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June 3, 2002

**To: All Electricity Distributors**

**Re: Reporting Requirements - PILs, Trial Balance, Financial Statements**

Audited financial statements for the twelve months from January 1, 2001 to December 31, 2001 ("the 2001 Year") are required to be submitted to the Board by June 1, 2002, as prescribed by the Electricity Distribution Rates Handbook. The 2001 Year may have to be divided into more than one fiscal period because of a merger, amalgamation, acquisition or other such event. Separate audited financial statements for each fiscal period shall be submitted for each separate entity in existence during that calendar year.

As was the case last year, the Ontario Energy Board is requesting a filing of your trial balance in the detail prescribed under section 220 of the Accounting Procedures Handbook by June 30, 2002. A 'mapping' from the trial balance to the audited financial statements submitted June 1, 2002 should be available (but not submitted) to show the grouping of accounts for financial statement presentation purposes. In the event separate audited financial statements are submitted for the 2001 Year, individual trial balances supporting each set of audited financial statements should be filed. There would be a mapping (again, not submitted) between each trial balance and the relevant set of audited financial statements.

The Board is making several improvements to the electronic filing approach used last year for reporting your trial balance details. You will be required to download some software and review some filing instructions from the Board's website. All of the software and filing instructions necessary for the completion of the trial balance filing will be provided on the Board's website <http://www.oeb.gov.on.ca> under the caption "Trial Balance Filing" on or before June 10, 2002.

### Payments In Lieu of Taxes

PILs filings are also due June 30, 2002. On January 18, 2002 the Board posted on its website under "*What's new*": the final SIMPIL model/worksheet, footnotes and comments for completing the worksheets and a sample of a utility's filing sequence for 2001 and 2002. What is required for the June 30, 2002 filing is the completion of the "TAXREC" and "TAXCALC" forms within the worksheet. The specific TAXREC and TAXCALC forms submitted to the Board in support of the last annual rate adjustment filing for PILs should be used. You will need to amend the rate filing where necessary to reflect the Board's rate decision (the Board approved amounts), as the worksheet determines the variance that will be reviewed in a subsequent utility rate setting process.

You will use the actual numbers reflected in your tax filing for the period corresponding to the rate adjustment submission. For most utilities that will be tax return information filed with the Ontario Ministry of Finance or Canada Customs and Revenue Agency (CCRA) by June 30, 2002 for the fiscal period ended December 31, 2001. If utilities have a fiscal/taxation year-end other than December 31, they should contact Board staff to discuss particulars.

Form "TAXREC" will be used to input the details from the tax returns filed and to eliminate any non-wires amounts. The details from the tax return schedules should be entered in the "TAXREC" form in the first column. Non-wires Eliminations will be input in the second column (i.e. any eliminations should be entered as negative numbers to reduce a positive number in the first column). The amounts in the third column are calculated as the "wires-only" amounts and are carried forward to the MoF column "K" in the form "TAXCALC"

Please note that the "TAXREC" form requires some of the financial data from the unconsolidated financial statements filed with the tax returns. The "TAXREC" form used details from former MEU income statement filings as a guide, however you are expected to simply use the categories appearing in your actual unconsolidated income statement filed with your tax returns (i.e. not those appearing on the "TAXREC" form).

Also note material additions (line 34 and 35) and deductions (line 94 and 95) on the "TAXREC" form need to be separately identified. Items identified as material additions and/or deductions should be entered on the lines noted above and not entered as other additions (beginning at line 37) and/or deductions (beginning at line 97) on the "TAXREC" form. For guidance in determining the materiality of items refer the January 18, 2002 section of the OEB website "What's new" under the "Footnotes/instructions", General Comment #9 which provides a materiality guideline of .0025% of net assets.

You should also note the filing instructions (footnote 8C) require you to file copies of the federal and provincial Schedule 8 CCA forms

If you need more information or any clarification please telephone Alon Grinberg at (416) 440 7693 or Michael O'Shea at (416) 440 7633.

Yours truly,



Peter H. O'Dell  
Assistant Board Secretary