

**Board Staff Interrogatories
PILs Combined Proceeding
EB-2008-0381**

ENWIN Utilities Ltd.

Missing Information

EW1. The 2001 SIMPIL filing to the Board and the tax returns for 2003 have not been provided. Please provide the missing documents.

SIMPIL Excel Models

EW2. EnWin has relied on Excel worksheets to create some of the information in the Deferred PILs account 1562 continuity schedule. Please provide the “live” unlocked Excel worksheets for each tax year 2001 through 2005.

Income Tax Rates

EW3. Please confirm that the maximum and minimum tax rates shown in the table below are correct for the years shown. The gross-up rate does not include the surtax rate of 1.12% because the surtax can be offset against the Large Corporation Tax.

Maximum Income Tax Rates in Percentages						
	2001 4th Quarter	2002	2003	2004	2005	2006
Federal	27.00	25.00	23.00	21.00	21.00	21.00
Federal Surtax	1.12	1.12	1.12	1.12	1.12	1.12
Ontario	12.50	12.50	12.50	14.00	14.00	14.00
Combined Rate	40.62	38.62	36.62	36.12	36.12	36.12
Gross-up Rate	39.50	37.50	35.50	35.00	35.00	35.00

Minimum Income Tax Rates in Percentages						
	2001 4th Quarter	2002	2003	2004	2005	2006
Federal	12.00	12.00	12.00	12.00	12.00	12.00
Federal Surtax	1.12	1.12	1.12	1.12	1.12	1.12
Ontario	6.00	6.00	5.50	5.50	5.50	5.50
Combined Rate	19.12	19.12	18.62	18.62	18.62	18.62
Gross-up Rate	18.00	18.00	17.50	17.50	17.50	17.50

Ontario Capital Tax (OCT) Variances Result in Income Tax True-up Items 2001-2005

- EW4.** Please confirm that OCT is deductible for income tax purposes.
- EW5.** Please confirm that in the Board's methodology net income is not a true-up item.
- EW6.** Please confirm that the difference between the accounting accrual for OCT and the actual amount as calculated in the CT23 tax return is not a timing or permanent difference and is deductible for income tax purposes.
- EW7.** Please explain why EnWin believes that a variance caused by OCT in the SIMPIL income tax reconciliation TAXREC schedules should be borne by the ratepayers.
- EW8.** Would EnWin agree that net income should be adjusted for the OCT variance and not taxable income? In other words, the OCT variance should not be part of the true-up reconciliation.

Employee Post Employment Benefits Accounting Accrual and Actual Payments 2001-2005

- EW9.** In each of the SIMPIL reconciliations for 2001 through 2005 there are additions and deductions for post employment benefits. These amounts represent the total liability at the beginning and end of each tax year. For each year please provide a schedule that shows the non-deductible

accounting accrual for the individual year and the deductible actual amounts paid to employees for the same year.

- EW10.** For each year 2001 through 2005 please provide the number of full time employees actually directly employed by EnWin, the regulated utility.
- EW11.** Please explain why the dollar value of the additions and deductions are correct in relation to the actual number of employees directly employed by the regulated utility.
- EW12.** Please provide the actual actuarial valuations of post-employment benefits for EnWin, the regulated utility, for the period 2001-2005.
- EW13.** Where material changes in the post employment accounting accruals have occurred between years, please explain the cost drivers of these changes.
- EW14.** Have employees retired on an actual basis consistent with the assumptions in the actuarial valuations? For example, if the actuary assumed normal retirement to be 60 years of age, have employees been retiring at 60 years of age?

2002 SIMPIL

- EW15.** A deduction of \$4,738,247 is shown on TAXCALC in cell I110 under the caption of "Items Capitalized for Regulatory Purposes". Please describe the nature of the deduction and why it is appropriate in the reconciliation.
- EW16.** What tax treatment did EnWin choose for disclosing regulatory assets in its tax returns?
- EW17.** A material deduction of \$1,226,183 for unbilled revenue adjustment appears on TAXREC2 in cell E111. Please explain why this is a valid true-up item.
- EW18.** On TAXREC cell E74 please explain the entry for the adjustment to income for lease payments in the amount of \$423,144. Why is this addition to income necessary in the reconciliation?

2003 SIMPIL

- EW19.** In TAXCALC, cell I138 shows an income tax rate of 38.62%. Please confirm that the correct income tax rate should be 36.62%. Also please confirm that an income tax true-up will result when the correct rate is used.

- EW20.** In TAXCALC, cell I175 shows a rate of 37.50% for the gross-up calculation. Please confirm that the correct rate for the gross-up calculation should be 35.50%. Also, please confirm that the grossed-up income tax true-up will change when the tax rate is changed.
- EW21.** Please confirm that the adjusted total deferral account entry will be less than the amount filed, assuming that no other adjustments are made for other items in TAXCALC.
- EW22.** Please confirm that the change in regulatory assets is a positive amount (addition) of \$1,570,874 as shown on TAXREC2 cell E46.
- EW23.** Since the rate recovery of regulatory assets did not begin until 2004, please explain how this positive addition for regulatory assets to taxable income arose. Please provide a numerical table of regulatory assets and the changes from 2002 that agrees with the audited financial statements to assist in the explanation.
- EW24.** On TAXREC2 cell E44 please explain the entry for the adjustment to income for lease payments in the amount of \$437,880. Why is this addition to income necessary in the reconciliation?

2004 SIMPIL

- EW25.** Please confirm that the change in regulatory assets is a positive amount (addition) of \$10,129,795 as shown on TAXREC cell E77.
- EW26.** Since the rate recovery of regulatory assets did not begin until 2004, please explain how this positive addition for regulatory assets to taxable income arose. Please provide a numerical table of regulatory assets and the changes from 2003 that agrees with the audited financial statements to assist in the explanation.
- EW27.** On TAXREC cell E75 please explain the entry for the adjustment to income for lease payments in the amount of \$397,769. Why is this addition to income necessary in the reconciliation?

2005 SIMPIL

- EW28.** Please confirm that the change in regulatory assets is a positive amount (addition) of \$4,855,908 as shown in TAXREC cell E66.
- EW29.** Was the amount of \$4,855,908 used in the true-up reconciliation in TAXCALC? Please provide a numerical table that agrees with the audited financial statements to assist in the explanation.

EW30. On TAXREC2 cell E45 please explain the entry for the adjustment to income for lease payments in the amount of \$439,689. Why is this addition to income necessary in the reconciliation?

PILs Taxes Paid to the Ministry of Finance and/or OEFC from 2001 through 2008

EW31. Please provide a table that compares the PILs tax proxy amount used in the continuity schedule before gross-up, and after gross-up, that were included in rates with the amount paid to the Ministry of Finance or the OEFC for each tax year 2001 through 2008. Please calculate the differences in each year. Please cross-add the table to show the totals for the period 2001 through 2008. Notices of Reassessment should be incorporated into the year affected by the reassessments.

The purpose of this table is to demonstrate the impact of the regulatory asset treatment in the tax returns and in rates for the periods where costs were incurred, followed by the five-year collection period ending in 2008.

PILs Continuity Schedule

Board-approved PILs Tax Proxy or Allowance

EW32. Please provide the calculations to show how EnWin determined the Board-approved PILs proxy amount included in rates for each year 2001 through 2006.

EW33. Please provide the Board decisions that support the PILs proxy amounts for each year.

EW34. If the PILs proxy amount used in the continuity schedule does not appear in the Board decision, please provide the PILs, RUD and/ or RAM models that generated the rate schedules which EnWin implemented.

Fourth Quarter 2001 PILs Proxy Tax Allowance

EW35. Did EnWin include the 2001 proxy in the Board-approved proxy amount for each period through March 31, 2004?

EW36. Did EnWin true-up the fourth quarter 2001 proxy in 2003 and in 2004? If not, does EnWin think there should be a true-up beyond 2002? Please explain.

Four-month Period January 1 to April 30, 2006

EW37. Did EnWin calculate any true-up or deferral account variance adjustments for this four month period which ended the PILs regime that started under PBRI? If no, please explain why.

Tax Returns, Notices of Assessment, Notices of Reassessment

EW38. Did EnWin file amended tax returns for any years from 2001 through 2006?

EW39. Did EnWin use the final tax returns, Notices of Assessment and Notices of Reassessment for each year in determining the balances in the continuity schedule? If not, how were the changes caused by assessments or reassessments reflected in this continuity schedule?

Retroactive Repeal of Federal Large Corporation Tax (LCT) effective on January 1, 2006

EW40. Please provide the calculations of the (\$57,108) LCT amount in the 2006 column.

Carrying Charges

EW41. Please describe how EnWin determined the carrying charges. Has EnWin used the Board's prescribed interest rate methodology?

EW42. Recalculation of the balances in the continuity schedule will be required because of the updates of the SIMPIL models. How will EnWin calculate the change in the carrying charges? For example, by month or an annual average?

Amount Billed to or Collected from Customers

EW43. Please describe how EnWin calculated the amount shown for each year as PILs collected from customers.

EW44. Did EnWin use the amount billed to customers to represent recoveries from customers? If not, how were the recoveries computed?

EW45. For each year please provide a calculation of recoveries using annual statistics for customer counts, kWhs and kW to test the accuracy of the amount shown on the schedule.

EW46. Please describe how EnWin extracted the PILs amounts from unbilled revenue during the period 2001 through December 31, 2006.

EW47. Please provide the calculations of the PILs determined to be part of unbilled revenue.

Final Account Balance for Disposition

EW48. What are the principal and interest carrying charge amounts that EnWin requests the Board to approve for collection from, or repayment to, customers? As of which date(s) were these amounts determined?

EW49. Should interest carrying charges be forecast to a future date of disposition? If so, what date?

EW50. Over what time period does EnWin expect to recover the balance?

EW51. What billing determinants does EnWin suggest be used to recover the amount?

EW52. Should the disposition of account 1562 be declared final in this proceeding, or should it be open to future tax reassessments for the period 2001 to 2005 (as per 2006 EDR Handbook)?

Compliance with Guidance in Accounting Procedures Handbook (APH)

EW53. Has EnWin followed the guidance stated in the Board's April 2003 FAQ throughout the life of account 1562? If no, please explain.

EW54. Has EnWin changed accounting methods outlined in the Board's April 2003 FAQ at any time during life of account 1562? If yes, please explain.

EW55. How would EnWin suggest clearing the PILs contra account 1563 in conjunction with clearing the 1562 PILs control account?

Barrie Hydro Distribution Inc.

BH1. Barrie has relied on Excel worksheets to create some of the information in the Deferred PILs account 1562 continuity schedule. Please provide the "live" unlocked Excel worksheets for each tax year 2001 through 2005.

Income Tax Rates

BH2. Please confirm that the maximum and minimum tax rates shown in the table below are correct for the years shown. The gross-up rate does not include the surtax rate of 1.12% because the surtax can be offset against the Large Corporation Tax.

Maximum Income Tax Rates in Percentages						
	2001 4th Quarter	2002	2003	2004	2005	2006
Federal	27.00	25.00	23.00	21.00	21.00	21.00
Federal Surtax	1.12	1.12	1.12	1.12	1.12	1.12
Ontario	12.50	12.50	12.50	14.00	14.00	14.00
Combined Rate	40.62	38.62	36.62	36.12	36.12	36.12
Gross-up Rate	39.50	37.50	35.50	35.00	35.00	35.00

Minimum Income Tax Rates in Percentages						
	2001 4th Quarter	2002	2003	2004	2005	2006
Federal	12.00	12.00	12.00	12.00	12.00	12.00
Federal Surtax	1.12	1.12	1.12	1.12	1.12	1.12
Ontario	6.00	6.00	5.50	5.50	5.50	5.50
Combined Rate	19.12	19.12	18.62	18.62	18.62	18.62
Gross-up Rate	18.00	18.00	17.50	17.50	17.50	17.50

2001 Fourth Quarter SIMPIL

BH3. Barrie did not use the Board-approved PILs tax proxy of \$1,129,825 for the fourth quarter 2001 TAXCALC reconciliation. The tax rate for the period was 40.62% and Barrie used 38.62% which resulted in the differences.

BH4. The tax rate in TAXCALC cell I130 is 35.50%, in cell I138 - 38.62% and in cell I175 - 37.50%. Please confirm that the true-up variances are incorrect due to the tax rate used.

- BH5.** In TAXCALC section IV, did Barrie prorate the Large Corporation Tax and Ontario Capital Tax numbers for the quarter? For example, 92/365.
- BH6.** Please confirm that there is no adjustment for changes in regulatory assets in the fourth quarter 2001 SIMPIL reconciliation. Please explain the assumptions that Barrie made for its 2001 tax returns that resulted in no addition or deduction for regulatory assets in SIMPIL.
- BH7.** Opening and closing tax and financial statement reserves do not appear in TAXCALC. Please explain the tax treatment.
- BH8.** Barrie had a loss carry-forward in 2001 of \$3,025,316. What were the main reasons for the loss? Does Barrie have an opinion about who owns the tax loss carry-forward for regulatory purposes?

2002 SIMPIL

- BH9.** Please confirm that there are no adjustments for changes in regulatory assets in the 2002 SIMPIL reconciliation. Please explain the assumptions that Barrie made for its 2002 tax returns that resulted in no addition or deduction for regulatory assets in SIMPIL.
- BH10.** In TAXCALC, cells I122 and I130 show an income tax rate of 35.50%. Please confirm that the correct income tax rate, according to the guidelines, for Barrie in 2003 in this part of the model should be 37.50%.
- BH11.** Please explain the accrued contingent liability tax reserves that appear on sheet Tax Reserves.

2003 SIMPIL

- BH12.** In TAXCALC, cells I122 and I130 show an income tax rate of 35.50%, after removing the surtax rate of 1.12%. However, the 2003 tax returns indicate the combined rate was 32.40%. Please confirm what the correct income tax rate, according to the guidelines, for Barrie in 2003 in this part of the model should be.
- BH13.** Please confirm that the true-up variance will change when the correct rate is used, and please update the SIMPIL model.
- BH14.** In TAXCALC, cell I138 shows an income tax rate of 38.62%. Please confirm that the correct maximum income tax rate, according to the guidelines, for Barrie in 2003 should be 36.62%.

- BH15.** Please confirm that an income tax true-up will result when the correct rate is used, and please update the SIMPIL model.
- BH16.** In TAXCALC, cell I175 shows a rate of 37.50% for the gross-up calculation. Barrie utilized a loss carry-forward of \$3,224,740 to reduce taxable income in 2003 to \$2,728,422. Please confirm what the correct income tax rate, according to the guidelines, in 2003 for the gross-up calculation should be given that the rate from the tax returns indicates 32.40% before removing the surtax of 1.12%.
- BH17.** Please confirm that there are no adjustments for changes in regulatory assets in the 2003 SIMPIL reconciliation. Please explain the assumptions that Barrie made for its 2003 tax returns that resulted in no addition or deduction for regulatory assets in SIMPIL.
- BH18.** Please update the SIMPIL model to reflect the changes and provide the revised live unlocked Excel model.

2004 SIMPIL

- BH19.** In TAXCALC, cell I136 has a tax rate of 36.12%; cells I120, I128 and I173 show an income tax rate of 35.00%, after removing the surtax rate of 1.12%. However, the 2004 tax returns indicate the combined rate was 35.92%. Please confirm what the correct income tax rates, according to the guidelines, for Barrie in 2004 in this part of the model should be.
- BH20.** Please confirm that there are no adjustments for changes in regulatory assets in the 2004 SIMPIL reconciliation. Please explain the assumptions that Barrie made for its 2004 tax returns that resulted in no addition or deduction for regulatory assets in SIMPIL.
- BH21.** Please update the SIMPIL model to reflect the changes if any are required and provide the revised live unlocked Excel model.

2005 SIMPIL

- BH22.** In TAXCALC, cell I139 has a tax rate of 36.12%; cell I123 - 36.05%; cells I131 and I176 show an income tax rate of 34.93%, after removing the surtax rate of 1.12%. However, the 2004 tax returns indicate the combined rate was 35.87%. Please confirm what the correct income tax rates, according to the guidelines, for Barrie in 2005 in this part of the model should be.
- BH23.** Please confirm that there are no adjustments for changes in regulatory assets in the 2004 SIMPIL reconciliation. Please explain the

assumptions that Barrie made for its 2005 tax returns that resulted in no addition or deduction for regulatory assets in SIMPIL.

- BH24.** Please update the SIMPIL model to reflect the changes and provide the revised live unlocked Excel model.

PILs Taxes Paid to the Ministry of Finance and/or OEFC from 2001 through 2008

- BH25.** Please provide a table that compares the PILs tax proxy amount used in the continuity schedule before gross-up, and after gross-up, that were included in rates with the amount paid to the Ministry of Finance or the OEFC for each tax year 2001 through 2008. Please calculate the differences in each year. Please total each column and cross-add the table to show the totals for the period 2001 through 2008. Notices of Reassessment should be incorporated into the year affected by the reassessments.

The purpose of this table is to demonstrate the impact of the regulatory asset treatment in the tax returns and in rates for the periods where costs were incurred through the four-year collection period ending in 2008.

PILs Continuity Schedule

Board-approved PILs Tax Proxy or Allowance

- BH26.** Please provide the calculations to show how Barrie determined the Board-approved proxy amount for each year 2001 through 2006.
- BH27.** Please provide the Board decisions that support the proxy amounts for each year.
- BH28.** If the proxy amount used in the continuity schedule does not appear in the Board decision, please provide the PILs, RUD and/ or RAM models that generated the rate schedules which Barrie implemented.

Fourth Quarter 2001 PILs Proxy Tax Allowance

- BH29.** Did Barrie include the 2001 proxy in the Board-approved proxy amount for each period through March 31, 2004?
- BH30.** Did Barrie true-up the fourth quarter 2001 proxy in 2003 and in 2004? If not, does Barrie think there should be a true-up beyond 2002? Please explain.

Four-month Period January 1 to April 30, 2006

BH31. Did Barrie calculate any true-up or deferral account variance adjustments for this four month period which ended the PILs regime that started under PBRI? If not, please explain why.

Tax Returns, Notices of Assessment, Notices of Reassessment

BH32. Did Barrie file amended tax returns for any years from 2001 through 2006?

BH33. Did Barrie use the final tax returns, Notices of Assessment and Notices of Reassessment for each year in determining the balances in the continuity schedule? If not, how were the changes caused by assessments or reassessments reflected in this continuity schedule?

Carrying Charges

BH34. Please describe how Barrie determined the carrying charges.

BH35. Has Barrie used the Board's prescribed interest rate methodology?

BH36. Recalculation of the balances in the continuity schedule may be required because of the updates of the SIMPIL models. How will Barrie calculate the change in the carrying charges? For example, by month or an annual average?

Amount Billed to or Collected from Customers

BH37. Please describe how Barrie calculated the amount shown for each year as PILs collected from customers.

BH38. Did Barrie use the amount billed to customers to represent recoveries from customers? If not, how were the recoveries computed?

BH39. For each year please provide a calculation of recoveries using annual statistics for customer counts, kWhs and kW to test the accuracy of the amount shown on the schedule.

BH40. Please describe how Barrie extracted the PILs amounts from unbilled revenue during the period 2001 through December 31, 2006.

BH41. Please provide the calculations of the PILs determined to be part of unbilled revenue.

Retroactive Repeal of the Federal Large Corporation Tax (LCT) effective on
January 1, 2006

BH42. Did Barrie follow the Board's guidance in FAQ July 2007 and record 4/12ths of the 2005 LCT proxy in account 1562? If not, where did Barrie record the amount? If it was recorded in PILs tax account 1592, please provide an analysis of the 1592 account history since May 1, 2006 to December 31, 2007.

Final Account Balance for Disposition

BH43. What are the principal and interest carrying charge amounts that Barrie requests the Board to approve for collection from, or repayment to, customers?

BH44. As of which date(s) were these amounts determined?

BH45. Should interest carrying charges be forecast to a future date of disposition? If so, what date?

BH46. Over what time period does Barrie expect to recover or to repay the balance?

BH47. What billing determinants does Barrie suggest be used to clear the amount?

BH48. Should the disposition of account 1562 be declared final in this proceeding, or should it be open to future tax reassessments for the period 2001 to 2005 (as per 2006 EDR Handbook)?

Compliance with Guidance in Accounting Procedures Handbook (APH)

BH49. Has Barrie followed the guidance stated in the Board's April 2003 FAQ throughout the life of account 1562? If no, please explain.

BH50. Has Barrie changed accounting methods outlined in the Board's April 2003 FAQ at any time during life of account 1562? If yes, please explain.

BH51. How would Barrie suggest clearing the PILs contra account 1563 in conjunction with clearing the 1562 PILs control account?

Halton Hills Hydro Inc.

Missing Information

HH1. The 2001 SIMPIL filing to the Board, containing the 2001 tax return numbers, has not been provided. Please provide the missing documents.

SIMPIL Excel Models

HH2. Halton Hills has relied on Excel worksheets to create some of the information in the Deferred PILs account 1562 continuity schedule. Please provide the “live” unlocked Excel worksheets for each tax year 2001 through 2005.

Income Tax Rates

HH3. Please confirm that the maximum and minimum tax rates shown in the table below are correct for the years shown. The gross-up rate does not include the surtax rate of 1.12% because the surtax can be offset against the Large Corporation Tax.

Maximum Income Tax Rates in Percentages						
	2001 4th Quarter	2002	2003	2004	2005	2006
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Gross-up Rate	39.50	37.50	35.50	35.00	35.00	35.00

Minimum Income Tax Rates in Percentages						
	2001 4th Quarter	2002	2003	2004	2005	2006
Federal	12.00	12.00	12.00	12.00	12.00	12.00
Federal Surtax	1.12	1.12	1.12	1.12	1.12	1.12
Ontario	6.00	6.00	5.50	5.50	5.50	5.50
Combined Rate	19.12	19.12	18.62	18.62	18.62	18.62
Gross-up Rate	18.00	18.00	17.50	17.50	17.50	17.50

2002 SIMPIL

- HH4.** Please confirm that there is no adjustment for changes in regulatory assets in the 2002 SIMPIL reconciliation. Please explain the assumptions that Halton Hills made for its 2002 tax returns that resulted in no addition or deduction for regulatory assets.
- HH5.** Halton Hills deducted a non-capital loss carry-forward of \$903,659 in its 2002 tax return and on TAXREC E133. What caused this loss in 2001? Does Halton Hills have an opinion regarding who owns the loss carry-forward – shareholder or ratepayers?

2003 SIMPIL

- HH6.** In TAXCALC, cells I122 and I130 show an income tax rate of 37.50%. Please confirm that the correct income tax rate for Halton Hills in 2003 in this part of the model should be 35.50%.
- HH7.** Please confirm that the true-up variance will change when the correct rate is used, and please update the SIMPIL model.
- HH8.** In TAXCALC, cell I138 shows an income tax rate of 38.62%. Please confirm that the correct income tax rate for Halton Hills in 2003 should be 36.62%.
- HH9.** Please confirm that an income tax true-up will result when the correct rate is used, and please update the SIMPIL model.

- HH10.** In TAXCALC, cell I175 shows a rate of 37.50% for the gross-up calculation. Please confirm that the correct rate in 2003 for the gross-up calculation should be 35.50%.
- HH11.** An excess interest true-up of -\$313,431 appears in the reconciliation in cell I112. Does Halton Hills agree that the true-up claw-back is valid?
- HH12.** Please confirm that there is no adjustment for changes in regulatory assets in the 2003 SIMPIL reconciliation. Please explain the assumptions that Halton Hills made for its 2003 tax returns that resulted in no addition or deduction for regulatory assets.
- HH13.** Please update the SIMPIL model to reflect the changes and provide the revised live unlocked Excel model.

2004 SIMPIL

- HH14.** In TAXCALC, cell I120 shows an income tax rate of 35.0%, and in cell I128 the income tax rate is 30.75%. Please confirm what the correct income tax rate for Halton Hills in 2004 should be.
- HH15.** In TAXCALC, cell I136 shows an income tax rate of 31.87%, and in cell I173 the income tax rate is 35.0%. Please confirm what the correct income tax rates for Halton Hills in 2004 in these parts of the model should be.
- HH16.** In TAXCALC cell I105 the number includes an addition of a donation of \$325,000. However, there is no corresponding deduction for a donation of \$325,000. In TAXREC cell E136 there is a deduction for \$325,000 that was not carried forward to TAXCALC. Please confirm that this was an error and that the true-up should be recalculated.
- HH17.** The LCT proxy in TAXCALC cell C89 is \$37,919. The threshold was increased to \$50 million and Halton Hills was no longer subject to LCT. Please confirm that the true-up amount in cell I176 should be -\$37,919.
- HH18.** In the 2004 federal T2 return, Schedule 1, line 391, there is a deduction for \$441,387 related to regulatory asset amortization included in tangible asset amortization. Please explain why this deduction was made.
- HH19.** Please explain how Halton Hills reflected this deduction of \$441,387 in #20 above in the 2004 SIMPIL model.
- HH20.** An excess interest true-up of -\$262,773 appears in the TAXCALC reconciliation in cell I110. Does Halton Hills agree that the true-up claw-back is valid?

HH21. Please update the SIMPIL model to reflect the changes and provide the revised live unlocked Excel model.

2005 SIMPIL

HH22. On TAXREC cell E49, please confirm that the change in regulatory assets is an expense amount (deduction) of \$1,004,331.

HH23. Was the amount of \$1,004,331 used in the true-up reconciliation in TAXCALC? Please explain Halton Hills' choice of SIMPIL tax treatment for regulatory assets.

HH24. Charitable donations of \$325,000 were added back to income in TAXREC and TAXREC2 and TAXCALC. However, the deduction of \$325,000 which appears on TAXREC cell E141 was not brought forward to TAXCALC and has resulted in higher true-up amount. Please confirm that there should be a deduction of \$325,000 in the reconciliation. Please calculate the change in the true-up amount.

HH25. An excess interest true-up of -\$280,664 appears in the reconciliation. Does Halton Hills agree that the true-up claw-back is valid?

HH26. Please update the SIMPIL model to reflect the changes and provide the revised live unlocked Excel model.

PILs Taxes Paid to the Ministry of Finance and/or OEFC from 2001 through 2008

HH27. Please provide a table that compares the PILs tax proxy amount used in the continuity schedule before gross-up, and after gross-up, that were included in rates with the amount paid to the Ministry of Finance or the OEFC for each tax year 2001 through 2008. Please calculate the differences in each year. Please total each column and cross-add the table to show the totals for the period 2001 through 2008. Notices of Reassessment should be incorporated into the year affected by the reassessments.

The purpose of this table is to demonstrate the impact of the regulatory asset treatment in the tax returns and in rates for the periods where costs were incurred through the four-year collection period ending in 2008.

PILs Continuity Schedule

Board-approved PILs Tax Proxy or Allowance

- HH28.** Please provide the calculations to show how Halton Hills determined the Board-approved proxy amount for each year 2001 through 2006.
- HH29.** Please provide the Board decisions that support the proxy amounts for each year.
- HH30.** If the proxy amount used in the continuity schedule does not appear in the Board decision, please provide the PILs, RUD and/ or RAM models that generated the rate schedules which Halton Hills implemented.

Fourth Quarter 2001 PILs Proxy Tax Allowance

- HH31.** Did Halton Hills include the 2001 proxy in the Board-approved proxy amount for each period through March 31, 2004?
- HH32.** Did Halton Hills true-up the fourth quarter 2001 proxy in 2003 and in 2004? If not, does Halton Hills think there should be a true-up beyond 2002? Please explain.

The following table summarizes the reconciling items provided in the 1562 PILs Continuity table in the evidence.

	2001	2002	2003	2004	2005	2006
True-up Variance		3,472	-149,011	-322,403	-22,843	51,331
Deferral account variance		43,705	0	0	-130,756	-47,812
Adjustments to reported prior years' variances			90,863	141,372		
Carrying charges		2,863	4,159	-4,242	11,951	-1,553 -2,753

Adjustments to Reported Prior Years' Variances shown in the table above.

- HH33.** Please provide the source documents and calculations that show how the amounts were calculated for adjustments to reported prior years' variances.

Four-month Period January 1 to April 30, 2006

HH34. Did Halton Hills calculate any true-up or deferral account variance adjustments for this four month period which ended the PILs regime that started under PBRI? If not, please explain why.

Tax Returns, Notices of Assessment, Notices of Reassessment

HH35. Did Halton Hills file amended tax returns for any years from 2001 through 2006?

HH36. Did Halton Hills use the final tax returns, Notices of Assessment and Notices of Reassessment for each year in determining the balances in the continuity schedule? If not, how were the changes caused by assessments or reassessments reflected in this continuity schedule?

Carrying Charges

HH37. Please describe how Halton Hills determined the carrying charges.

HH38. Has Halton Hills used the Board's prescribed interest rate methodology?

HH39. Recalculation of the balances in the continuity schedule is required because of the updates of the SIMPIL models. How will Halton Hills calculate the change in the carrying charges? For example, by month or an annual average?

Amount Billed to or Collected from Customers

HH40. Please describe how Halton Hills calculated the amount shown for each year as PILs collected from customers.

HH41. Did Halton Hills use the amount billed to customers to represent recoveries from customers? If not, how were the recoveries computed?

HH42. For each year please provide a calculation of recoveries using annual statistics for customer counts, kWhs and kW to test the accuracy of the amount shown on the schedule.

HH43. Please describe how Halton Hills extracted the PILs amounts from unbilled revenue during the period 2001 through December 31, 2006.

HH44. Please provide the calculations of the PILs determined to be part of unbilled revenue.

Final Account Balance for Disposition

- HH45.** What are the principal and interest carrying charge amounts that Halton Hills requests the Board to approve for collection from, or repayment to, customers?
- HH46.** As of which date(s) were these amounts determined?
- HH47.** Should interest carrying charges be forecast to a future date of disposition? If so, what date?
- HH48.** Over what time period does Halton Hills expect to recover or to repay the balance?
- HH49.** What billing determinants does Halton Hills suggest be used to clear the amount?
- HH50.** Should the disposition of account 1562 be declared final in this proceeding, or should it be open to future tax reassessments for the period 2001 to 2005 (as per 2006 EDR Handbook)?

Compliance with Guidance in Accounting Procedures Handbook (APH)

- HH51.** Has Halton Hills followed the guidance stated in the Board's April 2003 FAQ throughout the life of account 1562? If no, please explain.
- HH52.** Has Halton Hills changed accounting methods outlined in the Board's April 2003 FAQ at any time during life of account 1562? If yes, please explain.
- HH53.** How would Halton Hills suggest clearing the PILs contra account 1563, in conjunction with clearing the 1562 PILs control account?

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