

Enwin Utilities Ltd. (ED-2002-0527)

PILs Calculations for 2009 EDR Application (EB-2008-0227) version: 2

September 17, 2008

Model Overview*Select a worksheet link*

Tab	ShortName	Title	Instruction	Link
P		PILS Calculations		P0 Administration
P0	Admin	Administration	Enter administrative information about the Application	P0 Administration
P1	UCC	Undepreciated Capital Costs (UCC)	Enter actual balances and projected asset additions & retirements	P1 Undepreciated Capital Costs (UCC)
P2	CEC	Cumulative Eligible Capital (CEC)	Enter actual balance, projected changes and deduction rates	P2 Cumulative Eligible Capital (CEC)
P3	Interest	Interest Expense	Enter deemed and projected actual interest amounts	P3 Interest Expense
P4	LCF	Loss Carry-Forward (LCF)	Enter details of historical losses available to offset projected taxable income	P4 Loss Carry-Forward (LCF)
P5	Reserves	Reserve Balances	Enter balance amounts and projected changes in tax and accounting reserves	P5 Reserve Balances
P6	TxbIncome	Taxable Income	Enter amounts required to calculate taxable income	P6 Taxable Income
P7	CapitalTax	Capital Taxes	Enter rate base amounts	P7 Capital Taxes
P8	TotalPILs	Total PILs Expense	Enter tax credit amounts	P8 Total PILs Expense
Y		Reference Information		Y1 Tax Rates and Exemptions
Y1	TaxRates	Tax Rates and Exemptions	Enter applicable rates and exemption amounts	Y1 Tax Rates and Exemptions
Y2	CCA	Capital Cost Allowances (CCA)	Enter asset classes and applicable rates for CCA deductions	Y2 Capital Cost Allowances (CCA)
Z		Model Parameters		Z1 Model Variables
Z1	ModelVariables	Model Variables		Z1 Model Variables
Z0	Disclaimer	Software Terms of Use		Z0 Software Terms of Use

Enwin Utilities Ltd. (ED-2002-0527)

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P0 Administration

Enter administrative information about the Application

Application Version

2

Name of Applicant

Enwin Utilities Ltd.

License Number

ED-2002-0527

Test Year

2009

File Number(s)

EB-2008-0227

Date of Application

17-Sep-2008

Contact:

Name Andrew Sasso

email regulatory@enwin.com

phone 519-255-2735

Date of previous Test Year approval

4-May-2006

September 17, 2008

Enter actual balances and projected asset additions & retirements

[illegible]

¹ per Schedule 8 of 2007 corporate tax return

Enter actual balances and projected asset addition

Class	Description	2008 Projected Additions	2008 Projected Retirements	UCC Before 1/2 Yr Adjustment	1/2 Year Reduction	Reduced UCC	Rate %	2008 CCA
1	Distribution System - post 1987			149,850,398		149,850,398	4.0%	5,994,016
2	Distribution System - pre 1988			27,003,435		27,003,435	6.0%	1,620,206
8	General Office/Stores Equip	1,246,504		4,872,274	623,252	4,249,022	20.0%	849,804
10	Computer Hardware/ Vehicles	43,000		1,206,915	21,500	1,185,415	30.0%	355,625
10.1	Certain Automobiles						30.0%	
12	Computer Software	300,000		300,000	150,000	150,000	100.0%	150,000
13.1	Leasehold Improvement # 1						25 years	
13.2	Leasehold Improvement # 2						4 years	
13.3	Leasehold Improvement # 3							
13.4	Leasehold Improvement # 4							
14	Franchise						6 years	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs						8.0%	
43.1	Certain Energy-Efficient Electrical Generating Equipment						30.0%	
45	Computers & Systems Software acq'd post Mar 22/04			269,017		269,017	45.0%	121,058
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)						30.0%	
47	Distribution System post Feb 22/05	10,175,757		28,229,765	5,087,879	23,141,887	8.0%	1,851,351
3	Buildings acquired before 1988			3,040,096		3,040,096	5.0%	152,005
50	Computers & Systems Software acq'd post Mar 18/07	840,090		895,177	420,045	475,132	55.0%	261,323
	TOTAL	12,605,351		215,667,077	6,302,676	209,364,402		11,355,387

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Enter actual balances and projected asset addition

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Enter actual balances and projected asset addition

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			143,856,382		143,856,382	4.0%	5,754,255
2	Distribution System - pre 1988			25,383,229		25,383,229	6.0%	1,522,994
8	General Office/Stores Equip	1,013,550		5,036,020	506,775	4,529,245	20.0%	905,849
10	Computer Hardware/ Vehicles	35,000		886,291	17,500	868,791	30.0%	260,637
10.1	Certain Automobiles						30.0%	
12	Computer Software	7,018,667		7,168,667	3,509,334	3,659,334	100.0%	3,659,334
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						8.0%	
43.1	Certain Energy-Efficient Electrical Generating Equipment						30.0%	
45	Computers & Systems Software acq'd post Mar 22/04			147,959		147,959	45.0%	66,582
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)						30.0%	
47	Distribution System post Feb 22/05	9,810,070		36,188,484	4,905,035	31,283,449	8.0%	2,502,676
3	Buildings acquired before 1988			2,888,091		2,888,091	5.0%	144,405
50	Computers & Systems Software acq'd post Mar 18/07	1,356,593		1,990,447	678,297	1,312,151	55.0%	721,683
	TOTAL	19,233,880		223,545,570	9,616,940	213,928,630		15,538,414

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Enter actual balances and projected asset addition

¹ per Schedule 8 of 2007 corporate tax return

Enwin Utilities Ltd. (ED-2002-0527)

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

	2008		2009	
CEC Opening Balance ¹		7,785,632		7,240,638
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		7,785,632		7,240,638
ECP Dispositions (net)				
Other Adjustments				
Subtotal	x 3/4 =		x 3/4 =	
Balance before tax deduction		7,785,632		7,240,638
Tax Deduction	Rate:	7.0% 544,994	Rate:	7.0% 506,845
CEC Ending Balance		<u>7,240,638</u>		<u>6,733,793</u>

¹ 2008 amount per ending balance on Schedule 10 of 2007 corporate tax return

Enwin Utilities Ltd. (ED-2002-0527)

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

	2008	2009	
Deemed Interest Expense (A)	6,327,333	7,677,063	
3900-Interest Expense	5,402,822	5,403,441	
Add: Capitalized Interest (USA #6040)			Enter credit to P&L as positive number
Add: Capitalized Interest (USA #6042)			Enter credit to P&L as positive number
Less: non-debt interest expense (USA #6035)	-210,000	-360,000	
			Enter other adjustments for tax purposes
Total Interest Projected (B)	5,192,822	5,043,441	
Excess Interest Expense			(B) less (A); if negative: zero

Enwin Utilities Ltd. (ED-2002-0527)

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P4 Loss Carry-Forward (LCF)*Enter details of historical losses available to offset projected taxable income*

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

¹ per Schedule 7-1 of 2007 corporate tax return

Enwin Utilities Ltd. (ED-2002-0527)

PILs Calculations for 2009 EDR Application (EB-2008-0227) version: 2

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

	Balance <input type="checkbox"/> 31 Dec/07 ¹	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)							
Tax Reserves not deducted for book purposes:							
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)							
TOTAL							
Accounting Reserves not deducted for tax purposes:							
General Reserve for Inventory Obsolescence (non-specific)							
General reserve for bad debts	320,000		320,000		320,000		320,000
Accrued Employee Future Benefits:	31,503,975		31,503,975	2,082,136	33,586,111	1,256,369	34,842,480
- Medical and Life Insurance							
- Short & Long-term Disability							
- Accumulated Sick Leave	16,915		16,915		16,915		16,915
- 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)							
TOTAL	31,840,890		31,840,890	2,082,136	33,923,026	1,256,369	35,179,395

¹ per Schedule 13 of 2007 corporate tax return

Enwin Utilities Ltd. (ED-2002-0527)

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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			
Income/(Loss) before PILs/Taxes (Accounting) ¹		6,394,348		6,394,348	8,426,828	7,417,335	6,401,691
Additions:							
Interest and penalties on taxes	103						
Amortization of tangible assets	104	8,932,722		8,932,722	10,915,804	11,487,968	11,487,968
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						
Charitable donations	112				22,980		
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	7,158		7,158	59,297	59,220	59,220
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				33,923,026	35,179,395	35,179,395

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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			
Income/(Loss) before PILs/Taxes (Accounting) ¹		6,394,348		6,394,348	8,426,828	7,417,335	6,401,691
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	251,139		251,139	298,749	290,180	290,180
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					5,192,822	5,043,441	
Adjustments to lease payments/capital tax	290/2 91	952,425		952,425	598,184	1,756	1,756
Total Additions		10,143,444		10,143,444	51,010,862	52,061,960	47,018,519

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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			
Income/(Loss) before PILs/Taxes (Accounting) ¹		6,394,348		6,394,348	8,426,828	7,417,335	6,401,691
Deductions:							
Gain on disposal of assets per financial statements	401						
Dividends not taxable under section 83	402						
Capital cost allowance from Schedule 8	403	8,395,262		8,395,262	11,355,387	15,538,414	15,538,414
Terminal loss from Schedule 8	404						
Cumulative eligible capital deduction from Schedule 10 CEC	405	677,553		677,553	544,994	506,845	506,845
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				31,840,890	33,923,026	33,923,026
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					6,327,333	7,677,063	
Financing fees	390	365,747		365,747	133,876	105,718	105,718
Capital tax per CT23	391	508,864		508,864			
Excess interest		490,656		490,656			
Capital lease payments	392				38,249	38,249	38,249
Total Deductions		10,438,082		10,438,082	50,240,730	57,789,315	50,112,252

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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			
Income/(Loss) before PILs/Taxes (Accounting) ¹		6,394,348		6,394,348	8,426,828	7,417,335	6,401,691
NET INCOME (LOSS) FOR TAX PURPOSES		6,099,710		6,099,710	9,196,960	1,689,980	3,307,958
Charitable donations from Schedule 2							
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							
TAXABLE INCOME (LOSS)		6,099,710		6,099,710	9,196,960	1,689,980	3,307,958

¹ 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)

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P7 Capital Taxes

Enter rate base amounts

Rates and exemptions from sheet Y1

	2008	2009	
OCT (Ontario Capital Tax):			
Rate Base	197,523,099	199,803,078	'Calculated Value' from sheet E3
Less: Exemption	15,000,000	15,000,000	
Deemed Taxable Capital	182,523,099	184,803,078	
Tax Rate	0.285%	0.225%	
OCT payable	520,191	415,807	
Federal LCT (Large Corporations Tax):			
Rate Base	197,523,099	199,803,078	
Less: Exemption	50,000,000	50,000,000	
Deemed Taxable Capital	147,523,099	149,803,078	
Tax Rate			
LCT payable			

Enwin Utilities Ltd. (ED-2002-0527)

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P8 Total PILs Expense

Enter tax credit amounts

	2008 Projection	2009 Projection ¹	2009 Test ¹	
Regulatory Taxable Income/(Loss)	9,196,960	1,689,980	3,307,958	from sheet P6
Combined Income Tax Rate	33.50%	33.00%	33.00%	"t" (from sheet Y1)
Total Income Taxes	3,080,982	557,693	1,091,626	
Investment & Miscellaneous Tax Credits				Input amounts
Income Tax Payable	3,080,982	557,693	1,091,626	"i"
Large Corporations Tax (LCT)				from sheet P7
Ontario Capital Tax (OCT)	520,191	415,807	415,807	from sheet P7
Grossed-up Income Tax			1,629,293	= i / (1 - t)
Grossed-up LCT				= LCT / (1 - t)
Total PILs Expense	3,601,172	973,500	2,045,100	Enter these results on sheet E4

¹ 'Projection' per existing rates; 'Test' based on proposed revenue requirement

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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	\$300,000	11.00%	5.50%	16.50%	
\$300,000	\$400,000	11.00%	5.50%	16.50%	
\$400,000	\$1,128,519	19.50%	5.50%	25.00%	4.67%
\$1,128,519		19.50%	14.00%	33.50%	

2009 INCOME TAXES

Income Range		Income Tax Rates			SBD Clawback
From	To	Federal	Ontario	Combined	
\$0	\$300,000	11.00%	5.50%	16.50%	
\$300,000	\$400,000	11.00%	5.50%	16.50%	
\$400,000	\$1,128,519	19.00%	5.50%	24.50%	4.67%
\$1,128,519		19.00%	14.00%	33.00%	

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		0.225%
Surtax Rate		

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Y2 Capital Cost Allowances (CCA)*Enter asset classes and applicable rates for CCA deductions*

Class	Description	Rate	Years	½ Year Rule
1	Distribution System - post 1987	4.0%		YES
2	Distribution System - pre 1988	6.0%		YES
8	General Office/Stores Equip	20.0%		YES
10	Computer Hardware/ Vehicles	30.0%		YES
10.1	Certain Automobiles	30.0%		YES
12	Computer Software	100.0%		YES
13.1	Leasehold Improvement # 1		25	YES
13.2	Leasehold Improvement # 2		4	YES
13.3	Leasehold Improvement # 3			YES
13.4	Leasehold Improvement # 4			YES
14	Franchise		6	NO
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	8.0%		YES
43.1	Certain Energy-Efficient Electrical Generating Equipment	30.0%		YES
45	Computers & Systems Software acq'd post Mar 22/04	45.0%		YES
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	30.0%		YES
47	Distribution System post Feb 22/05	8.0%		YES
3	Buildings acquired before 1988	5.0%		YES
50	Computers & Systems Software acq'd post Mar 18/07	55.0%		YES

September 17, 2008

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Terms accepted?

YES