

March 3, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli,

**RE: Kingston Hydro Corporation
EB-2010-0136 Cost of Service Rate Application**

Please find attached the following documents related to the above-reference proceeding:

- 1) Corrections identified by the Applicant in the Transcript for the Oral Hearing.
- 2) Undertakings J1.1 through J1.12 as agreed to during the Oral Hearing.

The foregoing has also been filed electronically through the Board's RESS filing system and emailed to intervenors of record.

Respectfully submitted,



Nancy A. Taylor, Corporate Secretary
Kingston Hydro Corporation

Copy: Andrew Taylor, Energy Law (by email)
Energy Probe Research Foundation, Randy Aiken (by email)
School Energy Coalition, Jay Shepherd (by email)
Vulnerable Energy Consumers Coalition, Michael Buonaguro (by email)

Line Reference	Transcript	Correction
Page 14 line 1 operating expenses	were artificially <u>rolled out</u> from the events that had taken place	should read “low” instead of “rolled out”
Page 14 line 4	2006 application was based on 2014 actuals	2014 should be 2004
Page 15 line 8	trying to repair and fix <u>all</u> of the practices	should read “old” not “all”
Page 16 line 3	others is about <u>72</u> percent	should be 70
Page 29 line 23	April 30 2011	should be Oct 31 2011
Page 124 line 18		should read “so it is safe”
Page 128 line 18	White Paper <u>of</u> the Energy Competition Act, the possibility	should read “and” not “of”
Page 129 line utility	In all honesty, the direction was to hire people	should read “ <u>not</u> to hire people”
Page 148 line 25		actual should read actuarial
Page 153, lines 22 and 23	following starts at line 21	add underlined letter/word Fairway Hills was accelerated from <u>the</u> 2011 capital planned projects into 2010, so we completed that
Page 154, line 4	following starts at line 3	remove period following the word vault and remove capital from That to become a continuation of the sentence “that determined...”
Page 158	line 14 pole	should be plural “poles”

- 1 ***UNDERTAKING NO. J1.1***
- 2 ***UNDERTAKING***
- 3 ***TO UPDATE RESPONSE TO PART C OF ENERGY PROBE INTERROGATORY NO. 5 TO REFLECT THE 2010***
- 4 ***CAPITAL ADDITIONS, AS AGREED TO IN THE SETTLEMENT AGREEMENT.***
- 5
- 6 Response
- 7 Attachment follows.

X22 Rate Base Trend

	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance		20,786,739	22,082,158	25,040,288	25,907,752	28,719,436
Ending Balance		22,082,158	25,040,288	25,907,752	28,719,436	29,993,081
Average Balance	19,517,282	21,434,449	23,561,223	25,474,020	27,313,594	29,356,259
Working Capital Allowance (see below)	8,275,271	8,147,683	8,329,019	8,160,507	8,906,246	10,077,151
Total Rate Base	27,792,554	29,582,132	31,890,242	33,634,527	36,219,840	39,433,409
<i>Expenses for Working Capital</i>						
<i>Eligible Distribution Expenses:</i>						
3500-Distribution Expenses - Operation	988,566	978,901	1,237,794	1,857,541	2,284,260	2,502,904
3550-Distribution Expenses - Maintenance	1,324,768	898,832	991,615	850,416	776,254	930,012
3650-Billing and Collecting	1,230,573	831,733	729,219	666,337	434,268	622,503
3700-Community Relations		159,120	261,138	156,184	200,686	240,014
3800-Administrative and General Expenses	1,997,995	1,750,166	1,576,034	1,669,824	1,579,504	1,716,984
3950-Taxes Other Than Income Taxes	147,554	177,138	163,365	162,083	151,661	135,045
Total Eligible Distribution Expenses	5,689,456	4,795,890	4,959,165	5,362,386	5,426,634	6,147,462
3350-Power Supply Expenses	49,479,018	49,521,999	50,567,631	49,040,997	53,948,337	61,033,542
Total Expenses for Working Capital	55,168,474	54,317,889	55,526,797	54,403,383	59,374,970	67,181,004
Working Capital factor	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Working Capital Allowance	8,275,271	8,147,683	8,329,019	8,160,507	8,906,246	10,077,151

X22 Rate Base Trend

	2011 <input type="checkbox"/> Projection
<i>Net Capital Assets in Service:</i>	
Opening Balance	29,993,081
Ending Balance	33,414,367
Average Balance	31,703,724
Working Capital Allowance <i>(see below)</i>	10,280,129
Total Rate Base	41,983,853

Expenses for Working Capital

<u><i>Eligible Distribution Expenses:</i></u>	
3500-Distribution Expenses - Operation	2,627,053
3550-Distribution Expenses - Maintenance	1,093,763
3650-Billing and Collecting	643,543
3700-Community Relations	413,492
3800-Administrative and General Expenses	2,175,790
3950-Taxes Other Than Income Taxes	130,000
Total Eligible Distribution Expenses	7,083,641
3350-Power Supply Expenses	61,450,550
Total Expenses for Working Capital	68,534,191
Working Capital factor	15%
Working Capital Allowance	10,280,129

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9 Attachment follows.

UNDERTAKING J1.2

Projected Power Supply Expenses

Updated Commodity cost of power for 2011 provided in response to Energy Probe No. 13(D) to reflect both the large-use correction, and the updated forecast for the other classes, and related changes for line losses, based on the current kWh forecast (per settlement agreement).

Electricity (Commodity)	Customer	Revenue	Expense	2010 rate (\$/kWh): \$0.06679			2011 rate (\$/kWh): \$0.06694		
	Class Name	USA #	USA #	Volume		Amount	Volume		Amount
	kWh Residential	4006	4705	202,426,346		13,519,661	201,300,821		13,475,894
	kWh General Service Less Than 50 kW	4035	4705	94,902,657		6,338,364	96,299,313		6,446,667
	kWh General Service 50 to 4,999 kW	4035	4705	271,068,607		18,104,144	268,541,372		17,977,250
	kWh Large Use	4015	4705	156,192,477		10,431,791	154,753,991		10,359,861
	kWh Unmetered Scattered Load	4035	4705	2,343,927		156,546	2,353,301		157,540
	kWh Street Lighting	4025	4705	4,146,033		276,905	4,162,618		278,663
	TOTAL			731,080,048		48,827,412	727,411,417		48,695,874
Transmission - Network	Customer	Revenue	Expense	2010			2011		
	Class Name	USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
	kWh Residential	4066	4714	202,426,346	\$0.0055	1,113,345	201,300,821	\$0.0057	1,147,415
	kWh General Service Less Than 50 kW	4066	4714	94,902,657	\$0.0050	474,513	96,299,313	\$0.0052	500,756
	kW General Service 50 to 4,999 kW	4066	4714	708,464	\$2.1925	1,553,307	701,859	\$2.2797	1,600,028
	kW Large Use	4066	4714	300,505	\$2.6418	793,874	297,737	\$2.7468	817,824
	kWh Unmetered Scattered Load	4066	4714	2,343,927	\$0.0055	12,892	2,353,301	\$0.0057	13,414
	kW Street Lighting	4066	4714	11,291	\$1.5837	17,882	11,336	\$1.6467	18,667
	TOTAL			300,693,190		3,965,813	300,964,368		4,098,104
Transmission - Connection	Customer	Revenue	Expense	2010			2011		
	Class Name	USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
	kWh Residential	4068	4716	202,426,346	\$0.0046	931,161	201,300,821	\$0.0050	1,006,504
	kWh General Service Less Than 50 kW	4068	4716	94,902,657	\$0.0042	398,591	96,299,313	\$0.0046	442,977
	kW General Service 50 to 4,999 kW	4068	4716	708,464	\$1.8244	1,292,522	701,859	\$1.9813	1,390,593
	kW Large Use	4068	4716	300,505	\$2.1984	660,630	297,737	\$2.3874	710,817
	kWh Unmetered Scattered Load	4068	4716	2,343,927	\$0.0046	10,782	2,353,301	\$0.0050	11,767
	kW Street Lighting	4068	4716	11,291	\$1.3178	14,879	11,336	\$1.4311	16,223
	TOTAL			300,693,190		3,308,566	300,964,368		3,578,881
Wholesale Market Service	Customer	Revenue	Expense	2010 rate (\$/kWh): \$0.00520			2011 rate (\$/kWh): \$0.00520		
	Class Name	USA #	USA #	Volume		Amount	Volume		Amount
	kWh Residential	4062	4708	202,426,346		1,052,617	201,300,821		1,046,764
	kWh General Service Less Than 50 kW	4062	4708	94,902,657		493,494	96,299,313		500,756
	kWh General Service 50 to 4,999 kW	4062	4708	271,068,607		1,409,557	268,541,372		1,396,415
	kWh Large Use	4062	4708	156,192,477		812,201	154,753,991		804,721
	kWh Unmetered Scattered Load	4062	4708	2,343,927		12,188	2,353,301		12,237
	kWh Street Lighting	4062	4708	4,146,033		21,559	4,162,618		21,646
	TOTAL			731,080,048		3,801,616	727,411,417		3,782,539
Rural Rate Protection	Customer	Revenue	Expense	2010 rate (\$/kWh): \$0.00130			2011 rate (\$/kWh): \$0.00130		
	Class Name	USA #	USA #	Volume		Amount	Volume		Amount
	kWh Residential	4062	4730	202,426,346		263,154	201,300,821		261,691
	kWh General Service Less Than 50 kW	4062	4730	94,902,657		123,373	96,299,313		125,189
	kWh General Service 50 to 4,999 kW	4062	4730	271,068,607		352,389	268,541,372		349,104
	kWh Large Use	4062	4730	156,192,477		203,050	154,753,991		201,180
	kWh Unmetered Scattered Load	4062	4730	2,343,927		3,047	2,353,301		3,059
	kWh Street Lighting	4062	4730	4,146,033		5,390	4,162,618		5,411
	TOTAL			731,080,048		950,404	727,411,417		945,635
Debt Retirement Charge	Customer	Revenue	Expense	2010 rate (\$/kWh): \$0.00700			2011 rate (\$/kWh): \$0.00700		
	Class Name	USA #	USA #	Volume		Amount	Volume		Amount
	TOTAL			0		0	0		0
Low Voltage Charges	Customer	Revenue	Expense	2010			2011		
	Class Name	USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
	kWh Residential	4075	4750	195,694,457	\$0.0002	39,139	194,606,362	\$0.0007	136,224
	kWh General Service Less Than 50 kW	4075	4750	91,746,575	\$0.0002	18,349	93,096,784	\$0.0006	55,858
	kW General Service 50 to 4,999 kW	4075	4750	708,464	\$0.1070	75,806	701,859	\$0.2520	176,868
	kW Large Use	4075	4750	300,505	\$0.1506	45,256	297,737	\$0.3036	90,393
	kWh Unmetered Scattered Load	4075	4750	2,265,977	\$0.0002	453	2,275,040	\$0.0007	1,593
	kW Street Lighting	4075	4750	11,291	\$0.0645	728	11,336	\$0.1820	2,063
	TOTAL			290,727,269		179,731	290,989,118		463,000
GRAND TOTAL						61,033,542			61,564,033

- 1** ***UNDERTAKING NO. J1.3***
- 2** ***UNDERTAKING***
- 3** ***TO PROVIDE FULL YEAR ACTUAL OM&A EXPENSES FOR 2010 IN SAME DETAIL AS SHOWN IN THE TABLE***
- 4** ***CONTAINED IN RESPONSE TO ENERGY PROBE INTERROGATORY NO. 20.***
- 5**
- 6** Response
- 7** Attachment follows.

		Updated Actual 2010	Original Forecast Bridge 2010	Variance	
				\$	%
Operations		2,497,165	2,502,904	(5,739)	0%
5005	Operation Supervision and Engineering	834,645	762,419	72,226	
5010	Load Dispatching	447,115	403,222	43,894	
5012	Station Buildings and Fixtures Expense	78,737	71,400	7,337	
5016	Distribution Station Equipment - Operation Labour	128,353	118,610	9,742	
5017	Distribution Station Equipment - Operation Supplies and Expenses	60,750	74,020	(13,270)	
5020	Overhead Distribution Lines and Feeders - Operation Labour	214,036	300,749	(86,713)	
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	128,374	129,160	(786)	
5030	Overhead Subtransmission Feeders - Operation	-	-	-	
5035	Overhead Distribution Transformers- Operation	4,545	1,167	3,378	
5040	Underground Distribution Lines and Feeders - Operation Labour	5,360	14,148	(8,788)	
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	20,810	32,520	(11,710)	
5055	Underground Distribution Transformers - Operation	7,821	-	7,821	
5065	Meter Expense	248,700	287,270	(38,570)	
5070	Customer Premises - Operation Labour	125,762	99,754	26,008	
5075	Customer Premises - Materials and Expenses	16,755	37,894	(21,139)	
5085	Miscellaneous Distribution Expense	145,403	170,572	(25,169)	
5095	Overhead Distribution Lines and Feeders - Rental Paid	30,000		30,000	
Maintenance		940,361	930,012	10,350	1%
5105	Maintenance Supervision and Engineering	34,036	87,026	(52,991)	
5110	Maintenance of Buildings and Fixtures - Distribution Stations	46,052	27,031	19,021	
5114	Maintenance of Distribution Station Equipment	129,069	191,767	(62,697)	
5120	Maintenance of Poles, Towers and Fixtures	98,086	28,066	70,020	
5125	Maintenance of Overhead Conductors and Devices	163,037	190,998	(27,961)	
5130	Maintenance of Overhead Services	66,450	38,912	27,538	
5135	Overhead Distribution Lines and Feeders - Right of Way	219,374	88,714	130,659	
5145	Maintenance of Underground Conduit	38,767	67,075	(28,308)	
5150	Maintenance of Underground Conductors and Devices	59,723	127,694	(67,971)	
5155	Maintenance of Underground Services	30,713	62,415	(31,702)	
5160	Maintenance of Line Transformers	9,290	5,520	3,770	
5175	Maintenance of Meters	45,765	14,794	30,971	

		Updated Actual 2010	Original Forecast Bridge 2010	Variance	
				\$	%
Billing And Collecting		743,812	622,503	121,309	19%
5310	Meter Reading Expense	86,884	58,287	28,597	
5315	Customer Billing	400,821	313,851	86,971	
5320	Collecting	75,579	82,473	(6,894)	
5335	Bad Debt Expense	180,527	167,892	12,635	
Community Relations		214,011	240,014	(26,003)	-11%
5410	Community Relations - Sundry	-	-	-	
5415	Energy Conservation	31,808	57,308	(25,500)	
5420	Community Safety Program	-	2,187	(2,187)	
5425	Miscellaneous Customer Service and Informational Expenses	182,203	180,519	1,685	
Administration and General Expenses		1,581,375	1,716,984	(135,609)	-8%
5605	Executive Salaries and Expenses	-	65,658	(65,658)	
5610	Management Salaries and Expenses	-	107,485	(107,485)	
5615	General Administrative Salaries and Expenses	352,168	331,792	20,376	
5620	Office Supplies and Expenses	124,566	46,372	78,194	
5625	Administrative Expense Transferred/Credit	-	-	-	
5630	Outside Services Employed	380,735	432,496	(51,761)	
5635	Property Insurance	137,136	125,704	11,432	
5640	Injuries and Damages	34,993	12,240	22,753	
5645	Employee Pensions and Benefits	127,770	155,038	(27,268)	
5655	Regulatory Expenses	211,736	118,191	93,545	
5660	General Advertising Expenses	8,059	14,076	(6,017)	
5665	Miscellaneous General Expenses	2,807	92,848	(90,041)	
5670	Rent	164,377	176,448	(12,070)	
5675	Maintenance of General Plant	25,485	38,637	(13,152)	
5680	Electrical Safety Authority Fees	11,543		11,543	
5681	Special Purpose Charge Expense			-	
Total OM&A Expenses		5,976,724	6,012,417	(35,692)	-1%

UNDERTAKING NO. J1.4

UNDERTAKING

TO PROVIDE HISTORICAL AND TEST YEAR NUMBERS OF ACTUAL COUNT OF FTES, AND UPDATE TABLE 1 IN EXHIBIT 4, TAB 4, SCHEDULE 1 TO REFLECT ACTUAL FTE COUNT AND COSTS.

Response

Table 1: Employee Costs (Updated)

	<i>2009 Historical Year</i>	<i>2010 Bridge Year (Forecasted)</i>	<i>2010 Bridge Year (Actual)</i>	<i>2011 Test Year</i>
Number of Employees (FTE's including Part-Time)				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	10.04	11.30	10.28	14.45
<i>Union</i>	33.75	36.87	35.66	46.46
<i>Total</i>	43.79	48.17	45.94	60.91
Number of Part-Time Employees				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	0.52	0.23	0.23	0.23
<i>Union</i>	1.38	0.86	0.76	0.79
<i>Total</i>	1.90	1.09	0.99	1.02
Total Salary and Wages				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	\$807,901	\$874,964	\$884,477	\$1,122,838
<i>Union</i>	\$1,956,217	\$2,257,169	\$2,103,558	\$2,699,814
<i>Total</i>	\$2,764,118	\$3,132,133	\$2,988,036	\$3,822,653
Current Benefits				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	\$154,864	\$195,812	\$186,328	\$226,135
<i>Union</i>	\$454,918	\$571,557	\$460,786	\$656,559
<i>Total</i>	\$609,782	\$767,368	\$647,114	\$882,694

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Accrued Pension and Post-Retirement Benefits				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	\$230,730	\$254,710	\$254,710	\$324,136
<i>Union</i>	\$775,612	\$831,077	\$831,077	\$1,051,750
Total	\$1,006,342	\$1,085,787	\$1,085,787	\$1,375,886
Total Benefits (Current and Accrued)				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	\$385,594	\$450,522	\$441,038	\$550,271
<i>Union</i>	\$1,230,530	\$1,402,633	\$1,291,863	\$1,708,309
Total	\$1,616,124	\$1,853,155	\$1,732,901	\$2,258,580
Total Compensation (Salary, Wages and Benefits)				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	\$1,193,494	\$1,325,486	\$1,325,516	\$1,673,109
<i>Union</i>	\$3,186,747	\$3,659,802	\$3,395,421	\$4,408,124
Total	\$4,380,242	\$4,985,288	\$4,720,937	\$6,081,233
Compensation -Average Yearly Base Wages				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>	\$80,470	\$77,410	\$86,039	\$77,702
<i>Union</i>	\$57,954	\$61,218	\$58,993	\$58,109
Total	\$138,425	\$138,628	\$145,032	\$135,811
Compensation -Average Yearly Overtime				
<i>Executive</i>	-	-	-	-
<i>Management</i>	-	-	-	-
<i>Non-Union</i>				
<i>Union</i>	\$3,510	\$2,411	\$3,198	\$2,051
Total	\$3,510	\$2,411	\$3,198	\$2,051

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Compensation-Average Yearly Benefits				
Executive	-	-	-	-
Management	-	-	-	-
Non-Union	\$38,407	\$39,859	\$42,903	\$38,080
Union	\$36,455	\$38,042	\$36,229	\$36,768
Total	\$74,862	\$77,900	\$79,132	\$74,848
Total Compensation	\$4,380,242	\$4,985,288	\$4,723,521	\$6,081,233
Total Compensation Charged to OM&A	\$3,822,678	\$3,964,712	\$3,900,767	\$4,938,635
Total Compensation Capitalized	\$557,563	\$1,020,577	\$822,754	\$1,142,598

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For the 2010 policy year under the MEARIE Liability Program the Board of Directors approved a \$2 million Premium Reduction for renewing Subscribers. Kingston Hydro's portion of the \$2 million Premium Reduction was \$21,535. It is MEARIE's method of returning excess premium [monies over above what is need to pay for claims and future reserves] as MEARIE is a not for profit insurance company.

UNDERTAKING NO. J1.6

UNDERTAKING

TO PROVIDE SALARY PER FTE POSITION AND TOTAL FIGURE.

Response

2011 FTEE Increase

<i>Position</i>	<i>Total FTEE</i>	<i>FTEE Allocated to KHC Operating</i>	<i>OMA Impact</i>	<i>FTEE Allocated to KHC Capital</i>	<i>CAPEX Impact</i>
<i>Community Relations</i>	<i>1.00</i>	<i>1.00</i>	<i>\$ 82,000</i>		
<i>Engineering Technologist</i>	<i>1.00</i>	<i>0.40</i>	<i>\$ 25,000</i>	<i>0.60</i>	<i>\$37,500</i>
<i>Journeyperson Substation Electrician</i>	<i>0.94</i>	<i>0.74</i>	<i>\$ 42,000</i>	<i>0.20</i>	<i>\$11,000</i>
<i>Journeyperson Substation Electrician</i>	<i>0.94</i>	<i>0.74</i>	<i>\$ 42,000</i>	<i>0.20</i>	<i>\$11,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.95</i>	<i>0.60</i>	<i>\$ 34,000</i>	<i>0.35</i>	<i>\$20,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.95</i>	<i>0.60</i>	<i>\$ 34,000</i>	<i>0.35</i>	<i>\$20,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.95</i>	<i>0.60</i>	<i>\$ 34,000</i>	<i>0.35</i>	<i>\$20,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.76</i>	<i>0.48</i>	<i>\$ 28,500</i>	<i>0.28</i>	<i>\$16,700</i>
<i>Journeyperson Powerline Technician</i>	<i>0.76</i>	<i>0.48</i>	<i>\$ 28,500</i>	<i>0.28</i>	<i>\$16,700</i>
<i>Engineering Technologist</i>	<i>0.88</i>	<i>0.77</i>	<i>\$ 48,000</i>	<i>0.11</i>	<i>\$7,000</i>
<i>Conservation Demand Management Advisor</i>	<i>0.77</i>	<i>0.77</i>	<i>\$ 55,000</i>		
<i>Administrative Clerk</i>	<i>0.38</i>	<i>0.38</i>	<i>\$ 17,000</i>		
<i>Regulatory Analyst</i>	<i>0.60</i>	<i>0.60</i>	<i>\$ 66,000</i>		
<i>Systems Analyst</i>	<i>0.24</i>	<i>0.24</i>	<i>\$ 20,000</i>		
<i>SCADA Network Technician</i>	<i>0.50</i>	<i>0.25</i>	<i>\$ 16,000</i>	<i>0.25</i>	<i>\$16,000</i>
<i>Administrative Secretary</i>	<i>0.23</i>	<i>0.23</i>	<i>\$ 13,000</i>		
<i>Financial Analyst</i>	<i>0.23</i>	<i>0.23</i>	<i>\$ 19,000</i>		
<i>Supervisor</i>	<i>-</i>	<i>0.10</i>	<i>\$ 9,000</i>	<i>(0.10)</i>	<i>\$ (9,000)</i>
<i>Totals</i>	<i>12.1</i>	<i>9.21</i>	<i>\$ 613,000</i>	<i>2.9</i>	<i>\$ 166,900</i>

UNDERTAKING NO. J1.7

UNDERTAKING

TO PROVIDE CAPITALIZED AMOUNT OF MONEY FOR FTES.

Response

2011 FTEE Increase

<i>Position</i>	<i>Total FTEE</i>	<i>FTEE Allocated to KHC Operating</i>	<i>OMA Impact</i>	<i>FTEE Allocated to KHC Capital</i>	<i>CAPEX Impact</i>
<i>Community Relations</i>	<i>1.00</i>	<i>1.00</i>	<i>\$ 82,000</i>		
<i>Engineering Technologist</i>	<i>1.00</i>	<i>0.40</i>	<i>\$ 25,000</i>	<i>0.60</i>	<i>\$37,500</i>
<i>Journeyperson Substation Electrician</i>	<i>0.94</i>	<i>0.74</i>	<i>\$ 42,000</i>	<i>0.20</i>	<i>\$11,000</i>
<i>Journeyperson Substation Electrician</i>	<i>0.94</i>	<i>0.74</i>	<i>\$ 42,000</i>	<i>0.20</i>	<i>\$11,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.95</i>	<i>0.60</i>	<i>\$ 34,000</i>	<i>0.35</i>	<i>\$20,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.95</i>	<i>0.60</i>	<i>\$ 34,000</i>	<i>0.35</i>	<i>\$20,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.95</i>	<i>0.60</i>	<i>\$ 34,000</i>	<i>0.35</i>	<i>\$20,000</i>
<i>Journeyperson Powerline Technician</i>	<i>0.76</i>	<i>0.48</i>	<i>\$ 28,500</i>	<i>0.28</i>	<i>\$16,700</i>
<i>Journeyperson Powerline Technician</i>	<i>0.76</i>	<i>0.48</i>	<i>\$ 28,500</i>	<i>0.28</i>	<i>\$16,700</i>
<i>Engineering Technologist</i>	<i>0.88</i>	<i>0.77</i>	<i>\$ 48,000</i>	<i>0.11</i>	<i>\$7,000</i>
<i>Conservation Demand Management Advisor</i>	<i>0.77</i>	<i>0.77</i>	<i>\$ 55,000</i>		
<i>Administrative Clerk</i>	<i>0.38</i>	<i>0.38</i>	<i>\$ 17,000</i>		
<i>Regulatory Analyst</i>	<i>0.60</i>	<i>0.60</i>	<i>\$ 66,000</i>		
<i>Systems Analyst</i>	<i>0.24</i>	<i>0.24</i>	<i>\$ 20,000</i>		
<i>SCADA Network Technician</i>	<i>0.50</i>	<i>0.25</i>	<i>\$ 16,000</i>	<i>0.25</i>	<i>\$16,000</i>
<i>Administrative Secretary</i>	<i>0.23</i>	<i>0.23</i>	<i>\$ 13,000</i>		
<i>Financial Analyst</i>	<i>0.23</i>	<i>0.23</i>	<i>\$ 19,000</i>		
<i>Supervisor</i>	<i>-</i>	<i>0.10</i>	<i>\$ 9,000</i>	<i>(0.10)</i>	<i>\$ (9,000)</i>
<i>Totals</i>	<i>12.1</i>	<i>9.21</i>	<i>\$ 613,000</i>	<i>2.9</i>	<i>\$ 166,900</i>

UNDERTAKING NO. J1.8

UNDERTAKING

**TO PROVIDE FURTHER DETAIL ON FIVE STAFF IN THE ELECTRIC OVERHEAD AND SUBSTATION
MAINTENANCE AREAS.**

Response

Overhead Group

The following table provides the year that the Journeyperson Powerline Technicians will attain their earliest possible retirement eligibility without a penalty (90 factor or 30 yrs service):

Year	Position	Total Staff
2009		
2010		
2011		
2012		
2013	1 Subforeperson	1
2014		
2015	1 Subforeperson; 1 Crew Staff	2
2016	2 Crew Staff	2
2017	1 Crew Staff	1
2018	2 Crew Staff	2
Total		8

Substation Maintenance Group

The following table provides the year that the Journeyperson Substation Electricians will attain their earliest possible retirement eligibility without a penalty (90 factor or 30 yrs service):

Year	Position	Total Staff
2009	1 Journeyperson Substation Electrician	1
2010		
2011		
2012		
2013		
2014	1 Journeyperson Substation Electrician	1
2015		
2016		
2017		
2018		
Total		2

- 1** ***UNDERTAKING NO. J1.9***
- 2** ***UNDERTAKING***
- 3** ***TO PROVIDE DAILY BANK ACCOUNT BALANCE FOR LAST 12 MONTHS.***
- 4**
- 5** Response
- 6** Attachment follows.

Date	Daily Transactions	Total
01/02/2010	1,884,908.26	6,376,662.24
02/02/2010	197,098.44	6,573,760.68
03/02/2010	112,767.41	6,686,528.09
04/02/2010	480,599.56	7,167,127.65
05/02/2010	192,294.07	7,359,421.72
08/02/2010	400,262.49	7,759,684.21
09/02/2010	173,055.70	7,932,739.91
10/02/2010	145,524.74	8,078,264.65
11/02/2010	209,252.88	8,287,517.53
12/02/2010	220,837.79	8,508,355.32
16/02/2010	397,270.02	8,905,625.34
17/02/2010	(5,132,046.39)	3,773,578.95
18/02/2010	128,758.76	3,902,337.71
19/02/2010	762,682.47	4,665,020.18
22/02/2010	294,344.43	4,959,364.61
23/02/2010	447,247.08	5,406,611.69
24/02/2010	895,166.48	6,301,778.17
25/02/2010	100,251.01	6,402,029.18
26/02/2010	235,311.58	6,637,340.76
28/02/2010	(2,898,488.04)	3,738,852.72
01/03/2010	1,645,511.02	5,384,363.74
02/03/2010	341,820.71	5,726,184.45
03/03/2010	306,560.64	6,032,745.09
04/03/2010	486,201.28	6,518,946.37
05/03/2010	249,508.42	6,768,454.79
08/03/2010	673,826.20	7,442,280.99
09/03/2010	299,811.99	7,742,092.98
10/03/2010	83,475.71	7,825,568.69
11/03/2010	440,975.69	8,266,544.38
12/03/2010	170,128.68	8,436,673.06
15/03/2010	363,186.56	8,799,859.62
16/03/2010	(4,445,820.53)	4,354,039.09
17/03/2010	159,645.05	4,513,684.14
18/03/2010	761,077.49	5,274,761.63
19/03/2010	221,530.29	5,496,291.92
22/03/2010	190,441.21	5,686,733.13
23/03/2010	323,615.27	6,010,348.40
24/03/2010	1,347,136.44	7,357,484.84
25/03/2010	137,688.80	7,495,173.64
26/03/2010	(213,564.43)	7,281,609.21
29/03/2010	380,572.72	7,662,181.93
30/03/2010	77,615.80	7,739,797.73
31/03/2010	(2,930,168.19)	4,809,629.54
01/04/2010	1,342,409.97	6,152,039.51
06/04/2010	265,768.30	6,417,807.81
07/04/2010	367,599.03	6,785,406.84

08/04/2010	309,926.95	7,095,333.79
09/04/2010	240,455.59	7,335,789.38
12/04/2010	148,067.08	7,483,856.46
13/04/2010	69,584.07	7,553,440.53
14/04/2010	120,363.27	7,673,803.80
15/04/2010	128,261.37	7,802,065.17
16/04/2010	391,628.24	8,193,693.41
19/04/2010	371,960.06	8,565,653.47
20/04/2010	(3,492,729.43)	5,072,924.04
21/04/2010	149,873.68	5,222,797.72
22/04/2010	215,938.97	5,438,736.69
23/04/2010	920,774.93	6,359,511.62
26/04/2010	1,024,956.88	7,384,468.50
27/04/2010	103,400.44	7,487,868.94
28/04/2010	161,768.45	7,649,637.39
29/04/2010	199,809.58	7,849,446.97
30/04/2010	(3,584,315.88)	4,265,131.09
01/05/2010	908,000.86	5,173,131.95
03/05/2010	468,108.32	5,641,240.27
04/05/2010	87,421.01	5,728,661.28
05/05/2010	379,387.38	6,108,048.66
06/05/2010	286,126.14	6,394,174.80
07/05/2010	200,148.62	6,594,323.42
09/05/2010	(412,122.21)	6,182,201.21
10/05/2010	227,041.09	6,409,242.30
11/05/2010	228,499.24	6,637,741.54
12/05/2010	103,515.71	6,741,257.25
13/05/2010	70,781.78	6,812,039.03
14/05/2010	125,653.23	6,937,692.26
17/05/2010	729,671.17	7,667,363.43
18/05/2010	(3,571,192.43)	4,096,171.00
19/05/2010	265,081.00	4,361,252.00
20/05/2010	121,608.14	4,482,860.14
21/05/2010	292,800.75	4,775,660.89
25/05/2010	495,784.68	5,271,445.57
26/05/2010	97,101.05	5,368,546.62
27/05/2010	523,120.14	5,891,666.76
28/05/2010	182,019.90	6,073,686.66
31/05/2010	(2,358,742.35)	3,714,944.31
01/06/2010	1,490,829.85	5,205,774.16
02/06/2010	182,181.28	5,387,955.44
03/06/2010	87,591.86	5,475,547.30
04/06/2010	213,392.67	5,688,939.97
07/06/2010	373,185.45	6,062,125.42
08/06/2010	293,714.29	6,355,839.71
09/06/2010	131,105.93	6,486,945.64
10/06/2010	160,309.84	6,647,255.48

11/06/2010	104,729.20	6,751,984.68
14/06/2010	163,319.28	6,915,303.96
15/06/2010	(4,490,371.73)	2,424,932.23
16/06/2010	1,037,130.42	3,462,062.65
17/06/2010	153,756.36	3,615,819.01
18/06/2010	287,576.54	3,903,395.55
21/06/2010	362,708.12	4,266,103.67
22/06/2010	158,166.63	4,424,270.30
23/06/2010	1,020,829.34	5,445,099.64
24/06/2010	(170,971.54)	5,274,128.10
25/06/2010	166,361.07	5,440,489.17
28/06/2010	186,941.43	5,627,430.60
29/06/2010	(50,881.62)	5,576,548.98
30/06/2010	(2,129,357.59)	3,447,191.39
01/07/2010	1,765,396.75	5,212,588.14
02/07/2010	186,054.69	5,398,642.83
05/07/2010	248,850.10	5,647,492.93
06/07/2010	342,602.61	5,990,095.54
07/07/2010	453,064.52	6,443,160.06
08/07/2010	217,820.35	6,660,980.41
09/07/2010	143,436.94	6,804,417.35
11/07/2010	0.50	6,804,417.85
12/07/2010	136,418.87	6,940,836.72
13/07/2010	223,397.07	7,164,233.79
14/07/2010	225,461.33	7,389,695.12
15/07/2010	219,752.34	7,609,447.46
16/07/2010	778,404.57	8,387,852.03
19/07/2010	(4,556,282.40)	3,831,569.63
20/07/2010	601,822.07	4,433,391.70
21/07/2010	131,707.04	4,565,098.74
22/07/2010	116,987.85	4,682,086.59
23/07/2010	(1,617.60)	4,680,468.99
26/07/2010	433.71	4,680,902.70
27/07/2010	1,465,431.29	6,146,333.99
28/07/2010	114,906.46	6,261,240.45
29/07/2010	254,306.47	6,515,546.92
30/07/2010	35,861.34	6,551,408.26
31/07/2010	(3,341,544.70)	3,209,863.56
01/08/2010	1,028,574.38	4,238,437.94
03/08/2010	241,347.70	4,479,785.64
04/08/2010	154,195.88	4,633,981.52
05/08/2010	251,661.28	4,885,642.80
06/08/2010	437,771.67	5,323,414.47
09/08/2010	279,509.49	5,602,923.96
10/08/2010	113,392.93	5,716,316.89
11/08/2010	184,990.71	5,901,307.60
12/08/2010	73,221.39	5,974,528.99

13/08/2010	290,327.49	6,264,856.48
16/08/2010	283,291.63	6,548,148.11
17/08/2010	800,623.18	7,348,771.29
18/08/2010	(5,066,145.31)	2,282,625.98
19/08/2010	445,888.12	2,728,514.10
20/08/2010	128,313.30	2,856,827.40
23/08/2010	1,121,613.22	3,978,440.62
24/08/2010	126,264.57	4,104,705.19
25/08/2010	252,656.59	4,357,361.78
26/08/2010	737,715.77	5,095,077.55
27/08/2010	291,697.51	5,386,775.06
30/08/2010	(47,021.12)	5,339,753.94
31/08/2010	(1,466,793.47)	3,872,960.47
01/09/2010	1,208,961.24	5,081,921.71
02/09/2010	249,764.80	5,331,686.51
03/09/2010	380,850.01	5,712,536.52
07/09/2010	426,194.15	6,138,730.67
08/09/2010	(1,126.17)	6,137,604.50
09/09/2010	(216,779.97)	5,920,824.53
10/09/2010	91,040.38	6,011,864.91
12/09/2010	22.83	6,011,887.74
13/09/2010	230,593.92	6,242,481.66
14/09/2010	88,968.35	6,331,450.01
15/09/2010	(5,892.08)	6,325,557.93
16/09/2010	641,743.37	6,967,301.30
17/09/2010	(4,951,924.53)	2,015,376.77
19/09/2010	13.79	2,015,390.56
20/09/2010	971,299.17	2,986,689.73
21/09/2010	568,106.88	3,554,796.61
22/09/2010	194,956.88	3,749,753.49
23/09/2010	1,102,777.79	4,852,531.28
24/09/2010	254,849.97	5,107,381.25
27/09/2010	166,807.26	5,274,188.51
28/09/2010	305,325.03	5,579,513.54
29/09/2010	146,368.60	5,725,882.14
30/09/2010	(969,524.03)	4,756,358.11
01/10/2010	977,320.45	5,733,678.56
04/10/2010	108,569.92	5,842,248.48
05/10/2010	185,594.85	6,027,843.33
06/10/2010	198,384.68	6,226,228.01
07/10/2010	180,731.04	6,406,959.05
08/10/2010	(331,108.97)	6,075,850.08
12/10/2010	407,156.19	6,483,006.27
13/10/2010	108,200.74	6,591,207.01
14/10/2010	374,985.72	6,966,192.73
15/10/2010	119,376.81	7,085,569.54
18/10/2010	313,863.75	7,399,433.29

19/10/2010	(3,965,481.48)	3,433,951.81
20/10/2010	279,103.32	3,713,055.13
21/10/2010	113,973.50	3,827,028.63
22/10/2010	357,839.27	4,184,867.90
25/10/2010	292,072.85	4,476,940.75
26/10/2010	758,151.80	5,235,092.55
27/10/2010	254,592.90	5,489,685.45
28/10/2010	(18,737.74)	5,470,947.71
29/10/2010	212,880.18	5,683,827.89
30/10/2010	(270,582.08)	5,413,245.81
31/10/2010	(845,387.68)	4,567,858.13
01/11/2010	484,081.25	5,051,939.38
02/11/2010	119,845.61	5,171,784.99
03/11/2010	89,790.10	5,261,575.09
04/11/2010	286,629.44	5,548,204.53
05/11/2010	313,775.87	5,861,980.40
08/11/2010	205,916.63	6,067,897.03
09/11/2010	155,947.29	6,223,844.32
10/11/2010	793,478.60	7,017,322.92
11/11/2010	87,772.57	7,105,095.49
12/11/2010	(16.08)	7,105,079.41
15/11/2010	(280,053.36)	6,825,026.05
16/11/2010	170,462.93	6,995,488.98
17/11/2010	(4,272,184.68)	2,723,304.30
18/11/2010	132,701.24	2,856,005.54
19/11/2010	138,293.39	2,994,298.93
22/11/2010	717,360.27	3,711,659.20
23/11/2010	207,608.39	3,919,267.59
24/11/2010	827,527.82	4,746,795.41
25/11/2010	139,210.51	4,886,005.92
26/11/2010	213,615.21	5,099,621.13
27/11/2010	(35.72)	5,099,585.41
29/11/2010	236,507.46	5,336,092.87
30/11/2010	(1,724,553.23)	3,611,539.64
01/12/2010	531,607.43	4,143,147.06
02/12/2010	312,445.11	4,455,592.17
03/12/2010	263,398.40	4,718,990.57
06/12/2010	185,008.86	4,903,999.43
07/12/2010	255,934.65	5,159,934.08
08/12/2010	330,467.17	5,490,401.25
09/12/2010	180,422.88	5,670,824.13
10/12/2010	287,614.41	5,958,438.54
13/12/2010	(28,537.19)	5,929,901.35
14/12/2010	105,478.37	6,035,379.72
15/12/2010	47,661.79	6,083,041.51
16/12/2010	(4,613,754.61)	1,469,286.90
17/12/2010	614,802.17	2,084,089.07

20/12/2010	400,970.10	2,485,059.17
21/12/2010	147,093.53	2,632,152.70
22/12/2010	102,443.96	2,734,596.66
23/12/2010	937,357.08	3,671,953.74
24/12/2010	(26.80)	3,671,926.94
27/12/2010	(55.02)	3,671,871.92
29/12/2010	422,034.54	4,093,906.46
30/12/2010	230,977.18	4,324,883.64
31/12/2010	(2,039,158.17)	2,285,725.47
01/01/2011	(896,912.75)	1,388,812.72
04/01/2011	345,078.05	1,733,890.77
05/01/2011	493,743.98	2,227,634.75
06/01/2011	(179,782.88)	2,047,851.87
07/01/2011	471,973.65	2,519,825.52
10/01/2011	287,471.39	2,807,296.91
11/01/2011	316,631.62	3,123,928.53
12/01/2011	491,466.15	3,615,394.68
13/01/2011	473,201.66	4,088,596.34
14/01/2011	137,038.27	4,225,634.61
17/01/2011	376,111.59	4,601,746.20
18/01/2011	22,345.17	4,624,091.37
19/01/2011	(5,120,494.00)	(496,402.63)
20/01/2011	254,970.70	(241,431.93)
21/01/2011	345,713.21	104,281.28
24/01/2011	506,284.99	610,566.27
25/01/2011	916,155.25	1,526,721.52
26/01/2011	192,553.59	1,719,275.11
27/01/2011	223,170.62	1,942,445.73
28/01/2011	352,290.98	2,294,736.71
31/01/2011	271,644.99	2,566,381.70

- 1** *UNDERTAKING NO. J1.10*
- 2** *UNDERTAKING*
- 3** *TO RECONCILE FIGURES PROVIDED FOR ACCOUNTING TAX CALCULATION AND REGULATORY TAX*
- 4** *CALCULATION.*
- 5**
- 6** Response
- 7** Updated PILs Model attached. Please refer to Line 394 on Page 25 of 27 attached.



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Version: 1.0

Table of Content

<u>Sheet</u>	<u>Name</u>
A	A. Data Input Sheet
B	B. Tax Rates & Exemptions
C	C. Sch 8 and 10 UCC&CEC Hist
D	D. Sch 13 Tax Reserves Hist
E	E. Sch 7-1 Loss Cfwd Hist
F	F. Adjusted Taxable Income Hist
G	G. Schedule 8 CCA Bridge Year
H	H. Schedule 10 CEC Bridge Year
I	I. Sch 13 Tax Reserves Bridge
J	J. Sch 7-1 Loss Cfwd Bridge
K	K. Adjusted Taxable Income Brid
L	L. Schedule 8 CCA Test Year
M	M. Schedule 10 CEC Test Year
N	N. Sch 7-1 Loss Cfwd
O	O. Taxable Income Test Year
P	P. OCT
Q	Q. PILs,Tax Provision

Notes:

- (1) Pale green cells represent inputs
- (2) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**
- (3) **Completed versions of the PILs or Income Taxes Work Form are required to be filed in working Microsoft Excel format.**

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PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Data Input Sheet

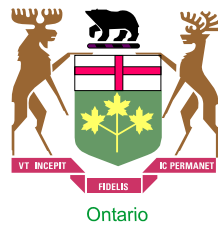
Applicants Rate Base	Rate Re-Basing Amount	
Average Net Fixed Assets		
Gross Fixed Assets - Re-Basing Opening	\$ 46,363,460	A
Add: CWIP Re-Basing Opening	\$ 62,500	B
Re-Basing Capital Additions	\$ 5,371,000	C
Re-Basing Capital Disposals		D
Re-Basing Capital Retirements		E
Deduct: CWIP Re-Basing Closing		F
Gross Fixed Assets - Re-Basing Closing	\$ 51,796,960	G
Average Gross Fixed Assets		$H = (A + G) / 2$
	\$ 49,080,210	
Accumulated Depreciation - Re-Basing Opening	\$ 15,936,418	I
Re-Basing Depreciation Expense	\$ 2,012,215	J
Re-Basing Disposals		K
Re-Basing Retirements		L
Accumulated Depreciation - Re-Basing Closing	\$ 17,948,633	M
Average Accumulated Depreciation		$N = (I + M) / 2$
	\$ 16,942,526	
Average Net Fixed Assets	\$ 32,137,684	$O = H - M$
Working Capital Allowance		
Working Capital Allowance Base	\$ 68,534,191	P
Working Capital Allowance Rate	15.0%	Q
Working Capital Allowance	\$ 10,280,129	$R = P * Q$
Rate Base	\$ 42,417,813	$S = O + R$

Return on Rate Base

Deemed ShortTerm Debt %	4.00%	T	\$ 1,696,713	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 23,753,975	$X = S * U$
Deemed Equity %	40.00%	V	\$ 16,967,125	$Y = S * V$
Short Term Interest	2.07%	Z	\$ 35,122	$AC = W * Z$
Long Term Interest	5.60%	AA	\$ 1,331,246	$AD = X * AA$
Return on Equity (Regulatory Income)	9.85%	AB	\$ 1,671,262	$AE = Y * AB$
Return on Rate Base			\$ 3,037,629	$AF = AC + AD + AE$

Questions that must be answered

	Historic Yes or No	Bridge Yes or No	Test Year Yes or No
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any Scientific Research and Experimental	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	Yes	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	Yes	No	No



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Tax Rates & Exemptions

Tax Rates

Federal & Provincial
As of March 26, 2009

	Effective January 1, 2006	Effective January 1, 2007	Effective January 1, 2008	Effective January 1, 2009	Effective January 1, 2010	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014
Federal income tax									
General corporate rate	1	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	2	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	3	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Surtax (4% of line 3)	4	1.12%	1.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		29.12%	29.12%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction		-7.00%	-7.00%	-8.50%	-9.00%	-10.00%	-11.50%	-13.00%	-13.00%
		22.12%	22.12%	19.50%	19.00%	18.00%	16.50%	15.00%	15.00%
Ontario income tax		14.00%	14.00%	14.00%	14.00%	13.00%	11.75%	11.25%	10.50%
								10.00%	10.00%
Combined federal and Ontario		36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%	25.00%
Federal & Ontario Small Business									
Federal small business threshold		400,000	400,000	400,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold		400,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate		13.12%	13.12%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Ontario small business rate		5.50%	5.50%	5.50%	5.50%	5.00%	4.50%	4.50%	4.50%
Ontario surtax claw-back starts at \$500,000 and eliminates the SBC at \$1,500,000.		4.25%	4.25%	4.25%	4.25%	4.25%			
Ontario Capital Tax									
Capital deduction		10,000,000	12,500,000	15,000,000	15,000,000	15,000,000			
Capital tax rate		0.300%	0.225%	0.225%	0.225%	0.075%			

OCT will be eliminated on July 1, 2010 but tax will be prorated for the first 6 months in 2010.

NOTES:

- Based on the federal government's October 30, 2007 Economic Statement.
Bill C-28 received Royal Assent on December 14, 2007.
- Ontario Economic Statement of December 13, 2007 became Bill 44 and received Royal Assent on May 14, 2008.
Capital tax rate changes and small business deduction income thresholds made retroactive to January 1, 2007.
- Federal Budget of January 27, 2009. The federal small business limit was increased from \$400,000 to \$500,000 on January 1, 2009.
- Provincial Budget of March 26, 2009. The provincial corporate tax rate was reduced.



PILS OR INCOME TAXES WORK FORM

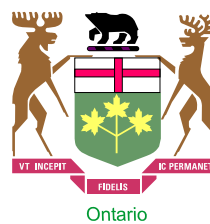
Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Schedule 8 and 10 UCC and CEC

Historic				
Class	Class Description	UCC End of Year Historic per tax returns	Less: Non-Distribution Portion	UCC Test Year Opening Balance
1	Distribution System - post 1987	26,663,720	0	26,663,720
2	Distribution System - pre 1988	0	0	0
8	General Office/Stores Equip	350,467	0	350,467
10	Computer Hardware/ Vehicles	32,129	0	32,129
10.1	Certain Automobiles	0	0	0
12	Computer Software	0	0	0
13 ₁	Lease # 1	75,933	0	75,933
13 ₂	Lease #2	0	0	0
13 ₃	Lease # 3	0	0	0
13 ₄	Lease # 4	0	0	0
14	Franchise	0	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0
45	Computers & Systems Software acq'd post Mar 22/04	3,211	0	3,211
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0
47	Distribution System - post February 2005	4,808,255	0	4,808,255
50	Data Network Infrastructure Equipment - post Mar 2007	0	0	0
3	Buildings	403,497	0	403,497
	Smart Meters	1,351,290	0	1,351,290
		0	0	0
		0	0	0
		0	0	0
	SUB-TOTAL - UCC	33,688,502	0	33,688,502
CEC	Goodwill	0	0	0
CEC	Land Rights	0	0	0
CEC	FMV Bump-up	0	0	0
CEC	Incorporation Costs and Intangible Plant	264,728	0	264,728
		0	0	0
	SUB-TOTAL - CEC	264,728	0	264,728

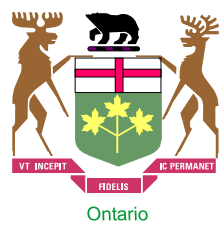


PILS OR INCOME TAXES WORK FORM
Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Schedule 13 Tax Reserves Historical

CONTINUITY OF RESERVES

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance	1,006,338		1,006,338
-Short & Long-term Disability			0
-Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits	168,549		168,549
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	1,174,887	0	1,174,887



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Sch 7-1 Loss Carry Forword Historic

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Historic Year Adjusted Taxable Income

Historic				
	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	2,147,562	0	2,147,562
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	2,068,652	0	2,068,652
Amortization of intangible assets	106	17,820	0	17,820
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	1,013	0	1,013
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves deducted in prior year	125	0	0	0
Reserves from financial statements- balance at end of year	126	1,174,887	0	1,174,887
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	6,215	0	6,215
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Other Additions				
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Revenue credited to regulatory asset account recovery	294	304,836	0	304,836
	295	0	0	0
Total Additions		3,573,423	0	3,573,423
Deductions:				
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	1,684,188	0	1,684,188
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	19,926	0	19,926
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves claimed in current year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	1,140,247	0	1,140,247
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Other deductions: (Please explain in detail the nature of the item)				

Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Kingston Hydro financing fees 2009-2013 20% deduction	393	1,243	0	1,243
Ontario Capital Tax	394	49,455	0	49,455
Total Deductions		2,895,059	0	2,895,059
Net Income for Tax Purposes		2,825,926	0	2,825,926
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 4	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
TAXABLE INCOME		2,825,926	0	2,825,926



PILS OR INCOME TAXES WORK FORM

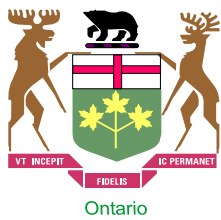
Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Schedule 8 CCA Bridge Year

Class	Class Description	UCC Bridge Year Opening Balance	Additions	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	\$ 26,663,720	\$ -	\$ -	\$ 26,663,720	\$ -	\$ 26,663,720	4%	\$ 1,066,549	\$ 25,597,171
2	Distribution System - pre 1988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	\$ 350,467	\$ 154,028	\$ -	\$ 504,495	\$ 77,014	\$ 427,481	20%	\$ 85,496	\$ 418,999
10	Computer Hardware/ Vehicles	\$ 32,129	\$ -	\$ -	\$ 32,129	\$ -	\$ 32,129	30%	\$ 9,639	\$ 22,490
10.1	Certain Automobiles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ -	\$ 72,000	\$ -	\$ 72,000	\$ 36,000	\$ 36,000	100%	\$ 36,000	\$ 36,000
13.1	Lease # 1	\$ 75,933	\$ -	\$ -	\$ 75,933	\$ -	\$ 75,933	5	\$ 15,187	\$ 60,746
13.2	Lease #2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4	\$ -	\$ -
13.3	Lease # 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3	\$ -	\$ -
13.4	Lease # 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4	\$ -	\$ -
14	Franchise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7	\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 3,211	\$ 98,605	\$ -	\$ 101,816	\$ 49,303	\$ 52,514	45%	\$ 23,631	\$ 78,185
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 4,808,255	\$ 3,011,392	\$ -	\$ 7,819,647	\$ 1,505,696	\$ 6,313,951	8%	\$ 505,116	\$ 7,314,531
50	Data Network Infrastructure Equipment - post Mar 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	55%	\$ -	\$ -
3	Buildings	\$ 403,497	\$ -	\$ -	\$ 403,497	\$ -	\$ 403,497	5%	\$ 20,175	\$ 383,322
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
	SUB-TOTAL - UCC	\$ 32,337,212	\$ 3,336,025	\$ -	\$ 35,673,237	\$ 1,668,013	\$ 34,005,225		\$ 1,761,793	\$ 33,911,444
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
	TOTAL	\$ 32,337,212	\$ 3,336,025	\$ -	\$ 35,673,237	\$ 1,668,013	\$ 34,005,225	\$ -	\$ 1,761,793	\$ 33,911,444



PILS OR INCOME TAXES WORK
Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Schedule 10 CEC Bridge Year

Cumulative Eligible Capital					264,728
Additions					
Cost of Eligible Capital Property Acquired during Bridge Year		0			
Other Adjustments		0			
Subtotal		0	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002		0	x 1/2 =	0	
				0	0
Amount transferred on amalgamation or wind-up of subsidiary		0			0
Subtotal					264,728
Deductions					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		121,000			
Subtotal		121,000	x 3/4 =	90,750	90,750
Cumulative Eligible Capital Balance					173,978
Current Year Deduction		173,978	x 7% =	12,178	
Cumulative Eligible Capital - Closing Balance					161,800



PILS OR INCOME TAXES WORK
FORM

Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Schedule 13 Tax Reserves Bridge

CONTINUITY OF RESERVES

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	0	0	0	0	0	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	1,006,338		1,006,338	79,449		1,085,787	79,449	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	168,549		168,549			168,549	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,174,887	0	1,174,887	79,449	0	1,254,336	79,449	0



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Sch 7-1 Loss Carry Forward Bridge

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



PILS OR INCOME TAXES WORK

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

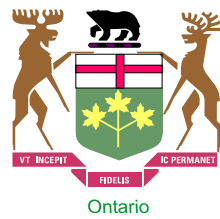
Rate Year: 2011

Bridge Year Adjusted Taxable Income

Bridge		
	T2S1 line #	Total for Legal Entity
Income before PILs/Taxes	A	1,143,936
Additions:		
Interest and penalties on taxes	103	0
Amortization of tangible assets	104	1,871,061
Amortization of intangible assets	106	16,852
Recapture of capital cost allowance from Schedule 8	107	0
Gain on sale of eligible capital property from Schedule 10	108	0
Income or loss for tax purposes- joint ventures or partnerships	109	0
Loss in equity of subsidiaries and affiliates	110	0
Loss on disposal of assets	111	0
Charitable donations	112	0
Taxable Capital Gains	113	0
Political Donations	114	0
Deferred and prepaid expenses	116	0
Scientific research expenditures deducted on financial statements	118	0
Capitalized interest	119	0
Non-deductible club dues and fees	120	0
Non-deductible meals and entertainment expense	121	1,013
Non-deductible automobile expenses	122	0
Non-deductible life insurance premiums	123	0
Non-deductible company pension plans	124	0
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	1,254,336
Soft costs on construction and renovation of buildings	127	0
Book loss on joint ventures or partnerships	205	0
Capital items expensed	206	0
Debt issue expense	208	0
Development expenses claimed in current year	212	0
Financing fees deducted in books	216	0

Gain on settlement of debt	220	0
Non-deductible advertising	226	0
Non-deductible interest	227	0
Non-deductible legal and accounting fees	228	0
Recapture of SR&ED expenditures	231	0
Share issue expense	235	0
Write down of capital property	236	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0
Other Additions		
Interest Expensed on Capital Leases	290	0
Realized Income from Deferred Credit Accounts	291	0
Pensions	292	0
Non-deductible penalties	293	0
	294	0
	295	0
Total Additions		3,143,263
Deductions:		
Gain on disposal of assets per financial statements	401	0
Dividends not taxable under section 83	402	0
Capital cost allowance from Schedule 8	403	1,761,793
Terminal loss from Schedule 8	404	0
Cumulative eligible capital deduction from Schedule 10	405	12,178
Allowable business investment loss	406	0
Deferred and prepaid expenses	409	0
Scientific research expenses claimed in year	411	0
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	1,174,887
Contributions to deferred income plans	416	0
Book income of joint venture or partnership	305	0
Equity in income from subsidiary or affiliates	306	0
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	0
Capital Lease Payments	391	0
Non-taxable imputed interest income on deferral and variance accounts	392	0
Kingston Hydro financing fees 2009-2013 20% deduction	393	1,243
	394	0
Total Deductions		2,950,101
Net Income for Tax Purposes		1,337,097
Charitable donations from Schedule 2	311	0

Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0
Non-capital losses of preceding taxation years from Schedule 4	331	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
TAXABLE INCOME		1,337,097



PILS OR INCOME TAXES WORK FORM
Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Schedule 8 CCA Test Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	\$ 25,597,171	\$ -	\$ -	\$ 25,597,171	\$ -	\$ 25,597,171	4%	\$ 1,023,887	\$ 24,573,284
2	Distribution System - pre 1988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	\$ 418,999	\$ 133,000	\$ -	\$ 551,999	\$ 66,500	\$ 485,499	20%	\$ 97,100	\$ 454,899
10	Computer Hardware/ Vehicles	\$ 22,490	\$ -	\$ -	\$ 22,490	\$ -	\$ 22,490	30%	\$ 6,747	\$ 15,743
10.1	Certain Automobiles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ 36,000	\$ 62,500	\$ -	\$ 98,500	\$ 31,250	\$ 67,250	100%	\$ 67,250	\$ 31,250
13 1	Lease # 1	\$ 60,746	\$ -	\$ -	\$ 60,746	\$ -	\$ 60,746	5	\$ 15,187	\$ 45,559
13 2	Lease #2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
13 3	Lease # 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
13 4	Lease # 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
14	Franchise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 78,185	\$ 157,000	\$ -	\$ 235,185	\$ 78,500	\$ 156,685	45%	\$ 70,508	\$ 164,677
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 7,314,531	\$ 5,061,000	\$ -	\$ 12,375,531	\$ 2,530,500	\$ 9,845,031	8%	\$ 787,602	\$ 11,587,928
50	Data Network Infrastructure Equipment - post Mar 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	55%	\$ -	\$ -
3	Buildings	\$ 383,322	\$ 20,000	\$ -	\$ 403,322	\$ 10,000	\$ 393,322	5%	\$ 19,666	\$ 383,656
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
	SUB-TOTAL - UCC	\$ 33,911,444	\$ 5,433,500	\$ -	\$ 39,344,944	\$ 2,716,750	\$ 36,628,194		\$ -	\$ 39,344,944
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
	TOTAL	\$ 33,911,444	\$ 5,433,500	\$ -	\$ 39,344,944	\$ 5,433,500	\$ 36,628,194		\$ 2,087,947	\$ 39,344,944



PILS OR INCOME TAXES WORK

Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Schedule 10 CEC Test Year

Cumulative Eligible Capital 161,800

Additions

Cost of Eligible Capital Property Acquired during Test Year	0			
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
			0	0
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal				161,800

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0			
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	0

Cumulative Eligible Capital Balance 161,800

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income") 161,800 x 7% = 11,326

Cumulative Eligible Capital - Closing Balance 150,474



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporat

File Number: EB-2010-0136

Rate Year: 2011


Schedule 13 Tax Reserves Test

CONTINUITY OF RESERVES

Description
Capital Gains Reserves ss.40(1)
Tax Reserves Not Deducted for accounting purposes
Reserve for doubtful accounts ss. 20(1)(l)
Reserve for goods and services not delivered ss. 20(1)(m)
Reserve for unpaid amounts ss. 20(1)(n)
Debt & Share Issue Expenses ss. 20(1)(e)
Other tax reserves
Total
Financial Statement Reserves (not deductible for Tax Purposes)
General Reserve for Inventory Obsolescence (non-specific)
General reserve for bad debts
Accrued Employee Future Benefits:
- Medical and Life Insurance
-Short & Long-term Disability
-Accumulated Sick Leave
- Termination Cost
- Other Post-Employment Benefits
Provision for Environmental Costs
Restructuring Costs
Accrued Contingent Litigation Costs
Accrued Self-Insurance Costs
Other Contingent Liabilities
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)
Other
Total

[illegible]

Balance for Test Year	Change During the Year	Disallowed Expenses
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	
1,375,886	290,099	
0	0	
0	0	
0	0	
168,549	0	
0	0	
0	0	
0	0	
0	0	
0	0	
0	0	
0	0	
0	0	
0	0	
0	0	
0	0	
1,544,435	290,099	0



PILS OR INCOME TAXES WORK FORM
Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Sch 7-1 Loss Carry Forward Bridge

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



PILS OR INCOME TAXES WORK FORM

Name of LDC: Kingston Hydro Corporation

File Number: EB-2010-0136

Rate Year: 2011

Taxable Income Test Year

	T2 S1 line #	Test Year Taxable Income
Net Income Before Taxes		1,671,262
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104	2,006,000
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106	6,215
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	1,013
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	
Reserves from financial statements- balance at end of year	126	1,544,435
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	

Non-deductible penalties	293	
	294	
	295	
	296	
	297	
Total Additions		3,557,663
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	2,087,947
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	
Reserves from financial statements - balance at beginning of year	414	1,254,336
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Kingston Hydro financing fees 2009-2013 20% deduction	393	1,243
Undertaking no. J 1.10 (3/4 of the \$250,099 increase for PEB)	394	187,574
	395	
	396	
	397	
Total Deductions		3,531,100
NET INCOME FOR TAX PURPOSES		1,697,824
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		1,697,824



PILS OR

Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

Ontario Capital Tax

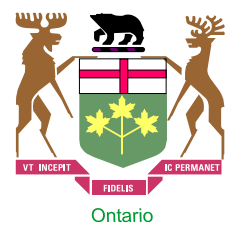
Applicant	Rate Base	OCT Exemption
		15,000,000
Kingston Hydro Corporation	\$ -	\$ -
Affiliates (if applicable)		
1		\$ -
2		\$ -
3		\$ -
4		\$ -
5		\$ -
Total	\$ -	\$ -

Section A

Wires Only

ONTARIO CAPITAL TAX

Rate Base	\$ 42,417,813
Less: Exemption	\$ -
Deemed Taxable Capital	\$ 42,417,813
Rate in Test Year	0.000%
Net Amount (Taxable Capital x Rate)	\$ -



PILS OR INCOME TAXES WORK FORM
Name of LDC: Kingston Hydro Corporation
File Number: EB-2010-0136
Rate Year: 2011

PILs,Tax Provision

				Wires Only		
Regulatory Taxable Income				\$	1,697,824	A
Ontario Income Taxes						
Income tax payable	Ontario income tax	11.75%	B	\$	199,494	C = A * B
Small business credit	Ontario Small Business Threshold	\$ 500,000	D			
	Rate reduction	-7.25%	E	-\$	36,250	F = D * E
Ontario Income tax				\$	163,244	J = C + F
Combined Tax Rate and PILs						
	Effective Ontario Tax Rate	9.61%	K = J / A			
	Federal tax rate	16.50%	L			
	Combined tax rate				26.11%	M = L + L
Total Income Taxes				\$	443,385	N = A * M
Investment Tax Credits						O
Miscellaneous Tax Credits						P
Total Tax Credits				\$	-	Q = O + P
Corporate PILs/Income Tax Provision for Test Year				\$	443,385	R = N - Q
Corporate PILs/Income Tax Provision Gross Up				71.75%	S = 1 - M	\$ 174,573 T = R / S - N
Income Tax (grossed-up)				\$	617,959	U = R + T
Ontario Capital Tax (not grossed-up)				\$	-	V
Tax Provision for Test Year Rate Recovery				\$	617,959	W = U + V

- 1** *UNDERTAKING NO. J1.11*
- 2** *UNDERTAKING*
- 3** *TO ENSURE THAT UPDATE REQUESTED IN UNDERTAKING J1.3 IS PROVIDED BY DETAILED CATEGORY,*
- 4** *AS SHOW IN EXHIBIT 4, TAB 2, SCHEDULE 2, TABLE 1.*
- 5**
- 6** Response
- 7** Attachment follows.

		Updated Actual 2010	Original Forecast Bridge 2010	Variance	
				\$	%
Operations		2,497,165	2,502,904	(5,739)	0%
5005	Operation Supervision and Engineering	834,645	762,419	72,226	
5010	Load Dispatching	447,115	403,222	43,894	
5012	Station Buildings and Fixtures Expense	78,737	71,400	7,337	
5016	Distribution Station Equipment - Operation Labour	128,353	118,610	9,742	
5017	Distribution Station Equipment - Operation Supplies and Expenses	60,750	74,020	(13,270)	
5020	Overhead Distribution Lines and Feeders - Operation Labour	214,036	300,749	(86,713)	
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	128,374	129,160	(786)	
5030	Overhead Subtransmission Feeders - Operation	-	-	-	
5035	Overhead Distribution Transformers- Operation	4,545	1,167	3,378	
5040	Underground Distribution Lines and Feeders - Operation Labour	5,360	14,148	(8,788)	
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	20,810	32,520	(11,710)	
5055	Underground Distribution Transformers - Operation	7,821	-	7,821	
5065	Meter Expense	248,700	287,270	(38,570)	
5070	Customer Premises - Operation Labour	125,762	99,754	26,008	
5075	Customer Premises - Materials and Expenses	16,755	37,894	(21,139)	
5085	Miscellaneous Distribution Expense	145,403	170,572	(25,169)	
5095	Overhead Distribution Lines and Feeders - Rental Paid	30,000		30,000	
Maintenance		940,361	930,012	10,350	1%
5105	Maintenance Supervision and Engineering	34,036	87,026	(52,991)	
5110	Maintenance of Buildings and Fixtures - Distribution Stations	46,052	27,031	19,021	
5114	Maintenance of Distribution Station Equipment	129,069	191,767	(62,697)	
5120	Maintenance of Poles, Towers and Fixtures	98,086	28,066	70,020	
5125	Maintenance of Overhead Conductors and Devices	163,037	190,998	(27,961)	
5130	Maintenance of Overhead Services	66,450	38,912	27,538	
5135	Overhead Distribution Lines and Feeders - Right of Way	219,374	88,714	130,659	
5145	Maintenance of Underground Conduit	38,767	67,075	(28,308)	
5150	Maintenance of Underground Conductors and Devices	59,723	127,694	(67,971)	
5155	Maintenance of Underground Services	30,713	62,415	(31,702)	
5160	Maintenance of Line Transformers	9,290	5,520	3,770	
5175	Maintenance of Meters	45,765	14,794	30,971	

		Updated Actual 2010	Original Forecast Bridge 2010	Variance	
				\$	%
Billing And Collecting		743,812	622,503	121,309	19%
5310	Meter Reading Expense	86,884	58,287	28,597	
5315	Customer Billing	400,821	313,851	86,971	
5320	Collecting	75,579	82,473	(6,894)	
5335	Bad Debt Expense	180,527	167,892	12,635	
Community Relations		214,011	240,014	(26,003)	-11%
5410	Community Relations - Sundry	-	-	-	
5415	Energy Conservation	31,808	57,308	(25,500)	
5420	Community Safety Program	-	2,187	(2,187)	
5425	Miscellaneous Customer Service and Informational Expenses	182,203	180,519	1,685	
Administration and General Expenses		1,581,375	1,716,984	(135,609)	-8%
5605	Executive Salaries and Expenses	-	65,658	(65,658)	
5610	Management Salaries and Expenses	-	107,485	(107,485)	
5615	General Administrative Salaries and Expenses	352,168	331,792	20,376	
5620	Office Supplies and Expenses	124,566	46,372	78,194	
5625	Administrative Expense Transferred/Credit	-	-	-	
5630	Outside Services Employed	380,735	432,496	(51,761)	
5635	Property Insurance	137,136	125,704	11,432	
5640	Injuries and Damages	34,993	12,240	22,753	
5645	Employee Pensions and Benefits	127,770	155,038	(27,268)	
5655	Regulatory Expenses	211,736	118,191	93,545	
5660	General Advertising Expenses	8,059	14,076	(6,017)	
5665	Miscellaneous General Expenses	2,807	92,848	(90,041)	
5670	Rent	164,377	176,448	(12,070)	
5675	Maintenance of General Plant	25,485	38,637	(13,152)	
5680	Electrical Safety Authority Fees	11,543		11,543	
5681	Special Purpose Charge Expense			-	
Total OM&A Expenses		5,976,724	6,012,417	(35,692)	-1%

1 **UNDERTAKING NO. J1.12**

2 UNDERTAKING

3 TO CONFIRM WHETHER NUMBERS FOR ENERGY CONSERVATION ALREADY INCLUDE AN OFFSET FROM
4 THE OPA.

5

6 Response

Kingston Hydro confirms that the amount included in the Energy Conservation account of Community Relations does not relate to any expenses for OPA funded programs. Therefore there is no offset included in this account for OPA funding.