

## Board Staff Interrogatories

### 2011 IRM3 Electricity Distribution Rates Peterborough Distribution Incorporated EB-2010-0109

#### 1. Ref: Tax Sharing Model – F1.1 Z-Factor Tax Changes

#### Z-Factor Fax Changes

##### Summary - Sharing of Tax Change Forecast Amounts

##### 1. Tax Related Amounts Forecast from Capital Tax Rate Changes

	2009	2010
Taxable Capital	\$ 73,380,312	\$ 73,380,312
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 58,380,312	\$ 58,380,312
Rate	0.225%	0.150%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 131,356	\$ 43,425

##### 2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2009	2010
Regulatory Taxable Income	\$ 1,876,807	\$ 1,876,807
Corporate Tax Rate	33.00%	30.99%
Tax Impact	\$ 619,346	\$ 581,660
<b>Grossed-up Tax Amount</b>	<b>\$ 924,397</b>	<b>\$ 842,888</b>

Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 131,356	\$ 43,425
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 924,397	\$ 842,888
<b>Total Tax Related Amounts</b>	<b>\$ 1,055,753</b>	<b>\$ 886,313</b>
Incremental Tax Savings		-\$ 169,440
Sharing of Tax Savings (50%)		-\$ 84,720

- a) Please explain why “Taxable Capital” is not identical with “Total Rate Base” per the Revenue Requirement Work Form from the Board Decision in EB-2008-0241.
- b) Please explain why “Regulatory Taxable Income” is not identical with “Taxable Income” per the Revenue Requirement Work Form from the Board Decision in EB-2008-0241.
- c) If the data provided is correct, please provide evidence supporting the data entered for a) and b). If the data is incorrect, please re-file F1.1 with the correct data and staff will make the necessary changes to the model.