

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.

Halton Hills Hydro Inc. ("HHHI") has included the 2001 SIMPIL updated with the 2001 tax return numbers in the electronic file folder titled HH2.

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.

HHHI has provided the "live" unlocked worksheets for each tax year 2001 through 2005 in the electronic file folder titled HH2.

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
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	5.5.0	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

HHHI confirms that the maximum and minimum tax rates shown in the tables above are correct for the years shown.

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.

HHHI confirms that there is no adjustment for changes in regulatory assets in the 2002 SIMPIL reconciliation. No addition or deduction of regulatory assets was made in the 2002 tax return as HHHI believed the regulatory assets would be collectible through future rate increases.

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?

The 2001 loss resulted primarily from the excess of power costs over cost of power revenue in the 2001 stub period. HHHI does not have an opinion regarding who owns the loss carry-forward.

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%.

HHHI confirms that the correct income tax rate in 2003 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.

HHHI confirms that the true-up variance will change when the correct rate is used. The SIMPIL model has been updated and can be found in the electronic file folder titled 2003 SIMPIL – HH 6-13 and the hardcopy is located in Appendix A.

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%.

HHHI confirms that the correct rate to use in this cell is 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.

HHHI confirms that the true-up variance will change when the correct rate is used. The SIMPIL model has been updated and can be found in the electronic file folder titled 2003 SIMPIL – HH 6-13 and the hardcopy is located in Appendix A.

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%.

HHHI confirms that the correct rate for the gross-up calculation in 2003 should be 35.50%. The SIMPIL model has been updated and can be found in the electronic file folder titled 2003 SIMPIL – HH 6-13 and the hardcopy is located in Appendix A.

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?

HHHI does not agree with the true-up claw-back concept. In addition, HHHI also believes that deposit interest should be excluded from the claw-back calculation.

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.

HHHI confirms that there is no adjustment for changes in regulatory assets in the 2003 SIMPIL reconciliation. No addition or deduction of regulatory assets was made in the 2003 tax return as HHHI believed the regulatory assets would be collectible through future rate increases.

HH13. Please update the SIMPIL model to reflect the changes and provide the revised live unlocked Excel model.

HHHI has updated the SIMPIL model to reflect the changes and has provided the revised “live” unlocked model in the electronic file folder titled 2003 SIMPIL – HH 6-13 and the hardcopy is located in Appendix A.

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.

HHHI confirms that the correct income tax rate for 2004 should be 35.0%.

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.

HHHI confirms that 36.12% should be the rate in cell I135 and 35.0% should be the rate in cell I173.

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.

HHHI agrees that the true-up should be recalculated. Donations were included in TAXREC cell C136, however the amounts were not carried forward to TAXCALC. TAXREC 2 has been amended to include the donation amount in cell C112.

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.

HHHI agrees that, as a result of the threshold increase, LCT is no longer applicable. 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.

The deduction for regulatory asset amortization in the amount of \$441,387 was made to offset the regulatory asset funds collected through distribution rates. Instead of netting the recovery of regulatory assets against service revenue on the financial statements, the recoveries are presented separately. Therefore, a Schedule 1 adjustment is required to properly exclude the recovery of regulatory assets from net income.

HH19. Please explain how Halton Hills reflected this deduction of \$441,387 in #20 above in the 2004 SIMPIL model.

The \$441,387 deduction was included in the other expense line in cell C46 of TAXREC, but could have also been included in cell C32 as an offset to distribution revenue.

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?

HHHI does not agree with the true-up claw-back concept. In addition, HHHI also believes that deposit interest should be excluded from the claw-back calculation.

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

HHHI has updated the SIMPIL model to reflect the changes and has provided the revised "live" unlocked model in the electronic file titled 2004 SIMPIL – HH14-21 and a hardcopy is located in Appendix B.

2005 SIMPIL

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

HHHI denies that the \$1,004,331 is an expense amount resulting from the change in regulatory assets. The \$1,004,331 represents the approved regulatory asset funds recovered through distribution rates for the year and should be offset against the recoveries included in service revenue. Regulatory assets attained during 2005 are included on the balance sheet and outlined in Note 7 to the financial statements that they will be recovered through future rate increases. As such, the change in regulatory assets has been included as an asset on the balance sheet.

**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.**

HHLI maintains that the \$1,004,331 should not be applied as a true-up reconciling item on TAXCALC. These funds are simply the approved amounts recovered through rates for regulatory assets during the year. The recoveries were included in TAXREC cell C32 distribution revenue and offset with an equivalent amount to remove the effect of the recovery of 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.

HHLI agrees that the true-up should be recalculated. Donations were included in TAXREC cell C141, however the amounts were not carried forward to TAXCALC. TAXREC 2 has been amended to include the donation amount in cell C115. The charitable donation amount is now appropriately brought forward to TAXCALC I48.

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?

HHLI does not agree with the true-up claw-back concept. In addition, HHLI also believes that deposit interest should be excluded from the claw-back calculation.

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

HHLI has updated the SIMPIL model to reflect the changes and has provided the revised "live" unlocked model in the electronic file folder 2005 SIMPIL – HH22-26 and a hardcopy is located in Appendix C.

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.

Halton Hills has prepared the requested schedule. Please refer to Appendix D.

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.

Please refer to Appendix E for the calculations.

HH29. Please provide the Board decisions that support the proxy amounts for each year.

Please refer to Appendix F for the Board Decisions, 2002-2005.

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.

The proxy amount used in the continuity schedule appears in the Board Decision.

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?

HHHI confirms that the 2001 proxy was included 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.

HHHI has not trued-up the fourth quarter 2001 proxy in 2003 and 2004. HHHI does not believe that there should be a true-up beyond 2002. Approved rates were frozen during this period, which included the 2001 PILs proxy amount. The approved rates, as billed, therefore resulted in the appropriate amounts collected during this period.

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

	2001	2002	2003	2004	2005	2006
--	------	------	------	------	------	------

	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.

The intent of the adjustments to reported prior years' variances is to net out the effects of not reversing the prior years unbilled amounts included in the calculation of PILs collected from customers during the subsequent year.

2002 year-end unbilled amounts not reversed from 2003	238,889
2003 year-end unbilled amounts not included in 2003	(113,198)
2004 year-end unbilled amounts not reversed from 2004	105,713
Total year-end unbilled amounts to adjust	231,404
Total net carrying charges applied	831
Total adjustments to prior year's variances	232,235

As part of this proceeding, HHHI has uncovered a formula difference in the calculation of the 2002 year-end unbilled amounts. As detailed in Interrogatory Response HH44, the 2002 unbilled calculation should be \$114,912.

This formula difference will be taken into account in determining the final account balance for settlement, Interrogatory Response HH45.

Unbilled calculations are detailed in Interrogatory Response HH44.

The prior year variance reported in the revised PILS continuity schedule recommended for disposition as per Interrogatory Question HH45 represents an adjustment to the 2002 True-up variance. This adjustment arises from a Schedule 1 adjustment relating to non-taxable load transfers from the non-taxable period. As such, this adjustment should be excluded from the true-up calculation, as follows:

$$170,052 \times 37.5\% / (1 - 37.5\%) = 102,031.$$

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.

HHLI did not calculate any true-up or deferral account variance adjustments for the January 1 to April 30, 2006 period. HHLI did not contemplate that these adjustments should be made for the period.

Tax Returns, Notices of Assessment, Notices of Reassessment

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

HHLI did file amended returns for periods from 2002 through 2006. As well, Ministry audits further amended the 2002 through 2004 tax filings.

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?

HHLI has applied the initial tax returns for each period, respectively, in determining the balances in the continuity schedules. Changes caused by assessments or reassessments were not reflected in the initial continuity schedule.

The revised continuity schedule presented for final disposition as per Interrogatory Response HH45 has taken into account the final tax returns, Notices of Assessment and Notices of Reassessment for each year. Appendix I includes the revised PILs spreadsheets for 2002-2005.

Carrying Charges

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

HHHI has determined carrying charges based on the average of opening and closing account balances on a quarterly basis, excluding any accrued interest. The approved debt rate of 7.25% was applied to the principal balance, except where prescribed interest rates were introduced subsequent to quarter 1 of 2006. From quarter 2 of 2006, interest is applied at the prescribed rate in effect during the quarter.

For the revision of the account balance for disposition in Interrogatory Response HH45, carrying charges have been recalculated on the average of opening and closing account balances on an annual basis, excluding any accrued interest.

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

HHHI has 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?

HHHI would suggest calculating carrying charges on an annual average for purposes of expediency. HHHI believes the effect of using an annual average, rather than a monthly or quarterly average, has an immaterial impact on the carrying charge calculation.

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.

HHHI determined the amounts of PILs collected from customers by:

- i) Calculating the proportion of monthly service charge and variable rates which related to PILs;
- ii) Multiplying the total monthly service charge and variable funds collected by the percentage determined in i).

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

HHHI used the amounts billed to represent recoveries from customers.

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

HHHI has recalculated the PILs recoveries using annual statistics for customer counts, kWhs and kW's. These statistics include unbilled amounts in each period.

Per Appendix G, recoveries using this methodology amount to \$4,267,059, compared to \$4,119,558 calculated using the method described in Interrogatory Response HH40.

HHHI has used the annual statistics method to recalculate the final account balance for disposition.

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

HHHI extracted unbilled PILs amounts on an annual basis at year-end. The unbilled monthly service charge and variable amounts determined at year-end were multiplied by the PILs proportion of rates, using the methodology described in Interrogatory Response HH40.

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

HHHI has provided the unbilled PILs calculations per Appendix H.

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?

HHHI has revised the 1562 PILs continuity (as shown in Appendix I) based on revisions arising from this proceeding and is recommending the following final account balance for disposition:

Principal amounts to be recovered	\$78,373
Carrying charges to be recovered	\$29,341
Total amounts to be recovered	\$107,714

HH46. As of which date(s) were these amounts determined?

These amounts have been determined as of December 31, 2008.

HH47. Should interest carrying charges be forecast to a future date of disposition? If so, what date?

HHLI believes that interest carrying charges should be forecasted to the date of eventual disposal of the account.

HH48. Over what time period does Halton Hills expect to recover or to repay the balance?

HHLI believe that thresholds should be set from three to five years to recover or repay the balance, on a case-by-case basis by LDC.

HH49. What billing determinants does Halton Hills suggest be used to clear the amount?

HHLI suggests that projected kWh and kW by class be implemented as the billing determinants to clear the outstanding amounts.

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)?

HHLI believes that the disposition of account 1562 should be declared final in this proceeding. Any adjustments that would have otherwise been attributed to this account should be allocated to OEB account 1592.

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.

HHLI has made best efforts to follow the guidance stated in the Board's April 2003 FAQ throughout the life of account 1562.

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.

HHLI has not changed the accounting methods as outlined in the Board's April 2003 FAQ at any time during the life of account 1562.

HH53. How would Halton Hills suggest clearing the PILs contra account 1563, in conjunction with clearing the 1562 PILs control account?

HHLI suggests that the PILs contra account 1563 be cleared in conjunction with 1562. In the same manner in which the contra account was created, it should be cleared (ie. as per the Board's April 2003 FAQ).

Appendix A

Revised, unlocked 2003 SIMPIL

SECTION 93 PILs TAX GROSS-UP "SIMPIL"

Version XX.xx

REGULATORY INFORMATION (REGINFO)

Utility Name: HALTON HILLS HYDRO INC.

Reporting period: DECEMBER 31, 2003

Days in reporting period:

365 days

Total days in the calendar year:

365 days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N N

Is the utility a non-profit corporation?

Y/N N

(If the utility is a non-profit corporation, please contact the Rates Manager at OEB)

Are the Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

Y/N N

Please identify the % used to allocate the exemption in Cell C63 in the TAXCALC spreadsheet.

Accounting Year End

Date 31-Dec

**MARR NO TAX CALCULATIONS
SHEET #7 FINAL RUD MODEL DATA
(FROM 1999 FINANCIAL STATEMENTS)
USE BOARD-APPROVED AMOUNTS**

Rate base (wires-only)

25,052,968

Common Equity Ratio (CER)

50.00%

1-CER

50.00%

Target Return On Equity	9.88%
Debt rate	7.25%
Market Adjusted Revenue Requirement	2,145,787
1999 return from RUD Sheet #7	0
Total Incremental revenue	2,145,787
Input Board-approved dollar amounts phased-in	
Amount allowed in 2001, Year 1	715,262
Amount allowed in 2002, Year 2	715,262
Amount allowed in 2003, Year 3 and forward (will be zero due to Bill 210)	0
Equity	12,526,484
Return at target ROE	1,237,617
Debt	12,526,484
Deemed interest amount in EBIT	908,170
Phase-in of interest - Year 1 (2001)	302,723
$((D38+D43)/D36)*D54$	
Phase-in of interest - Year 2 (2002)	605,447
$((D38+D43+D44)/D36)*D54$	
Phase-in of interest - Year 3 (2003) and forward	605,447
$((D38+D43+D44)/D36)*D54$ (due to Bill 210)	

SECTION 93 PILs TAX GROSS-UP "SIMPIL"									
DEFERRAL/VARIANCE ACCOUNTS									
TAX CALCULATIONS (TAXCALC)									
("Wires-only" business - see Tab TAXREC)									
ITEM	Initial Estimate					M of F Filing Variance K-C	M of F Filing Variance Explanation	M of F Filing (June) Version XX.xx	
	\$					\$		\$	
Utility Name: HALTON HILLS HYDRO INC.									
Reporting period: DECEMBER 31, 2003									
Days in reporting period:									
Total days in the calendar year:									
	365 days							Column Brought From TAXREC	
	365 days								
I) CORPORATE INCOME TAXES									
Regulatory Net Income	1	1,430,596				1,818,045		3,248,641	
BOOK TO TAX ADJUSTMENTS									
Additions:									
Depreciation & Amortization	2	1,460,685				335,174		1,795,859	
Employee Benefit Plans - Accrued, Not Paid	3	0				0		0	
Tax reserves deducted in prior year	4	0				0		0	
Reserves from financial statements-end of year	4	0				0		0	
Regulatory Adjustments	5	151,437				-151,437		0	
Other Additions (See Tab entitled "TAXREC")									
"Material" Items from "TAXREC" worksheet	6	0				0		0	
Other Additions (not "Material") "TAXREC"	6	0				4,319		4,319	
"Material Items from "TAXREC 2" worksheet	6	0				52,983		52,983	
Other Additions (not "Material") "TAXREC 2"	6	0				15,737		15,737	
Deductions:									
Capital Cost Allowance and CEC	7	1,072,272				490,295		1,562,567	
Employee Benefit Plans - Paid Amounts	8	0				0		0	
Items Capitalized for Regulatory Purposes	9	0				0		0	
Regulatory Adjustments	10	55,617				-55,617		0	
Interest Expense Deemed/ Incurred	11	605,477				616,124		1,221,601	
Tax reserves claimed in current year	4	0				0		0	
Reserves from F/S beginning of year	4	0				0		0	
Contributions to deferred income plans	3	0				0		0	
Contributions to pension plans	3	0				0		0	
Interest capitalized for accounting but deducted for tax	11	0				0		0	
Other Deductions (See Tab entitled "TAXREC")									
"Material" Items from "TAXREC" worksheet	12	0				0		0	
Other Deductions (not "Material") "TAXREC"	12	0				0		0	
Material Items from "TAXREC 2" worksheet	12	0				66,837		66,837	
Other Deductions (not "Material") "TAXREC 2"	12	0				13,548		13,548	
REGULATORY TAXABLE INCOME/ (LOSSES)		1,309,352				3,206,008		2,252,986	
CORPORATE INCOME TAX RATE									
Deemed %	13	38.62%				0.0000%		38.62%	
REGULATORY INCOME TAX		505,672				364,431		870,103	
Taxable Income x Rate									
Miscellaneous Tax Credits	14	0				0		0	
Total Regulatory Income Tax		505,672				364,431		870,103	
To determine the exemptions for capital tax and large corporations tax:									

DO NOT INPUT INTO AREA

[illegible][illegible][illegible]

15	25.052.968						7.586.603		32.639.570
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15	25,052,968					7,586,603	32,639,570
16	5,000,000					-313,562	4,686,438

20,052,968						7,273,041		27,953,132
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17	0.3000%						0.0000%		0.3000%
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60.159						23.700		83.859
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[illegible]

18	25.052.968						6.521.653		31.574.621
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19	10,000,000					0	10,000,000
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15.052,968						6.521,653		21.574,621
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20	0.2250%						0.0000%	0.2250%
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33.869						14.674						48.543
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21	14,665					10,569	25,233
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19.204						25.242		23.309	
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[illegible][illegible]

22	809,075				
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23	30,727				
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24	60.159				
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25	899,961				
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[illegible]

			DR/(CR)			
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3				0		
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[illegible][illegible]

5			-151,437		
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[illegible]

6			52,983		
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[illegible][illegible]

10			-55,617		
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11		313,431	
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12			66,837		
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26	=	-423,105
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Income Tax Rate (excluding surtax)		x	35.50%
Income Tax Effect on True-up adjustments		=	-150,202
Less: Miscellaneous Tax Credits	14		0
Total Income Tax on True-ups			-150,202
Income Tax Rate used for gross-up (exclude surtax)			35.50%
TRUE-UP VARIANCE			-232,872
IV b) Calculation of the Deferral Account Variance			
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)		=	1,309,352
REVISED CORPORATE INCOME TAX RATE		x	36.62%
REVISED REGULATORY INCOME TAX		=	479,485
Less: Revised Miscellaneous Tax Credits		-	0
Total Revised Regulatory Income Tax		=	479,485
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)		-	505,672
Regulatory Income Tax Variance		=	-26,187
Ontario Capital Tax			
Base		=	25,052,968
Less: Exemption		-	5,000,000
Revised deemed taxable capital		=	20,052,968
Rate (as a result of legislative changes)		x	0.3000%
Revised Ontario Capital Tax		=	60,159
Less: Ontario Capital Tax reported in the initial estimate column (Cell C72)		-	60,159
Regulatory Ontario Capital Tax Variance		=	0
Federal LCT			
Base			25,052,968
Less: Exemption		-	10,000,000
Revised Federal LCT		=	15,052,968
Rate (as a result of legislative changes)			0.2250%
Gross Amount			33,869
Less: Federal surtax		-	14,665
Revised Net LCT		=	19,204
Less: Federal LCT reported in the initial estimate column (Cell C84)		-	19,204
Regulatory Federal LCT Variance		=	0
Income Tax Rate used for gross-up (exclude surtax)			35.50%
Income Tax (grossed-up)		+	-40,600
LCT (grossed-up)		+	0
Ontario Capital Tax		+	0

DEFERRAL ACCOUNT VARIANCE				=	-40,600		
TRUE-UP VARIANCE (from cell I132)				+	-232,872		
Deferral Account Entry (Positive Entry = Debit) <i>(Deferral Account Variance + True-up Variance)</i> <i>To be included as deferral account in rate application)</i>				=	-273,472		
V) INTEREST PORTION OF TRUE-UP							
<u>Variance Caused By Phase-in of Deemed Debt</u>							
Total deemed interest (REGINFO)					908,170		
Interest phased-in (Cell C36)					605,477		
Variance due to phase-in of debt structure according to Rate Handbook					302,693		
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
Interest deducted on MoF filing (Cell K36+K41)					1,221,601		
Total deemed interest (REGINFO CELL D57)					908,170		
Variance caused by excess debt					313,431		
Interest Adjustment for Tax Purposes (carry forward to Cell I112)					313,431		
Total Interest Variance					-10,738		

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
TAX RETURN RECONCILIATION (TAXREC)
(for "wires-only" business - see s. 72 OEB Act)

LINE M of F Non-wires Wires-only
Corporate Eliminations Tax
Tax Return
Return
Version XX.xx

Section A: Identification:

Utility Name: HALTON HILLS HYDRO INC.
Reporting period: DECEMBER 31, 2003
Taxation Year's start date: JANUARY 1, 2003
Taxation Year's end date: DECEMBER 31, 2003
Number of days in taxation year:

365 days

Please enter the Materiality Level :

31,316 < - enter materiality level

(0.25% x Rate Base x CER)

Y/N

(0.25% x Net Assets)

Y/N

Or other measure (please provide the basis of the amount)

Y/N

Does the utility carry on non-wire related operation?

Y/N

(Please complete the questionnaire in the Background questionnaire worksheet.)

Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K

Section B: Financial statements data:

Input unconsolidated financial statement data submitted with tax returns.

The actual categories of the income statements should be used.

If required please change the descriptions except for amortization, interest expense and provision for income tax

Please enter the non-wire operation's amount as positive number, the program automatically treat all amounts in the "non-wires elimination column" entered as negative values in the TAXREC and TAXREC2.

Description:

Income:

Service Revenue	+	36,226,346	36,226,346
Other Income	+	1,136,036	1,136,036
Miscellaneous income	+		0
	+		0
	+		0

Revenue should be entered above this line

Expenses:

Cost of energy purchased	-	28,473,695	28,473,695
Salaries & benefits	-	3,004,752	3,004,752
Material costs	-	1,512,768	1,512,768
Amortization	-	1,795,859	1,795,859
Contract services	-	914,377	914,377

Ontario Capital Tax	-	133,080	133,080
Property costs	-	498,472	498,472
Other expenses	-	440,309	440,309
Communication costs	-	186,462	186,462
Allocated to capital	-	-2,846,033	-2,846,033

Net Income Before Interest & Income Taxes EBIT	=	3,248,641	0	3,248,641
Less: Interest expense for accounting purposes	-	1,221,601		1,221,601
Provision for payments in lieu of income taxes	-	856,051		856,051
Net Income (loss)	=	1,170,989	0	1,170,989

(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)

Section C: Reconciliation of accounting income to taxable income

From T2 Schedule 1

BOOK TO TAX ADDITIONS:

Provision for income tax	+	856,051	0	856,051
Depreciation & Amortization	+	1,795,859	0	1,795,859
Employee benefit plans-accrued, not paid	+	0	0	0
Tax reserves deducted in prior year	+	0	0	0
Reserves from financial statements- end of year	+			0
Regulatory adjustments	+			0
Material addition items from TAXREC 2	+	52,983	0	52,983
Other addition items (not Material) from TAXREC 2	+	15,737	0	15,737
Subtotal		2,720,630	0	2,720,630

Other Additions: (Please explain the nature of the additions)

Recapture of CCA	+			0
Non-deductible meals and entertainment expense	+	4,319		4,319
Capital items expensed	+			0
	+			0
	+			0
	+			0
	+			0
Total Other Additions	=	4,319	0	4,319

Total Additions	=	2,724,949	0	2,724,949
------------------------	---	-----------	---	-----------

Recap Material Additions:				
		0	0	0
		0	0	0
		0	0	0

		0	0	0
		0	0	0
		0	0	0
		0	0	0
<i>Total Other additions >materiality level</i>		0	0	0
Other deductions (less than materiality level)		4,319	0	4,319
Total Other Additions		4,319	0	4,319

BOOK TO TAX DEDUCTIONS:

Capital cost allowance	-	1,485,543		1,485,543
Cumulative eligible capital deduction	-	77,024		77,024
Employee benefit plans-paid amounts	-			0
Items capitalized for regulatory purposes	-			0
Regulatory adjustments :	-			0
CCA	-			0
other deductions	-			0
Tax reserves claimed in current year	-	0	0	0
Reserves from F/S- beginning of year	-			0
Contributions to deferred income plans	-			0
Contributions to pension plans	-			0
Interest capitalized for accounting deducted for tax	-			0
Material deduction items from TAXREC 2	-	66,837	0	66,837
Other deduction items (not Material) from TAXREC 2	-	13,548	0	13,548
Subtotal	=	1,642,952	0	1,642,952
<i>Other deductions (Please explain the nature of the deductions)</i>				
Charitable donations - tax basis	-			0
Gain on disposal of assets	-			0
	-			0
	-			0
	-			0
<i>Total Other Deductions</i>	=	0	0	0
Total Deductions	=	1,642,952	0	1,642,952

<u>Recap Material Deductions:</u>				
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
<i>Total Other Deductions exceed materiality level</i>		0	0	0
Other Deductions less than materiality level		0	0	0
Total Other Deductions		0	0	0

<u>TAXABLE INCOME</u>	=	2,252,986	0	2,252,986
DEDUCT:				
Non-capital loss applied	-			0
Net capital loss applied	-			0
NET TAXABLE INCOME	=	2,252,986	0	2,252,986
Net Federal Income Tax	+	543,420		543,420
Net Ontario Income Tax	+	282,602		282,602
Subtotal	=	826,022	0	826,022
Less: Miscellaneous tax credits	-			0
Total Income Tax	=	826,022	0	826,022

Section D: Detail calculation of the Ontario Capital Tax

ONTARIO CAPITAL TAX

(From Ontario CT23)

PAID-UP CAPITAL

Paid-up capital stock	+	16,161,663		16,161,663
Retained earnings (if deficit, deduct)	+/-	1,404,876		1,404,876
Capital and other surplus excluding appraisal surplus	+			0
Loans and advances	+	16,572,997		16,572,997
Bank loans	+			0
Bankers acceptances	+			0
Bonds and debentures payable	+			0
Mortgages payable	+			0
Lien notes payable	+			0
Deferred credits	+			0
Contingent, investment, inventory and similar reserves	+			0
Other reserves not allowed as deductions	+			0
Share of partnership(s), joint venture(s) paid-up capital	+	19,921		19,921
Sub-total	=	34,159,457	0	34,159,457
Subtract:				
Amounts deducted for income tax purposes in excess of amounts booked	-			0
Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0
Total (Net) Paid-up Capital	=	34,159,457	0	34,159,457

ELIGIBLE INVESTMENTS

Bonds, lien notes, interest coupons	+			0
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Mortgages due from other corporations	+		0
Shares in other corporations	+	924,617	924,617
Loans and advances to unrelated corporations	+		0
Eligible loans and advances to related corporations	+	865,551	865,551
Share of partnership(s) or joint venture(s) eligible investments	+	30,926	30,926
Total Eligible Investments	=	1,821,094	0 1,821,094

TOTAL ASSETS

Total assets per balance sheet	+	40,940,086	40,940,086
Mortgages or other liabilities deducted from assets	+		0
Share of partnership(s)/ joint venture(s) total assets	+	24,814	24,814
Subtract: Investment in partnership(s)/joint venture(s)	-	35,811	35,811
Total assets as adjusted	=	40,929,089	0 40,929,089

Add: (if deducted from assets)

Contingent, investment, inventory and similar reserves	+		0
Other reserves not allowed as deductions	+		0
Subtract:			0
Amounts deducted for income tax purposes in excess of amounts booked	-		0
Deductible R&D expenditures and ONTTI costs deferred for income tax	-		0
Subtract: Appraisal surplus if booked	-		0
Add or subtract: Other adjustments	+/-		0
Total Assets	=	40,929,089	0 40,929,089

Investment Allowance

1,519,887	0	1,519,887
-----------	---	-----------

Taxable Capital

Net paid-up capital	+	34,159,457	0 34,159,457
Subtract: Investment Allowance	-	1,519,887	0 1,519,887
Taxable Capital	=	32,639,570	0 32,639,570

Capital Tax Calculation

Deduction from taxable capital up to \$5,000,000		4,686,438	4,686,438
--	--	-----------	-----------

Net Taxable Capital	27,953,132	0	27,953,132
Rate 0.3%	0.3000%	0.3000%	0.3000%
Days in taxation year	365	365	365
Divide days by 365	1.00	1.00	1.00
Ontario Capital Tax	83,859	0	83,859

LARGE CORPORATION TAX

(From Federal Schedule 33)

CAPITAL

ADD:

Reserves that have not been deducted in computing income for the year under Part I	+		0
Capital stock	+	16,161,663	0
Retained earnings	+	1,404,876	1,404,876
Contributed surplus	+		0
Any other surpluses	+		0
Deferred unrealized foreign exchange gains	+		0
All loans and advances to the corporation	+	16,147,787	16,147,787
All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+		0
Any dividends declared but not paid	+		0
All other indebtedness outstanding for more than 365 days	+	431,027	431,027
Subtotal	=	34,145,353	0

DEDUCT:

Deferred tax debit balance	-		0
Any deficit deducted in computing shareholders' equity	-		0
Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-		0
Deferred unrealized foreign exchange losses	-		0
Subtotal	=	0	0

Capital for the year	34,145,353	0	34,145,353
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INVESTMENT ALLOWANCE

Shares in another corporation	+	865,552	865,552
Loan or advance to another corporation	+	803,818	803,818

Bond, debenture, note, mortgage, or similar obligation of another corporation	+	865,551		865,551
Long term debt of financial institution	+			0
Dividend receivable from another corporation	+			0
Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0
Interest in a partnership	+	35,811		35,811
Investment Allowance	=	2,570,732	0	2,570,732

TAXABLE CAPITAL

Capital for the year	=	34,145,353	0	34,145,353
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Deduct: Investment allowance	-	2,570,732	0	2,570,732
------------------------------	---	-----------	---	-----------

Taxable Capital for taxation year	=	31,574,621	0	31,574,621
-----------------------------------	---	------------	---	------------

Deduct: Capital Deduction \$10,000,000	-	10,000,000	0	10,000,000
--	---	------------	---	------------

Taxable Capital	=	21,574,621	0	21,574,621
------------------------	---	------------	---	------------

Rate .225%		0.22500%	0.22500%	0.22500%
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Days in year		365	365	365
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Divide days by 365		1.0000	1.0000	1.0000
--------------------	--	--------	--------	--------

Gross Part I.3 Tax LCT	=	48,542.90	0.00	48,542.90
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Federal Surtax Rate		1.1200%	1.1200%	1.1200%
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Less: Federal Surtax = Taxable Income x Surtax Rate	-	25,233	0	25,233
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Net Part I.3 Tax LCT Payable	=	23,309	0	23,309
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(If surtax is greater than Gross LCT, then zero)

RECAP:

Total Income Taxes	+	826,022	0	826,022
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Ontario Capital Tax	+	83,859	0	83,859
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Federal Large Corporations Tax	+	23,309	0	23,309
--------------------------------	---	--------	---	--------

Total income and capital taxes	=	933,191	0	933,191
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SECTION 93 PILs TAX GROSS-UP "SIMPIL"
TAX RETURN RECONCILIATION (Tax Reserves)
(for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
Corporate
Tax
Return

Non-wires
Eliminations

**Wires-only
Tax
Return**

Version XX.xx

Utility Name: HALTON HILLS HYDRO INC.
Reporting period: DECEMBER 31, 2003

TAX RESERVES

Opening balance:				
Accrued contingent liability				0
				0
				0
				0
				0
				0
				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

Ending balances:

Accrued contingent liability				0
				0
				0
				0
				0
				0
				0
				0
				0
Insert line above this line				0
Total (carry forward to the TAXREC worksheet)		0	0	0

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
TAX RETURN RECONCILIATION (TAXREC 2)
(for "wires-only" business - see s. 72 OEB Act)

LINE M of F Non-wires **Wires-only**
Corporate Eliminations **Tax**
Tax **Return**
Return

Version XX.xx

Utility Name: HALTON HILLS HYDRO INC.

Reporting period: DECEMBER 31, 2003

Number of days in taxation year:

Materiality Level:

365
31,316

days

Section C: Reconciliation of accounting income to taxable income

Add:

Recapture of capital cost allowance	+	0
Gain on sale of eligible capital property	+	0
Income or loss for tax purposes- joint ventures or partnerships	+	0
Loss in equity of subsidiaries and affiliates	+	0
Loss on disposal of assets	+	0
Charitable donations	+	0
Taxable capital gains	+	0
Depreciation in inventory -end of year	+	0
Scientific research expenditures deducted	+	0
per financial statements	+	0
Capitalized interest	+	0
Non-deductible club dues and fees	+	0
Non-deductible automobile expenses	+	0
Non-deductible life insurance premiums	+	0
Soft costs on construction and renovation of buildings	+	0
Book loss on joint ventures or partnerships	+	0
Capital items expensed	+	0
Debt issue expense	+	0
Deemed dividend income	+	0
Dividends credited to investment account	+	0
Financing fees deducted in books	+	0
Gain on settlement of debt	+	0
Interest paid on income debentures	+	0
Recapture of SR&ED expenditures	+	0
Share issue expense	+	0
Write down of capital property	+	0
Amounts received in respect of qualifying environment trust	+	0
Other Additions: (please explain in detail the nature of the item)	+	0

Employee future benefit costs accrued	+	15448		15448
Provision for bad debts	+	52983		52983
Interest & penalties	+	289		289
	+			0
	+			0
	+			0
	+			0
	+			0
	+			0
	+			0
Total Additions	=	68720	0	68720

Recap of Material Additions:

[illegible]

Provision for bad debts		52983	0	52983
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Material additions		52983	0	52983
Other additions less than materiality level		15737	0	15737
Total Additions		68720	0	68720

Deduct:

Gain on disposal of assets per f/s	-			0
Dividends not taxable under section 83	-			0
Terminal loss from Schedule 8	-			0
Depreciation in inventory, end of prior year	-			0
Scientific research expenses claimed in year from Form T661	-			0
Bad debt	-	66837		66837
Book income of joint venture or partnership	-			0
Equity in income from subsidiary or affiliates	-			0
Contributions to a qualifying environment trust	-			0
Other income from financial statements	-			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			
Employee future benefits paid	-	13548		13548
	-			0
	-			0
	-			0
	-			0
	-			0
	-			0
	-			0
	-			0
	-			0
	-			0
Total Deductions	=	80385	0	80385

Recap of Material Deductions:

		0	0	0
		0	0	0
		0	0	0

		0	0	0
		0	0	0
Bad debt		66837	0	66837
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Deductions exceed materiality level		66837	0	66837
Other deductions less than materiality level		13548	0	13548
Total Deductions		80385	0	80385

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
Corporate Tax Rates

Income Range	Year	0 to 200,000	200,001 to 700,000	>700,000
Income Tax Rate				
<i>Current year</i>	2003	19.12%	34.12%	38.62%
Capital Tax Rate		0.30%		
LCT rate		0.225%		
Surtax		1.12%		
Ontario Capital Tax Exemption		5,000,000		
Federal Large Corporations Tax Exemption		10,000,000		

Income Range	Year	0 to 225,000	225,001 to 700,000	>700,000
Income Tax Rate				
<i>Income Tax Rates used to gross up the deferral account allowance variance</i>	2004	18.62%	32.12%	36.62%

Income Range	Year	0 to 250,000	250,001 to 700,000	>700,000
Income Tax Rate				
<i>Income Tax Rates used to gross up the true up variance</i>	2005	18.62%	32.12%	36.62%

Appendix B

Revised, unlocked 2004 SIMPIL

	A	B	C	D	E
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"				Version 2004.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: HALTON HILLS HYDRO INC.				
4	Reporting period: 2004				
5					
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	- for 2004 only
20	shared among the corporate group?	LCT	Y/N	Y	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory Income
27	SHEET #7 FINAL RUD MODEL DATA				
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			25,052,968	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			2,145,787	
42					
43	1999 return from RUD Sheet #7			0	0
44					
45	Total Incremental revenue			2,145,787	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			715,298	715,298
48	Amount allowed in 2002			715,298	715,298
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			0	0
50	unless authorized by the Minister and the Board)				0
51					0
52					0
53	Total Regulatory Income				1,430,596
54					
55	Equity			12,526,484	
56					
57	Return at target ROE			1,237,617	
58					
59	Debt			12,526,484	
60					
61	Deemed interest amount in 100% of MARR			908,170	
62					
63	Phase-in of interest - Year 1 (2001)			302,738	
64	((D43+D47)/D41)*D61				
65	Phase-in of interest - Year 2 (2002)			605,477	
66	((D43+D47+D48)/D41)*D61				
67	Phase-in of interest - Year 3 (2003) and forward			605,477	
68	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
69					
70					
71					

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
7	Utility Name: HALTON HILLS HYDRO INC.											
8	Reporting period: 2004											Column
9	Days in reporting period:	366	days									Brought
10	Total days in the calendar year:	366	days									From
11												TAXREC
12												
13	I) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E53	1	1,430,596						1,077,432		2,508,028	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	1,460,685						351,780		1,812,465	
21	Employee Benefit Plans - Accrued, Not Paid	3							40,768		40,768	
22	Tax reserves - beginning of year	4							0		0	
23	Reserves from financial statements - end of year	4							0		0	
24	Regulatory Adjustments - increase in income	5	151,437						-151,437		0	
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Items from "TAXREC" worksheet	6							0		0	
27	Other Additions (not "Material") "TAXREC"	6							0		0	
28	"Material Items from "TAXREC 2" worksheet	6							363,593		363,593	
29	Other Additions (not "Material") "TAXREC 2"	6							5,414		5,414	
30												
31	Deductions: Input positive numbers											
32	Capital Cost Allowance and CEC	7	1,072,272						-515,254		1,587,526	
33	Employee Benefit Plans - Paid Amounts	8							-20,269		20,269	
34	Items Capitalized for Regulatory Purposes	9	0						0		0	
35	Regulatory Adjustments - deduction for tax purposes in Item 5	10	55,617						55,617		0	
36	Interest Expense Deemed/ Incurred	11	605,477						-565,466		1,170,943	
37	Tax reserves - end of year	4							0		0	
38	Reserves from financial statements - beginning of year	4							0		0	
39	Contributions to deferred income plans	3							0		0	
40	Contributions to pension plans	3							0		0	
41	Interest capitalized for accounting but deducted for tax	11							0		0	
42	Other Deductions (See Tab entitled "TAXREC")								0			
43	"Material" Items from "TAXREC" worksheet	12							0		0	
44	Other Deductions (not "Material") "TAXREC"	12							0		0	
45	Material Items from "TAXREC 2" worksheet	12							-325,000		325,000	
46	Other Deductions (not "Material") "TAXREC 2"	12							-27,699		27,699	
47												
48	TAXABLE INCOME/ (LOSS)		1,309,352						289,479	Before loss C/F	1,598,831	
49												
50	BLENDED INCOME TAX RATE											
51	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%						-2.5600%		36.06%	
52												
53	REGULATORY INCOME TAX		505,672						70,983	Actual	576,655	
54												
55												
56	Miscellaneous Tax Credits	14							0	Actual	0	
57												
58	Total Regulatory Income Tax		505,672						70,983	Actual	576,655	
59												
60												
61	II) CAPITAL TAXES											
62												
63	Ontario											
64	Base	15	25,052,968						9,419,216		34,472,184	
65	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000						-315,157		4,684,843	
66	Taxable Capital		20,052,968						9,104,059		29,787,341	
67												
68	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.0000%		0.3000%	
69												
70	Ontario Capital Tax		60,159						29,203		89,362	
71												
72	Federal Large Corporations Tax											
73	Base	18	25,052,968						7,516,512		32,569,480	
74	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000						35,995,000		45,995,000	
75	Taxable Capital		15,052,968						43,511,512		0	
76												
77	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%						-0.0250%		0.2000%	
78												
79	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		33,869						-33,869		0	
80	Less: Federal Surtax 1.12% x Taxable Income	21	14,665						-14,665		0	
81												
82	Net LCT		19,204						-48,534		0	
83												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
84	III) INCLUSION IN RATES											
85												
86	Income Tax Rate used for gross- up (exclude surtax)		37.50%									
87												
88	Income Tax (proxy tax is grossed-up)	22	809,075							Actual 2004	576,655	
89	LCT (proxy tax is grossed-up)	23	30,727							Actual 2004	0	
90	Ontario Capital Tax (no gross-up since it is deductible)	24	60,159							Actual 2004	89,362	
91												
92												
93	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	899,961							Actual 2004	666,017	
94	RAM DECISION											
95			899,961									
96			0									
97	IV) FUTURE TRUE-UPS											
98	IV a) Calculation of the True-up Variance								DR/(CR)			
99	In Additions:											
100	Employee Benefit Plans - Accrued, Not Paid	3							40,768			
101	Tax reserves deducted in prior year	4							0			
102	Reserves from financial statements-end of year	4							0			
103	Regulatory Adjustments	5							-151,437			
104	Other additions "Material" Items TAXREC	6							0			
105	Other additions "Material" Items TAXREC 2	6							363,593			
106	In Deductions - positive numbers											
107	Employee Benefit Plans - Paid Amounts	8							-20,269			
108	Items Capitalized for Regulatory Purposes	9							0			
109	Regulatory Adjustments	10							55,617			
110	Interest Adjustment for tax purposes (See Below - cell I204)	11							262,773			
111	Tax reserves claimed in current year	4							0			
112	Reserves from F/S beginning of year	4							0			
113	Contributions to deferred income plans	3							0			
114	Contributions to pension plans	3							0			
115	Other deductions "Material" Items TAXREC	12							0			
116	Other deductions "Material" Item TAXREC 2	12							-325,000			
117												
118	Total TRUE-UPS before tax effect	26						=	279,803			
119												
120	Income Tax Rate (excluding surtax) from 2004 Utility's tax return							x	35.00%			
121												
122	Income Tax Effect on True-up adjustments							=	97,931			
123												
124	Less: Miscellaneous Tax Credits	14							0			
125												
126	Total Income Tax on True-ups								97,931			
127												
128	Income Tax Rate used for gross-up (exclude surtax)								35.00%			
129												
130	TRUE-UP VARIANCE ADJUSTMENT								150,663			
131												
132	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
133												
134	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	1,309,352			
135												
136	REVISED CORPORATE INCOME TAX RATE							x	36.12%			
137												
138	REVISED REGULATORY INCOME TAX							=	472,938			
139												
140	Less: Revised Miscellaneous Tax Credits							-	0			
141												
142	Total Revised Regulatory Income Tax							=	472,938			
143												
144	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)							-	505,672			
145												
146	Regulatory Income Tax Variance							=	-32,734			
147												
148	Ontario Capital Tax											
149	Base							=	25,052,968			
150	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	5,000,000			
151	Revised deemed taxable capital							=	20,052,968			
152												
153	Rate - Tab Tax Rates cell C54							x	0.3000%			
154												
155	Revised Ontario Capital Tax							=	60,159			
156	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)							-	60,159			
157	Regulatory Ontario Capital Tax Variance							=	0			
158												
159	Federal LCT											
160	Base							=	25,052,968			
161	Less: Exemption from tab Tax Rates, Table 2, cell C40							-	50,000,000			
162	Revised Federal LCT							=	-24,947,032			
163												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
164	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51								0.2000%			
165												
166	Gross Amount								0			
167	Less: Federal surtax							-	0			
168	Revised Net LCT							=	0			
169												
170	Less: Federal LCT reported in the initial estimate column (Cell C82)							-	19,204			
171	Regulatory Federal LCT Variance							=	-19,204			
172												
173	Actual Income Tax Rate used for gross-up (exclude surtax)								35.00%			
174												
175	Income Tax (grossed-up)							+	-50,360			
176	LCT (grossed-up)							+	-30,727			
177	Ontario Capital Tax							+	0			
178												
179	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT							=	-81,087			
180												
181	TRUE-UP VARIANCE (from cell I130)							+	150,663			
182												
183	Total Deferral Account Entry (Positive Entry = Debit)							=	69,576			
184	<i>(Deferral Account Variance + True-up Variance)</i>											
185												
186												
187												
188	V) INTEREST PORTION OF TRUE-UP											
189	Variance Caused By Phase-in of Deemed Debt											
190												
191	Total deemed interest (REGINFO)								908,170			
192	Interest phased-in (Cell C36)								605,477			
193												
194	Variance due to phase-in of debt component of MARR in rates								302,693			
195	according to the Board's decision											
196												
197	Other Interest Variances (i.e. Borrowing Levels											
198	Above Deemed Debt per Rate Handbook)											
199	Interest deducted on MoF filing (Cell K36+K41)								1,170,943			
200	Total deemed interest (REGINFO CELL D61)								908,170			
201												
202	Variance caused by excess debt								262,773			
203												
204	Interest Adjustment for Tax Purposes (carry forward to Cell I110)								262,773			
205												
206	Total Interest Variance								39,920			
207												

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
6	Section A: Identification:					
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2004					
9	Taxation Year's start date: JANUARY 1, 2004					
10	Taxation Year's end date: DECEMBER 31, 2004					
11	Number of days in taxation year:		366	days		
12						
13	Please enter the Materiality Level :		31,316	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	<i>Input unconsolidated financial statement data submitted with Tax returns.</i>					
24	<i>The actual categories of the income statements should be used.</i>					
25	<i>If required please change the descriptions except for amortization, interest expense and provision for income tax</i>					
26						
27	<i>Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts</i>					
28	<i>in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.</i>					
29						
30	Income:					
31	Energy Sales	+	30,683,803		30,683,803	
32	Distribution Revenue	+	8,073,276		8,073,276	
33	Other Income	+	1,146,428	104,433	1,041,995	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	30,683,803		30,683,803	
40	Salaries and benefits	-	3,250,453		3,250,453	
41	Material costs	-	1,763,694		1,763,694	
42	Amortization	-	1,814,270		1,814,270	
43	Contract services	-	1,231,776		1,231,776	
44	Ontario Capital Tax	-	80,169		80,169	
45	Property costs	-	491,253		491,253	
46	Other expenses	-	1,133,849	39,050	1,094,799	
47	Communication costs	-	233,744		233,744	
48	Allocated to capital	-	-3,352,915		-3,352,915	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	2,573,411	65,383	2,508,028	
51	Less: Interest expense for accounting purposes	-	1,170,943		1,170,943	
52	Provision for payments in lieu of income taxes	-	412,562		412,562	
53	Net Income (loss)	=	989,906	65,383	924,523	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	412,562	0	412,562	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	1,814,270	1,805	1,812,465	
62	Employee benefit plans-accrued, not paid	+	40,768	0	40,768	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments	+			0	
66	Material addition items from TAXREC 2	+	363,593	0	363,593	
67	Other addition items (not Material) from TAXREC 2	+	26,145	20,731	5,414	
68						
69	Subtotal		2,657,338	22,536	2,634,802	
70						
71	Other Additions: (Please explain the nature of the additions)					
72	Recapture of CCA	+			0	
73	Non-deductible meals and entertainment expense	+			0	
74	Capital items expensed	+			0	
75		+			0	
76		+			0	
77		+			0	
78		+			0	
79	Total Other Additions	=	0	0	0	
80						
81	Total Additions	=	2,657,338	22,536	2,634,802	
82						
83	Recap Material Additions:					
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91	Total Other additions >materiality level		0	0	0	
92	Other deductions (less than materiality level)		0	0	0	
93	Total Other Additions		0	0	0	
94						

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
95	BOOK TO TAX DEDUCTIONS:					
96	Capital cost allowance	-	1,518,927	3,033	1,515,894	
97	Cumulative eligible capital deduction	-	71,632		71,632	
98	Employee benefit plans-paid amounts	-	20,269		20,269	
99	Items capitalized for regulatory purposes	-			0	
100	Regulatory adjustments :	-			0	
101	CCA	-			0	
102	other deductions	-			0	
103	Tax reserves - end of year	-	0	0	0	
104	Reserves from financial statements- beginning of year	-	0	0	0	
105	Contributions to deferred income plans	-			0	
106	Contributions to pension plans	-			0	
107	Interest capitalized for accounting deducted for tax	-			0	
108	Material deduction items from TAXREC 2	-	325,000	0	325,000	
109	Other deduction items (not Material) from TAXREC 2	-	69,161	41,462	27,699	
110						
111	Subtotal	=	2,004,989	44,495	1,960,494	
112	Other deductions (Please explain the nature of the deductions)					
113	Charitable donations - tax basis	-			0	
114	Gain on disposal of assets	-			0	
115		-			0	
116		-			0	
117		-			0	
118	Total Other Deductions	=	0	0	0	
119						
120	Total Deductions	=	2,004,989	44,495	1,960,494	
121						
122	Recap Material Deductions:					
123			0	0	0	
124			0	0	0	
125			0	0	0	
126			0	0	0	
127			0	0	0	
128	Total Other Deductions exceed materiality level		0	0	0	
129	Other Deductions less than materiality level		0	0	0	
130	Total Other Deductions		0	0	0	
131						
132	TAXABLE INCOME	=	1,642,255	43,424	1,598,831	
133	DEDUCT:					
134	Non-capital loss applied positive number	-			0	
135	Net capital loss applied positive number	-			0	
136					0	
137	NET TAXABLE INCOME	=	1,642,255	43,424	1,598,831	
138						
139	FROM ACTUAL TAX RETURNS					
140	Net Federal Income Tax (Must agree with tax return)	+	366,099	9,679	356,420	
141	Net Ontario Income Tax (Must agree with tax return)	+	226,214	5,979	220,235	
142	Subtotal	=	592,313	15,658	576,655	
143	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
144	Total Income Tax	=	592,313	15,658	576,655	
145						
146	FROM ACTUAL TAX RETURNS					
147	Net Federal Income Tax Rate (Must agree with tax return)		22.29%		22.29%	
148	Net Ontario Income Tax Rate (Must agree with tax return)		13.77%		13.77%	
149	Blended Income Tax Rate		36.06%		36.06%	
150						
151	Section D: Detailed calculation of Ontario Capital Tax					
152						
153	ONTARIO CAPITAL TAX					
154	(From Ontario CT23)					
155	PAID-UP CAPITAL					
156						
157	Paid-up capital stock	+	16,161,663		16,161,663	
158	Retained earnings (if deficit, deduct)	+/-	2,394,782	27,766	2,367,016	
159	Capital and other surplus excluding	+			0	
160	appraisal surplus	+			0	
161	Loans and advances	+	16,911,276		16,911,276	
162	Bank loans	+			0	
163	Bankers acceptances	+			0	
164	Bonds and debentures payable	+			0	
165	Mortgages payable	+			0	
166	Lien notes payable	+			0	
167	Deferred credits	+			0	
168	Contingent, investment, inventory and similar reserves	+			0	
169	Other reserves not allowed as deductions	+			0	
170	Share of partnership(s), joint venture(s) paid-up capital	+	18,916		18,916	
171	Sub-total	=	35,486,637	27,766	35,458,871	
172	Subtract:					
173	Amounts deducted for income tax purposes in excess of amounts booked	-	-478,125		-478,125	
174	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
175	Total (Net) Paid-up Capital	=	35,964,762	27,766	35,936,996	
176						
177	ELIGIBLE INVESTMENTS					
178						
179	Bonds, lien notes, interest coupons	+			0	
180	Mortgages due from other corporations	+			0	
181	Shares in other corporations	+	906,070		906,070	
182	Loans and advances to unrelated corporations	+			0	
183	Eligible loans and advances to related corporations	+	865,551		865,551	
184	Share of partnership(s) or joint venture(s) eligible investments	+			0	
185						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
186	Total Eligible Investments	=	1,771,621	0	1,771,621	
187						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
188						
189	TOTAL ASSETS					
190						
191	Total assets per balance sheet	+	43,032,481	138,812	42,893,669	
192	Mortgages or other liabilities deducted from assets	+			0	
193	Share of partnership(s)/ joint venture(s) total assets	+	27,604		27,604	
194	Subtract: Investment in partnership(s)/joint venture(s)	-	40,518		40,518	
195						
196	Total assets as adjusted	=	43,019,567	138,812	42,880,755	
197						
198	Add: (if deducted from assets)					
199	Contingent, investment, inventory and similar reserves	+			0	
200	Other reserves not allowed as deductions	+			0	
201	Subtract:				0	
202	Amounts deducted for income tax purposes in excess of amounts booked	-	-478,125		-478,125	
203	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
204	Subtract: Appraisal surplus if booked	-			0	
205	Add or subtract: Other adjustments	+/-			0	
206						
207	Total Assets	=	43,497,692	138,812	43,358,880	
208						
209						
210	Investment Allowance		1,464,812	0	1,468,367	
211						
212	Taxable Capital					
213						
214	Net paid-up capital	+	35,964,762	27,766	35,936,996	
215	Subtract: Investment Allowance	-	1,464,812	0	1,464,812	
216						
217	Taxable Capital	=	34,499,950	27,766	34,472,184	
218						
219	Capital Tax Calculation					
220	Deduction from taxable capital up to maximum of \$5,000,000		4,684,843	0	4,684,843	
221	(Input in tab Tax Rates)					
222	Net Taxable Capital		29,815,107	27,766	29,787,341	
223						
224	Rate		0.3000%	0.3000%	0.3000%	
225						
226	Days in taxation year		366	366	366	
227	Divide days by 366		1.00	1.00	1.00	
228						
229	Ontario Capital Tax (Must agree with CT23 return)		89,445	83	89,362	
230						
231	Section E: Detailed calculation of Large Corporation Tax					
232						
233	LARGE CORPORATION TAX					
234	(From Federal Schedule 33)					
235	CAPITAL					
236	ADD:					
237	Reserves that have not been deducted in computing income for the year under Part I	+	16,161,663		16,161,663	
238	Capital stock	+	2,394,782	27,766	2,367,016	
239	Retained earnings	+			0	
240	Contributed surplus	+			0	
241	Any other surpluses	+			0	
242	Deferred unrealized foreign exchange gains	+			0	
243	All loans and advances to the corporation	+	16,146,274		16,146,274	
244	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
245	Any dividends declared but not paid	+			0	
246	All other indebtedness outstanding for more than 365 days	+	765,002		765,002	
247						
248	Subtotal	=	35,467,721	27,766	35,439,955	
249						
250	DEDUCT:					
251	Deferred tax debit balance	-			0	
252	Any deficit deducted in computing shareholders' equity	-			0	
253	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
254	Deferred unrealized foreign exchange losses	-			0	
255						
256	Subtotal	=	0	0	0	
257						
258	Capital for the year		35,467,721	27,766	35,439,955	
259						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
260	INVESTMENT ALLOWANCE					
261						
262	Shares in another corporation	+	865,552		865,552	
263	Loan or advance to another corporation	+	1,098,854		1,098,854	
264	Bond, debenture, note, mortgage, or	+			0	
265	similar obligation of another corporation	+	865,551		865,551	
266	Long term debt of financial institution	+			0	
267	Dividend receivable from another corporation	+			0	
268	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
269	Interest in a partnership	+	40,518		40,518	
270						
271	Investment Allowance	=	2,870,475	0	2,870,475	
272						
273						
274	TAXABLE CAPITAL					
275						
276	Capital for the year	=	35,467,721	27,766	35,439,955	
277						
278	Deduct: Investment allowance	-	2,870,475	0	2,870,475	
279						
280	Taxable Capital for taxation year	=	32,597,246	27,766	32,569,480	
281						
282	Deduct: Capital Deduction - maximum of \$50,000,000 (Input in tab "Tax Rates")	-	45,995,000	0	45,995,000	
283						
284	Taxable Capital	=	0	27,766	0	
285						
286	Rate 0.225% in 2002 and 2003; 0.200% in 2004		0.20000%	0.20000%	0.20000%	
287						
288	Days in year		366	366	366	
289	Divide days by 366		1.0000	1.0000	1.0000	
290						
291	Gross Part I.3 Tax LCT (Must agree with tax return)	=	0	56	0	
292						
293	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
294						
295	Less: Federal Surtax = Actual Surtax from tax return	-			0	
296						
297	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	0	56	0	
298	(If surtax is greater than Gross LCT, then zero)					
299						
300	Section F: Income and Capital Taxes					
301						
302	RECAP FROM ABOVE:					
303	Total Income Taxes	+	592,313	15,658	576,655	
304	Ontario Capital Tax	+	89,445	83	89,362	
305	Federal Large Corporations Tax	+	0	56	0	
306						
307	Total income and capital taxes	=	681,758	15,797	666,017	
308						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2004.1	
6						
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other				0	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
7						
8	Utility Name: HALTON HILLS HYDRO INC.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		31,316			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+	20,731	20,731	0	
20	Charitable donations	+	325,000		325,000	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+			0	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Debt financing expenses	+			0	
45	Non-deductible meals & entertainment expenses	+	5,414		5,414	
46	Provision for bad debts	+	38,593		38,593	
47		+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+				
54	Total Additions	=	389,738	20,731	369,007	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62	Charitable donations		325,000	0	325,000	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

	A	B	C	D	E	F
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87	Provision for bad debts		38,593	0	38,593	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94						
95	Total Material additions		363,593	0	363,593	
96	Other additions less than materiality level		26,145	20,731	5,414	
97	Total Additions		389,738	20,731	369,007	
98						
99	Deduct:					
100	Gain on disposal of assets per f/s	-	44,467	41,462	3,005	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule 8	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-			0	
105	Bad debts	-	24,694		24,694	
106	Book income of joint venture or partnership	-			0	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-				
111	Imputed interest on Reg Assets	-			0	
112	Charitable donations	-	325,000		325,000	
113		-			0	
114		-			0	
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121		-			0	
122	Total Deductions	=	394,161	41,462	352,699	
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137	Charitable donations		325,000	0	325,000	
138			0	0	0	
139			0	0	0	
140			0	0	0	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145			0	0	0	
146	Total Deductions exceed materiality level		325,000	0	325,000	
147	Other deductions less than materiality level		69,161	41,462	27,699	
148	Total Deductions		394,161	41,462	352,699	
149						

	A	B	C	D	E	F	G	H	I	J
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"									
2	Corporate Tax Rates					Version 2004.1				
3	Exemptions, Deductions, or Thresholds					RRR # 2.1.8				
4	Utility Name: HALTON HILLS HYDRO INC.									
5	Reporting period: 2004									
6										
7	Table 1									
8	Rates Used in 2002 RAM PILs Applications									
9	Income Range		0		200,001					
10	RAM 2002		to		to		>700,000			
11		Year	200,000		700,000					
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		0.00%							
15	and Ontario blended		19.12%		34.12%		38.62%			
16	Blended rate		19.12%	0.00%	34.12%		38.62%			
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25	Table 2									
26	Expected Rates and Exemptions for 2004									
27	Income Range		0	250,001	400,001					
28	Expected Rates 2004		to	to	to		>1,128,000			
29		Year	250,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2004								
32	Federal (Includes surtax)		13.12%	22.12%	22.12%		22.12%			
33	Ontario		5.50%	5.50%	9.75%		14.00%			
34	Blended rate		18.62%	27.62%	31.87%		36.12%			
35										
36	Capital Tax Rate		0.300%							
37	LCT rate		0.200%							
38	Surtax		1.12%							
39	Ontario Capital Tax Exemption ***	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2004 Tax Returns									
45	Income Range		0	250,001	400,001					
46			to	to	to		>1,128,000			
47		Year	250,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2004								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%		22.12%			
51	Ontario		5.50%	5.50%	14.00%		14.00%			
52	Blended rate		18.62%	27.62%	36.12%		36.12%			
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.200%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,684,843							
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000							
59	* Include copies of the actual tax return allocation calculations in your submission:									
60	Ontario CT23 page 11; federal T2 Schedule 36									
61										
62										
63										
64										

Appendix C

Revised, unlocked 2005 SIMPIL

	A	B	C	D	E
1	SIMPIL RRR FILING				Version 2005.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: HALTON HILLS HYDRO INC.			<u>Colour Code</u>	
4	Reporting period: 2005			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C68 & C77 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2005	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			25,052,968	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			2,145,787	
42					
43	1999 return from RUD Sheet #7			0	0
44					
45	Total Incremental revenue			2,145,787	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in Year 1 - 2001			715,262	715,262
48	Amount allowed in Year 2 - 2002			715,262	715,262
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210;				
50	unless authorized by the Minister and the Board)			0	0
51	Amount allowed in Year 3 - 2005; no gross-up ; (with approved CDM plan)			715,262	715,262
52	Other adjustments approved by the Board			108,654	108,654
53					0
54	Total Regulatory Income				2,254,440
55					
56	Equity			12,526,484	
57					
58	Return at target ROE			1,237,617	
59					
60	Debt			12,526,484	
61					
62	Deemed interest amount in 100% of MARR			908,170	
63					
64	Phase-in of interest - Year 1 (2001)			302,723	
65	((D43+D47)/D41)*D62				
66	Phase-in of interest - Years 2, 3 & 4 (2002, 2003,2004)			605,447	
67	((D43+D47+D48)/D41)*D62 (Due to Bill 210)				
68	Phase-in of interest - Year 3 (2005) and forward			908,170	
69					
70					
71					
72					

	A	B	C	D	E	F	G	H	I	J	K	L
1	SIMPIL RRR FILING	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2005.1	
6			\$						\$		\$	
7	Utility Name: HALTON HILLS HYDRO INC.											
8	Reporting period: 2005										Column	
9	Days in reporting period:	365	days								Brought	
10	Total days in the calendar year:	365	days								From	
11											TAXREC	
12												
13	I) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E54	1	2,254,440						211,668		2,466,108	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	1,604,164						279,942		1,884,106	
21	Employee Benefit Plans - Accrued, Not Paid	3	15,448						13,772		29,220	
22	Tax reserves - beginning of year	4							0		0	
23	Reserves from financial statements - end of year	4	52,983						50,554		103,537	
24	Regulatory Adjustments - increase in income	5							0		0	
25	Regulatory Assets - to balance to tax return								0		0	
26	Other Additions (See Tab entitled "TAXREC")											
27	"Material" Items from "TAXREC" worksheet	6							0		0	
28	Other Additions (not "Material") "TAXREC"	6							7,084		7,084	
29	"Material" Items from "TAXREC 2" worksheet	6							325,000		325,000	
30	Other Additions (not "Material") "TAXREC 2"	6							0		0	
31												
32	Deductions: Input positive numbers											
33	Capital Cost Allowance and CEC	7	1,562,567						91,111		1,653,678	
34	Employee Benefit Plans - Paid Amounts	8	13,548						3,172		16,720	
35	Items Capitalized for Regulatory Purposes	9							0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10							0		0	
37	Regulatory Assets - to balance to tax return								0		0	
38	Interest Expense Deemed/ Incurred	11	908,170						280,664		1,188,834	
39	Tax reserves - end of year	4							0		0	
40	Reserves from financial statements - beginning of year	4	66,837						3,163		70,000	
41	Contributions to deferred income plans	3							0		0	
42	Contributions to pension plans	3							0		0	
43	Interest capitalized for accounting but deducted for tax	11							0		0	
44	Other Deductions (See Tab entitled "TAXREC")											
45	CDM 2005 incremental OM&A expenses per 2005 PILs model	12							0		0	
46	"Material" Items from "TAXREC" worksheet	12							0		0	
47	Other Deductions (not "Material") "TAXREC"	12							25,444		25,444	
48	Material Items from "TAXREC 2" worksheet	12							325,000		325,000	
49	Other Deductions (not "Material") "TAXREC 2"	12							0		0	
50												
51	TAXABLE INCOME/ (LOSS)		1,375,913						159,466	Before loss C/F	1,535,379	
52												
53	BLENDED INCOME TAX RATE											
54	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	36.12%						-2.3400%	Formula	33.78%	
55												
56	REGULATORY INCOME TAX		496,980						21,356	Actual	518,336	
57												
58												
59	Miscellaneous Tax Credits	14							0	Actual	0	
60												
61	Total Regulatory Income Tax		496,980						21,356	Actual	518,336	
62												
63												
64	III) CAPITAL TAXES											
65												
66	Ontario											
67	Base	15	25,052,968						9,997,986		35,050,954	
68	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000						-544,467		6,955,533	
69	Taxable Capital		17,552,968						9,453,519		28,095,421	
70												
71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.3000%		0.3000%	
72												
73	Ontario Capital Tax		52,659						31,626		84,285	
74												
75	Federal Large Corporations Tax											
76	Base	18	25,052,968						-25,052,968		0	
77	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000						-50,000,000		0	
78	Taxable Capital		0						-75,052,968		0	
79												
80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%						0.0000%		0.1750%	
81												
82	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0						0		0	
83	Less: Federal Surtax 1.12% x Taxable Income	21	0						0		0	
84												
85	Net LCT		0						0		0	
86												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SIMPIL RRR FILING	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2005.1	
6			\$						\$		\$	
87	III) INCLUSION IN RATES											
88												
89	Income Tax Rate used for gross- up		36.12%									
90												
91	Income Tax (proxy tax is grossed-up)	22	777,990							Actual 2005	518,336	
92	LCT (proxy tax is grossed-up)	23	0							Actual 2005	0	
93	Ontario Capital Tax (no gross-up since it is deductible)	24	52,659							Actual 2005	84,285	
94												
95												
96	Total PILs for Rate Adjustment -- MUST AGREE WITH 2005	25	830,648							Actual 2005	602,621	
97	RAM DECISION											
98												
99												
100	IV) FUTURE TRUE-UPS											
101	IV a) Calculation of the True-up Variance								DR/(CR)			
102	In Additions:											
103	Employee Benefit Plans - Accrued, Not Paid	3							13,772			
104	Tax reserves deducted in prior year	4							0			
105	Reserves from financial statements-end of year	4							50,554			
106	Regulatory Adjustments	5							0			
107	Other additions "Material" Items TAXREC	6							0			
108	Other additions "Material" Items TAXREC 2	6							325,000			
109	In Deductions - positive numbers											
110	Employee Benefit Plans - Paid Amounts	8							3,172			
111	Items Capitalized for Regulatory Purposes	9							0			
112	Regulatory Adjustments	10							0			
113	Interest Adjustment for tax purposes (See Below - cell I207)	11							280,664			
114	Tax reserves claimed in current year	4							0			
115	Reserves from F/S beginning of year	4							3,163			
116	Contributions to deferred income plans	3							0			
117	Contributions to pension plans	3							0			
118	Other deductions "Material" Items TAXREC	12							0			
119	Other deductions "Material" Item TAXREC 2	12							325,000			
120												
121	Total TRUE-UPS before tax effect	26						=	-222,673			
122												
123	Income Tax Rate from 2005 Utility's tax return							x	33.78%			
124												
125	Income Tax Effect on True-up adjustments							=	-75,219			
126												
127	Less: Miscellaneous Tax Credits	14							0			
128												
129	Total Income Tax on True-ups								-75,219			
130												
131	Income Tax Rate used for gross-up								32.66%			
132												
133	TRUE-UP VARIANCE ADJUSTMENT								-111,700			
134												
135	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
136												
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	1,375,913			
138												
139	REVISED CORPORATE INCOME TAX RATE							x	33.78%			
140												
141	REVISED REGULATORY INCOME TAX							=	464,783			
142												
143	Less: Revised Miscellaneous Tax Credits							-	0			
144												
145	Total Revised Regulatory Income Tax							=	464,783			
146												
147	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C61)							-	496,980			
148												
149	Regulatory Income Tax Variance							=	-32,196			
150												
151	Ontario Capital Tax											
152	Base							=	25,052,968			
153	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	7,500,000			
154	Revised deemed taxable capital							=	17,552,968			
155												
156	Rate - Tab Tax Rates cell C54							x	0.3000%			
157												
158	Revised Ontario Capital Tax							=	52,659			
159	Less: Ontario Capital Tax reported in the initial estimate column (Cell C73)							-	52,659			
160	Regulatory Ontario Capital Tax Variance							=	0			

[illegible]

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
6	Section A: Identification:					
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2005					
9	Taxation Year's start date:		Jan 1/05			
10	Taxation Year's end date:		Dec 31/05			
11	Number of days in taxation year:		365 days			
12						
13	Please enter the Materiality Level :		31,316	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statement data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	36,847,936		36,847,936	
32	Distribution Revenue	+	8,883,939		8,883,939	
33	Other Income	+	1,116,930	47,698	1,069,232	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	36,847,936		36,847,936	
40	Salaries & benefits	-	3,489,322	3,500	3,485,822	
41	Material costs	-	1,514,086		1,514,086	
42	Contract services	-	2,704,632		2,704,632	
43	Amortization (links to C61 below)	-	1,884,106		1,884,106	
44	Ontario Capital Tax	-	68,445		68,445	
45	CDM Expenses for 2005	-	55,108		55,108	
46	Property costs	-	517,652	4,317	513,335	
47	Other expenses	-	698,660		698,660	
48	Communications costs	-	260,991		260,991	
49	Recovery of regulatory assets	-	1,004,331		1,004,331	
50	Allocated to capital	-	-4,702,453		-4,702,453	
51		-			0	
52						
53	Net Income Before Interest & Income Taxes EBIT	=	2,505,989	39,881	2,466,108	
54	Less: Interest expense for accounting purposes	-	1,188,834		1,188,834	
55	Provision for payments in lieu of income taxes	-	646,313	10,285	636,028	
56	Net Income (loss)	=	670,842	29,596	641,246	
57	(The Net Income (loss) in the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
58						
59	Section C: Reconciliation of accounting income to taxable income					
60	From T2 Schedule 1					
61	BOOK TO TAX ADDITIONS:					
62	Provision for income tax	+	646,313	10,285	636,028	
63	Federal large corporations tax	+			0	
64	Depreciation & Amortization	+	1,884,106	0	1,884,106	
65	Employee benefit plans-accrued, not paid	+	29,220	0	29,220	
66	Tax reserves - beginning of year	+	0	0	0	
67	Reserves from financial statements- end of year	+	103,537	0	103,537	
68	Regulatory adjustments	+			0	
69	Regulatory Assets changes	+			0	
70	Material addition items from TAXREC 2	+	325,000	0	325,000	
71	Other addition items (not Material) from TAXREC 2	+	0	0	0	
72						
73	Subtotal		2,988,176	10,285	2,977,891	
74						
75	Other Additions: (Please explain the nature of the additions)					
76	Recapture of CCA	+			0	
77	Non-deductible meals and entertainment expense	+	5,787		5,787	
78	Capital items expensed	+			0	
79	Charitable donations	+			0	
80	Capital tax accrued in income statement	+			0	
81	Book loss of joint venture	+	1,297		1,297	
82		+			0	
83	Total Other Additions	=	7,084	0	7,084	
84						
85	Total Additions	=	2,995,260	10,285	2,984,975	
86						
87	Recap Material Additions:					
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94			0	0	0	
95	Total Other additions >materiality level		0	0	0	
96	Other deductions (less than materiality level)		7,084	0	7,084	
97	Total Other Additions		7,084	0	7,084	
98						

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
99	BOOK TO TAX DEDUCTIONS:					
100	Capital cost allowance	-	1,587,060		1,587,060	
101	Cumulative eligible capital deduction	-	66,618		66,618	
102	Employee benefit plans-paid amounts	-	16,720		16,720	
103	Items capitalized for regulatory purposes	-			0	
104	Regulatory adjustments :	-			0	
105	CCA	-			0	
106	other deductions	-			0	
107	Regulatory Assets changes				0	
108	Tax reserves - end of year	-	0	0	0	
109	Reserves from financial statements- beginning of year	-	70,000	0	70,000	
110	Contributions to deferred income plans	-			0	
111	Contributions to pension plans	-			0	
112	Interest capitalized for accounting deducted for tax	-			0	
113	Material deduction items from TAXREC 2	-	325,000	0	325,000	
114	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
115						
116	Subtotal	=	2,065,398	0	2,065,398	
117	Other deductions (Please explain the nature of the deductions)					
118	Charitable donations - tax basis	-			0	
119	Gain on disposal of assets	-	25,444		25,444	
120		-			0	
121	Capital tax per CT23				0	
122		-			0	
123	Total Other Deductions	=	25,444	0	25,444	
124						
125	Total Deductions	=	2,090,842	0	2,090,842	
126						
127	Recap Material Deductions:					
128				0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133	Total Other Deductions exceed materiality level		0	0	0	
134	Other Deductions less than materiality level		25,444	0	25,444	
135	Total Other Deductions		25,444	0	25,444	
136						
137	TAXABLE INCOME	=	1,575,260	39,881	1,535,379	
138	DEDUCT:					
139	Non-capital loss applied positive number	-			0	
140	Net capital loss applied positive number	-			0	
141	Charitable donations				0	
142	NET TAXABLE INCOME	=	1,575,260	39,881	1,535,379	
143						
144	FROM ACTUAL TAX RETURNS					
145	Net Federal Income Tax (Must agree with tax return)	+	321,448	8,318	313,130	
146	Net Ontario Income Tax (Must agree with tax return)	+	210,536	5,330	205,206	
147	Subtotal	=	531,984	13,648	518,336	
148	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
149	Total Income Tax	=	531,984	13,648	518,336	
150						
151	APPLICABLE TAX RATES FROM ACTUAL TAX RETURNS					
152	Net Federal Income Tax Rate (Must agree with tax status)		20.41%		20.41%	
153	Net Ontario Income Tax Rate (Must agree with tax status)		13.37%		13.37%	
154	Blended Income Tax Rate		33.78%		33.78%	
155						
156	Section D: Detailed calculation of Ontario Capital Tax					
157						
158	ONTARIO CAPITAL TAX					
159	(From Ontario CT23)					
160	PAID-UP CAPITAL					
161						
162	Paid-up capital stock	+	16,161,663		16,161,663	
163	Retained earnings (if deficit, deduct)	+/-	3,065,624		3,065,624	
164	Capital and other surplus excluding	+			0	
165	appraisal surplus	+			0	
166	Loans and advances	+	16,525,106		16,525,106	
167	Bank loans	+			0	
168	Bankers acceptances	+			0	
169	Bonds and debentures payable	+			0	
170	Mortgages payable	+			0	
171	Lien notes payable	+			0	
172	Deferred credits	+			0	
173	Contingent, investment, inventory and similar reserves	+			0	
174	Other reserves not allowed as deductions	+			0	
175	Share of partnership(s), joint venture(s) paid-up capital	+	18,000		18,000	
176	Sub-total	=	35,770,393	0	35,770,393	
177	Subtract:					
178	Amounts deducted for income tax purposes in excess of amounts booked	-	-694,903		-694,903	
179	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
180	Total (Net) Paid-up Capital	=	36,465,296	0	36,465,296	

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
181						
182	ELIGIBLE INVESTMENTS					
183						
184	Bonds, lien notes, interest coupons	+			0	
185	Mortgages due from other corporations	+			0	
186	Shares in other corporations	+	904,773		904,773	
187	Loans and advances to unrelated corporations	+			0	
188	Eligible loans and advances to related corporations	+	865,551		865,551	
189	Share of partnership(s) or joint venture(s) eligible investments	+	4,000		4,000	
190						
191	Total Eligible Investments	=	1,774,324	0	1,774,324	
192						
193						
194	TOTAL ASSETS					
195						
196	Total assets per balance sheet	+	45,090,868		45,090,868	
197	Mortgages or other liabilities deducted from assets	+			0	
198	Share of partnership(s)/ joint venture(s) total assets	+			0	
199	Subtract: Investment in partnership(s)/joint venture(s)	-	39,221		39,221	
200						
201	Total assets as adjusted	=	45,051,647	0	45,051,647	
202						
203	Add: (if deducted from assets)					
204	Contingent, investment, inventory and similar reserves	+			0	
205	Other reserves not allowed as deductions	+			0	
206	Subtract:				0	
207	Amounts deducted for income tax purposes in excess of amounts booked	-	-694,903		-694,903	
208	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
209	Subtract: Appraisal surplus if booked	-			0	
210	Add or subtract: Other adjustments	+/-			0	
211						
212	Total Assets	=	45,746,550	0	45,746,550	
213						
214						
215	Investment Allowance		1,414,342	0	1,414,342	
216						
217	Taxable Capital					
218						
219	Net paid-up capital	+	36,465,296	0	36,465,296	
220	Subtract: Investment Allowance	-	1,414,342	0	1,414,342	
221						
222	Taxable Capital	=	35,050,954	0	35,050,954	
223						
224	Capital Tax Calculation					
225	Deduction from taxable capital up to maximum of \$7,500,000		6,955,533	0	6,955,533	
226	(Input in tab Tax Rates)					
227	Net Taxable Capital		28,095,421	0	28,095,421	
228						
229	Rate		0.3000%	0.3000%	0.3000%	
230						
231	Days in taxation year		365	365	365	
232	Divide days by 365		1.00	1.00	1.00	
233						
234	Ontario Capital Tax (as calculated)		84,286	0	84,286	
235						
236	Ontario Capital Tax (Must agree with CT23 return)		84,285	0	84,285	
237						
238	Section E: Detailed calculation of Large Corporations Tax					
239						
240	LARGE CORPORATIONS TAX		*** NOT APPLICABLE FOR HHH GROUP***			
241	(From Federal Schedule 33)					
242	CAPITAL					
243	ADD:					
244	Reserves that have not been deducted in computing income for the year under Part I	+			0	
245	Capital stock	+			0	
246	Retained earnings	+			0	
247	Contributed surplus	+			0	
248	Any other surpluses	+			0	
249	Deferred unrealized foreign exchange gains	+			0	
250	All loans and advances to the corporation	+			0	
251	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
252	Any dividends declared but not paid	+			0	
253	All other indebtedness outstanding for more than 365 days	+			0	
254						
255	Subtotal	=	0	0	0	

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
256						
257	DEDUCT:					
258	Deferred tax debit balance	-			0	
259	Any deficit deducted in computing shareholders' equity	-			0	
260	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
261	Deferred unrealized foreign exchange losses	-			0	
262						
263	Subtotal	=	0	0	0	
264						
265	Capital for the year		0	0	0	
266						
267	INVESTMENT ALLOWANCE					
268						
269	Shares in another corporation	+			0	
270	Loan or advance to another corporation	+			0	
271	Bond, debenture, note, mortgage, or	+			0	
272	similar obligation of another corporation	+			0	
273	Long term debt of financial institution	+			0	
274	Dividend receivable from another corporation	+			0	
275	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
276	Interest in a partnership	+			0	
277						
278	Investment Allowance	=	0	0	0	
279						
280						
281	TAXABLE CAPITAL					
282						
283	Capital for the year	=	0	0	0	
284						
285	Deduct: Investment allowance	-	0	0	0	
286						
287	Taxable Capital for taxation year	=	0	0	0	
288						
289	Deduct: Capital Deduction - maximum of \$50,000,000	-	0	0	0	
290	(Input in tab Tax Rates)					
291	Taxable Capital	=	0	0	0	
292						
293	Rate 0.225% in 2002 and 2003; 0.200% in 2004; 0.175% in 2005		0.17500%	0.17500%	0.17500%	
294						
295	Days in year		365	365	365	
296	Divide days by 365		1.0000	1.0000	1.0000	
297						
298	Gross Part I.3 Tax LCT (Must agree with tax return)	=	0	0	0	
299						
300	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
301						
302	Less: Federal Surtax = Actual Surtax from tax return	-			0	
303						
304	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	0	0	0	
305	(If surtax is greater than Gross LCT, then zero)					
306						
307	Section F: Income and Capital Taxes					
308						
309	RECAP FROM ABOVE:					
310	Total Income Taxes	+	531,984	13,648	518,336	
311	Ontario Capital Tax	+	84,285	0	84,285	
312	Federal Large Corporations Tax	+	0	0	0	
313						
314	Total income and capital taxes	=	616,269	13,648	602,621	
315						

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax	(positive numbers)	Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2005.1	
6						
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2005					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		70,000		70,000	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other				0	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		70,000	0	70,000	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		103,537		103,537	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		103,537	0	103,537	
64						

	A	B	C	D	E	F
1						
2	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
5	RRR # 2.1.8		Return			
6					Version 2005.1	
7						
8	Utility Name: HALTON HILLS HYDRO INC.					
9	Reporting period: 2005					
10	Number of days in taxation year:		365			
11	Materiality Level:		31,316			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+	325,000		325,000	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+			0	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Debt financing expenses	+			0	
45		+			0	
46		+			0	
47	S.12(1)(x)	+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+				
54	Total Additions	=	325,000	0	325,000	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62	Charitable donations		325,000	0	325,000	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

	A	B	C	D	E	F
2	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
5	RRR # 2.1.8		Return			
6					Version 2005.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94						
95	Total Material additions		325,000	0	325,000	
96	Other additions less than materiality level		0	0	0	
97	Total Additions		325,000	0	325,000	
98						
99	Deduct:					
100	Gain on disposal of assets per f/s	-			0	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule 8	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-			0	
105	Bad debts	-			0	
106	Book income of joint venture or partnership	-			0	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-				
111	Imputed interest on Reg Assets	-			0	
112	SEC 20(1) (e)	-			0	
113	Capital gains adjustment	-			0	
114	Equipment	-			0	
115	Charitable donations	-	325,000		325,000	
116	s.13(7.4)	-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121	Total Deductions	=	325,000	0	325,000	
122						
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137			0	0	0	
138			0	0	0	
139			0	0	0	
140	Charitable donations		325,000	0	325,000	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145			0	0	0	
146	Total Deductions exceed materiality level		325,000	0	325,000	
147	Other deductions less than materiality level		0	0	0	
148	Total Deductions		325,000	0	325,000	
149						

	A	B	C	D	E	F	G	H	I	J
1	SIMPL RRR FILING									
2	Corporate Tax Rates									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: HALTON HILLS HYDRO INC.									
5	Reporting period: 2005									
6										
7	Table 1									
8	Rates Used in 2005 RAM PILs Applications									
9	Income Range		0		400,001					
10	RAM 2005		to		to	>1,128,000				
11		Year	400,000		1,128,000					
12	Income Tax Rate									
13	Proxy Tax Year	2005								
14	Federal (Includes surtax)		13.12%		17.75%	22.12%				
15	Ontario		5.50%		9.75%	14.00%				
16	Blended rate		18.62%	0.00%	27.50%	36.12%				
17										
18	Capital Tax Rate		0.300%		Input in C18					
19	LCT rate		0.175%		Input in C19					
20	Surtax		1.12%		Input in C20					
21	Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000		Input in C21					
22	Federal Large Corporations Tax Exemption **	MAX \$50MM	50,000,000		Input in C22					
23	**Exemption amounts must agree with the Board-approved 2005 RAM PILs filing									
24										
25	Table 2									
26	Expected Rates and Exemptions for 2005									
27	Income Range		0	300,001	400,001					
28	Expected Rates 2005		to	to	to	>1,128,000				
29		Year	300,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2005								
32	Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%				
33	Ontario		5.50%	5.50%	9.75%	14.00%				
34	Blended rate		18.62%	27.62%	31.87%	36.12%				
35										
36	Capital Tax Rate		0.300%		Input in C36					
37	LCT rate		0.175%		Input in C37					
38	Surtax		1.12%		Input in C38					
39	Ontario Capital Tax Exemption ***	MAX \$7.5MM	7,500,000		Input in C39					
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000		Input in C40					
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2005 Tax Returns									
45	Income Range		0	300,001	400,001					
46			to	to	to	>1,128,000				
47		Year	300,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2005								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%	20.41%				
51	Ontario		5.50%	5.50%	9.75%	13.37%				
52	Blended rate		18.62%	27.62%	31.87%	33.78%				
53										
54	Capital Tax Rate		0.300%		Input in C54					
55	LCT rate		0.175%		Input in C55					
56	Surtax		1.12%		Input in C56					
57	Ontario Capital Tax Exemption *	MAX \$7.5MM	6,955,533		Input in C57					
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000		Input in C58					
59	* Include copies of the actual tax returns - Ontario CT23, federal T2. Please see the Checklist.									
60										
61										
62										
63										
64										

Appendix D

HHHI Response to Board Staff Interrogatory HH27

PILS TAX PROXY COMPARED TO AMOUNTS PAID TO OEFC
2001 - 2008

	<u>Tax Proxy Amount</u>		<u>Actual amounts paid to OEFC</u>	<u>Difference (under) over collected</u>
	<u>Before Gross-up</u>	<u>After Gross- up</u>		
2001	156,464	245,317	29,400	127,064
2002	575,979	899,961	391,431	184,548
2003	732,443	1,145,278	962,324	(229,881)
2004	615,095	961,290	629,758	(14,663)
2005	556,223	847,976	620,437	(64,214)
2006	601,596	932,649	768,102	(166,506)
2007	631,424	989,682	801,143	(169,719)
2008	522,540	777,470	573,000	(50,460)
	<u>4,391,765</u>	<u>6,799,623</u>	<u>4,775,595</u>	<u>(383,830)</u>

Appendix E

HHHI Response to Board Staff Interrogatory HH28

CALCULATION OF BOARD APPROVED PILS PROXY AMOUNTS
2001 - 2006

<u>Year</u>	<u>Amount</u>	<u>Calculation / source</u>
2001	245,317	- per Mar 2002 LDC Rate Adjustment Decision dated Feb 28, 2002 RP-2002-0088 / EB-2002-0097
2002	899,961	- per Mar 2002 LDC Rate Adjustment Decision dated Feb 28, 2002 RP-2002-0088 / EB-2002-0097
2003	1,145,278	- 2001 + 2002 Approved PILS proxy
2004	961,290	- 3 months of 2001 + 2002 Approved PILS proxy, plus 9 months of 2002 proxy
2005	847,976	- 3 months of 2002 proxy, plus 9 months of Approved 2005 PILS proxy per 2005 rate Decision & Order dated Mar 29, 2005 RP-2005-0013 / EB-2005-0035
2006	276,883	- 4 months of 2005 Approved PILs proxy

Appendix F

HHHI Response to Board Staff Interrogatory HH29 Board Decisions

Ontario Energy
Board
P.O. Box 2319
26th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie
de l'Ontario
C.P. 2319
26e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY PRIORITY POST

February 28, 2002

Mr. Dan Guatto
General Manager
Halton Hills Hydro Inc.
43 Alice Street
Acton, ON
L7J 2A9

Dear Mr. Guatto:

**Re: Halton Hills Hydro Inc.
March 2002 LDC Rate Adjustments
Board File No. RP-2002-0088/EB-2002-0097**

The Board has today issued its Decision and Order in the above matter and an executed copy is enclosed herewith.

Yours truly,


Peter H. O'Dell
Assistant Board Secretary

Encl.



RP-2002-0088
EB-2002-0097

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by Halton
Hills Hydro Inc. for an order or orders approving or
fixing just and reasonable rates.

BEFORE: Paul Vlahos
Vice Chair and Presiding Member

George Dominy
Vice Chair and Member

DECISION AND ORDER

On December 21, 2001 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for the March 1, 2002 distribution rate adjustments. Supplemental instructions were issued on January 18, 2002.

Halton Hills Hydro Inc. ("the Applicant") filed an Application ("the Application"), dated January 25, 2002, for an order or orders under section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

The Applicant filed a revised application ("the Revised Application") dated February 24, 2002.

The Board published a generic Notice in newspapers across Ontario informing ratepayers of the distribution rate adjustments to be effective March 1, 2002 and providing the opportunity for ratepayers to participate in the proceeding or comment on the utility's application. In response to the Board's generic Notice, the Board received a total of 148 submissions in the form of a letter, facsimile, or e-mail. The total may be apportioned to the following four categories:

- 100 were copies of a template submission seeking an oral hearing, wanting to make oral submissions, claiming that rates are not just and reasonable. Another 9 were of the same template but indicated they did not wish to make an oral submission.
- 10 indicated that there should be an oral hearing and wanted to make a submission.
- 11 indicated that there should be an oral hearing but did not wish to make an oral submission.
- 18 made substantive submissions.

One submission was received which stated that an oral public hearing should be held and that the notification date was too close to scheduled date of increase.

By letter dated February 11, 2002 the Board directed electricity distributors to serve the Notice to the municipal corporation in the distributors' service area. .

The Applicant applied to adjust its distribution rates for the following:

- Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan.
- the second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$715,191.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$245,317.
- the 2002 Payments in Lieu of Taxes (PILs), \$899,961.
- an interim transition cost recovery, \$151,437.
- a change in the Applicant's late payment penalty and a provision for the revenue losses incurred by this change, \$108,654.

Copies of the Application and supporting material are available for review at the Board's offices.

While the Board has considered all of the evidence filed in this proceeding, the Board has only referenced the evidence to the extent necessary to provide background to its findings.

Board Findings

As noted above, a number of persons have written to the Board requesting that the Board hold an oral hearing in the matter of the applications by electricity distributors.

Under subsection 5.1(2) of the *Statutory Powers Procedure Act*, the Board shall not hold a written hearing where a party satisfies it that there is good reason not to hold a written hearing, in which case the Board will proceed by way of an oral or electronic hearing. Good reasons for proceeding by way of an oral hearing may include the existence of questions of credibility in which the Board will be assisted by the ability to observe the demeanor of witnesses or the complexity of evidence which parties should have the ability to test through cross-examination. Another good reason may be where an oral hearing would allow the Board to more expeditiously deal with an application.

The persons who have requested an oral hearing have not cited any such reasons but have in most cases merely stated that "the rates are not just and reasonable" and that they "would like the opportunity to present to the Board on this matter".

The current proceeding is an extension of the process undertaken by the Board to restructure Ontario's electricity distribution industry. To facilitate this work, the Board developed a regulatory framework that was the result of extensive consultation and public hearings. The current applications are the result of this framework, which is largely formulaic and includes for the first time the provision for the legislative requirement of PILs.

Persons have received an opportunity to make their concerns known to the Board through the published Notice which invited written submissions on the applications. The Board notes that a written hearing is a public process in which all documents received by the Board are available to the public. The Board further notes that most of the issues raised by the submissions of the persons requesting an oral hearing are outside of the scope of the Board's jurisdiction in this proceeding. For example, some persons raised issues of privatization of electricity services and limitations in international trade agreements on the ability of the government to make changes to Ontario's electricity system in the future. These are not relevant to the Board's duty in this proceeding to approve just and reasonable rates for an individual distributor regulated by the Board.

Therefore, the Board has decided not to hold an oral hearing in this matter.

The Board adjusts the Applicant's proposals for the following reasons. For both 2001 and 2002, the Applicant had not adjusted the income tax gross-up and the LCT gross up formula for the 1.12% surtax rate. Also, for both years, the Depreciation amount should have been adjusted to remove Water Heater and Sentinel Lights. Additionally, for 2002 PILS, the Board removed \$108,654 related to the late payment interest from the Regulatory Adjustment (debit) provision. The Board also corrected the sign for the Regulatory Adjustment (credit) provision for the 2002 PILS calculation. As a result,

- the 2001 deferred Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$8,670.
- the 2002 Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$240,791.


Subject to these adjustments, the Board finds that the Applicant's proposals in the Revised Application conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

THE BOARD ORDERS THAT:

- 1) The rates set out in Appendix "A" of this Order are approved effective March 1, 2002.
- 2) The Applicant shall notify its customers of the rate changes coincident with the first bill reflecting the new rates.

DATED at Toronto, February 28, 2002.

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary



RP-2005-0013
EB-2005-0035

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by **Halton Hills
Hydro Inc.** for an order or orders approving or fixing just
and reasonable rates.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

Paul Vlahos
Member

Pamela Nowina
Member

DECISION AND ORDER

Background and Application

In November 2003 the Ontario government announced that it would permit local distribution companies to apply to the Board for the next installment of their allowable return on equity beginning March 1, 2005. The Government also indicated that the Board's approval would be conditional on a financial commitment to reinvest in conservation and demand management initiatives, an amount equal to one year's incremental returns.

Also in November 2003, the Government announced, in conjunction with the introduction of Bill 4, the *Ontario Energy Board Amendment Act, (Electricity Pricing), 2003*, that electricity distributors could start recovering Regulatory Assets in their rates, beginning March 1, 2004, over a four year period.

In February and March, 2004, the Board approved the applications of distributors to recover 25% of their December 31, 2002 Regulatory Asset balances (or additional amounts for rate stability) in their distribution rates on an interim basis effective March 1, 2004 and implemented on April 1, 2004.

On December 20, 2004 the Board issued filing guidelines to all electricity distribution utilities for the April 1, 2005 distribution rate adjustments. The guidelines allowed the applicants to recover three types of costs. These costs concern (i) the rate recovery of the third tranche of the allowable return on equity (Market Adjusted Revenue Requirement or "MARR"), (ii) the 2005 proxy allowance for payments in lieu of taxes ("PILs") and (iii) a second installment of the recovery of Regulatory Assets.

A generic Notice of the proceeding was published on January 25, 2005 in major newspapers in the province, which provided a 14 day period for submissions from interested parties. On February 4, 2005, the Board issued Procedural Order No. 1, providing for an extension for submissions until February 16, 2005 and also providing for reply submissions from applicants and other parties.

The Applicant filed an application for adjustments to their rates for the following amounts:

MARR: \$ 715,191

2005 PILs Proxy: \$ 874,817

Regulatory Assets Second Tranche: \$ 1,087,483

The Applicant also applied for an item outside of the guidelines. Specifically, the Applicant requested an amount of PILs proxy in excess of the guidelines.

Submissions

The Board received one submission which addressed the 2005 rate setting process in general. This submission was made by School Energy Coalition (SEC). SEC objected to the guideline which caused the recovery of the 2005 PILs proxy to be reflected only on the variable charge. SEC was also concerned that monthly service charges and overall distribution charges varied significantly between utilities across the province. SEC also raised concerns regarding the consistency of, and access to, information on the applications as filed by the utilities.

Reply submissions to SEC's general submissions were received from the Coalition of Large Distributors, the Electricity Distributors Association, Hydro One Networks, and the LDC Coalition (a group of 7 distributors). These parties generally argued against the recommendations put forward by SEC, by and large indicating that the Board's existing

processes for 2006 and 2007 have been planned to address these issues going forward and that these issues should not be added to the 2005 rates adjustment process.

The Applicant was not specifically named in any of these submissions.

The full record of the proceeding is available for review at the Board's offices.

Board Findings

The Board first addresses the general submission of SEC. While SEC raises important issues regarding electricity distribution rates, the Board has put in place a process which will address most of the issues raised by SEC on a comprehensive basis with coordinated cost of service, cost allocation and cost of capital studies for all distributors in 2006, 2007 and 2008. The Board does agree that unless there are compelling reasons to diverge from the Board's original filing guidelines for the 2005 distribution rate adjustment process, distributors should follow the guidelines in their applications.

At this time, the Board will approve only the portion of the application that conforms to the guidelines as the generic notice published informed customers and the public of only the changes contemplated in the guidelines. The Applicant may wish to apply for other specific changes to rates in a separate application.

As a result, the Board has made adjustments correcting errors in the PILs proxy, resulting in the following approved amounts:

MARR: \$ 715,191

2005 PILs Proxy: \$ 830,648

Regulatory Assets Second Tranche: \$ 1,087,483

Subject to these adjustments, the Board finds that the application conforms with earlier decisions of the Board (including approval for the Applicant's Conservation and Demand Management plan), directives and guidelines.

The Board will issue a separate decision on cost awards.

THE BOARD ORDERS THAT:

- 1) The rate schedule attached as Appendix "A" is approved effective March 1, 2005, to be implemented on April 1, 2005. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2005 implementation date, the new rates shall be implemented with the first billing cycle for electricity consumed or estimated to have been consumed after April 1, 2005.
- 2) The Applicant shall notify its customers of the rate changes, no later than with the first bill reflecting the new rates and include the brochure provided by the Board.

DATED at Toronto, March 29, 2005

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix G

HHHI Response to Board Staff Interrogatory HH42 Calculation of Recoveries

HALTON HILLS HYDRO
SUMMARY OF PILS RECOVERIES
2002 - 2006

2002	1,011,866
2003	1,265,078
2004	798,324
2005	959,111
2006	232,679
	<u>4,267,059</u>

HALTON HILLS HYDRO
PILS RECOVERIES
2006

Variable charge

<u>Class</u>	Rate adj for <u>2005 PILs</u>	Total 2005 <u>Vble chg</u>	Jan - Apr 2006 <u>Consumption</u>	Jan - Apr 2006 <u>PILS recovered</u>
Res	0.0024	0.0136	71,396,059	171,351
GS<50	0.0014	0.0118	18,615,024	26,061
GS>50	0.6664	5.9278	48,160	32,094
GS>50 TOU	0.6209	5.0707	3,076	1,910
Street Light	0.6047	4.1633	1,868	1,130
Sent Light	0.8745	5.8899	153	134

Service charge

- N/A for 2006

Class
Res
GS<50
GS>50
GS>50 TOU
Street Light
Sent Light

232,679

HALTON HILLS HYDRO
PILS RECOVERIES
2005

Variable charge

<u>Class</u>	Rate adj for <u>2004 PILs</u>	Total 2004 <u>Vble chg</u>	Jan - Mar 2005 <u>Consumption</u>	Jan - Mar 2005 <u>PILS recovered</u>	Rate adj for <u>2005 PILs</u>	Total 2005 <u>Vble chg</u>	Apr - Dec 2005 <u>Consumption</u>	Apr - Dec 2005 <u>PILS recovered</u>	Total 2005 <u>PILS recovered</u>
Res	0.002111	0.009	54,582,942	115,225	0.0024	0.0136	158,696,529	380,872	496,096
GS<50	0.001726	0.0082	14,778,563	25,508	0.0014	0.0118	40,990,534	57,387	82,895
GS>50	0.69871	4.684	59,877	41,837	0.6664	5.9278	179,234	119,442	161,278
GS>50 TOU	1.017783	4.4373	62,376	63,485	0.6209	5.0707	241,971	150,240	213,725
Street Light	0.855388	2.8372	1,704	1,457	0.6047	4.1633	5,167	3,124	4,582
Sent Light	0.433611	2.9561	194	84	0.8745	5.8899	516	451	535

Service charge - N/A for 2005

Class
Res
GS<50
GS>50
GS>50 TOU
Street Light
Sent Light

247,596

711,516

959,111

HALTON HILLS HYDRO
PILS RECOVERIES
2004

Variable charge

<u>Class</u>	Rate adj for <u>2001 PILs</u>	Rate adj for <u>2002 PILs</u>	Total PILs <u>Rate Adj</u>	Total <u>Vble chg</u>	Jan - Mar 2004 <u>Consumption</u>	Jan - Mar 2004 <u>PILS recovered</u>	Rate adj for <u>2004 PILs</u>	Total 2004 <u>Vble chg</u>	Apr - Dec 2004 <u>Consumption</u>	Apr - Dec 2004 <u>PILS recovered</u>	Total 2004 <u>PILS recovered</u>
Res	0.000317	0.001161	0.001478	0.0094	53,585,687	79,189	0.002111	0.009	142,480,711	300,777	379,966
GS<50	0.000241	0.000883	0.001123	0.0083	14,834,179	16,666	0.001726	0.0082	40,052,379	69,130	85,796
GS>50	0.149811	0.549590	0.699400	4.2962	55,211	38,615	0.69871	4.684	55,211	38,576	77,191
GS>50 TOU	0.167276	0.613663	0.780939	4.1849	62,604	48,890	1.017783	4.4373	62,604	63,717	112,607
Street Light	0.023568	0.086460	0.110027	2.4654	1,725	190	0.855388	2.8372	1,725	1,475	1,665
Sent Light	0.091095	0.334189	0.425285	4.1560	205	87	0.433611	2.9561	205	89	176

Service charge

<u>Class</u>	Rate adj for <u>2001 PILs</u>	Rate adj for <u>2002 PILs</u>	Total PILs <u>Rate Adj</u>	Total <u>Service Chg</u>	Jan - Mar 2004 <u>Customer #s</u>	- N/A for Apr - Dec 2004				
Res	0.453870	1.665051	2.118920	12.94	16,608	105,573				105,573
GS<50	1.235520	4.532584	5.768104	29.58	1,342	23,222				23,222
GS>50	2.305303	8.457151	10.762454	107.00	151	4,875				4,875
GS>50 TOU	18.988934	69.662110	88.651044	259.23	25	6,649				6,649
Street Light	0.009132	0.033501	0.042633	0.54	3,874	495				495
Sent Light	0.050504	0.185278	0.235783	1.39	151	107				107
						<u>324,559</u>			<u>473,765</u>	<u>798,324</u>

Variable charge

Service charge

	Rate adj for	Rate adj for	Total PILs	Total	Jan - Dec 2003	
<u>Class</u>	<u>2001 PILs</u>	<u>2002 PILs</u>	<u>Rate Adj</u>	<u>Service Chg</u>	<u>Customer #s</u>	
Res	0.453870	1.665051	2.118920	12.94	16,374	416,342
GS<50	1.235520	4.532584	5.768104	29.58	1,372	94,966
GS>50	2.305303	8.457151	10.762454	107.00	145	18,727
GS>50 TOU	18.988934	69.662110	88.651044	259.23	24	25,532
Street Light	0.009132	0.033501	0.042633	0.54	3,772	1,930
Sent Light	0.050504	0.185278	0.235783	1.39	178	504
						<hr/> 1,265,078

HALTON HILLS HYDRO
PILS RECOVERIES
2002

Variable charge

<u>Class</u>	Rate adj for <u>2001 PILs</u>	Rate adj for <u>2002 PILs</u>	Total PILs <u>Rate Adj</u>	Total <u>Vble chg</u>	Feb - Dec 2002 <u>Consumption</u>	<u>PILS recovered</u>
Res	0.000317	0.001161	0.001478	0.0094	146,623,359	216,681
GS<50	0.000241	0.000883	0.001123	0.0083	37,023,731	41,595
GS>50	0.149811	0.549590	0.699400	4.2962	157,343	110,046
GS>50 TOU	0.167276	0.613663	0.780939	4.1849	186,840	145,911
Street Light	0.023568	0.086460	0.110027	2.4654	5,021	552
Sent Light	0.091095	0.334189	0.425285	4.1560	3,464	1,473

Service charge

<u>Class</u>	Rate adj for <u>2001 PILs</u>	Rate adj for <u>2002 PILs</u>	Total PILs <u>Rate Adj</u>	Total <u>Service Chg</u>	Feb - Dec 2002 <u>Customer #s</u>	
Res	0.453870	1.665051	2.118920	12.94	15,859	369,644
GS<50	1.235520	4.532584	5.768104	29.58	1,353	85,847
GS>50	2.305303	8.457151	10.762454	107.00	139	16,456
GS>50 TOU	18.988934	69.662110	88.651044	259.23	22	21,454
Street Light	0.009132	0.033501	0.042633	0.54	3,739	1,753
Sent Light	0.050504	0.185278	0.235783	1.39	175	454

1,011,866

HALTON HILLS HYDRO
 BILLED DATA -- INCLUDING UNBILLED
 FEB 2002 - APRIL 2006

	2002	2003	Jan-Mar 2004	Apr-Dec 2004	Jan-Mar 2005	Apr-Dec 2005	Jan-Apr 2006
Residential kWh	146,623,359.49	195,359,194.36	53,585,686.58	142,480,710.87	54,582,942.32	158,696,528.90	71,396,058.91
GS<50 kWh	37,023,730.75	56,323,022.16	14,834,178.64	40,052,379.29	14,778,563.49	40,990,533.76	18,615,023.68
GS>50 Non Interval kWh	53,937,043.89	71,798,649.59	19,582,169.13	55,385,991.60	21,235,638.18	57,256,470.40	23,880,119.43
kW	157,343.49	215,390.86	55,211.02	172,798.11	59,876.85	179,234.33	48,160.00
GS>50 Interval kWh	82,232,197.87	125,644,600.75	30,719,393.04	103,111,284.73	28,748,421.60	104,753,521.68	41,620,491.57
kW	186,839.90	260,409.71	62,604.13	56,947.50	62,375.79	241,971.21	3,076.06
Streetlights kWh	1,538,160.43	2,461,641.22	1,668,822.72	3,176,981.58	713,808.70	1,863,160.06	326,856.81
kW	5,021.00	6,763.24	1,724.60	5,073.84	1,703.73	5,167.00	1,868.20
Sentinel Lights kWh	390,049.35	301,231.48	75,402.91	218,356.64	77,388.23	215,551.45	70,934.61
kW	3,463.94	809.50	205.20	549.36	194.28	515.84	153.17

Appendix H

HHHI Response to Board Staff Interrogatory HH44 Unbilled PILs

HALTON HILLS HYDRO INC.
PILS COMBINED PROCEEDING INTERROGATORY HH44
UNBILLED PILS CALCULATION

	March 2002 Approved rates	PILs portion			% PILs	Dec 31/02 Unbilled revenue	Dec 31/02 Unbilled PILs	Dec 31/03 Unbilled revenue	Dec 31/03 Unbilled PILs
		2001	2002	Total					
<u>Residential</u>									
Monthly s/c	12.94	0.4378	1.2196	1.6574	12.8083%	352,456	45,144	307,830	39,428
Variable chg	0.0094	0.000305	0.000851	0.001156	12.2979%	266,178	32,734	224,601	27,621
<u>GS < 50</u>									
Monthly s/c	29.58	1.1919	3.3199	4.5118	15.2529%	46,915	7,156	76,960	11,739
Variable chg	0.0083	0.000232	0.000647	0.000879	10.5904%	39,097	4,141	68,664	7,272
<u>GS > 50</u>									
Monthly s/c	107	2.2238	6.1944	8.4182	7.8675%	14,179	1,116	14,464	1,138
Variable chg	4.2962	0.144516	0.402543	0.547059	12.7336%	82,039	10,446	70,361	8,959
<u>GS > 50 TOU</u>									
Monthly s/c	259.23	18.3178	51.0235	69.3413	26.7489%	5,893	1,576	6,697	1,791
Variable chg	4.1849	0.161364	0.449473	0.610837	14.5962%	86,320	12,599	104,477	15,250
Unbilled PILs							<u>114,912</u>		<u>113,198</u>

HALTON HILLS HYDRO INC.
PILS COMBINED PROCEEDING INTERROGATORY HH44
UNBILLED PILS CALCULATION

	<u>March 2004 Approved rates</u>	<u>PILs portion</u>	<u>% PILs</u>	<u>Dec 31/04 Unbilled revenue</u>	<u>Dec 31/04 Unbilled PILs</u>
<u>Residential</u>					
Monthly s/c	12.94	0	0.0000%		-
Variable chg	0.009	0.002111	23.4556%	237,215.38	55,640
<u>GS < 50</u>					
Monthly s/c	29.58	0	0.0000%		-
Variable chg	0.0082	0.001726	21.0488%	69,592.65	14,648
<u>GS > 50</u>					
Monthly s/c	107	0	0.0000%		-
Variable chg	4.684	0.69871	14.9170%	85,036.13	12,685
<u>GS > 50 TOU</u>					
Monthly s/c	259.23	0	0.0000%		-
Variable chg	4.4373	1.017783	22.9370%	99,138.81	22,739
Unbilled PILs					<u>105,713</u>

HALTON HILLS HYDRO INC.
PILS COMBINED PROCEEDING INTERROGATORY HH44
UNBILLED PILS CALCULATION

	April 2005 Approved rates	PILS	PILS	Dec 31/05 Unbilled revenue	Dec 31/05 Unbilled PILs
<u>Residential</u>					
Monthly s/c	11.92			320,113.46	
Variable chg	0.0136	0.0024	17.647%	346,846.59	61,208
<u>GS < 50</u>					
Monthly s/c	26.07			73,603.11	
Variable chg	0.0118	0.0014	11.864%	97,963.98	11,623
<u>GS > 50</u>					
Monthly s/c	104.92			15,413.07	
Variable chg	5.9278	0.6664	11.242%	110,569.45	12,430
<u>GS > 50 TOU</u>					
Monthly s/c	228.81			6,856.76	
Variable chg	5.0707	0.6209	12.245%	108,603.57	13,298
<u>Street lighting</u>					
Monthly s/c	0.55			2,355.17	
Variable chg	4.1633	0.6047	14.525%	2,425.29	352
Unbilled PILs					<u>98,912</u>

HALTON HILLS HYDRO INC.
PILS COMBINED PROCEEDING INTERROGATORY HH44
UNBILLED PILS CALCULATION

	April 2005 Approved rates	PILS	PILS	Apr 30/06 Unbilled revenue	Apr 30/06 Unbilled PILs
<u>Residential</u>					
Monthly s/c	11.92			499,951	
Variable chg	0.0136	0.0024	17.647%	507,422	89,545
<u>GS < 50</u>					
Monthly s/c	26.07			90,766	
Variable chg	0.0118	0.0014	11.864%	107,725	12,781
<u>GS > 50</u>					
Monthly s/c	104.92			35,844	
Variable chg	5.9278	0.6664	11.242%	264,113	29,691
<u>GS > 50 TOU</u>					
Monthly s/c	228.81			14,888	
Variable chg	5.0707	0.6209	12.245%	271,693	33,268
<u>Sentinel lighting</u>					
Monthly s/c	1.3			769	
Variable chg	5.8899	0.8745	14.847%	(6,571)	(976)
<u>Street lighting</u>					
Monthly s/c	0.55			4,797	
Variable chg	4.1633	0.6047	14.525%	5,186	753
Unbilled PILs					<u>165,064</u>

Appendix I

HHHI Response to Board Staff Interrogatory HH45 Revised 1562 PILs Continuity

HALTON HILLS HYDRO INC.
PILS COMBINED PROCEEDING - INTERROGATORY QUESTION HH45
REVISED PILS CONTINUITY

Year start:	01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	01/05/2006	01/01/2007	01/01/2008	
Year end:	31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	31/12/2006	31/12/2007	31/12/2008	Totals
Opening balance:	-	246,317	59,082	(150,383)	275,724	48,532	95,999	99,870	104,083	-
Board-approved PILs tax proxy from Decisions	246,317	899,961	1,146,278	961,540	847,977	276,883				4,378,956
True-up Variance Adjustment Q4, 2001	-	-	-	-	-	-				-
True-up Variance Adjustment	-	(179,322)	(46,802)	339,548	(80,570)	-				32,854
Deferral Account Variance Adjustment Q4, 2001	-	-	-	-	-	-				-
Deferral Account Variance Adjustment	-	-	(40,600)	(81,087)	(46,722)	-				(168,409)
Adjustments to reported prior years' variances	-	102,031	-	-	-	-				102,031
Carrying charges	-	1,961	(3,262)	4,430	11,234	3,263	3,871	4,213	3,631	29,341
PILs collected from customers - Proxy	-	(1,011,866)	(1,265,078)	(798,324)	(959,111)	(232,679)				(4,267,059)
Ending balance: # 1562	246,317	59,082	(150,383)	275,724	48,532	95,999	99,870	104,083	107,714	107,714
Interest calculations - simple annual average		1,963	(3,262)	4,430	11,234	3,263	3,871	4,213	3,631	

	A	B	C	D
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"			Version XX.xx
2	REGULATORY INFORMATION (REGINFO)			
3	Utility Name: Halton Hills Hydro Inc.			
4	Reporting period: December 31, 2002			
5				
6	Days in reporting period:	365	days	
7	Total days in the calendar year:	365	days	
8				
9	BACKGROUND			
10	Has the utility reviewed section 149(1) ITA to			
11	confirm that it is not subject to regular corporate			
12	tax (and therefore subject to PILs)?		Y/N	Y
13				
14	Was the utility recently acquired by Hydro One			
15	and now subject to s.89 & 90 PILs?		Y/N	N
16				
17	Is the utility a non-profit corporation?		Y/N	N
18	(If the utility is a non-profit corporation, please contact the Rates Manager at OEB)			
19				
20	Are the Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?		Y/N	N
21	Please identify the % used to allocate the exemption in Cell C63 in the TAXCALC spreadsheet.		100%	
22				
23	Accounting Year End		Date	31-Dec
24				
25	MARR NO TAX CALCULATIONS			
26	SHEET #7 FINAL RUD MODEL DATA			
27	(FROM 1999 FINANCIAL STATEMENTS)			
28	USE BOARD-APPROVED AMOUNTS			
29				
30	Rate base (wires-only)			25,052,968
31				
32	Common Equity Ratio (CER)			50.00%
33				
34	1-CER			50.00%
35				
36	Target Return On Equity			9.88%
37				
38	Debt rate			7.25%
39				
40	Market Adjusted Revenue Requirement			2,145,787
41				
42	1999 return from RUD Sheet #7			0
43				
44	Total Incremental revenue			2,145,787
45	Input Board-approved dollar amounts phased-in			
46				
47	Amount allowed in 2001, Year 1			715,262
48	Amount allowed in 2002, Year 2			715,262
49	Amount allowed in 2003, Year 3 and forward (will be zero due to Bill 210)			0
50				
51	Equity			12,526,484
52				
53	Return at target ROE			1,237,617
54				
55	Debt			12,526,484
56				
57	Deemed interest amount in EBIT			908,170
58				
59	Phase-in of interest - Year 1 (2001)			302,723
60	$((D38+D43)/D36)*D54$			
61	Phase-in of interest - Year 2 (2002)			605,447
62	$((D38+D43+D44)/D36)*D54$			
63	Phase-in of interest - Year 3 (2003) and forward			605,447
64	$((D38+D43+D44)/D36)*D54$ (due to Bill 210)			
65				
66				
67				

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5											Version XX.xx	
6			\$						\$		\$	
7	Utility Name: Halton Hills Hydro Inc.											
8	Reporting period: December 31, 2002											Column
9	Days in reporting period:	365	days									Brought
10	Total days in the calendar year:	365	days									From
11												TAXREC
12												
13												
14	II) CORPORATE INCOME TAXES											
15	Regulatory Net Income	1	1,430,596						1,104,835		2,535,431	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	1,460,685						181,508		1,642,193	
21	Employee Benefit Plans - Accrued, Not Paid	3	0						36,264		36,264	
22	Tax reserves deducted in prior year	4	0						0		0	
23	Reserves from financial statements-end of year	4	0						0		0	
24	Regulatory Adjustments	5	151,437						-151,437		0	
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Items from "TAXREC" worksheet	6	0						50,519		50,519	
27	Other Additions (not "Material") "TAXREC"	6	0						31,237		31,237	
28	"Material Items from "TAXREC 2" worksheet	6	0						0		0	
29	Other Additions (not "Material") "TAXREC 2"	6	0						0		0	
30												
31	Deductions:											
32	Capital Cost Allowance and CEC	7	1,072,272						627,486		1,699,758	
33	Employee Benefit Plans - Paid Amounts	8	0						18,743		18,743	
34	Items Capitalized for Regulatory Purposes	9	0						0		0	
35	Regulatory Adjustments	10	55,617						-55,617		0	
36	Interest Expense Deemed/ Incurred	11	605,477						202,670		808,147	
37	Tax reserves claimed in current year	4	0						0		0	
38	Reserves from F/S beginning of year	4	0						0		0	
39	Contributions to deferred income plans	3	0						0		0	
40	Contributions to pension plans	3	0						0		0	
41	Interest capitalized for accounting but deducted for tax	11	0						0		0	
42	Other Deductions (See Tab entitled "TAXREC")											
43	"Material" Items from "TAXREC" worksheet	12	0						170,052		170,052	
44	Other Deductions (not "Material") "TAXREC"	12	0						1,631		1,631	
45	Material Items from "TAXREC 2" worksheet	12	0						0		0	
46	Other Deductions (not "Material") "TAXREC 2"	12	0						0		0	
47												
48	REGULATORY TAXABLE INCOME/ (LOSSES)		1,309,352						2,217,891		1,597,313	
49												
50	CORPORATE INCOME TAX RATE											
51	Deemed %	13	38.62%						0.0000%		38.62%	
52												
53	REGULATORY INCOME TAX		505,672						111,211		616,882	
54	Taxable Income x Rate											
55												
56	Miscellaneous Tax Credits	14	0						0		0	
57												
58	Total Regulatory Income Tax		505,672						111,211		616,882	
59												
60	To determine the exemptions for capital tax and large corporations tax:											
61	Please identify the percentage used in the allocation of the exemption in cell C61. Please explain the basis of the allocation if the percentage is other than 100%.		100%									
62												
63	III) CAPITAL TAXES											
64												
65	Ontario											
66	Base	15	25,052,968						7,504,742		32,557,710	
67	Less: Exemption	16	5,000,000						-331,108		4,668,892	
68	Deemed Taxable Capital		20,052,968						7,173,634		27,888,818	
69												
70	Rate (.3%)	17	0.3000%						0.0000%		0.3000%	
71												
72	Net Amount (Taxable Capital x Rate)		60,159						23,508		83,666	
73												
74	Federal (LCT)											
75	Base	18	25,052,968						6,818,185		31,871,153	
76	Less: Exemption	19	10,000,000						0		10,000,000	
77	Deemed Taxable Capital		15,052,968						6,818,185		21,871,153	
78												
79	Rate (.225%)	20	0.2250%						0.0000%		0.2250%	
80												
81	Gross Amount (Taxable Capital x Rate)		33,869						15,341		49,210	
82	Less: Federal Surtax	21	14,665						3,225		17,890	
83												
84	Net LCT		19,204						18,566		31,320	
85												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5											Version XX.xx	
6			\$						\$		\$	
86	III) INCLUSION IN RATES											
87												
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%									
89												
90	Income Tax (grossed-up)	22	809,075									
91	LCT (grossed-up)	23	30,727									
92	Ontario Capital Tax	24	60,159									
93												
94												
95	Total S. 93 PILs Rate Adjustment	25	899,961									
96												
97												
98												
99	IV) FUTURE TRUE-UPS (post June 2002)											
100	IV a) Calculation of the True-up Variance								DR/(CR)			
101												
102	Employee Benefit Plans - Accrued, Not Paid	3							36,264			
103	Tax reserves deducted in prior year	4							0			
104	Reserves from financial statements-end of year	4							0			
105	Regulatory Adjustments	5							-151,437			
106	Other additions "Material" Items "TAXREC"	6							50,519			
107	Other additions "Material" Items "TAXREC 2"	6							0			
108												
109	Employee Benefit Plans - Paid Amounts	8							18,743			
110	Items Capitalized for Regulatory Purposes	9							0			
111	Regulatory Adjustments	10							-55,617			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11							0			
113	Tax reserves claimed in current year	4							0			
114	Reserves from F/S beginning of year	4							0			
115	Contributions to deferred income plans	3							0			
116	Contributions to pension plans	3							0			
117	Other deductions "Material" Items "TAXREC"	12							170,052			
118	Other deductions "Material" Item "TAXREC 2"	12							0			
119												
120	Total TRUE-UPS before tax effect	26						=	-197,832			
121												
122	Income Tax Rate (excluding surtax)							x	37.50%			
123												
124	Income Tax Effect on True-up adjustments							=	-74,187			
125												
126	Less: Miscellaneous Tax Credits	14							0			
127												
128	Total Income Tax on True-ups								-74,187			
129												
130	Income Tax Rate used for gross-up (exclude surtax)								37.50%			
131												
132	TRUE-UP VARIANCE								-118,699			
133												
134	IV b) Calculation of the Deferral Account Variance											
135												
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	1,309,352			
137												
138	REVISED CORPORATE INCOME TAX RATE							x	38.62%			
139												
140	REVISED REGULATORY INCOME TAX							=	505,672			
141												
142	Less: Revised Miscellaneous Tax Credits							-	0			
143												
144	Total Revised Regulatory Income Tax							=	505,672			
145												
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)							-	505,672			
147												
148	Regulatory Income Tax Variance							=	0			
149												
150	Ontario Capital Tax											
151	Base							=	25,052,968			
152	Less: Exemption							-	5,000,000			
153	Revised deemed taxable capital							=	20,052,968			
154												
155	Rate (as a result of legislative changes)							x	0.3000%			
156												
157	Revised Ontario Capital Tax							=	60,159			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C72)							-	60,159			
159	Regulatory Ontario Capital Tax Variance							=	0			
160												
161	Federal LCT											
162	Base							=	25,052,968			
163	Less: Exemption							-	10,000,000			
164	Revised Federal LCT							=	15,052,968			
165												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5											Version XX.xx	
6			\$						\$		\$	
166	Rate (as a result of legislative changes)								0.2250%			
167												
168	Gross Amount								33,869			
169	Less: Federal surtax							-	14,665			
170	Revised Net LCT							=	19,204			
171												
172	Less: Federal LCT reported in the initial estimate column (Cell C84)							-	19,204			
173	Regulatory Federal LCT Variance							=	0			
174												
175	Income Tax Rate used for gross-up (exclude surtax)								37.50%			
176												
177	Income Tax (grossed-up)							+	0			
178	LCT (grossed-up)							+	0			
179	Ontario Capital Tax							+	0			
180												
181	DEFERRAL ACCOUNT VARIANCE							=	0			
182												
183	TRUE-UP VARIANCE (from cell I132)							+	-118,699			
184												
185	Deferral Account Entry (Positive Entry = Debit)							=	-118,699			
186	<i>(Deferral Account Variance + True-up Variance)</i>											
187	<i>To be included as deferral account in rate application)</i>											
188												
189												
190	V) INTEREST PORTION OF TRUE-UP											
191	Variance Caused By Phase-in of Deemed Debt											
192												
193	Total deemed interest (REGINFO)								908,170			
194	Interest phased-in (Cell C36)								605,477			
195												
196	Variance due to phase-in of debt structure								302,693			
197	according to Rate Handbook											
198												
199	Other Interest Variances (i.e. Borrowing Levels											
200	Above Deemed Debt per Rate Handbook)											
201	Interest deducted on MoF filing (Cell K36+K41)								808,147			
202	Total deemed interest (REGINFO CELL D57)								908,170			
203												
204	Variance caused by excess debt								0			
205												
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)								0			
207												
208	Total Interest Variance								302,693			
209												

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5					Version XX.xx	
6	Section A: Identification:					
7	Utility Name: Halton Hills Hydro Inc.					
8	Reporting period: December 31, 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		31,316	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wire related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as positive number, the program automatically treat all amounts					
28	in the "non-wires elimination column" entered as negative values in the TAXREC and TAXREC2.					
29	Description:					
30	Income:					
31	Service Revenue	+	39,024,565		39,024,565	
32	Other Income	+	1,197,549		1,197,549	
33	Miscellaneous income	+			0	
34		+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Expenses:					
39	Cost of energy purchased	-	31,847,778		31,847,778	
40	Salaries and benefits	-	3,042,942		3,042,942	
41	Material costs	-	1,387,058		1,387,058	
42	Amortization	-	1,768,393		1,768,393	
43	Contract services	-	1,001,342		1,001,342	
44	Ontario Capital Tax	-	149,400		149,400	
45	Property costs	-	479,292		479,292	
46	Other expenses	-	288,438		288,438	
47	Communication costs	-	230,203		230,203	
48	Allocated to capital	-	-2,508,163		-2,508,163	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	2,535,431	0	2,535,431	
51	Less: Interest expense for accounting purposes	-	808,147		808,147	
52	Provision for payments in lieu of income taxes	-	305,000		305,000	
53	Net Income (loss)	=	1,422,284	0	1,422,284	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	305,000	0	305,000	
60	Depreciation & Amortization	+	1,642,193	0	1,642,193	
61	Employee benefit plans-accrued, not paid	+	36,264	0	36,264	
62	Tax reserves deducted in prior year	+	0	0	0	
63	Reserves from financial statements- end of year	+			0	
64	Regulatory adjustments	+			0	
65	Material addition items from TAXREC 2	+	0	0	0	
66	Other addition items (not Material) from TAXREC 2	+	0	0	0	
67						
68	Subtotal		1,983,457	0	1,983,457	
69						
70	Other Additions: (Please explain the nature of the additions)					
71	Recapture of CCA	+			0	
72	Non-deductible meals and entertainment expense	+	4,423		4,423	
73	Capital items expensed	+			0	
74	Provision for bad debts	+	26,588		26,588	
75	Charitable donations	+	226		226	
76	Fed part 1.3 tax not deductible for tax	+	50,519		50,519	
77		+			0	
78	Total Other Additions	=	81,756	0	81,756	
79						
80	Total Additions	=	2,065,213	0	2,065,213	
81						
82	Recap Material Additions:					
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88	Fed part 1.3 tax not deductible for tax		50519	0	50519	
89			0	0	0	
90	Total Other additions >materiality level		50519	0	50519	
91	Other deductions (less than materiality level)		31,237	0	31,237	
92	Total Other Additions		81,756	0	81,756	
93						

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5					Version XX.xx	
94	BOOK TO TAX DEDUCTIONS:					
95	Capital cost allowance	-	1,616,937		1,616,937	
96	Cumulative eligible capital deduction	-	82,821		82,821	
97	Employee benefit plans-paid amounts	-	18,743		18,743	
98	Items capitalized for regulatory purposes	-			0	
99	Regulatory adjustments :	-			0	
100	CCA	-			0	
101	other deductions	-			0	
102	Tax reserves claimed in current year	-	0	0	0	
103	Reserves from F/S- beginning of year	-			0	
104	Contributions to deferred income plans	-			0	
105	Contributions to pension plans	-			0	
106	Interest capitalized for accounting deducted for tax	-			0	
107	Material deduction items from TAXREC 2	-	0	0	0	
108	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
109						
110	Subtotal	=	1,718,501	0	1,718,501	
111	Other deductions (Please explain the nature of the deductions)					
112	Charitable donations - tax basis	-			0	
113	Gain on disposal of assets	-			0	
114	Non-taxable load transfers	-	170,052		170,052	
115	Bad debts	-	1,631		1,631	
116		-			0	
117	Total Other Deductions	=	171,683	0	171,683	
118						
119	Total Deductions	=	1,890,184	0	1,890,184	
120						
121	Recap Material Deductions:					
122			0	0	0	
123			0	0	0	
124	Non-taxable load transfers		170,052	0	170,052	
125			0	0	0	
126			0	0	0	
127	Total Other Deductions exceed materiality level		170,052	0	170,052	
128	Other Deductions less than materiality level		1,631	0	1,631	
129	Total Other Deductions		171,683	0	171,683	
130						
131	TAXABLE INCOME	=	1,597,313	0	1,597,313	
132	DEDUCT:					
133	Non-capital loss applied	-	903659		903659	
134	Net capital loss applied	-			0	
135	NET TAXABLE INCOME	=	693,654	0	693,654	
136						
137	Net Federal Income Tax	+	200,891		200,891	
138	Net Ontario Income Tax	+	95,160		95,160	
139	Subtotal	=	296,051	0	296,051	
140	Less: Miscellaneous tax credits	-			0	
141	Total Income Tax	=	296,051	0	296,051	
142						
143						
144	Section D: Detail calculation of the Ontario Capital Tax					
145	ONTARIO CAPITAL TAX					
146	(From Ontario CT23)					
147	PAID-UP CAPITAL					
148						
149	Paid-up capital stock	+	16,161,663		16,161,663	
150	Retained earnings (if deficit, deduct)	+/-	233,887		233,887	
151	Capital and other surplus excluding	+			0	
152	appraisal surplus	+			0	
153	Loans and advances	+	16,465,836		16,465,836	
154	Bank loans	+			0	
155	Bankers acceptances	+			0	
156	Bonds and debentures payable	+			0	
157	Mortgages payable	+			0	
158	Lien notes payable	+			0	
159	Ministry audit adjustment	+	1,184,031		1,184,031	
160	Contingent, investment, inventory and similar reserves	+			0	
161	Other reserves not allowed as deductions	+			0	
162	Share of partnership(s), joint venture(s) paid-up capital	+	14,833		14,833	
163	Sub-total	=	34,060,250	0	34,060,250	
164	Subtract:					
165	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
166	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
167	Total (Net) Paid-up Capital	=	34,060,250	0	34,060,250	
168						
169	ELIGIBLE INVESTMENTS					
170						
171	Bonds, lien notes, interest coupons	+			0	
172	Mortgages due from other corporations	+			0	
173	Shares in other corporations	+	879,235		879,235	
174	Loans and advances to unrelated corporations	+	4,250		4,250	
175	Eligible loans and advances to related corporations	+	830,551		830,551	
176	Share of partnership(s) or joint venture(s) eligible investments	+			0	
177						
178	Total Eligible Investments	=	1,714,036	0	1,714,036	
179						

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5					Version XX.xx	
180						
181	TOTAL ASSETS					
182						
183	Total assets per balance sheet	+	38,859,556		38,859,556	
184	Mortgages or other liabilities deducted from assets	+			0	
185	Share of partnership(s)/ joint venture(s) total assets	+	20,401		20,401	
186	Subtract: Investment in partnership(s)/joint venture(s)	-	25,429		25,429	
187						
188	Total assets as adjusted	=	38,854,528	0	38,854,528	
189						
190	Add: (if deducted from assets)					
191	Contingent, investment, inventory and similar reserves	+			0	
192	Other reserves not allowed as deductions	+			0	
193	Subtract:				0	
194	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
195	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
196	Subtract: Appraisal surplus if booked	-			0	
197	Add or subtract: Other adjustments	+/-			0	
198						
199	Total Assets	=	38,854,528	0	38,854,528	
200						
201						
202	Investment Allowance		1,502,540	0	1,502,540	
203						
204	Taxable Capital					
205						
206	Net paid-up capital	+	34,060,250	0	34,060,250	
207	Subtract: Investment Allowance	-	1,502,540	0	1,502,540	
208						
209	Taxable Capital	=	32,557,710	0	32,557,710	
210						
211	Capital Tax Calculation					
212	Deduction from taxable capital up to \$5,000,000		4,668,892		4,668,892	
213						
214	Net Taxable Capital		27,888,818	0	27,888,818	
215						
216	Rate 0.3%		0.3000%	0.3000%	0.3000%	
217						
218	Days in taxation year		365	365	365	
219	Divide days by 365		1.00	1.00	1.00	
220						
221	Ontario Capital Tax		83,666	0	83,666	
222						
223						
224	LARGE CORPORATION TAX					
225	(From Federal Schedule 33)					
226	CAPITAL					
227	ADD:					
228	Reserves that have not been deducted in computing income for the year under Part I	+			0	
229	Capital stock	+	16,161,663	0	16,161,663	
230	Retained earnings	+	233,887		233,887	
231	Contributed surplus	+			0	
232	Ministry audit adjustment	+	1,238,675		1,238,675	
233	Deferred unrealized foreign exchange gains	+			0	
234	All loans and advances to the corporation	+	16,151,219		16,151,219	
235	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+	323,866		323,866	
236	Any dividends declared but not paid	+			0	
237	All other indebtedness outstanding for more than 365 days	+			0	
238						
239	Subtotal	=	34,109,310	0	34,109,310	
240						
241	DEDUCT:					
242	Deferred tax debit balance	-			0	
243	Any deficit deducted in computing shareholders' equity	-			0	
244	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
245	Deferred unrealized foreign exchange losses	-			0	
246						
247	Subtotal	=	0	0	0	
248						
249	Capital for the year		34,109,310	0	34,109,310	
250						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5					Version XX.xx	
251	INVESTMENT ALLOWANCE					
252						
253	Shares in another corporation	+	830,552		830,552	
254	Loan or advance to another corporation	+	547,375		547,375	
255	Bond, debenture, note, mortgage, or	+	834,801		834,801	
256	similar obligation of another corporation	+			0	
257	Long term debt of financial institution	+			0	
258	Dividend receivable from another corporation	+			0	
259	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
260	Interest in a partnership	+	25,429		25,429	
261						
262	Investment Allowance	=	2,238,157	0	2,238,157	
263						
264						
265	TAXABLE CAPITAL					
266						
267	Capital for the year	=	34,109,310	0	34,109,310	
268						
269	Deduct: Investment allowance	-	2,238,157	0	2,238,157	
270						
271	Taxable Capital for taxation year	=	31,871,153	0	31,871,153	
272						
273	Deduct: Capital Deduction \$10,000,000	-	10,000,000	0	10,000,000	
274						
275	Taxable Capital	=	21,871,153	0	21,871,153	
276						
277	Rate .225%		0.22500%	0.22500%	0.22500%	
278						
279	Days in year		365	365	365	
280	Divide days by 365		1.0000	1.0000	1.0000	
281						
282	Gross Part I.3 Tax LCT	=	49,210.09	0.00	49,210.09	
283						
284	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
285						
286	Less: Federal Surtax = Taxable Income x Surtax Rate	-	7,769	0	7,769	
287						
288	Net Part I.3 Tax LCT Payable	=	41,441	0	41,441	
289	(If surtax is greater than Gross LCT, then zero)					
290						
291	RECAP:					
292	Total Income Taxes	+	296,051	0	296,051	
293	Ontario Capital Tax	+	83,666	0	83,666	
294	Federal Large Corporations Tax	+	41,441	0	41,441	
295						
296	Total income and capital taxes	=	421,159	0	421,159	
297						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (Tax Reserves)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5					Version XX.xx	
6						
7	Utility Name: Halton Hills Hydro Inc.					
8	Reporting period: December 31, 2002					
9						
10	<u>TAX RESERVES</u>					
11	<u>Opening balance:</u>					
12	Accrued contingent liability				0	
13					0	
14					0	
15					0	
16					0	
17					0	
18					0	
19					0	
20					0	
21	Total (carry forward to the TAXREC worksheet)		0	0	0	
22						
23	<u>Ending balances:</u>					
24	Accrued contingent liability				0	
25					0	
26					0	
27					0	
28					0	
29					0	
30					0	
31					0	
32					0	
33	Insert line above this line				0	
34	Total (carry forward to the TAXREC worksheet)		0	0	0	
35						

	A	B	C	D	E	F
1						
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5			Return			
6					Version XX.xx	
7						
8	Utility Name: Halton Hills Hydro Inc.					
9	Reporting period: December 31, 2002					
10	Number of days in taxation year:		365	days		
11	Materiality Level:		31,316			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+			0	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Book loss on joint ventures or partnerships	+			0	
31	Capital items expensed	+			0	
32	Debt issue expense	+			0	
33	Deemed dividend income	+			0	
34	Dividends credited to investment account	+			0	
35	Financing fees deducted in books	+			0	
36	Gain on settlement of debt	+			0	
37	Interest paid on income debentures	+			0	
38	Recapture of SR&ED expenditures	+			0	
39	Share issue expense	+			0	
40	Write down of capital property	+			0	
41	Amounts received in respect of qualifying environment trust	+			0	
42	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
43	Employee future benefit costs accrued	+			0	
44	Provision for bad debts	+			0	
45		+			0	
46		+			0	
47		+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53	Total Additions	=	0	0	0	
54						
55	Recap of Material Additions:					
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	

	A	B	C	D	E	F
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5			Return			
6					Version XX.xx	
82			0	0	0	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93						
94	Total Material additions		0	0	0	
95	Other additions less than materiality level		0	0	0	
96	Total Additions		0	0	0	
97						
98	Deduct:					
99	Gain on disposal of assets per f/s	-			0	
100	Dividends not taxable under section 83	-			0	
101	Terminal loss from Schedule 8	-			0	
102	Depreciation in inventory, end of prior year	-			0	
103	Scientific research expenses claimed in year from Form T661	-			0	
104	Bad debt	-			0	
105	Book income of joint venture or partnership	-			0	
106	Equity in income from subsidiary or affiliates	-			0	
107	Contributions to a qualifying environment trust	-			0	
108	Other income from financial statements	-			0	
109	Other deductions: (Please explain in detail the nature of the item)	-				
110	Employee future benefit expenses paid	-			0	
111	Non taxable load transfers	-			0	
112		-			0	
113		-			0	
114		-			0	
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121	Total Deductions	=	0	0	0	
122						
123	Recap of Material Deductions:					
124			0	0	0	
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137			0	0	0	
138			0	0	0	
139			0	0	0	
140			0	0	0	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145	Total Deductions exceed materiality level		0	0	0	
146	Other deductions less than materiality level		0	0	0	
147	Total Deductions		0	0	0	
148						

	A	B	C	D	E	F	G	H	I
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"								
2	Corporate Tax Rates								
3									
4	Income Range		0	200,001	>700,000				
5			to	to					
6		Year	200,000	700,000					
7	Income Tax Rate								
8	Current year	2002	19.12%	34.12%	38.62%				
9	Capital Tax Rate		0.30%						
10	LCT rate		0.225%						
11	Surtax		1.12%						
12	Ontario Capital Tax Exemption		5,000,000						
13	Federal Large Corporations Tax Exemption		10,000,000						
14									
15	Income Range		0	225,001	>700,000				
16			to	to					
17		Year	225,000	700,000					
18	Income Tax Rate								
19	Income Tax Rates used to gross up the deferral account allowance variance	2003	18.62%	32.12%	36.62%				
20									
21	Income Range		0	250,001	>700,000				
22			to	to					
23		Year	250,000	700,000					
24	Income Tax Rate								
25	Income Tax Rates used to gross up the true up variance	2004	18.62%	32.12%	36.62%				

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
REGULATORY INFORMATION (REGINFO)
Utility Name: HALTON HILLS HYDRO INC.
Reporting period: DECEMBER 31, 2003

Version XX.xx

Days in reporting period: 365 days
Total days in the calendar year: 365 days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N N

Is the utility a non-profit corporation?
(If the utility is a non-profit corporation, please contact the Rates Manager at OEB)

Y/N N

Are the Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

Y/N N

Please identify the % used to allocate the exemption in Cell C63 in the TAXCALC spreadsheet.

Accounting Year End

Date 31-Dec

MARR NO TAX CALCULATIONS
SHEET #7 FINAL RUD MODEL DATA
(FROM 1999 FINANCIAL STATEMENTS)
USE BOARD-APPROVED AMOUNTS

Rate base (wires-only) 25,052,968

Common Equity Ratio (CER) 50.00%

1-CER 50.00%

Target Return On Equity 9.88%

Debt rate 7.25%

Market Adjusted Revenue Requirement 2,145,787

1999 return from RUD Sheet #7	0
Total Incremental revenue	2,145,787
Input Board-approved dollar amounts phased-in	
Amount allowed in 2001, Year 1	715,262
Amount allowed in 2002, Year 2	715,262
Amount allowed in 2003, Year 3 and forward (will be zero due to Bill 210)	0
Equity	12,526,484
Return at target ROE	1,237,617
Debt	12,526,484
Deemed interest amount in EBIT	908,170
Phase-in of interest - Year 1 (2001)	302,723
$((D38+D43)/D36)*D54$	
Phase-in of interest - Year 2 (2002)	605,447
$((D38+D43+D44)/D36)*D54$	
Phase-in of interest - Year 3 (2003) and forward	605,447
$((D38+D43+D44)/D36)*D54$ (due to Bill 210)	

SECTION 93 PILs TAX GROSS-UP "SIMPIL" DEFERRAL/VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate					M of F Filing Variance K-C	M of F Filing Variance Explanation	M of F Filing (June) Version XX.xx \$	
			\$					\$			
Utility Name: HALTON HILLS HYDRO INC. Reporting period: DECEMBER 31, 2003 Days in reporting period: Total days in the calendar year:										Column Brought From TAXREC	
		365	days								
		365	days								
I) CORPORATE INCOME TAXES											
Regulatory Net Income		1	1,430,596					1,818,045		3,248,641	
BOOK TO TAX ADJUSTMENTS											
Additions:											
Depreciation & Amortization		2	1,460,685					221,594		1,682,279	
Employee Benefit Plans - Accrued, Not Paid		3	0					0		0	
Tax reserves deducted in prior year		4	0					0		0	
Reserves from financial statements-end of year		4	0					0		0	
Regulatory Adjustments		5	151,437					-151,437		0	
Other Additions (See Tab entitled "TAXREC")											
"Material" Items from "TAXREC" worksheet		6	0					339,149		339,149	
Other Additions (not "Material") "TAXREC"		6	0					19,370		19,370	
"Material Items from "TAXREC 2" worksheet		6	0					52,983		52,983	
Other Additions (not "Material") "TAXREC 2"		6	0					15,737		15,737	
Deductions:											
Capital Cost Allowance and CEC		7	1,072,272					-995,248		77,024	
Employee Benefit Plans - Paid Amounts		8	0					0		0	
Items Capitalized for Regulatory Purposes		9	0					0		0	
Regulatory Adjustments		10	55,617					-55,617		0	
Interest Expense Deemed/ Incurred		11	605,477					616,124		1,221,601	
Tax reserves claimed in current year		4	0					0		0	
Reserves from F/S beginning of year		4	0					0		0	
Contributions to deferred income plans		3	0					0		0	
Contributions to pension plans		3	0					0		0	
Interest capitalized for accounting but deducted for tax		11	0					0		0	
Other Deductions (See Tab entitled "TAXREC")											
"Material" Items from "TAXREC" worksheet		12	0					0		0	
Other Deductions (not "Material") "TAXREC"		12	0					0		0	
Material Items from "TAXREC 2" worksheet		12	0					66,837		66,837	
Other Deductions (not "Material") "TAXREC 2"		12	0					13,548		13,548	
REGULATORY TAXABLE INCOME/ (LOSSES)			1,309,352					1,961,085		3,979,149	
CORPORATE INCOME TAX RATE											
Deemed %		13	38.62%					0.0000%		38.62%	
REGULATORY INCOME TAX			505,672					1,031,076		1,536,747	
Taxable Income x Rate											
Miscellaneous Tax Credits		14	0					0		0	
Total Regulatory Income Tax			505,672					1,031,076		1,536,747	
To determine the exemptions for capital tax and large corporations tax:											

DO NOT INPUT INTO AREA

[illegible]

Total TRUE-UPS before tax effect	26	=	-83,956		
Income Tax Rate (excluding surtax)		x	35.50%		
Income Tax Effect on True-up adjustments		=	-29,804		
Less: Miscellaneous Tax Credits	14		0		
Total Income Tax on True-ups			-29,804		
Income Tax Rate used for gross-up (exclude surtax)			35.50%		
TRUE-UP VARIANCE			-46,208		
IV b) Calculation of the Deferral Account Variance					
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)		=	1,309,352		
REVISED CORPORATE INCOME TAX RATE		x	36.62%		
REVISED REGULATORY INCOME TAX		=	479,485		
Less: Revised Miscellaneous Tax Credits		-	0		
Total Revised Regulatory Income Tax		=	479,485		
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)		-	505,672		
Regulatory Income Tax Variance		=	-26,187		
Ontario Capital Tax					
Base		=	25,052,968		
Less: Exemption		-	5,000,000		
Revised deemed taxable capital		=	20,052,968		
Rate (as a result of legislative changes)		x	0.3000%		
Revised Ontario Capital Tax		=	60,159		
Less: Ontario Capital Tax reported in the initial estimate column (Cell C72)		-	60,159		
Regulatory Ontario Capital Tax Variance		=	0		
Federal LCT					
Base			25,052,968		
Less: Exemption		-	10,000,000		
Revised Federal LCT		=	15,052,968		
Rate (as a result of legislative changes)			0.2250%		
Gross Amount			33,869		
Less: Federal surtax		-	14,665		
Revised Net LCT		=	19,204		
Less: Federal LCT reported in the initial estimate column (Cell C84)		-	19,204		
Regulatory Federal LCT Variance		=	0		
Income Tax Rate used for gross-up (exclude surtax)			35.50%		
Income Tax (grossed-up)		+	-40,600		

LCT (grossed-up)				+	0		
Ontario Capital Tax				+	0		
DEFERRAL ACCOUNT VARIANCE				=	-40,600		
TRUE-UP VARIANCE (from cell I132)				+	-46,208		
Deferral Account Entry (Positive Entry = Debit)				=	-86,808		
<i>(Deferral Account Variance + True-up Variance)</i>							
<i>To be included as deferral account in rate application)</i>							
V) INTEREST PORTION OF TRUE-UP							
<u>Variance Caused By Phase-in of Deemed Debt</u>							
Total deemed interest (REGINFO)					908,170		
Interest phased-in (Cell C36)					605,477		
Variance due to phase-in of debt structure according to Rate Handbook					302,693		
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
Interest deducted on MoF filing (Cell K36+K41)					1,221,601		
Total deemed interest (REGINFO CELL D57)					908,170		
Variance caused by excess debt					313,431		
Interest Adjustment for Tax Purposes (carry forward to Cell I112)					313,431		
Total Interest Variance					-10,738		

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
TAX RETURN RECONCILIATION (TAXREC)
(for "wires-only" business - see s. 72 OEB Act)

LINE M of F Non-wires Wires-only
Corporate Eliminations Tax
Tax Return
Return
Version XX.xx

Section A: Identification:

Utility Name: HALTON HILLS HYDRO INC.
Reporting period: DECEMBER 31, 2003
Taxation Year's start date: JANUARY 1, 2003
Taxation Year's end date: DECEMBER 31, 2003
Number of days in taxation year:

365 days

Please enter the Materiality Level :

31,316 < - enter materiality level

(0.25% x Rate Base x CER)

Y/N

(0.25% x Net Assets)

Y/N

Or other measure (please provide the basis of the amount)

Y/N

Does the utility carry on non-wire related operation?

Y/N

(Please complete the questionnaire in the Background questionnaire worksheet.)

Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K

Section B: Financial statements data:

Input unconsolidated financial statement data submitted with tax returns.

The actual categories of the income statements should be used.

If required please change the descriptions except for amortization, interest expense and provision for income tax

Please enter the non-wire operation's amount as positive number, the program automatically treat all amounts in the "non-wires elimination column" entered as negative values in the TAXREC and TAXREC2.

Description:

Income:

Service Revenue	+	36,226,346	36,226,346
Other Income	+	1,136,036	1,136,036
Miscellaneous income	+		0
	+		0
	+		0

Revenue should be entered above this line

Expenses:

Cost of energy purchased	-	28,473,695	28,473,695
Salaries & benefits	-	3,004,752	3,004,752
Material costs	-	1,512,768	1,512,768
Amortization	-	1,795,859	1,795,859
Contract services	-	914,377	914,377

Ontario Capital Tax	-	133,080	133,080
Property costs	-	498,472	498,472
Other expenses	-	440,309	440,309
Communication costs	-	186,462	186,462
Allocated to capital	-	-2,846,033	-2,846,033

Net Income Before Interest & Income Taxes EBIT	=	3,248,641	0	3,248,641
Less: Interest expense for accounting purposes	-	1,221,601		1,221,601
Provision for payments in lieu of income taxes	-	856,051		856,051
Net Income (loss)	=	1,170,989	0	1,170,989

(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)

Section C: Reconciliation of accounting income to taxable income

From T2 Schedule 1

BOOK TO TAX ADDITIONS:

Provision for income tax	+	856,051	0	856,051
Depreciation & Amortization	+	1,682,279	0	1,682,279
Employee benefit plans-accrued, not paid	+	0	0	0
Tax reserves deducted in prior year	+	0	0	0
Reserves from financial statements- end of year	+			0
Regulatory adjustments	+			0
Material addition items from TAXREC 2	+	52,983	0	52,983
Other addition items (not Material) from TAXREC 2	+	15,737	0	15,737
Subtotal		2,607,050	0	2,607,050

Other Additions: (Please explain the nature of the additions)

Recapture of CCA	+			0
Non-deductible meals and entertainment expense	+	4,319		4,319
Capital items expensed	+			0
Federal part 1.3 capital tax not deductible for tax purposes	+	49,221		49,221
Pre-2001 costs disallowed	+	112,828		112,828
CCA adjustment per Ministry	+	15,051		15,051
Part 1 tax adjustments - Ministry audit	+	177,100		177,100
Total Other Additions	=	358,519	0	358,519

Total Additions	=	2,965,569	0	2,965,569
------------------------	---	-----------	---	-----------

Recap Material Additions:				
		0	0	0
		0	0	0
		0	0	0

Federal part 1.3 capital tax not deductible for tax purposes		49221	0	49221
Pre-2001 costs disallowed		112828	0	112828
		0	0	0
Part 1 tax adjustments - Ministry audit		177100	0	177100
<i>Total Other additions >materiality level</i>		339149	0	339149
Other deductions (less than materiality level)		19,370	0	19,370
Total Other Additions		358,519	0	358,519

BOOK TO TAX DEDUCTIONS:

Capital cost allowance	-	1,485,543		1,485,543
Cumulative eligible capital deduction	-	77,024		77,024
Employee benefit plans-paid amounts	-			0
Items capitalized for regulatory purposes	-			0
<i>Regulatory adjustments :</i>	-			0
CCA	-			0
<i>other deductions</i>	-			0
<i>Tax reserves claimed in current year</i>	-	0	0	0
<i>Reserves from F/S- beginning of year</i>	-			0
<i>Contributions to deferred income plans</i>	-			0
<i>Contributions to pension plans</i>	-			0
Interest capitalized for accounting deducted for tax	-			0
Material deduction items from TAXREC 2	-	66,837	0	66,837
Other deduction items (not Material) from TAXREC 2	-	13,548	0	13,548
Subtotal	=	1,642,952	0	1,642,952
<i>Other deductions (Please explain the nature of the deductions)</i>				
Charitable donations - tax basis	-			0
Gain on disposal of assets	-			0
	-			0
	-			0
	-			0
<i>Total Other Deductions</i>	=	0	0	0
Total Deductions	=	1,642,952	0	1,642,952

Recap Material Deductions:				
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
<i>Total Other Deductions exceed materiality level</i>		0	0	0
Other Deductions less than materiality level		0	0	0

Total Other Deductions		0	0	0
TAXABLE INCOME	=	2,493,606	0	2,493,606
DEDUCT:				
Non-capital loss applied	-			0
Net capital loss applied	-			0
NET TAXABLE INCOME	=	2,493,606	0	2,493,606
Net Federal Income Tax	+	543,420		543,420
Net Ontario Income Tax	+	282,602		282,602
Subtotal	=	826,022	0	826,022
Less: Miscellaneous tax credits	-			0
Total Income Tax	=	826,022	0	826,022

Section D: Detail calculation of the Ontario Capital Tax

ONTARIO CAPITAL TAX

(From Ontario CT23)

PAID-UP CAPITAL

Paid-up capital stock	+	16,161,663		16,161,663
Retained earnings (if deficit, deduct)	+/-	1,404,876		1,404,876
Capital and other surplus excluding appraisal surplus	+			0
Loans and advances	+	16,572,997		16,572,997
Bank loans	+			0
Bankers acceptances	+			0
Bonds and debentures payable	+			0
Mortgages payable	+			0
Lien notes payable	+			0
Ministry audit adjustments	+	1,235,215		1,235,215
Contingent, investment, inventory and similar reserves	+			0
Other reserves not allowed as deductions	+			0
Share of partnership(s), joint venture(s) paid-up capital	+	19,921		19,921
Sub-total	=	35,394,672	0	35,394,672
Subtract:				
Amounts deducted for income tax purposes in excess of amounts booked	-			0
Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0
Total (Net) Paid-up Capital	=	35,394,672	0	35,394,672

ELIGIBLE INVESTMENTS

Bonds, lien notes, interest coupons	+		0
Mortgages due from other corporations	+		0
Shares in other corporations	+	924,617	924,617
Loans and advances to unrelated corporations	+		0
Eligible loans and advances to related corporations	+	865,551	865,551
Share of partnership(s) or joint venture(s) eligible investments	+	30,926	30,926
Total Eligible Investments	=	1,821,094	0 1,821,094

TOTAL ASSETS

Total assets per balance sheet	+	40,940,086	40,940,086
Mortgages or other liabilities deducted from assets	+		0
Share of partnership(s)/ joint venture(s) total assets	+	24,814	24,814
Subtract: Investment in partnership(s)/joint venture(s)	-	35,811	35,811
Total assets as adjusted	=	40,929,089	0 40,929,089

Add: (if deducted from assets)			
Contingent, investment, inventory and similar reserves	+		0
Other reserves not allowed as deductions	+		0
Subtract:			0
Amounts deducted for income tax purposes in excess of amounts booked	-		0
Deductible R&D expenditures and ONTTI costs deferred for income tax	-		0
Subtract: Appraisal surplus if booked	-		0
Add or subtract: Other adjustments	+/-		0
Total Assets	=	40,929,089	0 40,929,089

<u>Investment Allowance</u>		1,574,846	0 1,574,846
------------------------------------	--	-----------	-------------

Taxable Capital

Net paid-up capital	+	35,394,672	0 35,394,672
Subtract: Investment Allowance	-	1,574,846	0 1,574,846
Taxable Capital	=	33,819,826	0 33,819,826

Capital Tax Calculation

Deduction from taxable capital up to \$5,000,000

4,686,438

4,686,438

Net Taxable Capital

29,133,388

0

29,133,388

Rate 0.3%

0.3000%

0.3000%

0.3000%

Days in taxation year

365

365

365

Divide days by 365

1.00

1.00

1.00

Ontario Capital Tax

87,400

0

87,400

LARGE CORPORATION TAX**(From Federal Schedule 33)****CAPITAL**

ADD:

Reserves that have not been deducted in computing income for the year under Part I

+

0

Capital stock

+

16,161,663

0

16,161,663

Retained earnings

+

1,404,876

1,404,876

Contributed surplus

+

0

Ministry audit adjustments

+

1,192,733

1,192,733

Deferred unrealized foreign exchange gains

+

0

All loans and advances to the corporation

+

16,147,787

16,147,787

All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations

+

0

Any dividends declared but not paid

+

0

All other indebtedness outstanding for more than 365 days

+

431,027

431,027

Subtotal

=

35,338,086

0

35,338,086

DEDUCT:

Deferred tax debit balance

-

0

Any deficit deducted in computing shareholders' equity

-

0

Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above

-

0

Deferred unrealized foreign exchange losses

-

0

Subtotal

=

0

0

0

Capital for the year

35,338,086

0

35,338,086

INVESTMENT ALLOWANCE

Shares in another corporation	+	865,552		865,552
Loan or advance to another corporation	+	803,818		803,818
Bond, debenture, note, mortgage, or similar obligation of another corporation	+	865,551		865,551
Long term debt of financial institution	+			0
Dividend receivable from another corporation	+			0
Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0
Interest in a partnership	+	35,811		35,811
Investment Allowance	=	2,570,732	0	2,570,732

TAXABLE CAPITAL

Capital for the year	=	35,338,086	0	35,338,086
Deduct: Investment allowance	-	2,570,732	0	2,570,732
Taxable Capital for taxation year	=	32,767,354	0	32,767,354
Deduct: Capital Deduction \$10,000,000	-	10,000,000	0	10,000,000
Taxable Capital	=	22,767,354	0	22,767,354
Rate .225%		0.22500%	0.22500%	0.22500%
Days in year		365	365	365
Divide days by 365		1.0000	1.0000	1.0000
Gross Part I.3 Tax LCT	=	51,226.55	0.00	51,226.55
Federal Surtax Rate		1.1200%	1.1200%	1.1200%
Less: Federal Surtax = Taxable Income x Surtax Rate	-	27,928	0	27,928
Net Part I.3 Tax LCT Payable (If surtax is greater than Gross LCT, then zero)	=	23,298	0	23,298
RECAP:				
Total Income Taxes	+	826,022	0	826,022

Ontario Capital Tax
Federal Large Corporations Tax

Total income and capital taxes

+	87,400	0	87,400
+	23,298	0	23,298
=	936,720	0	936,720

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
TAX RETURN RECONCILIATION (Tax Reserves)
(for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
Corporate
Tax
Return

Non-wires
Eliminations

**Wires-only
Tax
Return**

Version XX.xx

Utility Name: HALTON HILLS HYDRO INC.
Reporting period: DECEMBER 31, 2003

TAX RESERVES

Opening balance:				
Accrued contingent liability				0
				0
				0
				0
				0
				0
				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

Ending balances:

Accrued contingent liability				0
				0
				0
				0
				0
				0
				0
				0
				0
Insert line above this line				0
Total (carry forward to the TAXREC worksheet)		0	0	0

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
TAX RETURN RECONCILIATION (TAXREC 2)
(for "wires-only" business - see s. 72 OEB Act)

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
Version XX.xx			

Utility Name: HALTON HILLS HYDRO INC.
Reporting period: DECEMBER 31, 2003
Number of days in taxation year:
Materiality Level:

365	days
31,316	

Section C: Reconciliation of accounting income to taxable income

Add:

Recapture of capital cost allowance	+	0
Gain on sale of eligible capital property	+	0
Income or loss for tax purposes- joint ventures or partnerships	+	0
Loss in equity of subsidiaries and affiliates	+	0
Loss on disposal of assets	+	0
Charitable donations	+	0
Taxable capital gains	+	0
Depreciation in inventory -end of year	+	0
Scientific research expenditures deducted	+	0
per financial statements	+	0
Capitalized interest	+	0
Non-deductible club dues and fees	+	0
Non-deductible automobile expenses	+	0
Non-deductible life insurance premiums	+	0
Soft costs on construction and renovation of buildings	+	0
Book loss on joint ventures or partnerships	+	0
Capital items expensed	+	0
Debt issue expense	+	0
Deemed dividend income	+	0
Dividends credited to investment account	+	0
Financing fees deducted in books	+	0
Gain on settlement of debt	+	0
Interest paid on income debentures	+	0
Recapture of SR&ED expenditures	+	0
Share issue expense	+	0
Write down of capital property	+	0
Amounts received in respect of qualifying environment trust	+	0
<i>Other Additions: (please explain in detail the nature of the item)</i>	+	0

Employee future benefit costs accrued	+	15448		15448
Provision for bad debts	+	52983		52983
Interest & penalties	+	289		289
	+			0
	+			0
	+			0
	+			0
	+			0
	+			0
	+			0
	+			
Total Additions	=	68720	0	68720

Recap of Material Additions:

[illegible]

Provision for bad debts		52983	0	52983
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Material additions		52983	0	52983
Other additions less than materiality level		15737	0	15737
Total Additions		68720	0	68720

Deduct:

Gain on disposal of assets per f/s	-	-	0
Dividends not taxable under section 83	-	-	0
Terminal loss from Schedule 8	-	-	0
Depreciation in inventory, end of prior year	-	-	0
Scientific research expenses claimed in year from Form T661	-	-	0
Bad debt	-	66837	66837
Book income of joint venture or partnership	-	-	0
Equity in income from subsidiary or affiliates	-	-	0
Contributions to a qualifying environment trust	-	-	0
Other income from financial statements	-	-	0
<i>Other deductions: (Please explain in detail the nature of the item)</i>	-	-	
Employee future benefits paid	-	13548	13548
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
	-	-	0
Total Deductions	=	80385	0
			80385

Recap of Material Deductions:

		0	0	0
		0	0	0
		0	0	0

		0	0	0
		0	0	0
Bad debt		66837	0	66837
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Deductions exceed materiality level		66837	0	66837
Other deductions less than materiality level		13548	0	13548
Total Deductions		80385	0	80385

SECTION 93 PILs TAX GROSS-UP "SIMPIL"
Corporate Tax Rates

Income Range	Year	0 to 200,000	200,001 to 700,000	>700,000
Income Tax Rate				
<i>Current year</i>	2003	19.12%	34.12%	38.62%
Capital Tax Rate		0.30%		
LCT rate		0.225%		
Surtax		1.12%		
Ontario Capital Tax Exemption		5,000,000		
Federal Large Corporations Tax Exemption		10,000,000		

Income Range	Year	0 to 225,000	225,001 to 700,000	>700,000
Income Tax Rate				
<i>Income Tax Rates used to gross up the deferral account allowance variance</i>	2004	18.62%	32.12%	36.62%

Income Range	Year	0 to 250,000	250,001 to 700,000	>700,000
Income Tax Rate				
<i>Income Tax Rates used to gross up the true up variance</i>	2005	18.62%	32.12%	36.62%

	A	B	C	D	E
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"				Version 2004.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: HALTON HILLS HYDRO INC.				
4	Reporting period: 2004				
5					
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	- for 2004 only
20	shared among the corporate group?	LCT	Y/N	Y	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory Income
27	SHEET #7 FINAL RUD MODEL DATA				
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			25,052,968	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			2,145,787	
42					
43	1999 return from RUD Sheet #7			0	0
44					
45	Total Incremental revenue			2,145,787	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			715,298	715,298
48	Amount allowed in 2002			715,298	715,298
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			0	0
50	unless authorized by the Minister and the Board)				0
51					0
52					0
53	Total Regulatory Income				1,430,596
54					
55	Equity			12,526,484	
56					
57	Return at target ROE			1,237,617	
58					
59	Debt			12,526,484	
60					
61	Deemed interest amount in 100% of MARR			908,170	
62					
63	Phase-in of interest - Year 1 (2001)			302,738	
64	((D43+D47)/D41)*D61				
65	Phase-in of interest - Year 2 (2002)			605,477	
66	((D43+D47+D48)/D41)*D61				
67	Phase-in of interest - Year 3 (2003) and forward			605,477	
68	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
69					
70					
71					

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
7	Utility Name: HALTON HILLS HYDRO INC.											
8	Reporting period: 2004											Column
9	Days in reporting period:	366	days									Brought
10	Total days in the calendar year:	366	days									From
11												TAXREC
12												
13	I) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E53	1	1,430,596						1,077,432		2,508,028	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	1,460,685						351,780		1,812,465	
21	Employee Benefit Plans - Accrued, Not Paid	3							40,768		40,768	
22	Tax reserves - beginning of year	4							0		0	
23	Reserves from financial statements - end of year	4							0		0	
24	Regulatory Adjustments - increase in income	5	151,437						-151,437		0	
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Items from "TAXREC" worksheet	6							0		0	
27	Other Additions (not "Material") "TAXREC"	6							0		0	
28	"Material Items from "TAXREC 2" worksheet	6							538,986		538,986	
29	Other Additions (not "Material") "TAXREC 2"	6							34,915		34,915	
30												
31	Deductions: Input positive numbers											
32	Capital Cost Allowance and CEC	7	1,072,272						-515,254		1,587,526	
33	Employee Benefit Plans - Paid Amounts	8							-20,269		20,269	
34	Items Capitalized for Regulatory Purposes	9	0						0		0	
35	Regulatory Adjustments - deduction for tax purposes in Item 5	10	55,617						55,617		0	
36	Interest Expense Deemed/ Incurred	11	605,477						-565,466		1,170,943	
37	Tax reserves - end of year	4							0		0	
38	Reserves from financial statements - beginning of year	4							0		0	
39	Contributions to deferred income plans	3							0		0	
40	Contributions to pension plans	3							0		0	
41	Interest capitalized for accounting but deducted for tax	11							0		0	
42	Other Deductions (See Tab entitled "TAXREC")								0			
43	"Material" Items from "TAXREC" worksheet	12							0		0	
44	Other Deductions (not "Material") "TAXREC"	12							0		0	
45	Material Items from "TAXREC 2" worksheet	12							-500,393		500,393	
46	Other Deductions (not "Material") "TAXREC 2"	12							-41,681		41,681	
47												
48	TAXABLE INCOME/ (LOSS)		1,309,352						304,998	Before loss C/F	1,614,350	
49												
50	BLENDED INCOME TAX RATE											
51	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%						-5.5800%		33.04%	
52												
53	REGULATORY INCOME TAX		505,672						26,288	Actual	531,960	
54												
55												
56	Miscellaneous Tax Credits	14							0	Actual	0	
57												
58	Total Regulatory Income Tax		505,672						26,288	Actual	531,960	
59												
60												
61	II) CAPITAL TAXES											
62												
63	Ontario											
64	Base	15	25,052,968						10,457,304		35,510,272	
65	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000						-315,157		4,684,843	
66	Taxable Capital		20,052,968						10,142,147		30,825,429	
67												
68	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.0000%		0.3000%	
69												
70	Ontario Capital Tax		60,159						32,317		92,476	
71												
72	Federal Large Corporations Tax											
73	Base	18	25,052,968						7,516,512		32,569,480	
74	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000						35,995,000		45,995,000	
75	Taxable Capital		15,052,968						43,511,512		0	
76												
77	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%						-0.0250%		0.2000%	
78												
79	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		33,869						-33,869		0	
80	Less: Federal Surtax 1.12% x Taxable Income	21	14,665						-14,665		0	
81												
82	Net LCT		19,204						-48,534		0	
83												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
84	III) INCLUSION IN RATES											
85												
86	Income Tax Rate used for gross- up (exclude surtax)		37.50%									
87												
88	Income Tax (proxy tax is grossed-up)	22	809,075							Actual 2004	531,960	
89	LCT (proxy tax is grossed-up)	23	30,727							Actual 2004	0	
90	Ontario Capital Tax (no gross-up since it is deductible)	24	60,159							Actual 2004	92,476	
91												
92												
93	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	899,961							Actual 2004	624,436	
94	RAM DECISION											
95			899,961									
96			0									
97	IV) FUTURE TRUE-UPS											
98	IV a) Calculation of the True-up Variance								DR/(CR)			
99	In Additions:											
100	Employee Benefit Plans - Accrued, Not Paid	3							40,768			
101	Tax reserves deducted in prior year	4							0			
102	Reserves from financial statements-end of year	4							0			
103	Regulatory Adjustments	5							-151,437			
104	Other additions "Material" Items TAXREC	6							0			
105	Other additions "Material" Items TAXREC 2	6							538,986			
106	In Deductions - positive numbers											
107	Employee Benefit Plans - Paid Amounts	8							-20,269			
108	Items Capitalized for Regulatory Purposes	9							0			
109	Regulatory Adjustments	10							55,617			
110	Interest Adjustment for tax purposes (See Below - cell I204)	11							262,773			
111	Tax reserves claimed in current year	4							0			
112	Reserves from F/S beginning of year	4							0			
113	Contributions to deferred income plans	3							0			
114	Contributions to pension plans	3							0			
115	Other deductions "Material" Items TAXREC	12							0			
116	Other deductions "Material" Item TAXREC 2	12							-500,393			
117												
118	Total TRUE-UPS before tax effect	26						=	630,589			
119												
120	Income Tax Rate (excluding surtax) from 2004 Utility's tax return							x	35.00%			
121												
122	Income Tax Effect on True-up adjustments							=	220,706			
123												
124	Less: Miscellaneous Tax Credits	14							0			
125												
126	Total Income Tax on True-ups								220,706			
127												
128	Income Tax Rate used for gross-up (exclude surtax)								35.00%			
129												
130	TRUE-UP VARIANCE ADJUSTMENT								339,548			
131												
132	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
133												
134	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	1,309,352			
135												
136	REVISED CORPORATE INCOME TAX RATE							x	36.12%			
137												
138	REVISED REGULATORY INCOME TAX							=	472,938			
139												
140	Less: Revised Miscellaneous Tax Credits							-	0			
141												
142	Total Revised Regulatory Income Tax							=	472,938			
143												
144	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)							-	505,672			
145												
146	Regulatory Income Tax Variance							=	-32,734			
147												
148	Ontario Capital Tax											
149	Base							=	25,052,968			
150	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	5,000,000			
151	Revised deemed taxable capital							=	20,052,968			
152												
153	Rate - Tab Tax Rates cell C54							x	0.3000%			
154												
155	Revised Ontario Capital Tax							=	60,159			
156	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)							-	60,159			
157	Regulatory Ontario Capital Tax Variance							=	0			
158												
159	Federal LCT											
160	Base							=	25,052,968			
161	Less: Exemption from tab Tax Rates, Table 2, cell C40							-	50,000,000			
162	Revised Federal LCT							=	-24,947,032			
163												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
164	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51								0.2000%			
165												
166	Gross Amount								0			
167	Less: Federal surtax							-	0			
168	Revised Net LCT							=	0			
169												
170	Less: Federal LCT reported in the initial estimate column (Cell C82)							-	19,204			
171	Regulatory Federal LCT Variance							=	-19,204			
172												
173	Actual Income Tax Rate used for gross-up (exclude surtax)								35.00%			
174												
175	Income Tax (grossed-up)							+	-50,360			
176	LCT (grossed-up)							+	-30,727			
177	Ontario Capital Tax							+	0			
178												
179	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT							=	-81,087			
180												
181	TRUE-UP VARIANCE (from cell I130)							+	339,548			
182												
183	Total Deferral Account Entry (Positive Entry = Debit)							=	258,461			
184	<i>(Deferral Account Variance + True-up Variance)</i>											
185												
186												
187												
188	V) INTEREST PORTION OF TRUE-UP											
189	Variance Caused By Phase-in of Deemed Debt											
190												
191	Total deemed interest (REGINFO)								908,170			
192	Interest phased-in (Cell C36)								605,477			
193												
194	Variance due to phase-in of debt component of MARR in rates								302,693			
195	according to the Board's decision											
196												
197	Other Interest Variances (i.e. Borrowing Levels											
198	Above Deemed Debt per Rate Handbook)											
199	Interest deducted on MoF filing (Cell K36+K41)								1,170,943			
200	Total deemed interest (REGINFO CELL D61)								908,170			
201												
202	Variance caused by excess debt								262,773			
203												
204	Interest Adjustment for Tax Purposes (carry forward to Cell I110)								262,773			
205												
206	Total Interest Variance								39,920			
207												

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
6	Section A: Identification:					
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2004					
9	Taxation Year's start date: JANUARY 1, 2004					
10	Taxation Year's end date: DECEMBER 31, 2004					
11	Number of days in taxation year:		366	days		
12						
13	Please enter the Materiality Level :		31,316	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	30,683,803		30,683,803	
32	Distribution Revenue	+	8,073,276		8,073,276	
33	Other Income	+	1,146,428	104,433	1,041,995	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	30,683,803		30,683,803	
40	Salaries and benefits	-	3,250,453		3,250,453	
41	Material costs	-	1,763,694		1,763,694	
42	Amortization	-	1,814,270		1,814,270	
43	Contract services	-	1,231,776		1,231,776	
44	Ontario Capital Tax	-	80,169		80,169	
45	Property costs	-	491,253		491,253	
46	Other expenses	-	1,133,849	39,050	1,094,799	
47	Communication costs	-	233,744		233,744	
48	Allocated to capital	-	-3,352,915		-3,352,915	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	2,573,411	65,383	2,508,028	
51	Less: Interest expense for accounting purposes	-	1,170,943		1,170,943	
52	Provision for payments in lieu of income taxes	-	412,562		412,562	
53	Net Income (loss)	=	989,906	65,383	924,523	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	412,562	0	412,562	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	1,814,270	1,805	1,812,465	
62	Employee benefit plans-accrued, not paid	+	40,768	0	40,768	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments	+			0	
66	Material addition items from TAXREC 2	+	538,986	0	538,986	
67	Other addition items (not Material) from TAXREC 2	+	55,646	20,731	34,915	
68						
69	Subtotal		2,862,232	22,536	2,839,696	
70						
71	Other Additions: (Please explain the nature of the additions)					
72	Recapture of CCA	+			0	
73	Non-deductible meals and entertainment expense	+			0	
74	Capital items expensed	+			0	
75		+			0	
76		+			0	
77		+			0	
78		+			0	
79	Total Other Additions	=	0	0	0	
80						
81	Total Additions	=	2,862,232	22,536	2,839,696	
82						
83	Recap Material Additions:					
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91	Total Other additions >materiality level		0	0	0	
92	Other deductions (less than materiality level)		0	0	0	
93	Total Other Additions		0	0	0	
94						

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
95	BOOK TO TAX DEDUCTIONS:					
96	Capital cost allowance	-	1,518,927	3,033	1,515,894	
97	Cumulative eligible capital deduction	-	71,632		71,632	
98	Employee benefit plans-paid amounts	-	20,269		20,269	
99	Items capitalized for regulatory purposes	-			0	
100	Regulatory adjustments :	-			0	
101	CCA	-			0	
102	other deductions	-			0	
103	Tax reserves - end of year	-	0	0	0	
104	Reserves from financial statements- beginning of year	-	0	0	0	
105	Contributions to deferred income plans	-			0	
106	Contributions to pension plans	-			0	
107	Interest capitalized for accounting deducted for tax	-			0	
108	Material deduction items from TAXREC 2	-	500,393	0	500,393	
109	Other deduction items (not Material) from TAXREC 2	-	83,143	41,462	41,681	
110						
111	Subtotal	=	2,194,364	44,495	2,149,869	
112	Other deductions (Please explain the nature of the deductions)					
113	Charitable donations - tax basis	-			0	
114	Gain on disposal of assets	-			0	
115		-			0	
116		-			0	
117		-			0	
118	Total Other Deductions	=	0	0	0	
119						
120	Total Deductions	=	2,194,364	44,495	2,149,869	
121						
122	Recap Material Deductions:					
123			0	0	0	
124			0	0	0	
125			0	0	0	
126			0	0	0	
127			0	0	0	
128	Total Other Deductions exceed materiality level		0	0	0	
129	Other Deductions less than materiality level		0	0	0	
130	Total Other Deductions		0	0	0	
131						
132	TAXABLE INCOME	=	1,657,774	43,424	1,614,350	
133	DEDUCT:					
134	Non-capital loss applied positive number	-			0	
135	Net capital loss applied positive number	-			0	
136					0	
137	NET TAXABLE INCOME	=	1,657,774	43,424	1,614,350	
138						
139	FROM ACTUAL TAX RETURNS					
140	Net Federal Income Tax (Must agree with tax return)	+	319,232	9,679	309,553	
141	Net Ontario Income Tax (Must agree with tax return)	+	228,386	5,979	222,407	
142	Subtotal	=	547,618	15,658	531,960	
143	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
144	Total Income Tax	=	547,618	15,658	531,960	
145						
146	FROM ACTUAL TAX RETURNS					
147	Net Federal Income Tax Rate (Must agree with tax return)		19.27%		19.27%	
148	Net Ontario Income Tax Rate (Must agree with tax return)		13.77%		13.77%	
149	Blended Income Tax Rate		33.04%		33.04%	
150						
151	Section D: Detailed calculation of Ontario Capital Tax					
152						
153	ONTARIO CAPITAL TAX					
154	(From Ontario CT23)					
155	PAID-UP CAPITAL					
156						
157	Paid-up capital stock	+	16,161,663		16,161,663	
158	Retained earnings (if deficit, deduct)	+/-	2,394,782	27,766	2,367,016	
159	Capital and other surplus excluding	+			0	
160	appraisal surplus	+			0	
161	Loans and advances	+	16,911,276		16,911,276	
162	Bank loans	+			0	
163	Bankers acceptances	+			0	
164	Bonds and debentures payable	+			0	
165	Mortgages payable	+			0	
166	Ministry audit adjustments	+	1,047,063		1,047,063	
167	Balancing adj - to agree to NORA from Ministry audit	+	35,100		35,100	
168	Contingent, investment, inventory and similar reserves	+			0	
169	Other reserves not allowed as deductions	+			0	
170	Share of partnership(s), joint venture(s) paid-up capital	+	18,916		18,916	
171	Sub-total	=	36,568,800	27,766	36,541,034	
172	Subtract:					
173	Amounts deducted for income tax purposes in excess of amounts booked	-	-478,125		-478,125	
174	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
175	Total (Net) Paid-up Capital	=	37,046,925	27,766	37,019,159	
176						
177	ELIGIBLE INVESTMENTS					
178						
179	Bonds, lien notes, interest coupons	+			0	
180	Mortgages due from other corporations	+			0	
181	Shares in other corporations	+	906,070		906,070	
182	Loans and advances to unrelated corporations	+			0	
183	Eligible loans and advances to related corporations	+	865,551		865,551	
184	Share of partnership(s) or joint venture(s) eligible investments	+			0	
185						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
186	Total Eligible Investments	=	1,771,621	0	1,771,621	
187						

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
188						
189	TOTAL ASSETS					
190						
191	Total assets per balance sheet	+	43,032,481	138,812	42,893,669	
192	Mortgages or other liabilities deducted from assets	+			0	
193	Share of partnership(s)/ joint venture(s) total assets	+	27,604		27,604	
194	Subtract: Investment in partnership(s)/joint venture(s)	-	40,518		40,518	
195						
196	Total assets as adjusted	=	43,019,567	138,812	42,880,755	
197						
198	Add: (if deducted from assets)					
199	Contingent, investment, inventory and similar reserves	+			0	
200	Other reserves not allowed as deductions	+			0	
201	Subtract:				0	
202	Amounts deducted for income tax purposes in excess of amounts booked	-	-478,125		-478,125	
203	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
204	Subtract: Appraisal surplus if booked	-			0	
205	Add or subtract: Other adjustments	+/-			0	
206						
207	Total Assets	=	43,497,692	138,812	43,358,880	
208						
209						
210	Investment Allowance		1,508,887	0	1,512,583	
211						
212	Taxable Capital					
213						
214	Net paid-up capital	+	37,046,925	27,766	37,019,159	
215	Subtract: Investment Allowance	-	1,508,887	0	1,508,887	
216						
217	Taxable Capital	=	35,538,038	27,766	35,510,272	
218						
219	Capital Tax Calculation					
220	Deduction from taxable capital up to maximum of \$5,000,000		4,684,843	0	4,684,843	
221	(Input in tab Tax Rates)					
222	Net Taxable Capital		30,853,195	27,766	30,825,429	
223						
224	Rate		0.3000%	0.3000%	0.3000%	
225						
226	Days in taxation year		366	366	366	
227	Divide days by 366		1.00	1.00	1.00	
228						
229	Ontario Capital Tax (Must agree with CT23 return)		92,560	83	92,476	
230						
231	Section E: Detailed calculation of Large Corporation Tax					
232						
233	LARGE CORPORATION TAX					
234	(From Federal Schedule 33)					
235	CAPITAL					
236	ADD:					
237	Reserves that have not been deducted in computing income for the year under Part I	+	16,161,663		16,161,663	
238	Capital stock	+	2,394,782	27,766	2,367,016	
239	Retained earnings	+			0	
240	Contributed surplus	+			0	
241	Any other surpluses	+			0	
242	Deferred unrealized foreign exchange gains	+			0	
243	All loans and advances to the corporation	+	16,146,274		16,146,274	
244	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
245	Any dividends declared but not paid	+			0	
246	All other indebtedness outstanding for more than 365 days	+	765,002		765,002	
247						
248	Subtotal	=	35,467,721	27,766	35,439,955	
249						
250	DEDUCT:					
251	Deferred tax debit balance	-			0	
252	Any deficit deducted in computing shareholders' equity	-			0	
253	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
254	Deferred unrealized foreign exchange losses	-			0	
255						
256	Subtotal	=	0	0	0	
257						
258	Capital for the year		35,467,721	27,766	35,439,955	
259						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
260	INVESTMENT ALLOWANCE					
261						
262	Shares in another corporation	+	865,552		865,552	
263	Loan or advance to another corporation	+	1,098,854		1,098,854	
264	Bond, debenture, note, mortgage, or	+			0	
265	similar obligation of another corporation	+	865,551		865,551	
266	Long term debt of financial institution	+			0	
267	Dividend receivable from another corporation	+			0	
268	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
269	Interest in a partnership	+	40,518		40,518	
270						
271	Investment Allowance	=	2,870,475	0	2,870,475	
272						
273						
274	TAXABLE CAPITAL					
275						
276	Capital for the year	=	35,467,721	27,766	35,439,955	
277						
278	Deduct: Investment allowance	-	2,870,475	0	2,870,475	
279						
280	Taxable Capital for taxation year	=	32,597,246	27,766	32,569,480	
281						
282	Deduct: Capital Deduction - maximum of \$50,000,000 (Input in tab "Tax Rates")	-	45,995,000	0	45,995,000	
283						
284	Taxable Capital	=	0	27,766	0	
285						
286	Rate 0.225% in 2002 and 2003; 0.200% in 2004		0.20000%	0.20000%	0.20000%	
287						
288	Days in year		366	366	366	
289	Divide days by 366		1.0000	1.0000	1.0000	
290						
291	Gross Part I.3 Tax LCT (Must agree with tax return)	=	0	56	0	
292						
293	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
294						
295	Less: Federal Surtax = Actual Surtax from tax return	-			0	
296						
297	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	0	56	0	
298	(If surtax is greater than Gross LCT, then zero)					
299						
300	Section F: Income and Capital Taxes					
301						
302	RECAP FROM ABOVE:					
303	Total Income Taxes	+	547,618	15,658	531,960	
304	Ontario Capital Tax	+	92,560	83	92,476	
305	Federal Large Corporations Tax	+	0	56	0	
306						
307	Total income and capital taxes	=	640,178	15,797	624,436	
308						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2004.1	
6						
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other				0	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
7						
8	Utility Name: HALTON HILLS HYDRO INC.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		31,316			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+	20,731	20,731	0	
20	Charitable donations	+	325,000		325,000	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+	175,393		175,393	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+			0	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Debt financing expenses	+			0	
45	Non-deductible meals & entertainment expenses	+	5,413		5,413	
46	Provision for bad debts	+	38,593		38,593	
47	CCA overstatement per Ministry audit	+	29,502		29,502	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+				
54	Total Additions	=	594,632	20,731	573,901	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62	Charitable donations		325,000	0	325,000	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66	per financial statements		175,393	0	175,393	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

	A	B	C	D	E	F
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87	Provision for bad debts		38,593	0	38,593	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94						
95	Total Material additions		538,986	0	538,986	
96	Other additions less than materiality level		55,646	20,731	34,915	
97	Total Additions		594,632	20,731	573,901	
98						
99	Deduct:					
100	Gain on disposal of assets per f/s	-	44,467	41,462	3,005	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule 8	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-	175,393		175,393	
105	Bad debts	-	24,694		24,694	
106	Book income of joint venture or partnership	-	4,706		4,706	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-				
111	Imputed interest on Reg Assets	-			0	
112	Charitable donations	-	325,000		325,000	
113	Excess accrued capital tax per Ministry audit	-	9,276		9,276	
114		-			0	
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121		-			0	
122	Total Deductions	=	583,536	41,462	542,074	
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129	Scientific research expenses claimed in year from Form T661		175,393	0	175,393	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137	Charitable donations		325,000	0	325,000	
138			0	0	0	
139			0	0	0	
140			0	0	0	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145			0	0	0	
146	Total Deductions exceed materiality level		500,393	0	500,393	
147	Other deductions less than materiality level		83,143	41,462	41,681	
148	Total Deductions		583,536	41,462	542,074	
149						

	A	B	C	D	E	F	G	H	I	J
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"									
2	Corporate Tax Rates					Version 2004.1				
3	Exemptions, Deductions, or Thresholds					RRR # 2.1.8				
4	Utility Name: HALTON HILLS HYDRO INC.									
5	Reporting period: 2004									
6										
7	Table 1									
8	Rates Used in 2002 RAM PILs Applications									
9	Income Range		0		200,001					
10	RAM 2002		to		to	>700,000				
11		Year	200,000		700,000					
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		0.00%							
15	and Ontario blended		19.12%		34.12%	38.62%				
16	Blended rate		19.12%	0.00%	34.12%	38.62%				
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25	Table 2									
26	Expected Rates and Exemptions for 2004									
27	Income Range		0	250,001	400,001					
28	Expected Rates 2004		to	to	to	>1,128,000				
29		Year	250,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2004								
32	Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%				
33	Ontario		5.50%	5.50%	9.75%	14.00%				
34	Blended rate		18.62%	27.62%	31.87%	36.12%				
35										
36	Capital Tax Rate		0.300%							
37	LCT rate		0.200%							
38	Surtax		1.12%							
39	Ontario Capital Tax Exemption ***	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2004 Tax Returns									
45	Income Range		0	250,001	400,001					
46			to	to	to	>1,128,000				
47		Year	250,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2004								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%				
51	Ontario		5.50%	5.50%	14.00%	14.00%				
52	Blended rate		18.62%	27.62%	36.12%	36.12%				
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.200%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,684,843							
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000							
59	* Include copies of the actual tax return allocation calculations in your submission:									
60	Ontario CT23 page 11; federal T2 Schedule 36									
61										
62										
63										
64										

	A	B	C	D	E
1	SIMPIL RRR FILING				Version 2005.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: HALTON HILLS HYDRO INC.			Colour Code	
4	Reporting period: 2005			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C68 & C77 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2005	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			25,052,968	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			2,145,787	
42					
43	1999 return from RUD Sheet #7			0	0
44					
45	Total Incremental revenue			2,145,787	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in Year 1 - 2001			715,262	715,262
48	Amount allowed in Year 2 - 2002			715,262	715,262
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210;				
50	unless authorized by the Minister and the Board)			0	0
51	Amount allowed in Year 3 - 2005; no gross-up; (with approved CDM plan)			715,262	715,262
52	Other adjustments approved by the Board			108,654	108,654
53					0
54	Total Regulatory Income				2,254,440
55					
56	Equity			12,526,484	
57					
58	Return at target ROE			1,237,617	
59					
60	Debt			12,526,484	
61					
62	Deemed interest amount in 100% of MARR			908,170	
63					
64	Phase-in of interest - Year 1 (2001)			302,723	
65	((D43+D47)/D41)*D62				
66	Phase-in of interest - Years 2, 3 & 4 (2002, 2003,2004)			605,447	
67	((D43+D47+D48)/D41)*D62 (Due to Bill 210)				
68	Phase-in of interest - Year 3 (2005) and forward			908,170	
69					
70					
71					
72					

	A	B	C	D	E	F	G	H	I	J	K	L
1	SIMPIL RRR FILING	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2005.1	
6			\$						\$		\$	
7	Utility Name: HALTON HILLS HYDRO INC.											
8	Reporting period: 2005											Column
9	Days in reporting period:	365	days									Brought
10	Total days in the calendar year:	365	days									From
11												TAXREC
12												
13	I) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E54	1	2,254,440						211,668		2,466,108	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	1,604,164						279,942		1,884,106	
21	Employee Benefit Plans - Accrued, Not Paid	3	15,448						13,772		29,220	
22	Tax reserves - beginning of year	4							0		0	
23	Reserves from financial statements - end of year	4	52,983						-52,983		0	
24	Regulatory Adjustments - increase in income	5							0		0	
25	Regulatory Assets - to balance to tax return								0		0	
26	Other Additions (See Tab entitled "TAXREC")											
27	"Material" Items from "TAXREC" worksheet	6							0		0	
28	Other Additions (not "Material") "TAXREC"	6							7,084		7,084	
29	"Material" Items from "TAXREC 2" worksheet	6							499,120		499,120	
30	Other Additions (not "Material") "TAXREC 2"	6							0		0	
31												
32	Deductions: Input positive numbers											
33	Capital Cost Allowance and CEC	7	1,562,567						62,789		1,625,356	
34	Employee Benefit Plans - Paid Amounts	8	13,548						3,172		16,720	
35	Items Capitalized for Regulatory Purposes	9							0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10							0		0	
37	Regulatory Assets - to balance to tax return								0		0	
38	Interest Expense Deemed/ Incurred	11	908,170						280,664		1,188,834	
39	Tax reserves - end of year	4							0		0	
40	Reserves from financial statements - beginning of year	4	66,837						-66,837		0	
41	Contributions to deferred income plans	3							0		0	
42	Contributions to pension plans	3							0		0	
43	Interest capitalized for accounting but deducted for tax	11							0		0	
44	Other Deductions (See Tab entitled "TAXREC")											
45	CDM 2005 incremental OM&A expenses per 2005 PILs model	12							0		0	
46	"Material" Items from "TAXREC" worksheet	12							0		0	
47	Other Deductions (not "Material") "TAXREC"	12							25,444		25,444	
48	Material Items from "TAXREC 2" worksheet	12							415,282		415,282	
49	Other Deductions (not "Material") "TAXREC 2"	12							0		0	
50												
51	TAXABLE INCOME/ (LOSS)		1,375,913						238,089	Before loss C/F	1,614,002	
52												
53	BLENDED INCOME TAX RATE											
54	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	36.12%						-3.9100%	Formula	32.21%	
55												
56	REGULATORY INCOME TAX		496,980						21,975	Actual	518,955	
57												
58												
59	Miscellaneous Tax Credits	14							0	Actual	0	
60												
61	Total Regulatory Income Tax		496,980						21,975	Actual	518,955	
62												
63												
64	II) CAPITAL TAXES											
65												
66	Ontario											
67	Base	15	25,052,968						11,197,532		36,250,500	
68	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000						-544,467		6,955,533	
69	Taxable Capital		17,552,968						10,653,065		29,294,967	
70												
71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.3000%		0.3000%	
72												
73	Ontario Capital Tax		52,659						35,175		87,834	
74												
75	Federal Large Corporations Tax											
76	Base	18	25,052,968						-25,052,968		0	
77	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000						-50,000,000		0	
78	Taxable Capital		0						-75,052,968		0	
79												
80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%						0.0000%		0.1750%	
81												
82	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0						0		0	
83	Less: Federal Surtax 1.12% x Taxable Income	21	0						0		0	
84												
85	Net LCT		0						0		0	
86												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SIMPIL RRR FILING	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2005.1	
6			\$						\$		\$	
87	III) INCLUSION IN RATES											
88												
89	Income Tax Rate used for gross- up		36.12%									
90												
91	Income Tax (proxy tax is grossed-up)	22	777,990							Actual 2005	518,955	
92	LCT (proxy tax is grossed-up)	23	0							Actual 2005	0	
93	Ontario Capital Tax (no gross-up since it is deductible)	24	52,659							Actual 2005	87,834	
94												
95												
96	Total PILs for Rate Adjustment -- MUST AGREE WITH 2005	25	830,648							Actual 2005	606,789	
97	RAM DECISION											
98												
99												
100	IV) FUTURE TRUE-UPS											
101	IV a) Calculation of the True-up Variance								DR/(CR)			
102	In Additions:											
103	Employee Benefit Plans - Accrued, Not Paid	3							13,772			
104	Tax reserves deducted in prior year	4							0			
105	Reserves from financial statements-end of year	4							-52,983			
106	Regulatory Adjustments	5							0			
107	Other additions "Material" Items TAXREC	6							0			
108	Other additions "Material" Items TAXREC 2	6							499,120			
109	In Deductions - positive numbers											
110	Employee Benefit Plans - Paid Amounts	8							3,172			
111	Items Capitalized for Regulatory Purposes	9							0			
112	Regulatory Adjustments	10							0			
113	Interest Adjustment for tax purposes (See Below - cell I207)	11							280,664			
114	Tax reserves claimed in current year	4							0			
115	Reserves from F/S beginning of year	4							-66,837			
116	Contributions to deferred income plans	3							0			
117	Contributions to pension plans	3							0			
118	Other deductions "Material" Items TAXREC	12							0			
119	Other deductions "Material" Item TAXREC 2	12							415,282			
120												
121	Total TRUE-UPS before tax effect	26						=	-172,372			
122												
123	Income Tax Rate from 2005 Utility's tax return							x	32.21%			
124												
125	Income Tax Effect on True-up adjustments							=	-55,521			
126												
127	Less: Miscellaneous Tax Credits	14							0			
128												
129	Total Income Tax on True-ups								-55,521			
130												
131	Income Tax Rate used for gross-up								31.09%			
132												
133	TRUE-UP VARIANCE ADJUSTMENT								-80,570			
134												
135	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
136												
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	1,375,913			
138												
139	REVISED CORPORATE INCOME TAX RATE							x	33.78%			
140												
141	REVISED REGULATORY INCOME TAX							=	464,783			
142												
143	Less: Revised Miscellaneous Tax Credits							-	0			
144												
145	Total Revised Regulatory Income Tax							=	464,783			
146												
147	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C61)							-	496,980			
148												
149	Regulatory Income Tax Variance							=	-32,196			
150												
151	Ontario Capital Tax											
152	Base							=	25,052,968			
153	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	7,500,000			
154	Revised deemed taxable capital							=	17,552,968			
155												
156	Rate - Tab Tax Rates cell C54							x	0.3000%			
157												
158	Revised Ontario Capital Tax							=	52,659			
159	Less: Ontario Capital Tax reported in the initial estimate column (Cell C73)							-	52,659			
160	Regulatory Ontario Capital Tax Variance							=	0			

	A	B	C	D	E	F	G	H	I	J	K	L
1	SIMPIL RRR FILING	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2005.1	
6			\$						\$		\$	
161												
162	Federal LCT											
163	Base								25,052,968			
164	Less: Exemption from tab Tax Rates, Table 2, cell C40							-	50,000,000			
165	Revised Federal LCT							=	-24,947,032			
166												
167	Rate (as a result of legislative changes) tab 'Tax Rates' cell C55								0.1750%			
168												
169	Gross Amount								0			
170	Less: Federal surtax							-	0			
171	Revised Net LCT							=	0			
172												
173	Less: Federal LCT reported in the initial estimate column (Cell C85)							-	0			
174	Regulatory Federal LCT Variance							=	0			
175												
176	Actual Income Tax Rate used for gross-up								31.09%			
177												
178	Income Tax (grossed-up)							+	-46,722			
179	LCT (grossed-up)							+	0			
180	Ontario Capital Tax							+	0			
181												
182	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT							=	-46,722			
183												
184	TRUE-UP VARIANCE (from cell I133)							+	-80,570			
185												
186	Total Deferral Account Entry (Positive Entry = Debit)							=	-127,293			
187	(Deferral Account Variance + True-up Variance)											
188												
189												
190												
191	V) INTEREST PORTION OF TRUE-UP											
192	Variance Caused By Phase-in of Deemed Debt											
193												
194	Total deemed interest (REGINFO)								908,170			
195	Interest phased-in (Cell C38)								908,170			
196												
197	Variance due to phase-in of debt component of MARR in rates								0			
198	according to the Board's decision											
199												
200	Other Interest Variances (i.e. Borrowing Levels											
201	Above Deemed Debt per Rate Handbook)											
202	Interest deducted on MoF filing (Cell K38+K43)								1,188,834			
203	Total deemed interest (REGINFO CELL D62)								908,170			
204												
205	Variance caused by excess debt								280,664			
206												
207	Interest Adjustment for Tax Purposes (carry forward to Cell I113)								280,664			
208												
209	Total Interest Variance								-280,664			
210												

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
6	Section A: Identification:					
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2005					
9	Taxation Year's start date:		Jan 1/05			
10	Taxation Year's end date:		Dec 31/05			
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		31,316	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statement data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	36,847,936		36,847,936	
32	Distribution Revenue	+	8,883,939		8,883,939	
33	Other Income	+	1,116,930	47,698	1,069,232	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	36,847,936		36,847,936	
40	Salaries & benefits	-	3,489,322	3,500	3,485,822	
41	Material costs	-	1,514,086		1,514,086	
42	Contract services	-	2,704,632		2,704,632	
43	Amortization (links to C61 below)	-	1,884,106		1,884,106	
44	Ontario Capital Tax	-	68,445		68,445	
45	CDM Expenses for 2005	-	55,108		55,108	
46	Property costs	-	517,652	4,317	513,335	
47	Other expenses	-	698,660		698,660	
48	Communications costs	-	260,991		260,991	
49	Recovery of regulatory assets	-	1,004,331		1,004,331	
50	Allocated to capital	-	-4,702,453		-4,702,453	
51		-			0	
52						
53	Net Income Before Interest & Income Taxes EBIT	=	2,505,989	39,881	2,466,108	
54	Less: Interest expense for accounting purposes	-	1,188,834		1,188,834	
55	Provision for payments in lieu of income taxes	-	646,313	10,285	636,028	
56	Net Income (loss)	=	670,842	29,596	641,246	
57	(The Net Income (loss) in the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
58						
59	Section C: Reconciliation of accounting income to taxable income					
60	From T2 Schedule 1					
61	BOOK TO TAX ADDITIONS:					
62	Provision for income tax	+	646,313	10,285	636,028	
63	Federal large corporations tax	+			0	
64	Depreciation & Amortization	+	1,884,106	0	1,884,106	
65	Employee benefit plans-accrued, not paid	+	29,220	0	29,220	
66	Tax reserves - beginning of year	+	0	0	0	
67	Reserves from financial statements- end of year	+	0	0	0	
68	Regulatory adjustments	+			0	
69	Regulatory Assets changes	+			0	
70	Material addition items from TAXREC 2	+	499,120	0	499,120	
71	Other addition items (not Material) from TAXREC 2	+	0	0	0	
72						
73	Subtotal		3,058,759	10,285	3,048,474	
74						
75	Other Additions: (Please explain the nature of the additions)					
76	Recapture of CCA	+			0	
77	Non-deductible meals and entertainment expense	+	5,787		5,787	
78	Capital items expensed	+			0	
79	Charitable donations	+			0	
80	Capital tax accrued in income statement	+			0	
81	Book loss of joint venture	+	1,297		1,297	
82		+			0	
83	Total Other Additions	=	7,084	0	7,084	
84						
85	Total Additions	=	3,065,843	10,285	3,055,558	
86						
87	Recap Material Additions:					
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94			0	0	0	
95	Total Other additions >materiality level		0	0	0	
96	Other deductions (less than materiality level)		7,084	0	7,084	
97	Total Other Additions		7,084	0	7,084	
98						

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
99	BOOK TO TAX DEDUCTIONS:					
100	Capital cost allowance	-	1,558,738		1,558,738	
101	Cumulative eligible capital deduction	-	66,618		66,618	
102	Employee benefit plans-paid amounts	-	16,720		16,720	
103	Items capitalized for regulatory purposes	-			0	
104	Regulatory adjustments :	-			0	
105	CCA	-			0	
106	other deductions	-			0	
107	Regulatory Assets changes				0	
108	Tax reserves - end of year	-	0	0	0	
109	Reserves from financial statements- beginning of year	-	0	0	0	
110	Contributions to deferred income plans	-			0	
111	Contributions to pension plans	-			0	
112	Interest capitalized for accounting deducted for tax	-			0	
113	Material deduction items from TAXREC 2	-	415,282	0	415,282	
114	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
115						
116	Subtotal	=	2,057,358	0	2,057,358	
117	Other deductions (Please explain the nature of the deductions)					
118	Charitable donations - tax basis	-			0	
119	Gain on disposal of assets	-	25,444		25,444	
120		-			0	
121	Capital tax per CT23				0	
122		-			0	
123	Total Other Deductions	=	25,444	0	25,444	
124						
125	Total Deductions	=	2,082,802	0	2,082,802	
126						
127	Recap Material Deductions:					
128				0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133	Total Other Deductions exceed materiality level		0	0	0	
134	Other Deductions less than materiality level		25,444	0	25,444	
135	Total Other Deductions		25,444	0	25,444	
136						
137	TAXABLE INCOME	=	1,653,883	39,881	1,614,002	
138	DEDUCT:					
139	Non-capital loss applied positive number	-			0	
140	Net capital loss applied positive number	-			0	
141	Charitable donations				0	
142	NET TAXABLE INCOME	=	1,653,883	39,881	1,614,002	
143						
144	FROM ACTUAL TAX RETURNS					
145	Net Federal Income Tax (Must agree with tax return)	+	311,059	8,318	302,741	
146	Net Ontario Income Tax (Must agree with tax return)	+	221,544	5,330	216,214	
147	Subtotal	=	532,603	13,648	518,955	
148	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
149	Total Income Tax	=	532,603	13,648	518,955	
150						
151	APPLICABLE TAX RATES FROM ACTUAL TAX RETURNS					
152	Net Federal Income Tax Rate (Must agree with tax status)		18.81%		18.81%	
153	Net Ontario Income Tax Rate (Must agree with tax status)		13.40%		13.40%	
154	Blended Income Tax Rate		32.21%		32.21%	
155						
156	Section D: Detailed calculation of Ontario Capital Tax					
157						
158	ONTARIO CAPITAL TAX					
159	(From Ontario CT23)					
160	PAID-UP CAPITAL					
161						
162	Paid-up capital stock	+	16,161,663		16,161,663	
163	Retained earnings (if deficit, deduct)	+/-	3,065,624		3,065,624	
164	Capital and other surplus excluding	+			0	
165	appraisal surplus	+	270,210		270,210	
166	Loans and advances	+	16,731,410		16,731,410	
167	Bank loans	+			0	
168	Bankers acceptances	+			0	
169	Bonds and debentures payable	+			0	
170	Mortgages payable	+			0	
171	Lien notes payable	+			0	
172	Deferred credits	+			0	
173	Contingent, investment, inventory and similar reserves	+	300,000		300,000	
174	Other reserves not allowed as deductions	+	447,000		447,000	
175	Share of partnership(s), joint venture(s) paid-up capital	+	18,000		18,000	
176	Sub-total	=	36,993,907	0	36,993,907	
177	Subtract:					
178	Amounts deducted for income tax purposes in excess of amounts booked	-	-694,903		-694,903	
179	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
180	Total (Net) Paid-up Capital	=	37,688,810	0	37,688,810	

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
181						
182	ELIGIBLE INVESTMENTS					
183						
184	Bonds, lien notes, interest coupons	+			0	
185	Mortgages due from other corporations	+			0	
186	Shares in other corporations	+	904,773		904,773	
187	Loans and advances to unrelated corporations	+			0	
188	Eligible loans and advances to related corporations	+	865,551		865,551	
189	Share of partnership(s) or joint venture(s) eligible investments	+	4,000		4,000	
190						
191	Total Eligible Investments	=	1,774,324	0	1,774,324	
192						
193						
194	TOTAL ASSETS					
195						
196	Total assets per balance sheet	+	45,090,868		45,090,868	
197	Mortgages or other liabilities deducted from assets	+			0	
198	Share of partnership(s)/ joint venture(s) total assets	+			0	
199	Subtract: Investment in partnership(s)/joint venture(s)	-	39,221		39,221	
200						
201	Total assets as adjusted	=	45,051,647	0	45,051,647	
202						
203	Add: (if deducted from assets)					
204	Contingent, investment, inventory and similar reserves	+			0	
205	Other reserves not allowed as deductions	+	747,000		747,000	
206	Subtract:				0	
207	Amounts deducted for income tax purposes in excess of amounts booked	-	-694,903		-694,903	
208	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
209	Subtract: Appraisal surplus if booked	-			0	
210	Add or subtract: Other adjustments	+/-			0	
211						
212	Total Assets	=	46,493,550	0	46,493,550	
213						
214						
215	Investment Allowance		1,438,310	0	1,438,310	
216						
217	Taxable Capital					
218						
219	Net paid-up capital	+	37,688,810	0	37,688,810	
220	Subtract: Investment Allowance	-	1,438,310	0	1,438,310	
221						
222	Taxable Capital	=	36,250,500	0	36,250,500	
223						
224	Capital Tax Calculation					
225	Deduction from taxable capital up to maximum of \$7,500,000		6,955,533	0	6,955,533	
226	(Input in tab Tax Rates)					
227	Net Taxable Capital		29,294,967	0	29,294,967	
228						
229	Rate		0.3000%	0.3000%	0.3000%	
230						
231	Days in taxation year		365	365	365	
232	Divide days by 365		1.00	1.00	1.00	
233						
234	Ontario Capital Tax (as calculated)		87,885	0	87,885	
235						
236	Ontario Capital Tax (Must agree with CT23 return)		87,834	0	87,834	
237						
238	Section E: Detailed calculation of Large Corporations Tax					
239						
240	LARGE CORPORATIONS TAX		*** NOT APPLICABLE FOR HHH GROUP***			
241	(From Federal Schedule 33)					
242	CAPITAL					
243	ADD:					
244	Reserves that have not been deducted in computing income for the year under Part I	+			0	
245	Capital stock	+			0	
246	Retained earnings	+			0	
247	Contributed surplus	+			0	
248	Any other surpluses	+			0	
249	Deferred unrealized foreign exchange gains	+			0	
250	All loans and advances to the corporation	+			0	
251	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
252	Any dividends declared but not paid	+			0	
253	All other indebtedness outstanding for more than 365 days	+			0	
254						
255	Subtotal	=	0	0	0	

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
256						
257	DEDUCT:					
258	Deferred tax debit balance	-			0	
259	Any deficit deducted in computing shareholders' equity	-			0	
260	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
261	Deferred unrealized foreign exchange losses	-			0	
262						
263	Subtotal	=	0	0	0	
264						
265	Capital for the year		0	0	0	
266						
267	INVESTMENT ALLOWANCE					
268						
269	Shares in another corporation	+			0	
270	Loan or advance to another corporation	+			0	
271	Bond, debenture, note, mortgage, or	+			0	
272	similar obligation of another corporation	+			0	
273	Long term debt of financial institution	+			0	
274	Dividend receivable from another corporation	+			0	
275	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
276	Interest in a partnership	+			0	
277						
278	Investment Allowance	=	0	0	0	
279						
280						
281	TAXABLE CAPITAL					
282						
283	Capital for the year	=	0	0	0	
284						
285	Deduct: Investment allowance	-	0	0	0	
286						
287	Taxable Capital for taxation year	=	0	0	0	
288						
289	Deduct: Capital Deduction - maximum of \$50,000,000	-	0	0	0	
290	(Input in tab Tax Rates)					
291	Taxable Capital	=	0	0	0	
292						
293	Rate 0.225% in 2002 and 2003; 0.200% in 2004; 0.175% in 2005		0.17500%	0.17500%	0.17500%	
294						
295	Days in year		365	365	365	
296	Divide days by 365		1.0000	1.0000	1.0000	
297						
298	Gross Part I.3 Tax - LCT (Must agree with tax return)	=	0	0	0	
299						
300	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
301						
302	Less: Federal Surtax = Actual Surtax from tax return	-			0	
303						
304	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	0	0	0	
305	(If surtax is greater than Gross LCT, then zero)					
306						
307	Section F: Income and Capital Taxes					
308						
309	RECAP FROM ABOVE:					
310	Total Income Taxes	+	532,603	13,648	518,955	
311	Ontario Capital Tax	+	87,834	0	87,834	
312	Federal Large Corporations Tax	+	0	0	0	
313						
314	Total income and capital taxes	=	620,437	13,648	606,789	
315						

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax	(positive numbers)	Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2005.1	
6						
7	Utility Name: HALTON HILLS HYDRO INC.					
8	Reporting period: 2005					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other				0	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
5	RRR # 2.1.8		Return			
6					Version 2005.1	
7						
8	Utility Name: HALTON HILLS HYDRO INC.					
9	Reporting period: 2005					
10	Number of days in taxation year:		365			
11	Materiality Level:		31,316			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+	325,000		325,000	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+	104,116		104,116	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+			0	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Debt financing expenses	+			0	
45	Provision for bad debts	+	70,004		70,004	
46		+			0	
47	S.12(1)(x)	+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+				
54	Total Additions	=	499,120	0	499,120	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62	Charitable donations		325,000	0	325,000	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66	per financial statements		104,116	0	104,116	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

	A	B	C	D	E	F
2	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax	(positive numbers)	Return	
5	RRR # 2.1.8		Return			
6					Version 2005.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86	Provision for bad debts		70,004	0	70,004	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94						
95	Total Material additions		499,120	0	499,120	
96	Other additions less than materiality level		0	0	0	
97	Total Additions		499,120	0	499,120	
98						
99	Deduct:					
100	Gain on disposal of assets per f/s	-			0	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule 8	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-	53,815		53,815	
105	Bad debts	-	36,467		36,467	
106	Book income of joint venture or partnership	-			0	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-				
111	Imputed interest on Reg Assets	-			0	
112	SEC 20(1) (e)	-			0	
113	Capital gains adjustment	-			0	
114	Equipment	-			0	
115	Charitable donations	-	325,000		325,000	
116	s.13(7.4)	-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121	Total Deductions	=	415,282	0	415,282	
122						
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129	Scientific research expenses claimed in year from Form T661		53,815	0	53,815	
130	Bad debts		36,467	0	36,467	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137			0	0	0	
138			0	0	0	
139			0	0	0	
140	Charitable donations		325,000	0	325,000	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145			0	0	0	
146	Total Deductions exceed materiality level		415,282	0	415,282	
147	Other deductions less than materiality level		0	0	0	
148	Total Deductions		415,282	0	415,282	
149						

	A	B	C	D	E	F	G	H	I	J
1	SIMPIL RRR FILING									
2	Corporate Tax Rates									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: HALTON HILLS HYDRO INC.									
5	Reporting period: 2005									
6										
7	Table 1									
8	Rates Used in 2005 RAM PILs Applications									
9	Income Range		0		400,001					
10	RAM 2005		to		to	>1,128,000				
11		Year	400,000		1,128,000					
12	Income Tax Rate									
13	Proxy Tax Year	2005								
14	Federal (Includes surtax)		13.12%		17.75%	22.12%				
15	Ontario		5.50%		9.75%	14.00%				
16	Blended rate		18.62%	0.00%	27.50%	36.12%				
17										
18	Capital Tax Rate		0.300%		Input in C18					
19	LCT rate		0.175%		Input in C19					
20	Surtax		1.12%		Input in C20					
21	Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000		Input in C21					
22	Federal Large Corporations Tax Exemption **	MAX \$50MM	50,000,000		Input in C22					
23	**Exemption amounts must agree with the Board-approved 2005 RAM PILs filing									
24										
25	Table 2									
26	Expected Rates and Exemptions for 2005									
27	Income Range		0	300,001	400,001					
28	Expected Rates 2005		to	to	to	>1,128,000				
29		Year	300,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2005								
32	Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%				
33	Ontario		5.50%	5.50%	9.75%	14.00%				
34	Blended rate		18.62%	27.62%	31.87%	36.12%				
35										
36	Capital Tax Rate		0.300%		Input in C36					
37	LCT rate		0.175%		Input in C37					
38	Surtax		1.12%		Input in C38					
39	Ontario Capital Tax Exemption ***	MAX \$7.5MM	7,500,000		Input in C39					
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000		Input in C40					
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2005 Tax Returns									
45	Income Range		0	300,001	400,001					
46			to	to	to	>1,128,000				
47		Year	300,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2005								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%	20.41%				
51	Ontario		5.50%	5.50%	9.75%	13.37%				
52	Blended rate		18.62%	27.62%	31.87%	33.78%				
53										
54	Capital Tax Rate		0.300%		Input in C54					
55	LCT rate		0.175%		Input in C55					
56	Surtax		1.12%		Input in C56					
57	Ontario Capital Tax Exemption *	MAX \$7.5MM	6,955,533		Input in C57					
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000		Input in C58					
59	* Include copies of the actual tax returns - Ontario CT23, federal T2. Please see the Checklist.									
60										
61										
62										
63										
64										