



BORDEN
LADNER
GERVAIS

Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
Scotia Plaza, 40 King Street West
Toronto, Ontario, Canada M5H 3Y4
tel.: (416) 367-6000 fax: (416) 367-6749
www.blgcanada.com

CHRISTINE E. LONG
direct tel.: 416-367-6683
direct fax: 416-361-2770
e-mail: clong@blgcanada.com

November 26, 2007

Via E-mail and Courier

Ontario Energy Board
2300 Yonge Street
Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: PUC Distribution Inc.
Application to Amend 2007 Distribution Rates (Recovery of 2007 PILs Expense)
Board File No. EB-2007-0723**

We are counsel to PUC Distribution Inc. ("PUC Distribution") with respect to the above-stated matter.

Please find attached two copies of PUC Distribution's Schedule entitled "Test Year Taxable Income". This Schedule was omitted from Tab 1 of PUC Distribution's Responses to Interrogatories (supporting evidence) filed on October 24, 2007. Please insert the "Test Year Taxable Income" Schedule after the sheets entitled "Test Year Sch 7-3 Interest" which is located at Tab 1 of PUC Distribution's supporting evidence. This omission was identified by VECC today and as such a copy of the Schedule was sent to VECC under separate cover earlier this morning.

Please do not hesitate to contact the writer should you have any questions or concerns regarding the material filed.

Yours very truly,

BORDEN LADNER GERVAIS LLP

ORIGINAL SIGNED BY CHRISTINE E. LONG

Christine E. Long

CEL/ac
Enclosure

cc: Terry Greco, PUC Distribution Inc.
Michael Buonaguro, Counsel for VECC
Bill Harper, Consultant for VECC

Calgary • Montréal • Ottawa • Toronto • Vancouver



Test Year Taxable Income

Name of Utility: PUC DISTRIBUTION INC.

License Number: ED-2002-0546

File Numbers: RP-2005-0020, EB-2005-0412

Name of Contact: TERRY GRECO

Phone Number: 705-759-6566

	T2 S1 line #	Test Year Taxable Income	2004 Adjusted Taxable Income	Variance	Explanation for Variance
Net Income Before Taxes		1,937,462	-1,387,081	3,324,543	Note this value will be significantly larger due to PILs collected in 2004 Adjusted Taxable Income.
Additions:					
Interest and penalties on taxes	103		0	0	
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104	2,625,600	2,574,456	51,144	
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		0	0	
Recapture of capital cost allowance from Schedule 8	107		0	0	
Gain on sale of eligible capital property from Schedule 10	108		0	0	
Income or loss for tax purposes- joint ventures or partnerships	109		0	0	
Loss in equity of subsidiaries and affiliates	110		0	0	
Loss on disposal of assets	111		0	0	
Charitable donations	112		0	0	
Taxable Capital Gains	113		0	0	
Political Donations	114		0	0	
Deferred and prepaid expenses	116		0	0	
Scientific research expenditures deducted on financial statements	118		0	0	
Capitalized interest	119		0	0	
Non-deductible club dues and fees	120		0	0	
Non-deductible meals and entertainment expense	121		0	0	
Non-deductible automobile expenses	122		0	0	
Non-deductible life insurance premiums	123		0	0	
Non-deductible company pension plans	124		0	0	
Tax reserves beginning of year	125	0	0	0	
Reserves from financial statements- balance at end of year	126	0	0	0	
Soft costs on construction and renovation of buildings	127		0	0	
Book loss on joint ventures or partnerships	205		0	0	
Capital items expensed	206		0	0	
Debt issue expense	208		0	0	
Development expenses claimed in current year	212		0	0	
Financing fees deducted in books	216		0	0	
Gain on settlement of debt	220		0	0	
Non-deductible advertising	226		0	0	
Non-deductible interest	227		0	0	
Non-deductible legal and accounting fees	228		0	0	
Recapture of SR&ED expenditures	231		0	0	
Share issue expense	235		0	0	
Write down of capital property	236		0	0	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		0	0	
Other Additions: (please explain in detail the nature of the item)					
Interest Expensed on Capital Leases	290		0	0	
Realized Income from Deferred Credit Accounts	291		0	0	
Pensions	292		0	0	
Non-deductible penalties	293		0	0	
Tax provision expensed	294		21,810	-21,810	
	295		0	0	
2006 Recovery of RSVA	296	0	0	0	
	297		0	0	
Total Additions		2,625,600	2,596,266	29,334	



Test Year Taxable Income

Name of Utility: PUC DISTRIBUTION INC.
 License Number: ED-2002-0546
 File Numbers: RP-2005-0020, EB-2005-0412
 Name of Contact: TERRY GRECO

Phone Number: 705-759-6566

	T2 S1 line #	Test Year Taxable Income	2004 Adjusted Taxable Income	Variance	Explanation for Variance
Deductions:					
Gain on disposal of assets per financial statements	401		0	0	
Dividends not taxable under section 83	402		0	0	
Capital cost allowance from Schedule 8	403	1,949,815	1,962,855	-13,040	
Terminal loss from Schedule 8	404		0	0	
Cumulative eligible capital deduction from Schedule 10 CEC	405	0	0	0	
Allowable business investment loss	406		0	0	
Deferred and prepaid expenses	409		0	0	
Scientific research expenses claimed in year	411		0	0	
Tax reserves end of year	413	0	0	0	
Reserves from financial statements - balance at beginning of year	414	0	0	0	
Contributions to deferred income plans	416		0	0	
Book income of joint venture or partnership	305		0	0	
Equity in income from subsidiary or affiliates	306		0	0	
Other deductions: (Please explain in detail the nature of the item)					
Interest capitalized for accounting deducted for tax	390		0	0	
Capital Lease Payments	391		0	0	
Non-taxable imputed interest income on deferral and variance accounts	392		0	0	
Increase in market readiness costs	393		34,849	-34,849	
Increase in retail settlement variances	394		1,526,443	-1,526,443	
Excess Interest (from Tab "Schedule 7-3")	395	1,463,523	0	1,463,523	Applicable to Test Year only
	396		0	0	
	397		0	0	
Total Deductions		3,413,338	3,524,147	-110,809	
NET INCOME FOR TAX PURPOSES		1,149,723	-2,314,962	3,464,685	
Charitable donations	311		0	0	
Taxable dividends received under section 112 or 113	320		0	0	
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0	
Net-capital losses of preceding taxation years (Please show calculation)	332		0	0	
Limited partnership losses of preceding taxation years from Schedule 4	335		0	0	
TAXABLE INCOME (C/F to tab "Tax Provision)		1,149,723	-2,314,962	3,464,685	