



**CENTRE WELLINGTON HYDRO LTD.**  
**730 Gartshore St. P.O. Box 217, Fergus, Ontario, N1M 2W8**  
PHONE: (519) 843-2900 FAX: (519) 843-7601

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Keith Roszell, Chair  
Ron Hallman, Director  
George Pinkney, Director  
Audrey Reid, Director

February 3, 2009

Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Re: Update to Centre Wellington Hydro Ltd – License # ED-2002-0498, 2009 Electricity  
Distribution Rate Change Application, OEB File No: EB-2008-0225 – Board Staff Interrogatory

Dear Ms. Walli:

Centre Wellington Hydro would like to file an update with Board Staff regarding Interrogatory number 29 as requested by Khalil Viraney / Adrian Pye on February 3, 2009. The attached excel spreadsheet shows the PILs requirement of \$27,207 as submitted with the 1<sup>st</sup> round of Interrogatories on December 15, 2009 and the calculation of the Ontario Capital Tax amount.

Yours truly,

Florence Thiessen, CGA  
Vice President / Treasurer  
Centre Wellington Hydro Ltd.  
Email: [thiessen@cwhydro.ca](mailto:thiessen@cwhydro.ca)  
Phone (519) 843-2900 Ext 225

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**Model Overview***Select a worksheet link*

Tab	Title	Link
<b>P</b>	<b>PILs Calculations</b>	<a href="#">P0 Administration</a>
P0	Administration	<a href="#">P0 Administration</a>
P1	Undepreciated Capital Costs (UCC)	<a href="#">P1 Undepreciated Capital Costs (UCC)</a>
P2	Cumulative Eligible Capital (CEC)	<a href="#">P2 Cumulative Eligible Capital (CEC)</a>
P3	Interest Expense	<a href="#">P3 Interest Expense</a>
P4	Loss Carry-Forward (LCF)	<a href="#">P4 Loss Carry-Forward (LCF)</a>
P5	Reserve Balances	<a href="#">P5 Reserve Balances</a>
P6	Taxable Income	<a href="#">P6 Taxable Income</a>
P7	Capital Taxes	<a href="#">P7 Capital Taxes</a>
P8	Total PILs Expense	<a href="#">P8 Total PILs Expense</a>
<b>Y</b>	<b>Reference Information</b>	<a href="#">Y1 Tax Rates and Exemptions</a>
Y1	Tax Rates and Exemptions	<a href="#">Y1 Tax Rates and Exemptions</a>
Y2	Capital Cost Allowances (CCA)	<a href="#">Y2 Capital Cost Allowances (CCA)</a>
<b>Z</b>	<b>Model Parameters</b>	<a href="#">Z1 Model Variables</a>
Z1	Model Variables	<a href="#">Z1 Model Variables</a>
Z0	Software Terms of Use	<a href="#">Z0 Software Terms of Use</a>

## Centre Wellington Hydro Ltd. (ED-2003-0348)

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

### P0 Administration

*Enter administrative information about the Application*

Application Version

Final

Name of Applicant

Centre Wellington Hydro Ltd.

License Number

ED-2003-0348

Test Year

2009

File Number(s)

EB-2008-0225

Date of Application

15-Aug-2008

Contact:

Name

Florence Thiessen

email

[thiessen@cwhydro.ca](mailto:thiessen@cwhydro.ca)

phone

519-843-2900 Ext 225

Date of previous Test Year approval

31-Mar-2006

**August 15, 2008**

*Enter actual balances and projected asset additions & retirements*

<sup>1</sup> per Schedule 8 of 2007 corporate tax return

*Enter actual balances and projected asset additions*

<sup>1</sup> per Schedule 8 of 2007 corporate tax return

*Enter actual balances and projected asset additions*

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*Enter actual balances and projected asset additions*

Class	Description	2009 Projected Additions	2009 Projected Retirements	UCC Before 1/2 Yr Adjustment	1/2 Year Reduction	Reduced UCC	Rate %	2009 CCA
1	Distribution System - post 1987			8,999,568		8,999,568	4.0%	359,983
2	Distribution System - pre 1988						6.0%	
8	General Office/Stores Equip	4,000		619,831	2,000	617,831	20.0%	123,566
10	Computer Hardware/ Vehicles	45,000		269,271	22,500	246,771	30.0%	74,031
10.1	Certain Automobiles						30.0%	
12	Computer Software						100.0%	
13.1	Leasehold Improvement # 1							
13.2	Leasehold Improvement # 2							
13.3	Leasehold Improvement # 3							
13.4	Leasehold Improvement # 4							
14	Franchise							
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			10,136		10,136	8.0%	811
43.1	Certain Energy-Efficient Electrical Generating Equipment						30.0%	
45	Computers & Systems Software acq'd post Mar 22/04			13,734		13,734	45.0%	6,180
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)						30.0%	
47	Distribution System post Feb 22/05	655,600		1,270,420	327,800	942,620	8.0%	75,410
50	Computer Equipment post March 18, 2007	111,000		192,074	55,500	136,574	55.0%	75,116
	TOTAL	815,600		11,375,035	407,800	10,967,235		715,097

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*Enter actual balances and projected asset additions*

<b>Class</b>	<b>Description</b>	<b>UCC □ 31 Dec/09</b>
1	Distribution System - post 1987	8,639,585
2	Distribution System - pre 1988	
8	General Office/Stores Equip	496,265
10	Computer Hardware/ Vehicles	195,240
10.1	Certain Automobiles	
12	Computer Software	
13.1	Leasehold Improvement # 1	
13.2	Leasehold Improvement # 2	
13.3	Leasehold Improvement # 3	
13.4	Leasehold Improvement # 4	
14	Franchise	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	9,325
43.1	Certain Energy-Efficient Electrical Generating Equipment	
45	Computers & Systems Software acq'd post Mar 22/04	7,554
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	
47	Distribution System post Feb 22/05	1,195,011
50	Computer Equipment post March 18, 2007	116,958
	<b>TOTAL</b>	<b>10,659,938</b>

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**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P2 Cumulative Eligible Capital (CEC)***Enter actual balance, projected changes and deduction rates*

	2008		2009	
<b>CEC Opening Balance <sup>1</sup></b>				
Eligible Capital Property (ECP) Acquisitions				
Other Adjustments				
Subtotal		x 3/4 =		x 3/4 =
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after December 20, 2002		x 1/2 =		x 1/2 =
Amount transferred on amalgamation or wind-up of subsidiary				
Subtotal before deductions				
ECP Dispositions (net)				
Other Adjustments				
Subtotal		x 3/4 =		x 3/4 =
Balance before tax deduction				
<b>Tax Deduction</b>	Rate:	<b>7.0%</b>	Rate:	<b>7.0%</b>
<b>CEC Ending Balance</b>				

<sup>1</sup> 2008 amount per ending balance on Schedule 10 of 2007 corporate tax return

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P3 Interest Expense***Enter deemed and projected actual interest amounts*

	2008	2009
<b>Deemed Interest Expense (A)</b>	344,101	352,472
3900-Interest Expense	389,568	389,568
Add: Capitalized Interest (USA #6040)		
Add: Capitalized Interest (USA #6042)		
Less: non-debt interest expense (USA #6035)	(23,678)	(23,678)
<b>Total Interest Projected (B)</b>	<b>365,890</b>	<b>365,890</b>
<b>Excess Interest Expense</b>	<b>21,789</b>	<b>13,418</b>

*Enter credit to P&L as positive number**Enter credit to P&L as positive number**Enter other adjustments for tax purposes**(B) less (A); if negative: zero*

# Centre Wellington Hydro Ltd. (ED-2003-0348)

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

## P4 Loss Carry-Forward (LCF)

Enter details of historical losses available to offset projected taxable income

	Balance <input type="checkbox"/> 31 Dec/07 <sup>1</sup>	Less: Non- Distribution Portion	Utility Balance <input type="checkbox"/> 31 Dec/07	2008	2009
<b>Non-Capital LCF:</b>					
Opening Balance					
Application of LCF to reduce taxable income					
<b>Ending Balance</b>					
<b>Net Capital LCF:</b>					
Opening Balance					
Application of LCF to reduce taxable capital gains					
<b>Ending Balance</b>					

<sup>1</sup> per Schedule 7-1 of 2007 corporate tax return

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P5 Reserve Balances***Enter balance amounts and projected changes in tax and accounting reserves*

	Balance <input type="checkbox"/> 31 Dec/07 <sup>1</sup>	Less: Non- Distribution Portion	Utility Balance <input type="checkbox"/> 31 Dec/07	Changes <input type="checkbox"/> ( + / - ) <input type="checkbox"/> in 2008	Balance <input type="checkbox"/> 31 Dec/08	Changes <input type="checkbox"/> ( + / - ) <input type="checkbox"/> in 2009	Balance <input type="checkbox"/> 31 Dec/09
Capital Gains Reserves ss.40(1)							
<b>Tax Reserves not deducted for book purposes:</b>							
Reserve for doubtful accounts ss. 20(1)(l)							
Reserve for goods and services not delivered ss. 20(1)(m)							
Reserve for unpaid amounts ss. 20(1)(n)							
Debt & Share Issue Expenses ss. 20(1)(e)							
<b>TOTAL</b>							
<b>Accounting Reserves not deducted for tax purposes:</b>							
General Reserve for Inventory Obsolescence (non-specific)							
General reserve for bad debts							
<b>Accrued Employee Future Benefits:</b>							
- Medical and Life Insurance							
- Short & Long-term Disability							
- Accumulated Sick Leave							
- Termination Cost							
- Other Post-Employment Benefits							
Provision for Environmental Costs							
Restructuring Costs							
Accrued Contingent Litigation Costs							
Accrued Self-Insurance Costs							
Other Contingent Liabilities							
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)							
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)							
Financial Statement Reserves (not deductible) Sch 13	1,137,013		1,137,013	110,378	1,247,391	(128,486)	1,118,905
<b>TOTAL</b>	<b>1,137,013</b>		<b>1,137,013</b>	<b>110,378</b>	<b>1,247,391</b>	<b>(128,486)</b>	<b>1,118,905</b>

<sup>1</sup> per Schedule 13 of 2007 corporate tax return

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P6 Taxable Income***Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
<b>Income/(Loss) before PILs/Taxes (Accounting) <sup>1</sup></b>		444,876		444,876	<b>201,041</b>	109,605	335,198
<b>Additions:</b>							
Interest and penalties on taxes	103						
Amortization of tangible assets	104	578,501		578,501	547,210	591,209	591,209
Amortization of intangible assets	106						
Recapture of capital cost allowance from Schedule 8	107						
Gain on sale of eligible capital property from Schedule 10	108						
Income or loss for tax purposes- joint ventures or partnerships	109						
Loss in equity of subsidiaries and affiliates	110						
Loss on disposal of assets	111				108		
Charitable donations	112				10,000		
Taxable Capital Gains	113						
Political Donations	114						
Deferred and prepaid expenses	116						
Scientific research expenditures deducted on financial statements	118						
Capitalized interest	119						
Non-deductible club dues and fees	120						
Non-deductible meals and entertainment expense	121				3,570	3,570	3,570
Non-deductible automobile expenses	122						
Non-deductible life insurance premiums	123						
Non-deductible company pension plans	124						
Tax reserves beginning of year	125						
Reserves from financial statements- balance at end of year	126				1,247,391	1,118,905	1,118,905

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PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P6 Taxable Income***Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
<b>Income/(Loss) before PILs/Taxes (Accounting) <sup>1</sup></b>		444,876		444,876	<b>201,041</b>	109,605	335,198
Soft costs on construction and renovation of buildings	127						
Book loss on joint ventures or partnerships	205						
Capital items expensed	206						
Debt issue expense	208						
Development expenses claimed in current year	212						
Financing fees deducted in books	216						
Gain on settlement of debt	220						
Non-deductible advertising	226						
Non-deductible interest	227						
Non-deductible legal and accounting fees	228						
Recapture of SR&ED expenditures	231						
Share issue expense	235						
Write down of capital property	236						
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237						
Actual Debt Interest					365,890	365,890	
<b>Total Additions</b>		<b>578,501</b>		<b>578,501</b>	<b>2,174,169</b>	<b>2,079,574</b>	<b>1,713,684</b>

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**P6 Taxable Income***Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
<b>Income/(Loss) before PILs/Taxes (Accounting) <sup>1</sup></b>		444,876		444,876	<b>201,041</b>	109,605	335,198
<b>Deductions:</b>							
Gain on disposal of assets per financial statements	401	35,669		35,669	4,372		
Dividends not taxable under section 83	402						
Capital cost allowance from Schedule 8	403	611,848		611,848	728,573	715,097	715,097
Terminal loss from Schedule 8	404						
Cumulative eligible capital deduction from Schedule 10 CEC	405						
Allowable business investment loss	406						
Deferred and prepaid expenses	409						
Scientific research expenses claimed in year	411						
Tax reserves end of year	413						
Reserves from financial statements - balance at beginning of year	414				1,137,013	1,247,391	1,247,391
Contributions to deferred income plans	416						
Book income of joint venture or partnership	305						
Equity in income from subsidiary or affiliates	306						
Deemed Debt Interest					344,101	352,472	
Adjustment for:							
Non-Utility Revenues - 4375					260,000	251,000	
Non-Utility Expenses - 4380					(238,600)	(226,800)	
<b>Total Deductions</b>		<b>647,517</b>		<b>647,517</b>	<b>2,235,458</b>	<b>2,339,160</b>	<b>1,962,488</b>

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P6 Taxable Income***Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
<b>Income/(Loss) before PILs/Taxes (Accounting) <sup>1</sup></b>		444,876		444,876	201,041	109,605	335,198
<b>NET INCOME (LOSS) FOR TAX PURPOSES</b>		375,860		375,860	139,752	(149,981)	86,394
Charitable donations from Schedule 2					10,000		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)							
Non-capital losses of preceding taxation years from Schedule 4							
Net-capital losses of preceding taxation years from Schedule 4							
Limited partnership losses of preceding taxation years from Schedule 4							
<b>TAXABLE INCOME (LOSS)</b>		375,860		375,860	129,752	(149,981)	86,394

<sup>1</sup> 2008 Projection = "Earnings before Tax" (sheet E1); 2009 @ existing rates = "Earnings before Tax" (sheet E2); 2009 @ new dist. rates = "Deemed Return On Equity" (sheet E3)



# Centre Wellington Hydro Ltd. (ED-2003-0348)

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final  
August 15, 2008

## P7 Capital Taxes

Rates and exemptions from sheet Y1

	2008	2009	
<b>OCT (Ontario Capital Tax):</b>			
Taxable Capital	15,813,849	15,996,307	See below
Less: Exemption	<u>15,000,000</u>	<u>15,000,000</u>	
Deemed Taxable Capital	813,849	996,307	
Tax Rate	0.285%	0.285%	
<b>OCT payable</b>	<b>2,319</b>	<b>2,839</b>	
<b>Federal LCT (Large Corporations Tax):</b>			
Taxable Capital	15,813,849	15,996,307	
Less: Exemption	<u>50,000,000</u>	<u>50,000,000</u>	
Deemed Taxable Capital			
Tax Rate			
<b>LCT payable</b>			

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

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**P7 Capital Taxes**

Rates and exemptions from sheet Y1

	2007		2008		2009		
Paid up capital stock		5,035,066		5,035,066		5,035,066	350-Account 3035
Retained earnings		2,554,297		532,813		819,538	351-Acct 3040,3045,3046
Loans and advances		5,262,042		5,262,171		5,261,897	353-Acct 2520;2210;2335
Other reserves not allowed							
Ontario sch 8 UCC ending bal	10,779,671		10,559,435		10,659,938		
NBV (G1-groups 1450,1500,1550,1600)	(6,961,518)		(6,802,840)		(6,898,562)		
Post employment benefits	84,853		85,000		85,000		Acct 2306
Regulatory liabilities (G1 Gr 1200)	1,052,160	4,955,166	1,188,622	5,030,217	1,080,264	4,926,640	361-Regulatory asset accts
Paid up capital		<u>17,806,571</u>		<u>15,860,267</u>		<u>16,043,141</u>	370 -- 390
Eligible Investments							
shares in other corporations		37,268		37,268		37,268	404-Acct 1405
loans and advances to unrelated corporations		19,655		20,000		20,000	405-Pulled out of the Prepaid exp.
Total eligible investments		<u>56,923</u>		<u>57,268</u>		<u>57,268</u>	410
Total assets per balance sheet (total asset+adjt for regulatory Liab)		16,861,130		14,537,496		14,690,595	420 -- 430
Amounts in 350 and 361 if deducted from assets		4,955,166		5,030,217		4,926,640	440
Total assets		21,816,296		19,567,713		19,617,235	450

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P7 Capital Taxes***Rates and exemptions from sheet Y1*

	2007	2008	2009	
Investment allowance (410 / 450) x390	46,461	46,418	46,834	460
Taxable capital 390-460	17,760,110	15,813,849	15,996,307	470
Gross revenue (Gr 3000,3050,3070,3100,3150,3200)	13,239,297	14,180,011	14,517,468	480
Total assets (from BS)	16,861,130	14,537,496	14,690,595	430
If taxable capital exceeds exemption tax - ontario capital tax is owing				
	17,760,110	15,813,849	15,996,307	470
	12,500,000	15,000,000	15,000,000	503
	5,260,110	813,849	996,307	471
Ontario allocation 100%				
Capital tax rate .2850%				
Days in taxation year 365				
<b>Ontario capital tax owing --- 2007 owing</b>	<b>14,991</b>	<b>2,319</b>	<b>2,839</b>	

**Centre Wellington Hydro Ltd. (ED-2003-0348)**

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

August 15, 2008

**P8 Total PILs Expense***Enter tax credit amounts*

	2008 Projection	2009 Projection <sup>1</sup>	2009 Test <sup>1</sup>	
Regulatory Taxable Income/(Loss)	129,752	(149,981)	86,394	from sheet P6
Combined Income Tax Rate	22.00%	0.00%	22.00%	("t": see below)
Total Income Taxes	28,545	0	19,007	
Investment & Miscellaneous Tax Credits				Input amounts
<b>Income Tax Payable</b>	<b>28,545</b>	<b>0</b>	<b>19,007</b>	"i"
Large Corporations Tax (LCT)				from sheet P7
Ontario Capital Tax (OCT)	2,319	2,839	2,839	from sheet P7
Grossed-up Income Tax			24,368	$= i / (1 - t)$
Grossed-up LCT				$= LCT / (1 - t)$
<b>Total PILs Expense</b>	<b>30,865</b>	<b>2,839</b>	<b>27,207</b>	Enter these results on sheet E4

<sup>1</sup> 'Projection' per existing rates; 'Test' based on proposed revenue requirement

	2008 Projection	2009 Projection <sup>1</sup>	2009 Test <sup>1</sup>	
<b>Income Tax Rate Calculation</b>				
Regulatory Taxable Income/(Loss)	129,752	(149,981)	86,394	(A)
Interest & Dividend Income	221,000	151,000	151,000	(B)
Lesser of (A) and (B) [zero if negative]	129,752	0	86,394	(C)
Income Tax Rate	22.00%	22.00%	22.00%	from sheet Y1
Income Tax on Interest & Dividend Income	28,545	0	19,007	(D)
Remaining Taxable Income	0	0	0	(A) - (C) [zero if negative]
Income Tax Rate	0.00%	0.00%	0.00%	from sheet Y1
Income Tax on Remaining Taxable Income	0	0	0	(E)
<b>Total Income Tax Payable</b>	<b>28,545</b>	<b>0</b>	<b>19,007</b>	(F) = (D) + (E)
<b>Combined Income Tax Rate</b>	<b>22.00%</b>	<b>0.00%</b>	<b>22.00%</b>	(F) / (A) = "t"

# Centre Wellington Hydro Ltd. (ED-2003-0348)

PILs Calculations for 2009 EDR Application (EB-2008-0225) version: Final

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## Y1 Tax Rates and Exemptions

*Enter applicable rates and exemption amounts*

### 2008 INCOME TAXES

Income Range		Income Tax Rates			SBD Clawback
From	To	Federal	Ontario	Combined	
\$0	\$400,000	11.00%	5.50%	16.50%	
\$400,000	\$500,000	19.50%	5.50%	25.00%	
\$500,000	\$1,500,000	19.50%	5.50%	25.00%	4.25%
\$1,500,000		19.50%	14.00%	33.50%	

### 2009 INCOME TAXES

Income Range		Income Tax Rates			SBD Clawback
From	To	Federal	Ontario	Combined	
\$0	\$400,000	11.00%	5.50%	16.50%	
\$400,000	\$500,000	19.00%	5.50%	24.50%	
\$500,000	\$1,500,000	19.00%	14.00%	33.00%	4.25%
\$1,500,000		19.00%	14.00%	33.00%	

### INCOME TAX ON INTEREST INCOME

2008	22.00%
2009	22.00%

### 2008 CAPITAL TAXES

	LCT	OCT
Exemption	\$50,000,000	\$15,000,000
Capital Tax Rate		0.285%
Surtax Rate		

### 2009 CAPITAL TAXES

	LCT	OCT
Exemption	\$50,000,000	\$15,000,000
Capital Tax Rate		0.285%
Surtax Rate		



**August 15, 2008**

[illegible]

*RateMaker PILs v1.02 © Elenchus Research Associates*

## **SOFTWARE TERMS OF USE**

Elenchus Research Associates' intent in licensing *RateMaker PILs* (the "Model") is to provide utilities with a generic tool to assist in the development of cost of service applications for electricity distribution rates under the Forward Test Year approach. Certain adaptations of the Model may be required to meet regulatory requirements for any given rate application. It is the responsibility of the utility to ensure all data and documentation included in such an application, including output from the Model, will fulfill regulatory requirements. In particular, utilities should consult their tax adviser(s) to ensure the Model produces a complete and accurate calculation of expected PILs in accordance with applicable tax rules and legislation. Please see Appendix A in the *RateMaker.xls* documentation for complete terms of the software license.

*Terms accepted?*

**YES**