1,671
411.	61		1,671
412.	61		1,671
413.	61		1,671
414.	61		1,671
415.	61		1,671
416.	61		1,671
417.	61		1,671
418.	61		1,671
419.	61		1,671
420.	61		1,671
421.	61		1,671
422.	61		1,671
423.	61		1,671
424.	61		1,671
425.	61		1,671
426.	61		1,671
427.	61		1,671
428.	61		1,671
429.	61		1,671
430.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
269.	61		1,671
270.	61		1,671
271.	61		1,671
272.	61		1,671
273.	61		1,671
274.	61		1,671
275.	61		1,671
276.	61		1,671
277.	61		1,671
278.	61		1,671
279.	61		1,671
280.	61		1,671
281.	61		1,671
282.	61		1,671
283.	61		1,671
284.	61		1,671
285.	61		1,671
286.	61		1,671
287.	61		1,671
288.	61		1,671
289.	61		1,671
290.	61		1,671
291.	61		1,671
292.	61		1,671
293.	61		1,671
294.	61		1,671
295.	61		1,671
296.	61		1,671
297.	61		1,671
298.	61		1,671
299.	61		1,671
300.	61		1,671
301.	61		1,671
302.	61		1,671
303.	61		1,671
304.	61		1,671
305.	61		1,671
306.	61		1,671
307.	61		1,671
308.	61		1,671
309.	61		1,671
310.	61		1,671
311.	61		1,671
312.	61		1,671
313.	61		1,671
314.	61		1,671
315.	61		1,671
316.	61		1,671
317.	61		1,671
318.	61		1,671
319.	61		1,671
320.	61		1,671
321.	61		1,671
322.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
323.	61		1,671
324.	61		1,671
325.	61		1,671
326.	61		1,671
327.	61		1,671
328.	61		1,671
329.	61		1,671
330.	61		1,671
331.	61		1,671
332.	61		1,671
333.	61		1,671
334.	61		1,671
335.	61		1,671
336.	61		1,671
337.	61		1,671
338.	61		1,671
339.	61		1,671
340.	61		1,671
341.	61		1,671
342.	61		1,671
343.	61		1,671
344.	61		1,671
345.	61		1,671
346.	61		1,671
347.	61		1,671
348.	61		1,671
349.	61		1,671
350.	61		1,671
351.	61		1,671
352.	61		1,671
353.	61		1,671
354.	61		1,671
355.	61		1,671
356.	61		1,671
357.	61		1,671
358.	61		1,671
359.	61		1,671
360.	61		1,671
361.	61		1,671
362.	61		1,671
363.	61		1,671
364.	61		1,671
365.	61		1,671
366.	61		1,671
367.	61		1,671
368.	61		1,671
369.	61		1,671
370.	61		1,671
371.	61		1,671
372.	61		1,671
373.	61		1,671
374.	61		1,671
375.	61		1,671
376.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
377.	61		1,671
378.	61		1,671
379.	61		1,671
380.	61		1,671
381.	61		1,671
382.	61		1,671
383.	61		1,671
384.	61		1,671
385.	61		1,671
386.	61		1,671
387.	61		1,671
388.	61		1,671
389.	61		1,671
390.	61		1,671
391.	61		1,671
392.	61		1,671
393.	61		1,671
394.	61		1,671
395.	61		1,671
396.	61		1,671
397.	61		1,671
398.	61		1,671
399.	61		1,671
400.	61		1,671
401.	61		1,671
402.	61		1,671
403.	61		1,671
404.	61		1,671
405.	61		1,671
406.	61		1,671
407.	61		1,671
408.	61		1,671
409.	61		1,671
410.	61		1,671
411.	61		1,671
412.	61		1,671
413.	61		1,671
414.	61		1,671
415.	61		1,671
416.	61		1,671
417.	61		1,671
418.	61		1,671
419.	61		1,671
420.	61		1,671
421.	61		1,671
422.	61		1,671
423.	61		1,671
424.	61		1,671
425.	61		1,671
426.	61		1,671
427.	61		1,671
428.	61		1,671
429.	61		1,671
430.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
431.	61		1,671
432.	61		1,671
433.	61		1,671
434.	61		1,671
435.	61		1,671
436.	61		1,671
437.	61		1,671
438.	61		1,671
439.	61		1,671
440.	61		1,671
441.	61		1,671
442.	61		1,671
443.	61		1,671
444.	61		1,671
445.	61		1,671
446.	61		1,671
447.	61		1,671
448.	61		1,671
449.	61		1,671
450.	61		1,671
451.	61		1,671
452.	61		1,671
453.	61		1,671
454.	61		1,671
455.	61		1,671
456.	61		1,671
457.	61		1,671
458.	61		1,671
459.	61		1,671
460.	61		1,671
461.	61		1,671
462.	61		1,671
463.	61		1,671
464.	61		1,671
465.	61		1,671
466.	61		1,671
467.	18		493
468.	61		1,671
469.	61		1,671
470.	61		1,671
471.	61		1,671
472.	61		1,671
473.	61		1,671
474.	61		1,671
475.	61		1,671
476.	61		1,671
477.	61		1,671
478.	61		1,671
479.	61		1,671
480.	61		1,671
481.	61		1,671
482.	61		1,671
483.	61		1,671
484.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
485.	61		1,671
486.	61		1,671
487.	61		1,671
488.	61		1,671
489.	61		1,671
490.	61		1,671
491.	61		1,671
492.	61		1,671
493.	61		1,671
494.	61		1,671
495.	61		1,671
496.	61		1,671
497.	61		1,671
498.	61		1,671
499.	61		1,671
500.	61		1,671
501.	61		1,671
502.	61		1,671
503.	61		1,671
504.	61		1,671
505.	61		1,671
506.	61		1,671
507.	61		1,671
508.	61		1,671
509.	61		1,671
510.	61		1,671
511.	61		1,671
512.	61		1,671
513.	61		1,671
514.	61		1,671
515.	61		1,671
516.	61		1,671
517.	61		1,671
518.	61		1,671
519.	61		1,671
520.	61		1,671
521.	61		1,671
522.	61		1,671
523.	61		1,671
524.	61		1,671
525.	61		1,671
526.	61		1,671
527.	61		1,671
528.	61		1,671
529.	61		1,671
530.	61		1,671
531.	61		1,671
532.	61		1,671
533.	61		1,671
534.	61		1,671
535.	61		1,671
536.	61		1,671
537.	61		1,671
538.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
539.	61		1,671
540.	61		1,671
541.	61		1,671
542.	61		1,671
543.	61		1,671
544.	61		1,671
545.	61		1,671
546.	61		1,671
547.	61		1,671
548.	61		1,671
549.	61		1,671
550.	61		1,671
551.	61		1,671
552.	61		1,671
553.	61		1,671
554.	61		1,671
555.	61		1,671
556.	61		1,671
557.	61		1,671
558.	61		1,671
559.	61		1,671
560.	61		1,671
561.	61		1,671
562.	61		1,671
563.	61		1,671
564.	61		1,671
565.	61		1,671
566.	61		1,671
567.	61		1,671
568.	61		1,671
569.	61		1,671
570.	61		1,671
571.	61		1,671
572.	61		1,671
573.		61	836
574.		61	836
575.		61	836
576.		61	836
577.		61	836
578.		61	836
579.		61	836
580.		61	836
581.		61	836
582.		61	836
583.		61	836
584.		61	836
585.		61	836
586.		61	836
587.		61	836
588.		61	836
589.		61	836
590.		61	836
591.		61	836
592.		61	836

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
593.			836
594.		61	836
595.		61	836
596.		61	836
597.		61	836
598.		61	836
599.		61	836
600.		61	836
601.		61	836
602.		61	836
603.		61	836
604.		61	836
605.		61	836
606.		61	836
607.		61	836
608.		61	836
609.		61	836
610.		61	836
611.		61	836
612.		61	836
613.		61	836
614.		61	836
615.		61	836
616.		61	836
617.		61	836
618.		61	836
619.		61	836
620.		61	836
621.		61	836
622.		61	836
623.		61	836
624.		61	836
625.		61	836
626.		61	836
627.		61	836
628.		61	836
629.		61	836
630.		61	836
631.		61	836
632.		61	836
633.		61	836
634.		61	836
635.		61	836
636.		61	836
637.		61	836
638.		61	836
639.		39	534
640.		39	534
641.		39	534
642.		39	534
643.		39	534
644.		39	534
645.	35		959
646.	61		1,671

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) 442	H2 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) 443	I Maximum credit amount for the tax year (see note 2) 445
647.	61		1,671
648.	61		1,671
649.	61		1,671
650.	8		219
651.	30		822
652.	61		1,671

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.
For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*) or ($5,000 × H2/365*), whichever applies.
* 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
1.	80,975		28,341
2.	80,601		28,210
3.	85,628		29,970
4.	103,203		36,121
5.	81,507		28,527
6.	92,237		32,283
7.	80,096		28,034
8.	75,662		26,482
9.	112,173		39,261
10.	107,910		37,769
11.	85,393		29,888
12.	86,025		30,109
13.	89,120		31,192
14.	84,654		29,629
15.	75,810		26,534
16.	83,023		29,058
17.	92,418		32,346
18.	96,313		33,710
19.	89,800		31,430
20.	82,558		28,895
21.	91,089		31,881
22.	83,872		29,355
23.	81,438		28,503
24.	100,992		35,347
25.	80,437		28,153
26.	76,165		26,658
27.	82,738		28,958
28.	102,362		35,827
29.	77,017		26,956
30.	78,130		27,346
31.	81,136		28,398
32.	81,883		28,659
33.	74,945		26,231
34.	85,776		30,022
35.	76,511		26,779
36.	67,109		23,488

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	K Eligible expenditures **multiplied** by specified percentage (see note 4)
37.	66,140		23,149
38.	66,184		23,164
39.	53,014		18,555
40.	57,171		20,010
41.	57,512		20,129
42.	67,556		23,645
43.	65,864		23,052
44.	78,090		27,332
45.	62,254		21,789
46.	67,207		23,522
47.	91,302		31,956
48.	67,106		23,487
49.	83,192		29,117
50.	62,272		21,795
51.	43,964		15,387
52.	60,102		21,036
53.	79,681		27,888
54.	72,015		25,205
55.	72,879		25,508
56.	72,568		25,399
57.	68,281		23,898
58.	74,856		26,200
59.	80,906		28,317
60.	77,425		27,099
61.	74,063		25,922
62.	72,291		25,302
63.	99,390		34,787
64.	72,715		25,450
65.	80,678		28,237
66.	76,769		26,869
67.	81,105		28,387
68.	81,447		28,506
69.	100,838		35,293
70.	83,593		29,258
71.	63,204		22,121
72.	49,991		17,497
73.	74,017		25,906
74.	92,126		32,244
75.	69,219		24,227
76.	65,439		22,904
77.	75,042		26,265
78.	80,797		28,279
79.	58,967		20,638
80.	84,958		29,735
81.	60,270		21,095
82.	55,784		19,524
83.	51,021		17,857
84.	62,867		22,003
85.	59,397		20,789
86.	52,712		18,449
87.	59,117		20,691
88.	48,389		16,936
89.	50,543		17,690
90.	38,407		13,442

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	**K** Eligible expenditures **multiplied** by specified percentage (see note 4)
91.	52,964		18,537
92.	83,889		29,361
93.	74,821		26,187
94.	63,649		22,277
95.	66,700		23,345
96.	62,121		21,742
97.	70,298		24,604
98.	72,881		25,508
99.	87,432		30,601
100.	75,690		26,492
101.	60,020		21,007
102.	66,270		23,195
103.	71,382		24,984
104.	80,250		28,088
105.	50,101		17,535
106.	82,051		28,718
107.	86,442		30,255
108.	68,481		23,968
109.	72,650		25,428
110.	69,308		24,258
111.	68,199		23,870
112.	71,290		24,952
113.	40,749		14,262
114.	71,996		25,199
115.	72,229		25,280
116.	90,172		31,560
117.	73,276		25,647
118.	72,772		25,470
119.	74,116		25,941
120.	83,066		29,073
121.	72,219		25,277
122.	69,230		24,231
123.	46,715		16,350
124.	73,604		25,761
125.	70,271		24,595
126.	72,837		25,493
127.	71,192		24,917
128.	60,994		21,348
129.	67,137		23,498
130.	65,774		23,021
131.	70,149		24,552
132.	75,847		26,546
133.	29,163		10,207
134.	76,773		26,871
135.	29,687		10,390
136.	41,088		14,381
137.	31,275		10,946
138.	75,086		26,280
139.	66,440		23,254
140.	115,426		40,399
141.	79,109		27,688
142.	70,416		24,646
143.	66,412		23,244
144.	68,814		24,085

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) [redacted]	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) [redacted]
145.	71,167		24,908
146.	67,231		23,531
147.	75,323		26,363
148.	74,434		26,052
149.	80,891		28,312
150.	53,391		18,687
151.	63,969		22,389
152.	58,045		20,316
153.	89,999		31,500
154.	61,221		21,427
155.	54,432		19,051
156.	64,229		22,480
157.	68,415		23,945
158.	60,465		21,163
159.	66,968		23,439
160.	67,205		23,522
161.	62,014		21,705
162.	55,980		19,593
163.	63,713		22,300
164.	55,902		19,566
165.	66,541		23,289
166.	68,652		24,028
167.	68,034		23,812
168.	75,503		26,426
169.	68,908		24,118
170.	71,070		24,875
171.	101,756		35,615
172.	59,560		20,846
173.	56,678		19,837
174.	55,157		19,305
175.	68,406		23,942
176.	74,883		26,209
177.	74,307		26,007
178.	67,775		23,721
179.	63,374		22,181
180.	65,036		22,763
181.	54,859		19,201
182.	58,019		20,307
183.	78,822		27,588
184.	57,059		19,971
185.	57,857		20,250
186.	53,910		18,869
187.	45,436		15,903
188.	47,823		16,738
189.	43,438		15,203
190.	61,845		21,646
191.	1,968		689
192.	48,565		16,998
193.	2,785		975
194.	70,535		24,687
195.	67,688		23,691
196.	65,285		22,850
197.	75,267		26,343
198.	53,772		18,820

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
199.	51,870		18,155
200.	79,363		27,777
201.	70,264		24,592
202.	51,442		18,005
203.	63,584		22,254
204.	50,753		17,764
205.	45,861		16,051
206.	64,352		22,523
207.	43,769		15,319
208.	1,814		635
209.	73,454		25,709
210.	79,415		27,795
211.	57,169		20,009
212.	122,355		42,824
213.	113,472		39,715
214.	66,717		23,351
215.	55,554		19,444
216.	71,464		25,012
217.	61,361		21,476
218.	32,007		11,202
219.	57,186		20,015
220.	58,496		20,474
221.	54,813		19,185
222.	55,624		19,468
223.	57,925		20,274
224.	60,213		21,075
225.	58,426		20,449
226.	51,717		18,101
227.	51,010		17,854
228.	43,297		15,154
229.	59,873		20,956
230.	31,284		10,949
231.	2,728		955
232.	1,173		411
233.	75,360		26,376
234.	2,131		746
235.	62,516		21,881
236.	28,630		10,021
237.	64,932		22,726
238.	64,278		22,497
239.	59,540		20,839
240.	882		309
241.	1,319		462
242.	4,344		1,520
243.	3,079		1,078
244.	223		78
245.	57,383		20,084
246.	43,303		15,156
247.	51,372		17,980
248.	79,723		27,903
249.	55,096		19,284
250.	62,320		21,812
251.	62,051		21,718
252.	55,397		19,389

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	K Eligible expenditures **multiplied** by specified percentage (see note 4)
253.	62,902		22,016
254.	55,984		19,594
255.	65,011		22,754
256.	60,640		21,224
257.	57,239		20,034
258.	49,194		17,218
259.	69,085		24,180
260.	56,909		19,918
261.	57,473		20,116
262.	52,370		18,330
263.	43,568		15,249
264.	72,800		25,480
265.	79,481		27,818
266.	48,168		16,859
267.	61,135		21,397
268.	39,874		13,956
269.	57,238		20,033
270.	42,159		14,756
271.	51,986		18,195
272.	43,235		15,132
273.	51,780		18,123
274.	37,784		13,224
275.	70,769		24,769
276.	76,766		26,868
277.	82,687		28,940
278.	63,507		22,227
279.	38,679		13,538
280.	64,419		22,547
281.	62,416		21,846
282.	58,574		20,501
283.	61,409		21,493
284.	64,010		22,404
285.	67,746		23,711
286.	70,664		24,732
287.	73,985		25,895
288.	60,882		21,309
289.	59,782		20,924
290.	38,819		13,587
291.	61,323		21,463
292.	61,560		21,546
293.	61,781		21,623
294.	56,268		19,694
295.	75,673		26,486
296.	59,869		20,954
297.	52,762		18,467
298.	46,075		16,126
299.	48,260		16,891
300.	39,206		13,722
301.	52,279		18,298
302.	64,001		22,400
303.	56,904		19,916
304.	54,696		19,144
305.	59,590		20,857
306.	64,820		22,687

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
307.	62,949		22,032
308.	63,914		22,370
309.	74,355		26,024
310.	56,721		19,852
311.	64,167		22,458
312.	65,153		22,804
313.	65,312		22,859
314.	61,864		21,652
315.	62,765		21,968
316.	53,376		18,682
317.	74,602		26,111
318.	76,971		26,940
319.	60,076		21,027
320.	51,067		17,873
321.	50,733		17,757
322.	42,111		14,739
323.	51,587		18,055
324.	39,710		13,899
325.	58,748		20,562
326.	54,911		19,219
327.	70,917		24,821
328.	59,628		20,870
329.	60,908		21,318
330.	61,367		21,478
331.	91,618		32,066
332.	64,726		22,654
333.	58,147		20,351
334.	60,558		21,195
335.	63,099		22,085
336.	65,586		22,955
337.	56,921		19,922
338.	60,725		21,254
339.	69,944		24,480
340.	54,041		18,914
341.	67,544		23,640
342.	66,248		23,187
343.	57,963		20,287
344.	54,022		18,908
345.	50,712		17,749
346.	51,389		17,986
347.	51,397		17,989
348.	50,512		17,679
349.	49,043		17,165
350.	50,698		17,744
351.	49,904		17,466
352.	53,070		18,575
353.	49,561		17,346
354.	58,532		20,486
355.	3,611		1,264
356.	57,553		20,144
357.	71,107		24,887
358.	34,846		12,196
359.	41,772		14,620
360.	39,463		13,812

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
361.	48,999		17,150
362.	43,390		15,187
363.	55,569		19,449
364.	61,098		21,384
365.	36,555		12,794
366.	71,129		24,895
367.	71,533		25,037
368.	60,281		21,098
369.	67,621		23,667
370.	1,275		446
371.	70,829		24,790
372.	66,358		23,225
373.	60,805		21,282
374.	58,110		20,339
375.	55,359		19,376
376.	51,082		17,879
377.	54,249		18,987
378.	59,122		20,693
379.	50,467		17,663
380.	47,912		16,769
381.	47,119		16,492
382.	47,473		16,616
383.	50,695		17,743
384.	55,799		19,530
385.	50,412		17,644
386.	49,840		17,444
387.	53,839		18,844
388.	47,351		16,573
389.	52,940		18,529
390.	53,214		18,625
391.	50,330		17,616
392.	55,523		19,433
393.	57,661		20,181
394.	83,863		29,352
395.	55,113		19,290
396.	69,340		24,269
397.	55,541		19,439
398.	64,517		22,581
399.	62,221		21,777
400.	62,052		21,718
401.	59,256		20,740
402.	58,884		20,609
403.	60,948		21,332
404.	66,495		23,273
405.	44,885		15,710
406.	55,600		19,460
407.	58,679		20,538
408.	61,657		21,580
409.	57,404		20,091
410.	60,139		21,049
411.	64,961		22,736
412.	65,854		23,049
413.	65,945		23,081
414.	55,998		19,599

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) **452**	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	**K** Eligible expenditures **multiplied** by specified percentage (see note 4)
415.	58,540		20,489
416.	66,375		23,231
417.	61,991		21,697
418.	61,312		21,459
419.	54,355		19,024
420.	54,475		19,066
421.	68,890		24,112
422.	58,348		20,422
423.	62,158		21,755
424.	52,379		18,333
425.	53,286		18,650
426.	50,475		17,666
427.	58,662		20,532
428.	47,539		16,639
429.	52,358		18,325
430.	50,151		17,553
431.	49,267		17,243
432.	49,684		17,389
433.	46,993		16,448
434.	48,273		16,896
435.	55,753		19,514
436.	40,661		14,231
437.	53,848		18,847
438.	56,410		19,744
439.	55,654		19,479
440.	44,276		15,497
441.	46,731		16,356
442.	45,197		15,819
443.	53,579		18,753
444.	48,776		17,072
445.	48,785		17,075
446.	53,363		18,677
447.	43,929		15,375
448.	46,608		16,313
449.	70,126		24,544
450.	54,751		19,163
451.	43,315		15,160
452.	49,231		17,231
453.	52,131		18,246
454.	48,522		16,983
455.	43,218		15,126
456.	44,791		15,677
457.	51,367		17,978
458.	48,295		16,903
459.	39,240		13,734
460.	51,109		17,888
461.	50,362		17,627
462.	47,540		16,639
463.	43,986		15,395
464.	40,908		14,318
465.	39,879		13,958
466.	37,025		12,959
467.	39,416		13,796
468.	56,963		19,937

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
469.	58,790		20,577
470.	67,623		23,668
471.	66,484		23,269
472.	57,307		20,057
473.	47,093		16,483
474.	65,327		22,864
475.	57,635		20,172
476.	55,900		19,565
477.	54,120		18,942
478.	64,034		22,412
479.	60,366		21,128
480.	29,971		10,490
481.	31,075		10,876
482.	38,471		13,465
483.	48,608		17,013
484.	33,152		11,603
485.	33,475		11,716
486.	50,611		17,714
487.	34,520		12,082
488.	39,369		13,779
489.	31,075		10,876
490.	58,445		20,456
491.	72,336		25,318
492.	50,222		17,578
493.	54,336		19,018
494.	53,445		18,706
495.	39,926		13,974
496.	50,882		17,809
497.	55,318		19,361
498.	48,044		16,815
499.	51,295		17,953
500.	43,865		15,353
501.	47,187		16,515
502.	49,743		17,410
503.	56,588		19,806
504.	52,890		18,512
505.	55,403		19,391
506.	49,208		17,223
507.	60,515		21,180
508.	56,361		19,726
509.	60,448		21,157
510.	58,078		20,327
511.	75,386		26,385
512.	44,327		15,514
513.	49,597		17,359
514.	45,729		16,005
515.	44,078		15,427
516.	46,081		16,128
517.	50,206		17,572
518.	47,705		16,697
519.	50,791		17,777
520.	51,351		17,973
521.	45,282		15,849
522.	52,502		18,376

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
523.	49,450		17,308
524.	55,989		19,596
525.	44,114		15,440
526.	41,645		14,576
527.	48,177		16,862
528.	56,144		19,650
529.	44,416		15,546
530.	32,101		11,235
531.	34,247		11,986
532.	30,156		10,555
533.	32,678		11,437
534.	25,729		9,005
535.	53,282		18,649
536.	39,818		13,936
537.	42,374		14,831
538.	45,996		16,099
539.	52,469		18,364
540.	43,242		15,135
541.	45,631		15,971
542.	39,986		13,995
543.	41,351		14,473
544.	44,478		15,567
545.	45,847		16,046
546.	41,142		14,400
547.	41,843		14,645
548.	39,645		13,876
549.	47,876		16,757
550.	42,719		14,952
551.	36,276		12,697
552.	49,085		17,180
553.	35,248		12,337
554.	33,420		11,697
555.	30,596		10,709
556.	40,765		14,268
557.	29,590		10,357
558.	31,190		10,917
559.	28,590		10,007
560.	31,181		10,913
561.	29,050		10,168
562.	28,355		9,924
563.	29,543		10,340
564.	28,113		9,840
565.	29,003		10,151
566.	30,799		10,780
567.	30,403		10,641
568.	36,791		12,877
569.	28,840		10,094
570.	32,840		11,494
571.	33,506		11,727
572.	30,411		10,644
573.		36,427	9,107
574.		39,642	9,911
575.		39,328	9,832
576.		35,149	8,787

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4)
577.		40,201	10,050
578.		46,735	11,684
579.		36,964	9,241
580.		37,725	9,431
581.		34,625	8,656
582.		35,712	8,928
583.		38,974	9,744
584.		40,470	10,118
585.		44,787	11,197
586.		38,790	9,698
587.		36,825	9,206
588.		42,368	10,592
589.		40,201	10,050
590.		38,197	9,549
591.		38,097	9,524
592.		35,829	8,957
593.		42,241	10,560
594.		34,774	8,694
595.		55,232	13,808
596.		32,170	8,043
597.		33,233	8,308
598.		41,220	10,305
599.		40,934	10,234
600.		40,612	10,153
601.		46,863	11,716
602.		32,441	8,110
603.		30,372	7,593
604.		36,303	9,076
605.		42,214	10,554
606.		40,909	10,227
607.		30,350	7,588
608.		26,422	6,606
609.		36,092	9,023
610.		27,234	6,809
611.		34,377	8,594
612.		31,628	7,907
613.		36,211	9,053
614.		25,748	6,437
615.		28,913	7,228
616.		44,251	11,063
617.		41,110	10,278
618.		32,549	8,137
619.		17,376	4,344
620.		17,309	4,327
621.		15,166	3,792
622.		26,916	6,729
623.		20,195	5,049
624.		21,060	5,265
625.		17,140	4,285
626.		16,539	4,135
627.		26,900	6,725
628.		29,537	7,384
629.		25,987	6,497
630.		28,211	7,053

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) 452	J2 Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) 453	K Eligible expenditures **multiplied** by specified percentage (see note 4) 460
631.		14,907	3,727
632.		20,805	5,201
633.		17,015	4,254
634.		19,368	4,842
635.		19,352	4,838
636.		21,145	5,286
637.		19,284	4,821
638.		55,051	13,763
639.		3,124	781
640.		2,750	688
641.		3,078	770
642.		3,744	936
643.		3,263	816
644.		2,951	738
645.	6,460		2,261
646.	14,484		5,069
647.	12,584		4,404
648.	15,266		5,343
649.	11,936		4,178
650.	1,714		600
651.	3,928		1,375
652.	12,396		4,339

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.

For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	877		877
2.	1,671		1,671
3.	1,671		1,671
4.	1,671		1,671
5.	1,671		1,671
6.	1,671		1,671
7.	1,671		1,671
8.	1,671		1,671
9.	1,671		1,671
10.	1,671		1,671
11.	1,671		1,671
12.	1,671		1,671
13.	1,671		1,671
14.	1,671		1,671
15.	1,671		1,671
16.	1,671		1,671
17.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies)
18.	1,260		1,260
19.	1,671		1,671
20.	1,671		1,671
21.	1,671		1,671
22.	1,671		1,671
23.	1,671		1,671
24.	1,671		1,671
25.	1,671		1,671
26.	1,671		1,671
27.	1,671		1,671
28.	1,671		1,671
29.	1,671		1,671
30.	1,671		1,671
31.	1,671		1,671
32.	1,671		1,671
33.	1,671		1,671
34.	1,671		1,671
35.	1,671		1,671
36.	1,671		1,671
37.	1,671		1,671
38.	1,671		1,671
39.	1,671		1,671
40.	1,671		1,671
41.	1,671		1,671
42.	1,671		1,671
43.	1,671		1,671
44.	1,671		1,671
45.	1,671		1,671
46.	1,671		1,671
47.	1,671		1,671
48.	1,671		1,671
49.	630		630
50.	1,671		1,671
51.	1,671		1,671
52.	849		849
53.	1,671		1,671
54.	1,671		1,671
55.	1,671		1,671
56.	1,671		1,671
57.	1,671		1,671
58.	1,671		1,671
59.	1,671		1,671
60.	1,671		1,671
61.	1,671		1,671
62.	1,671		1,671
63.	1,671		1,671
64.	1,671		1,671
65.	1,644		1,644
66.	1,671		1,671
67.	1,671		1,671
68.	1,671		1,671
69.	1,671		1,671
70.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5)	N ATTC for each apprentice (column L or M, whichever applies)
71.	1,671		1,671
72.	1,671		1,671
73.	1,671		1,671
74.	1,671		1,671
75.	1,671		1,671
76.	1,671		1,671
77.	1,671		1,671
78.	1,671		1,671
79.	1,671		1,671
80.	1,671		1,671
81.	1,671		1,671
82.	1,671		1,671
83.	1,671		1,671
84.	1,671		1,671
85.	1,671		1,671
86.	1,671		1,671
87.	1,671		1,671
88.	1,671		1,671
89.	1,671		1,671
90.	1,671		1,671
91.	1,671		1,671
92.	27		27
93.	1,671		1,671
94.	1,671		1,671
95.	1,671		1,671
96.	1,671		1,671
97.	1,671		1,671
98.	1,671		1,671
99.	1,671		1,671
100.	1,671		1,671
101.	1,671		1,671
102.	1,671		1,671
103.	1,671		1,671
104.	1,671		1,671
105.	1,671		1,671
106.	1,671		1,671
107.	1,671		1,671
108.	1,671		1,671
109.	1,671		1,671
110.	1,671		1,671
111.	1,671		1,671
112.	1,671		1,671
113.	1,671		1,671
114.	1,671		1,671
115.	1,671		1,671
116.	1,671		1,671
117.	1,671		1,671
118.	1,671		1,671
119.	1,671		1,671
120.	1,671		1,671
121.	1,671		1,671
122.	1,671		1,671
123.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
124.	1,671		1,671
125.	1,671		1,671
126.	1,671		1,671
127.	1,671		1,671
128.	1,671		1,671
129.	1,671		1,671
130.	1,671		1,671
131.	1,671		1,671
132.	1,671		1,671
133.	1,671		1,671
134.	1,671		1,671
135.	1,671		1,671
136.	1,671		1,671
137.	1,671		1,671
138.	1,671		1,671
139.	1,671		1,671
140.	1,671		1,671
141.	1,671		1,671
142.	1,671		1,671
143.	1,671		1,671
144.	1,671		1,671
145.	1,671		1,671
146.	1,671		1,671
147.	1,671		1,671
148.	1,671		1,671
149.	1,671		1,671
150.	1,671		1,671
151.	1,671		1,671
152.	1,671		1,671
153.	1,671		1,671
154.	1,671		1,671
155.	1,671		1,671
156.	1,671		1,671
157.	1,671		1,671
158.	1,671		1,671
159.	1,671		1,671
160.	1,671		1,671
161.	1,671		1,671
162.	1,671		1,671
163.	1,671		1,671
164.	1,671		1,671
165.	1,671		1,671
166.	1,671		1,671
167.	1,671		1,671
168.	1,671		1,671
169.	1,671		1,671
170.	1,671		1,671
171.	1,671		1,671
172.	1,671		1,671
173.	1,671		1,671
174.	1,671		1,671
175.	1,671		1,671
176.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies)
177.	1,671		1,671
178.	1,671		1,671
179.	1,671		1,671
180.	1,671		1,671
181.	1,671		1,671
182.	1,671		1,671
183.	1,671		1,671
184.	1,671		1,671
185.	1,671		1,671
186.	1,671		1,671
187.	1,671		1,671
188.	1,671		1,671
189.	1,671		1,671
190.	1,671		1,671
191.	689		689
192.	1,671		1,671
193.	975		975
194.	1,671		1,671
195.	1,671		1,671
196.	1,671		1,671
197.	1,671		1,671
198.	1,671		1,671
199.	1,671		1,671
200.	1,671		1,671
201.	1,671		1,671
202.	1,671		1,671
203.	1,671		1,671
204.	1,671		1,671
205.	1,671		1,671
206.	1,671		1,671
207.	1,671		1,671
208.	635		635
209.	1,671		1,671
210.	1,671		1,671
211.	1,671		1,671
212.	1,671		1,671
213.	1,671		1,671
214.	1,671		1,671
215.	1,671		1,671
216.	1,671		1,671
217.	1,671		1,671
218.	1,671		1,671
219.	1,671		1,671
220.	1,671		1,671
221.	1,671		1,671
222.	1,671		1,671
223.	1,671		1,671
224.	1,671		1,671
225.	1,671		1,671
226.	1,671		1,671
227.	1,671		1,671
228.	1,671		1,671
229.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
230.	1,671		1,671
231.	955		955
232.	411		411
233.	1,671		1,671
234.	746		746
235.	1,671		1,671
236.	1,671		1,671
237.	1,671		1,671
238.	1,671		1,671
239.	1,671		1,671
240.	309		309
241.	462		462
242.	1,520		1,520
243.	1,078		1,078
244.	78		78
245.	1,671		1,671
246.	1,671		1,671
247.	1,671		1,671
248.	1,671		1,671
249.	1,671		1,671
250.	1,671		1,671
251.	1,671		1,671
252.	1,671		1,671
253.	1,671		1,671
254.	1,671		1,671
255.	1,671		1,671
256.	1,671		1,671
257.	1,671		1,671
258.	1,671		1,671
259.	1,671		1,671
260.	1,671		1,671
261.	1,671		1,671
262.	1,671		1,671
263.	1,671		1,671
264.	1,671		1,671
265.	1,671		1,671
266.	1,671		1,671
267.	1,671		1,671
268.	1,671		1,671
269.	1,671		1,671
270.	1,671		1,671
271.	1,671		1,671
272.	1,671		1,671
273.	1,671		1,671
274.	1,671		1,671
275.	1,671		1,671
276.	1,671		1,671
277.	1,671		1,671
278.	1,671		1,671
279.	1,671		1,671
280.	1,671		1,671
281.	1,671		1,671
282.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
283.	1,671		1,671
284.	1,671		1,671
285.	1,671		1,671
286.	1,671		1,671
287.	1,671		1,671
288.	1,671		1,671
289.	1,671		1,671
290.	1,671		1,671
291.	1,671		1,671
292.	1,671		1,671
293.	1,671		1,671
294.	1,671		1,671
295.	1,671		1,671
296.	1,671		1,671
297.	1,671		1,671
298.	1,671		1,671
299.	1,671		1,671
300.	1,671		1,671
301.	1,671		1,671
302.	1,671		1,671
303.	1,671		1,671
304.	1,671		1,671
305.	1,671		1,671
306.	1,671		1,671
307.	1,671		1,671
308.	1,671		1,671
309.	1,671		1,671
310.	1,671		1,671
311.	1,671		1,671
312.	1,671		1,671
313.	1,671		1,671
314.	1,671		1,671
315.	1,671		1,671
316.	1,671		1,671
317.	1,671		1,671
318.	1,671		1,671
319.	1,671		1,671
320.	1,671		1,671
321.	1,671		1,671
322.	1,671		1,671
323.	1,671		1,671
324.	1,671		1,671
325.	1,671		1,671
326.	1,671		1,671
327.	1,671		1,671
328.	1,671		1,671
329.	1,671		1,671
330.	1,671		1,671
331.	1,671		1,671
332.	1,671		1,671
333.	1,671		1,671
334.	1,671		1,671
335.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
336.	1,671		1,671
337.	1,671		1,671
338.	1,671		1,671
339.	1,671		1,671
340.	1,671		1,671
341.	1,671		1,671
342.	1,671		1,671
343.	1,671		1,671
344.	1,671		1,671
345.	1,671		1,671
346.	1,671		1,671
347.	1,671		1,671
348.	1,671		1,671
349.	1,671		1,671
350.	1,671		1,671
351.	1,671		1,671
352.	1,671		1,671
353.	1,671		1,671
354.	1,671		1,671
355.	1,264		1,264
356.	1,671		1,671
357.	1,671		1,671
358.	1,671		1,671
359.	1,671		1,671
360.	1,671		1,671
361.	1,671		1,671
362.	1,671		1,671
363.	1,671		1,671
364.	1,671		1,671
365.	1,671		1,671
366.	1,671		1,671
367.	1,671		1,671
368.	1,671		1,671
369.	1,671		1,671
370.	446		446
371.	1,671		1,671
372.	1,671		1,671
373.	1,671		1,671
374.	1,671		1,671
375.	1,671		1,671
376.	1,671		1,671
377.	1,671		1,671
378.	1,671		1,671
379.	1,671		1,671
380.	1,671		1,671
381.	1,671		1,671
382.	1,671		1,671
383.	1,671		1,671
384.	1,671		1,671
385.	1,671		1,671
386.	1,671		1,671
387.	1,671		1,671
388.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
389.	1,671		1,671
390.	1,671		1,671
391.	1,671		1,671
392.	1,671		1,671
393.	1,671		1,671
394.	1,671		1,671
395.	1,671		1,671
396.	1,671		1,671
397.	1,671		1,671
398.	1,671		1,671
399.	1,671		1,671
400.	1,671		1,671
401.	1,671		1,671
402.	1,671		1,671
403.	1,671		1,671
404.	1,671		1,671
405.	1,671		1,671
406.	1,671		1,671
407.	1,671		1,671
408.	1,671		1,671
409.	1,671		1,671
410.	1,671		1,671
411.	1,671		1,671
412.	1,671		1,671
413.	1,671		1,671
414.	1,671		1,671
415.	1,671		1,671
416.	1,671		1,671
417.	1,671		1,671
418.	1,671		1,671
419.	1,671		1,671
420.	1,671		1,671
421.	1,671		1,671
422.	1,671		1,671
423.	1,671		1,671
424.	1,671		1,671
425.	1,671		1,671
426.	1,671		1,671
427.	1,671		1,671
428.	1,671		1,671
429.	1,671		1,671
430.	1,671		1,671
431.	1,671		1,671
432.	1,671		1,671
433.	1,671		1,671
434.	1,671		1,671
435.	1,671		1,671
436.	1,671		1,671
437.	1,671		1,671
438.	1,671		1,671
439.	1,671		1,671
440.	1,671		1,671
441.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
442.	1,671		1,671
443.	1,671		1,671
444.	1,671		1,671
445.	1,671		1,671
446.	1,671		1,671
447.	1,671		1,671
448.	1,671		1,671
449.	1,671		1,671
450.	1,671		1,671
451.	1,671		1,671
452.	1,671		1,671
453.	1,671		1,671
454.	1,671		1,671
455.	1,671		1,671
456.	1,671		1,671
457.	1,671		1,671
458.	1,671		1,671
459.	1,671		1,671
460.	1,671		1,671
461.	1,671		1,671
462.	1,671		1,671
463.	1,671		1,671
464.	1,671		1,671
465.	1,671		1,671
466.	1,671		1,671
467.	493		493
468.	1,671		1,671
469.	1,671		1,671
470.	1,671		1,671
471.	1,671		1,671
472.	1,671		1,671
473.	1,671		1,671
474.	1,671		1,671
475.	1,671		1,671
476.	1,671		1,671
477.	1,671		1,671
478.	1,671		1,671
479.	1,671		1,671
480.	1,671		1,671
481.	1,671		1,671
482.	1,671		1,671
483.	1,671		1,671
484.	1,671		1,671
485.	1,671		1,671
486.	1,671		1,671
487.	1,671		1,671
488.	1,671		1,671
489.	1,671		1,671
490.	1,671		1,671
491.	1,671		1,671
492.	1,671		1,671
493.	1,671		1,671
494.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
495.	1,671		1,671
496.	1,671		1,671
497.	1,671		1,671
498.	1,671		1,671
499.	1,671		1,671
500.	1,671		1,671
501.	1,671		1,671
502.	1,671		1,671
503.	1,671		1,671
504.	1,671		1,671
505.	1,671		1,671
506.	1,671		1,671
507.	1,671		1,671
508.	1,671		1,671
509.	1,671		1,671
510.	1,671		1,671
511.	1,671		1,671
512.	1,671		1,671
513.	1,671		1,671
514.	1,671		1,671
515.	1,671		1,671
516.	1,671		1,671
517.	1,671		1,671
518.	1,671		1,671
519.	1,671		1,671
520.	1,671		1,671
521.	1,671		1,671
522.	1,671		1,671
523.	1,671		1,671
524.	1,671		1,671
525.	1,671		1,671
526.	1,671		1,671
527.	1,671		1,671
528.	1,671		1,671
529.	1,671		1,671
530.	1,671		1,671
531.	1,671		1,671
532.	1,671		1,671
533.	1,671		1,671
534.	1,671		1,671
535.	1,671		1,671
536.	1,671		1,671
537.	1,671		1,671
538.	1,671		1,671
539.	1,671		1,671
540.	1,671		1,671
541.	1,671		1,671
542.	1,671		1,671
543.	1,671		1,671
544.	1,671		1,671
545.	1,671		1,671
546.	1,671		1,671
547.	1,671		1,671

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
548.	1,671		1,671
549.	1,671		1,671
550.	1,671		1,671
551.	1,671		1,671
552.	1,671		1,671
553.	1,671		1,671
554.	1,671		1,671
555.	1,671		1,671
556.	1,671		1,671
557.	1,671		1,671
558.	1,671		1,671
559.	1,671		1,671
560.	1,671		1,671
561.	1,671		1,671
562.	1,671		1,671
563.	1,671		1,671
564.	1,671		1,671
565.	1,671		1,671
566.	1,671		1,671
567.	1,671		1,671
568.	1,671		1,671
569.	1,671		1,671
570.	1,671		1,671
571.	1,671		1,671
572.	1,671		1,671
573.	836		836
574.	836		836
575.	836		836
576.	836		836
577.	836		836
578.	836		836
579.	836		836
580.	836		836
581.	836		836
582.	836		836
583.	836		836
584.	836		836
585.	836		836
586.	836		836
587.	836		836
588.	836		836
589.	836		836
590.	836		836
591.	836		836
592.	836		836
593.	836		836
594.	836		836
595.	836		836
596.	836		836
597.	836		836
598.	836		836
599.	836		836
600.	836		836

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
601.	836		836
602.	836		836
603.	836		836
604.	836		836
605.	836		836
606.	836		836
607.	836		836
608.	836		836
609.	836		836
610.	836		836
611.	836		836
612.	836		836
613.	836		836
614.	836		836
615.	836		836
616.	836		836
617.	836		836
618.	836		836
619.	836		836
620.	836		836
621.	836		836
622.	836		836
623.	836		836
624.	836		836
625.	836		836
626.	836		836
627.	836		836
628.	836		836
629.	836		836
630.	836		836
631.	836		836
632.	836		836
633.	836		836
634.	836		836
635.	836		836
636.	836		836
637.	836		836
638.	836		836
639.	534		534
640.	534		534
641.	534		534
642.	534		534
643.	534		534
644.	534		534
645.	959		959
646.	1,671		1,671
647.	1,671		1,671
648.	1,671		1,671
649.	1,671		1,671
650.	219		219
651.	822		822

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
652.	1,671		1,671

Ontario apprenticeship training tax credit (total of amounts in column N) 500 1,006,475 O

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ______ x percentage on line 170 in Part 1 ______ % = ... ______ P

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, **add** the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year. Complete a **separate entry** for each repayment of government assistance.

See the privacy notice on your return.

Corporate Taxpayer Summary

Corporate information

Corporation's name: HYDRO ONE NETWORKS INC.

Taxation Year: 2015-11-05 to 2015-12-31

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: 23

Type of corporation: Corporation Controlled by a Public Corporation

Total amount due (refund) federal and provincial*: -2,975,591

* 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		-219,765,360
Taxable income		
Donations		226,366
Calculation of income from an active business carried on in Canada		
Dividends paid		
Dividends paid – Regular		
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		1,532,131,967
Balance of the general rate income pool at the end of the year		
Part I tax (base amount)		

Credits against part I tax		**Summary of tax**		**Refunds/credits**	
Small business deduction		Part I		ITC refund	
M&P deduction		Part IV		Dividends refund	
Foreign tax credit		Part III.1		Instalments	4,000,000
Investment tax credits		Other*		Surtax credit	
Abatement/Other*		Provincial or territorial tax	1,024,409	Other*	
				Balance due/refund (–)	-2,975,591

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances

Charitable donations	231,366
Investment tax credits	215,589
Non-capital losses that can be carried forward over 20 years	221,857,191
Current year's balance of SR&ED expenditures (T661)	1,491,890
Cumulative eligible capital	3,832,387,613
Financial statement reserve	1,854,081,281

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	-219,765,360		
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***	2,362,905		
Instalments and refundable credits	1,338,496		
Balance due/Refund (-)	1,024,409		
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.

Summary of provincial carryforward amounts

Other carryforward amounts

Ontario

Ontario research and development tax credit – Schedule 508	67,131
Corporate minimum tax credit that can be carried forward over 20 years – Schedule 510	2,562,806

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
HYDRO ONE NETWORKS INC.			19,514,544,284	19,514,544,284
HYDRO ONE LIMITED				
HYDRO ONE INC.				
2486267 ONTARIO INC				
2486268 ONTARIO INC				
HYDRO ONE REMOTE COMMUNITIES INC.				
HYDRO ONE TELECOM INC.				
HYDRO ONE TELECOM LINK LIMITED				
MUNICIPAL BILLING SERVICES INC				
HYDRO ONE LAKE ERIE LINK MANAGEMENT INC				
1938454 ONTARIO INC.				
1943404 ONTARIO INC.				
B2M GP INC.				
HYDRO ONE B2M HOLDINGS INC				
HYDRO ONE B2M LP INC.				
NORFOLK ENERGY INC				
NORFOLK POWER DISTRIBUTION INC				
HALDIMAND COUNTY ENERGY INC				
HALDIMAND COUNTY HYDRO INC				

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
Woodstock Hydro Services Inc.				
1937672 ONTARIO INC.				
1937680 ONTARIO INC.				
1937681 ONTARIO INC.				
HYDRO ONE EAST WEST TIE INC.				
Total			19,514,544,284	19,514,544,284

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3) 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)
HYDRO ONE NETWORKS INC.	
HYDRO ONE LIMITED	
HYDRO ONE INC.	
2486267 ONTARIO INC	
2486268 ONTARIO INC	
HYDRO ONE REMOTE COMMUNITIES INC.	
HYDRO ONE TELECOM INC.	
HYDRO ONE TELECOM LINK LIMITED	
MUNICIPAL BILLING SERVICES INC	
HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	
1938454 ONTARIO INC.	
1943404 ONTARIO INC.	
B2M GP INC.	
HYDRO ONE B2M HOLDINGS INC	
HYDRO ONE B2M LP INC.	
NORFOLK ENERGY INC	
NORFOLK POWER DISTRIBUTION INC	
HALDIMAND COUNTY ENERGY INC	
HALDIMAND COUNTY HYDRO INC	
Woodstock Hydro Services Inc.	
1937672 ONTARIO INC.	
1937680 ONTARIO INC.	
1937681 ONTARIO INC.	

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
HYDRO ONE EAST WEST TIE INC.	
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2015-12-31**	**2015-11-04**	**2015-10-31**	**2014-12-31**	**2013-12-31**
Net income	-219,765,360	-2,091,831			
Taxable income					
Active business income					
Dividends paid		10,000,000,000			
Dividends paid – Regular		10,000,000,000			
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	1,532,131,967	1,532,131,967	1,532,131,967	1,532,131,967	1,532,131,967
GRIP – end of the year		1,532,131,967	1,532,131,967	1,532,131,967	1,532,131,967
Donations	226,366	5,000			
Balance due/refund (-)	-2,975,591	199,901			
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2015-12-31**	**2015-11-04**	**2015-10-31**	**2014-12-31**	**2013-12-31**
Taxable income before 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 loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2015-12-31**	**2015-11-04**	**2015-10-31**	**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.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2015-12-31	2015-11-04	2015-10-31	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	2015-12-31	2015-11-04	2015-10-31	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	2015-12-31	2015-11-04	2015-10-31	2014-12-31	2013-12-31
Part I					
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	2015-12-31	2015-11-04	2015-10-31	2014-12-31	2013-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*					

* 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	2015-12-31	2015-11-04	2015-10-31	2014-12-31	2013-12-31
ITC refund					
Dividend refund					
Instalments	4,000,000				
Surtax credit					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2015-12-31	2015-11-04	2015-10-31	2014-12-31	2013-12-31
Net income	-219,765,360	-2,091,831			
Taxable income					
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income					
Surtax					
Income tax payable before deduction					
Income tax deductions /credits					
Net income tax payable					
Taxable capital					
Capital tax payable					
Total tax payable*	2,362,905	199,901			
Instalments and refundable credits	1,338,496				
Balance due/refund**	1,024,409	199,901			

* 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.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2016-12-31

Business number 87086 5821 RC0001

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Canada Revenue Agency. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. Payment may be made by cheque or money order payable to the Receiver General either at an authorized financial institution or filed with **the appropriate remittance voucher at the following address**:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2016-01-31	1,149,366		2,000,000	-850,634	
2016-02-29	1,149,366		2,000,000	-1,701,268	
2016-03-31	1,149,366		2,000,000	-2,551,902	
2016-04-30	1,149,366		2,000,000	-3,402,536	
2016-05-31	1,149,366		2,000,000	-4,253,170	
2016-06-30	1,149,366			-3,103,804	
2016-07-31	1,149,366			-1,954,438	
2016-08-31	1,149,366			-805,072	
2016-09-30	1,149,366	344,294			
2016-10-31	1,149,366	1,149,366			
2016-11-30	1,149,366	1,149,366			
2016-12-31	1,149,361	332,565			816,796
Totals	13,792,387	2,975,591	10,000,000		816,796

Quarterly instalment workchart

Date	Quarterly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2016-03-31					
2016-06-30					
2016-09-30					
2016-12-31					
Totals					

Instalment method

Indicate instalment method chosen [1-3] 1

1st Instalment base method

If payment of instalments other than quarterly instalments is delayed, indicate the MONTH in which you want them to begin (1=January, 2=February, etc.). 1

Select this box if you want the instalments to be calculated without taking the applicable threshold into account ☐

Quarterly instalments calculation

The corporation must meet requirements 1 to 5 to be eligible for quarterly instalments for a tax year.

		Yes	No
1 –	Is the corporation a Canadian-controlled private corporation (CCPC)?	☐	☒
2 –	Did the corporation claim any deduction under the section 125, during either the current or previous year?	☐	☒
3 –	Is the corporation's, or any of its associated corporations', taxable income for the current or previous year less than or equal to $500,000?	☐	☐
4 –	Is the corporation and any associated corporations' taxable capital employed in Canada for the current or previous year less than or equal to $10,000,000?	☐	☐
5 –	Does the corporation have a perfect compliance history in the last 12 months?	☐	☐

If you do not want to use the quarterly instalments option, select this box to go back to monthly instalments. ☐

1 – 1st Instalment base method

1st Instalment base amount (amount N below)	13,792,387	÷ 12	=	1,149,366	
	Monthly instalments required			1,149,366	
Quarterly tax instalments required	13,792,387	÷ 4	=		

2 – Combined 1st and 2nd instalment base method

Select this box if you want the first 2 payments* to be calculated without taking the applicable threshold into account? ☐

2nd Monthly instalment base amount

Indicate: Part I tax						
Part VI, VI.1 and XIII.1 tax	+					
Federal adjustment for amalgamation, winding up or transfer	+					
Provincial tax, other than Alberta, Québec and Ontario	+					
Ontario tax	+	18,240,966				
Provincial adjustment for amalgamation, winding up or transfer	+					
Total	=	18,240,966	÷ 12	=	1,520,081	A
1/12 of estimated current year credits (M below /12)				–	111,541	
Each of the first two instalment payments				=	1,408,540	B
Total tax from N below		13,792,387				
Amount B above x 2	–	2,817,080				
	=	10,975,307	÷ 10	=	1,097,531	
Each of the remaining ten instalment payments				=	1,097,531	

2nd Quarterly instalment base amount

Indicate: Part I tax						
Part VI, VI.1 and XIII.1 tax	+					
Federal adjustment for amalgamation, winding up or transfer	+					
Provincial tax, other than Alberta, Québec and Ontario	+					
Ontario tax	+	18,240,966				
Provincial adjustment for amalgamation, winding up or transfer	+					
Total	=	18,240,966	÷ 4	=	4,560,242	A
1/4 of estimated current year credits (M below /4)				–	334,624	
The first instalment payment				=		B
Total tax from N below		13,792,387				
Amount B above	–					
	=	13,792,387	÷ 3	=	4,597,463	
Each of the remaining three instalment payments				=		

* It is the first payment if the quarterly instalments are applicable.

3 – Estimated tax method

Instalment base amount (amount N below)		÷ 12	=	
	Monthly instalments required			
Quarterly tax instalments required		÷ 4	=	

Instalment base calculation

Federal tax

		1st instalment base method		Estimated tax method	
Taxable income					
Calculation of tax payable					
Federal part I tax					
Recapture of investment tax credit	+		+		
Refundable tax on a CCPC's investment income	+		+		
Subtotal	=		=		A
Deduction					
Small business deduction					
Investment corporation deduction	+		+		
Federal tax abatement	+		+		
Manufacturing and processing profits deduction	+		+		
Non-business foreign tax credit	+		+		
Business foreign tax credit	+		+		
Tax reduction, general and accelerated	+		+		
Logging tax credit	+		+		
Investment tax credit per Schedule 31	+		+		
Eligible Canadian bank deduction	+		+		
Qualifying environmental trust tax credit	+		+		
Subtotal	=		=		B
Federal tax summary					
Total part I tax payable (A minus B)					C
Part VI tax	+		+		D
Part VI.1 tax	+		+		E1
Part XIII.1 tax	+		+		E2
Parts I, VI, VI.1 and XIII.1 **Total**	=		=		F
Federal adjustments					
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x	365 / 57	x	365 / 365	
Subtotal	=		=		
Federal adjustment for amalgamation, winding up or transfer	+		+	N/A	
Total federal tax after adjustments	=		=		G

Provincial tax

				1st instalment base method		Estimated tax method	
Provincial/territorial tax other than Alberta, Québec and Ontario before provincial refundable tax credits			+		+		H
Ontario tax							
Income tax							
Corporate minimum tax paid (credited)	+	2,362,905					
Special additional tax on life insurance corporations	+						
Total Ontario tax	=	2,362,905	+ ▶	2,362,905	+		I
Harmonized provincial tax (H + I)							
Provincial/territorial tax other than Alberta and Québec before provincial refundable tax credits			=	2,362,905	=		J
Provincial adjustments							
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365			x	365 / 57	x	365 / 365	
Subtotal			=	15,130,883	=		
Provincial adjustment for amalgamation, winding up or transfer			+		+	N/A	
Total provincial tax after adjustments			=	15,130,883	=		K
Total of tax before refundable credits**			=	15,130,883	=		L

Instalment base calculation (continued)

Estimated current year credits

Investment tax credit refund					
Dividend refund	+		+		
Federal capital gains refund	+		+		
Provincial and territorial capital gains refund	+		+		
NRO allowable refund per Schedule 26	+		+		
Tax withheld at source	+		+		
Other estimated credits	+		+		
Provincial/territorial refundable tax credits other than Alberta, Québec and Ontario*	+		+		
Ontario refundable tax credits*	+	1,338,496	+		
Total estimated current year credits	=	1,338,496	=		**M**
Instalment base amount (L – M)		13,792,387			**N**

* For more details with regards to the impact of the refundable tax credits in the instalment base calculation, consult the Help.

** For instalments payable, the amount on line G will only be included in the amount of line L when it exceeds $3,000. The same rule applies to line K.

Canada Revenue Agency / Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: HYDRO ONE NETWORKS INC.	Enter one of the following: Business number (BN): 87086 5821 RC0001
Tax year From: 2015-11-05 (Year Month Day) To: 2015-12-31 (Year Month Day)	Social insurance number (SIN):
050 Total number of projects you are claiming this tax year: 7	

100 Contact person for the financial information: Glendy Cheung	**105** Telephone number/extension: (416) 345-6812	**110** Fax number:
115 Contact person for the technical information: Brian Soares	**120** Telephone number/extension: (416) 345-6782	**125** Fax number: (416) 345-6978

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 [ ] I elect to use the proxy method
(Enter "0" on line 360 and complete Part 5.)

162 1 [X] I choose to use the traditional method
(Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

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

	Line		Amount
a) Employees other than specified employees for work performed in Canada	300	+	327,125
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	327,125
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
Cost of materials consumed in performing SR&ED	320	+	11,220
Cost of materials transformed in performing SR&ED	325	+	
Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	972,250
b) Non-arm's length contracts (see note 1)	345	+	
Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	248,426
Third-party payments (see note 2) (complete Form T1263*)	370	+	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	1,559,021
Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)		+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	1,559,021

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

	Line		Amount
Amount from line 400	420		1,559,021
Deduct			
provincial government assistance for expenditures included on line 400	429	–	67,131
other government assistance for expenditures included on line 400	431	–	
non-government assistance for expenditures included on line 400	432	–	
SR&ED ITCs applied and/or refunded in the prior year (see guide)		–	
sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	1,491,890
Add			
repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	1,491,890
Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	1,491,890

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

	Line	Current Expenditures	Line	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	1,559,021	496	
Add				
payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500 +	127,218		
prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +			
expenditures on shared-use equipment for property acquired **before 2014**			504 +	
qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	1,686,239	512 =	
Deduct (see note 4)				
provincial government assistance	513 –	67,131	514 –	
other government assistance	515 –		516 –	
non-government assistance and contract payments	517 –		518 –	
current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520 –			
amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
20% of expenditures included on lines 340 and 370	529 –	194,450		
prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
other deductions (see guide)	533 –		535 –	
non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	1,424,658	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	1,424,658
Add				
repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	1,424,658

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307) . . . . **810** +

Deduct

Bonuses, remuneration based on profits, and taxable benefits that were included on line 810 . . . . **812** –

Subtotal (line 810 minus 812) . . . . **814** =

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) **816** +

Salary base (total of lines 814 and 816) . . . . **818** =

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) . . . . **820** =

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you. . . . .

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided fo**all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. 10-03 ADS – Remote Control of Distributed Generation	207,362		794,028
2. 11-01 Anti-Islanding Technology	443		
3. 11-03 Extreme Space Weather Preparedness	20,358	9,802	
4. 13-04 Aging and Reliability Studies	2,230	1,418	144,200
5. 15-01 Controlling Power Quality Through FESS	2,886		
6. 15-02 Data uncertainty reduction			34,022

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
7. 15-03 Mission Critical Protection Scheme Upgrade Methods	93,846		
Total	327,125	11,220	972,250

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 586,771

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

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 [ ] Basic or Applied research **622** 1 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	11
Technologists and technicians	634	6
Managers and administrators	636	
Other technical supporting staff	638	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . [X]
3. completed Part 2 for each project . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . [X]

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

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . [X]

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

1 [ ] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [X] No (complete lines 970 and 975)

Claim preparer information table

940	945	950	955	960	965
Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1.					
				Total	

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, GIOVANNA BARAGETTI, certify that the information provided in this part is complete
Name of authorized signing officer of the corporation, or individual (print)
and accurate.

Signature

975 2016-07-25
Year Month Day

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 GIOVANNA BARAGETTI
Name of authorized signing officer of the corporation, or individual

Signature

170 2016-08-05
Date

175 KPMG LLP
Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 “Scientific Research and Experimental Development” in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

PROPERTY TAXES AND RIGHTS PAYMENTS

1. SUMMARY OF PROPERTY TAXES OM&A

This Exhibit describes property taxes and real property rights payments made in respect of Hydro One Distribution. These costs are externally imposed and are summarized in Table 1.

Table 1: Summary of Property Taxes OM&A

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual IRM	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Property Taxes	3.8	3.9	3.9	4.3	4.1	4.4	4.2	4.6
Indemnity Payments	0.5	0.4	0.5	0.0	0.5	0.0	0.5	0.0
Rights Payments	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3
Total	**4.6**	**4.8**	**4.7**	**4.6**	**4.9**	**4.7**	**5.0**	**4.9**

2. VARIANCE EXPLANATION

2.1 PROPERTY TAXES

Table 2: Property Taxes

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual IRM	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Property Taxes	3.8	3.9	3.9	4.3	4.1	4.4	4.2	4.6

Hydro One's property taxes are regulated under the *Electricity Act 1998*, the *Municipal Act 2001*, and the *Assessment Act 1990*. Property taxes are paid to over 400 municipalities each year on land and buildings owned by Hydro One for the purpose of operating its distribution system. These properties include service centre sites, distribution transformer stations, and distribution line rights-of-way.

The total assessed property values are assigned by the Municipal Property Assessment Corporation and updated using the same schedule as the rest of the province. Except for distribution transformer stations, all distribution properties owned by Hydro One are assessed using a current value assessment method, the valuation method used for other property owners within the province.

Distribution transformer stations buildings are assessed at a statutory rate of $86.11 per square meter, as per the *Assessment Act* R.S.O. 1990, Chapter A31, Section 19. They are subject to additional property tax payments, called property proxy taxes, payable to the Minister of Finance under O. Reg. 423/11 of the *Electricity Act, 1998*. Property proxy taxes are calculated for each distribution transformer station building owned by Hydro One and total $0.1 million per year. The amounts in Table 2 are the sum of property proxy taxes and property taxes.

As Table 2 shows, actual property taxes paid are materially in line with approved levels. The test year property tax forecast is based on most recent property tax information available.

3. INDEMNITY PAYMENT TO PROVINCE

Table 3: Indemnity Payment to Province

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Indemnity Payment	0.5	0.4	0.5	0.0	0.5	0.0	0.5	0.0

In consideration of certain payments, up until October 31, 2015, the Ontario Electricity Financial Corporation ("OEFC") indemnified Hydro One as a successor company to Ontario Hydro for: (a) the failure of the transfer orders to transfer to Hydro One Inc. or those subsidiaries any asset, right, or thing, or any interest in any asset, right, or thing, related to their business (the "Hydro One Entitlements"); and (b) adverse claims or interests of third parties (including the Crown) to Hydro One Entitlements or based on any deficiency or lack of title in respect of any Hydro One Entitlement. Hydro One Inc. and its subsidiaries have not made any claim under the indemnity since it was put in place in 1999. The parties, with the consent of the Minister of Finance, agreed to terminate the indemnity effective October 31, 2015.

4. RIGHTS PAYMENTS TO OTHER ENTITIES

Table 4: Rights Payments to other Entities

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Forecast	Approved	Forecast
Rights Payments	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3

Through agreements or permits (approximately 950 in total), Hydro One Distribution lines and/or facilities cross and/or occupy properties owned by railway companies and/or governmental bodies. As per the terms of the individual agreements, Hydro One pays annual fees to railway companies and government entities for the right to cross and/or occupy their properties.

Appendix 2-JA
Summary of Recoverable OM&A Expenses

	2014 Actuals	Last Rebasing Year (2015 Board-Approved)	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
Sustainment	$ 326	$ 316	$ 305	$ 324	$	$ 347
Development	$ 11	$ 15	$ 11	$ 12	$ 13	$ 11
Operating	$ 30	$ 36	$ 28	$ 32	$	$ 37
Planning	$ 15	$ 18	$ 16	$ 12	$ 334 13	$ 13
SubTotal	**$ 381**	**$ 386**	**$ 360**	**$ 379**	**$ 394**	**$ 408**
%Change (year over year)			-5.7%	5.5%	33 4.0%	3.4%
%Change (Test Year vs Last Rebasing Year - Actual)						6.9%
Customer Service (Billing, Collecting, Bad Debt, Misc)	$ 209	$ 112	$	$ 119	$ 133	$ 132
Corporate Relations	$ 11	$ 7	$ 10	$	$ 8	$ 8
Common Functions and Services (excluding Corporate Relations)	$ 66	$ 71	$ 156 71	$ 8 78	$ 80	$ 80
Information Technology (including Cornerstone)	$ 109	$ 86	$	$ 85	$ 86	$ 80
Miscellaneous (Other OM&A, Recovery)	-$ 102	-$ 118	-$ 86109	-$	-$ 127	-$ 123
SubTotal	**$ 293**	**$ 157**	**$ 213**	**$ 183**	**$ 178**	**$ 177**
%Change (year over year)			-27.4%	-14.0%	-2.6%	-0.7%
%Change (Test Year vs Last Rebasing Year - Actual)				107		-39.6%
Total	**$ 675**	**$ 543**	**$ 572**	**$ 563**	**$ 573**	**$ 585**
%Change (year over year)			-15.1%	-1.7%	1.8%	2.1%

	2014 Actuals	Last Rebasing Year (2015 Board-Approved)	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Sustainment	$ 326	$ 316	$ 305	$ 324	$	$ 347
Development	$ 11	$ 15	$ 11	$ 12	$ 13	$ 11
Operating	$ 30	$ 36	$ 28	$ 32	$	$ 37
Planning	$ 15	$ 18	$ 16	$ 12	$ 334 13	$ 13
Customer Service (Billing, Collecting, Bad Debt, Misc)	$ 209	$ 112	$	$ 119	$ 133	$ 132
Corporate Relations	$ 11	$ 7	$ 10	$	$ 33 8	$ 8
Common Functions and Services (excluding Corporate Relations)	$ 66	$ 71	$ 156 71	$ 8 78	$ 80	$ 80
Information Technology (including Cornerstone)	$ 109	$ 86	$	$ 85	$ 86	$ 80
Miscellaneous (Other OM&A, Recovery)	-$ 102	-$ 118	-$ 86109	-$	-$ 127	-$ 123
Total	**$ 675**	**$ 543**	**$ 572**	**$ 563**	**$ 573**	**$ 585**
%Change (year over year)			-15.1%	-1.7%	1.8%	2.1%

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	2014 Actuals	Last Rebasing Year (2015 Board-Approved)		2015 Actuals	Variance 2015 Actuals vs 2014 Actuals	2016 Actuals	Variance 2016 Actual vs. 2015 Actuals	2017 Bridge Year	Variance 2017 Bridge vs. 2016 Actual	2018 Test Year	Variance 2018 Test vs. 2017 Bridge
Sustainment	$ 326	$ 316		$ 305	-$ 21	$ 324	$ 19	$ 334	$ 11	$ 347	$ 12
Development	$ 11	$ 15		$ 11	-$ 0	$ 12	$ 1	$ 13	$ 1	$ 11	-$ 2
Operating	$ 30	$ 36		$ 28	-$ 2	$ 32	$ 4	$ 33	$ 2	$ 37	$ 3
Planning	$ 15	$ 18		$ 16	$ 1	$ 12	-$ 4	$ 13	$ 1	$ 13	-$ 0
Customer Service (Billing, Collecting, Bad Debt, Misc)	$ 209	$ 112		$ 156	-$ 54	$ 119	-$ 37	$ 133	$ 14	$ 132	-$ 1
Corporate Relations	$ 11	$ 7		$ 10	-$ 1	$ 8	-$ 2	$ 8	$ 0	$ 8	$ 1
Common Functions and Services (excluding Corporate Relations)	$ 66	$ 71		$ 71	$ 5	$ 78	$ 7	$ 80	$ 1	$ 80	$ 0
Information Technology (including Cornerstone)	$ 109	$ 86		$ 86	-$ 24	$ 85	-$ 0	$ 86	$ 0	$ 80	-$ 5
Miscellaneous (Other OM&A, Recovery)	-$ 102	-$ 118		-$ 109	-$ 7	-$ 107	$ 2	-$ 127	-$ 20	-$ 123	$ 4
Total OM&A Expenses	$ 675	$ 543		$ 572	-$ 102	$ 563	-$ 10	$ 573	$ 10	$ 585	$ 12
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
Total Recoverable OM&A Expenses	$ 675	$ 543		$ 572	-$ 102	$ 563	-$ 10	$ 573	$ 10	$ 585	$ 12
Variance from previous year				-$ 102		-$ 10		$ 10		$ 12	
Percent change (year over year)				-15%		-2%		2%		2%	
Percent Change: Test year vs. Most Current Actual						3.95%					
Simple average of % variance for all years						-13.30%					-3%
Compound Annual Growth Rate for all years											-2.8%
Compound Growth Rate (2016 Actuals vs. 2014 Actuals)						-5.87%					

Note:

1 "BA" = Board-Approved

2 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.

3 Recoverable OM&A that is included on these tables should be identical to the recoverable OM&A that is shown for the corresponding periods on Appendix 2-JB.

Appendix 2-JB
Recoverable OM&A Cost Driver Table

OM&A	2014 Actuals	2015 Actuals	2016 Actual	2017 Bridge Year	2018 Test Year
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
Opening Balance	$ 611	$ 675	$ 572	$ 563	$ 573
Trouble Calls, UC Locates & Disconnects	-$ 8	-$ 7	-$ 13	$ 9	$ 3
Line Maintenance	-$ 9	$ 3	$ 4	-$ 3	$ 1
Cycle Clearing, Tactical Maint., Demand Veg. Management, Hazard Tree Removal	$ 6	-$ 23	$ 24	$ 1	$ 7
PCB Equipment and Waste Storage	$ 1	$ 3	$ 3	$ 4	$ 0
Engineering and Technical Services	$ 0	-$ 0	$ 0	-$ 0	-$ 2
Pension Adjustments (as of Dec 2015)				-$ 12	$ 1
Customer Care primarily CIS Remediation	$ 61	-$ 54	-$ 37	$ 14	-$ 1
Information Technology	$ 9	-$ 24	-$ 1	$ 0	-$ 5
Pension Adjustments (as of Dec 2016)				-$ 8	$ 1
Other Programs	$ 5	-$ 0	$ 8	$ 5	$ 8
Closing Balance	$ 675	$ 572	$ 563	$ 573	$ 585

Notes:

1 For each year, a detailed explanation for each cost driver and associated amount is required in Exhibit 4.
2 For purposes of assessing incremental cost drivers, the closing balance for each year becomes the opening balance for the next year.
3 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
4 Opening Balance for "Last Rebasing Year" (cell B15) should be equal to the Board-Approved amount.

Appendix 2-JC
OM&A Programs Table

Programs	2014 Actuals	Last Rebasing Year (2015 Board-Approved)	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year	Variance (Test Year vs. 2016 Actuals)	Variance (Test Year vs. Last Rebasing Year (2015 Board-Approved)
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
Sustainment								
Trouble Calls, UC Locates & Disconnects	112.8	92.4	106.3	93.1	102.3	105.0	12	13
Line Maintenance	12.3	23.5	14.9	19.1	16.3	17.5	-2	-6
Cycle Clearing, Tactical Maint., Demand Veg. Management, Hazard Tree Removal	140.6	129.0	118.0	142.3	142.9	149.6	7	21
Stations Demand and Planned Corrective Maint., Planned Preventive Station Maint.	16.9	21.9	19.4	19.8	20.2	20.7	1	-1
Retail Rev. Meters, Wholesale Rev. Meters	10.7	15.0	13.0	12.5	11.1	12.1	0	-3
PCB Equipment and Waste Storage	5.1	11.3	7.7	10.8	15.2	15.4	5	4
Other Services	15.0	14.1	15.8	18.4	15.5	15.8	-3	2
Land Assessment and Remediation	8.8	5.7	6.0	4.0	4.7	4.1	0	-2
Telecom, Monitoring and Control	3.5	3.5	3.6	3.7	6.2	6.4	3	3
Sub-Total	325.7	316.5	304.6	323.7	334.5	346.7	23	30
Development								
Engineering and Technical Services	4.0	4.7	3.8	4.2	3.9	1.7	-2	-3
Distributed Generation Connections	2.6	2.2	2.5	2.5	3.2	2.9	0	1
Distribution Standards Program	3.9	5.6	3.4	3.3	4.4	4.5	1	-1
Customer Power Quality Program				0.1	0.2	0.2	0	0
Research Development and Demonstration	0.4	2.9	1.2	1.8	1.6	1.6	0	-1
Sub-Total	11.0	15.4	10.9	11.9	13.2	11.0	-1	-4
Operating								
Operations Support	4.6	5.4	4.4	4.8	4.9	4.9	0	0
Operations	17.7	16.9	18.1	19.6	18.4	18.5	-1	2
Health, Safety & Environment	1.4	2.7	1.5	1.6	2.0	1.8	0	-1
Smart Grid	5.9	11.0	3.5	5.6	8.2	11.5	6	1
Sub-Total	29.5	35.8	27.6	31.5	33.4	36.7	5	1
Customer								
Call Center Operations	79.5	38.5	56.4	41.5	43.8	44.5	3	6
Meter Reading	23.5	14.9	18.7	17.8	19.4	19.2	1	4
Third Party Support	13.6	12.2	13.2	14.1	14.0	14.6	1	2
Field Support	4.9	7.1	12.0	14.0	10.0	8.1	-6	1
Regulatory Compliance (LEAP)	2.2	2.1	4.2	4.1	4.3	4.3	0	2
Net Bad Debt	66.8	15.5	29.5	6.8	21.1	21.1	14	6
Customer Care Staffing	18.9	21.3	21.5	20.5	20.1	19.8	-1	-2
Sub-Total	209.3	111.7	155.5	118.8	132.6	131.6	13	20
Common Functions and Services								
Corporate Management	2.4	2.4	2.4	4.3	5.6	5.7	1	3
Finance	16.4	18.0	16.2	16.6	16.9	16.3	0	-2
People and Culture	5.8	5.7	6.8	7.3	7.8	7.7	0	2
Corporate Relations	10.5	6.6	9.6	7.6	7.6	8.3	1	2
General Counsel and Secretariat	3.8	4.1	3.6	4.5	4.2	4.3	0	0
Regulatory Affairs	13.0	12.0	13.6	14.0	12.8	13.0	-1	1
Security Management	1.9	2.5	2.2	2.5	2.3	2.4	0	0
Internal Audit	1.2	1.1	1.6	2.2	3.1	3.1	1	2
Real Estate and Facilities	21.8	24.8	24.5	26.9	26.9	27.3	0	3
Sub-Total	76.8	77.3	80.5	85.8	87.2	88.0	2	11
Planning							0	0
Planning	15.0	18.4	16.4	12.2	13.3	13.3	1	-5
Sub-Total	15.0	18.4	16.4	12.2	13.3	13.3	1	-5
Information Technology (including Cornerstone)							0	0
Business Telecom	8.0	8.1	8.6	8.3	8.3	8.3	0	0
IT Sustainment	51.4	54.4	55.4	51.2	51.2	48.8	-2	-6
IT Development	41.4	12.4	12.6	15.9	15.5	13.4	-2	1
IT Security	0.0	0.0	0.0	0.0	1.6	1.5	2	2
IT Management and Project Control	8.2	10.8	9.2	9.9	9.0	8.4	-1	-2
Cornerstone	0.3	0.0	0.0	0.0	0.0	0.0	0	0
Sub-Total	109.3	85.7	85.8	85.3	85.6	80.4	-5	-5
Miscellaneous								
Cost of External Revenue	4.5	2.1	5.4	4.3	4.5	4.6	0	2
Other OM&A	-111.3	-124.4	-119.0	-115.5	-136.1	-132.3	-17	-8
Property Taxes & Rights Payments	4.6	4.7	4.8	4.6	4.7	4.9	0	0
Sub-Total	-102.1	-117.6	-108.8	-106.7	-126.9	-122.9	-16	-5
Total	**674.5**	**543.1**	**572.5**	**562.6**	**572.8**	**584.8**	**22.2**	**41.7**

Notes:

1 Please provide a breakdown of the major components of each OM&A Program undertaken in each year. Please ensure that all Programs below the materiality threshold are included in the miscellaneous line. Add

2 The applicant should group projects appropriately and avoid presentations that result in classification of significant components of the OM&A budget in the miscellaneous category

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE 1

	2014 Actual	Last Rebasing Year - 2015- Board Approved	2015 Actual	2016 Actual	2017 Bridge Year	2018 Test Year
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
OM&A Costs						
O&M	$ 597,790,165	$ 465,837,778	$ 491,987,485	$ 476,809,027	$ 485,674,177	$ 496,871,948
Admin Expenses (CCFS)	$ 76,757,859	$ 77,251,538	$ 80,501,093	$ 85,780,365	$ 87,153,512	$ 87,961,468
Total Recoverable OM&A from Appendix 2-JB 5	$ 674,548,024	$ 543,089,317	$ 572,488,578	$ 562,589,392	$ 572,827,688	$ 584,833,416
Number of Customers 2,4	1,267,171	1,288,000	1,274,369	1,283,351	1,291,963	1,300,516
Number of FTEs 3,4	N/A 7	N/A 6	N/A 7	N/A 7	8581	8606
Customers/FTEs					150.56	151.12
OM&A cost per customer						
O&M per customer	471.75	361.6753	386.06	371.53	375.92	382.06
Admin per customer	60.57	59.9779	63.17	66.84	67.46	67.64
Total OM&A per customer	532.33	421.6532	449.23	438.38	443.38	449.69
OM&A cost per FTE						
O&M per FTE					56,598.79	57,735.53
Admin per FTE					10,156.57	10,220.95
Total OM&A per FTE					66,755.35	67,956.47

Notes:

1 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
2 The method of calculating the number of customers must be identified. Should correspond with data provided in Appendix 2-IB
3 The method of calculating the number of FTEs must be identified. See also Appendix 2-K
4 The number of customers and the number of FTEs should correspond to mid-year or average of January 1 and December 31 figures.
5 For the test year, the applicant should take into account the system O&M (line 22 of Appendix 2-AB) in developing its forecast OM&A.
6 No OEB-approved number
7 No available figure