



July 6, 2011

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

Dear Ms. Walli:

**Re: Combined PILs Proceeding, EB-2008-0381**

On November 28, 2008, the Board named EnWin Utilities, Barrie Hydro and Halton Hills Hydro as the Applicants in the above noted proceeding. As a result, EnWin's request for disposition of its deferred PILs account 1562 was segregated from its 2009 Cost of Service rate application, which had been filed in September 2008. EnWin filed its initial evidence in EB-2008-0381 on December 15, 2008. In that application, EnWin sought recovery of a calculated December 31, 2007 balance of \$10,079,979.

In the years that followed the initial filing, EnWin participated in numerous conferences and discussions and filed numerous updates to its evidence. To reflect the Settlement Agreement, EnWin filed revised its SIMPIL Models and Continuity Schedule on October 7, 2010. (EnWin filed its most recent evidence on November 12, 2010, but that evidence did not include SIMPIL Models.) On December 23, 2010, the Board accepted all the terms of the Settlement Agreement, except on Issue 15. Issue 15 addressed the status of 1562 following final disposition and did not have implications for EnWin's SIMPIL models or Continuity Schedule as filed on October 7, 2010.

On June 24, 2011, the Board issued its Decision and Order. The Board largely accepted the submissions of EnWin and PowerStream/Barrie, which in a number of cases were positions shared with one or more Intervenor or Board Staff. The Board ordered the Applicants to "reflect the Board's findings and the approved Settlement Agreement in the SIMPIL models". The Board cautioned that to the extent SIMPIL models contained known errors, the Applicants would need to file models that excluded the known errors to generate the correct balances. This order was to reflect the Board's finding in Issue 3.

As the Board's Finding on Issue 3 noted, corrections had been made to the SIMPIL models throughout the proceeding. In fact, there was a tremendous amount of discussion, debate and even collaboration among the Applicants, Intervenor and Board Staff over the years which made it possible for errors to be correctly identified and remediated through various evidence updates. This was no simple feat in what has been a very complex proceeding. These successes found their zenith in the ultimate settlement of the vast majority of issues, including some that were among the most contentious and complex. Because of the nature of the combined proceeding, it was a settlement necessarily based on principled outcomes, not horse trading.

The only known error that could not be resolved in the settlement process related to the 2003 tax rate formula. It was the unsettled aspect of Issue 3. The Board resolved the matter in its Decision. The Board found that the verified tax rates should be used, even if the 2003 SIMPIL Model did not use the verified tax rate.

As noted, EnWin's October 7, 2010 filing complied with the Settlement Agreement. In order for EnWin to comply with the Board's Decision and Order, EnWin has revised its 2003 SIMPIL Model to reflect the verified tax rate. EnWin has also revised its Continuity Schedule to reflect the change to the 2003 SIMPIL Model and to provide interest calculations through to April 30, 2012. The interest calculations for October 1, 2011 to April 30, 2012 use the prescribed third quarter interest rate of 1.47%. The revised documents are enclosed. Excel versions will be forwarded to the Board Secretary and OEB Staff.

EnWin's revised calculated balance as of April 30, 2012 is \$5,443,886. EnWin will apply for recovery of the balance from its ratepayers in its next rate application, which will be for rates effective May 1, 2012.

Yours very truly,

**EnWin Utilities Ltd.**



Per: Andrew J. Sasso

cc (email only): Other Applicants  
Duncan Skinner, OEB Staff (Case Manager)  
Intervenor of Record  
Other Parties

## REVISED 2003 SIMPIL CALCULATION

	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 2004.2	
6			\$						\$		\$	
7	Utility Name: Enwin Powerlines Ltd.											
8	Reporting period: 2003											
9	Days in reporting period:	365	days								Column	
10	Total days in the calendar year:	365	days								Brought	
11											From	
12											TAXREC	
13	II) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E53	1	11,361,314						-2,309,392		9,051,922	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	7,289,925						1,262,099		8,552,024	
21	Employee Benefit Plans - Accrued, Not Paid	3	593,232						-593,232		0	
22	Tax reserves - beginning of year	4							0		0	
23	Reserves from financial statements - end of year	4							11,552,011		11,552,011	
24	Regulatory Adjustments - increase in income	5							0		0	
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Items from "TAXREC" worksheet	6							0		0	
27	Other Additions (not "Material") "TAXREC"	6							5,200		5,200	
28	"Material" Items from "TAXREC 2" worksheet	6							1,212,818		1,212,818	
29	Other Additions (not "Material") "TAXREC 2"	6							0		0	
30												
31	Deductions: Input positive numbers											
32	Capital Cost Allowance and CEC	7	5,546,607						4,519,238		10,065,845	
33	Employee Benefit Plans - Paid Amounts	8	285,556						-285,556		0	
34	Items Capitalized for Regulatory Purposes	9	0						0		0	
35	Regulatory Adjustments - deduction for tax purposes in Item 5	10	0						0		0	
36	Interest Expense Deemed/ Incurred	11	5,272,548						854,901		6,127,449	
37	Tax reserves - end of year	4							0		0	
38	Reserves from financial statements - beginning of year	4							11,108,564		11,108,564	
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")											
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							829,356		829,356	
46	Other Deductions (not "Material") "TAXREC 2"	12							0		0	
47												
48	TAXABLE INCOME/ (LOSS)		8,139,760						28,156,006	Before loss C/F	2,242,761	
49												
50	BLENDED INCOME TAX RATE											
51	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%						-38.6200%		0.00%	
52												
53	REGULATORY INCOME TAX		3,143,575						-3,143,575	Actual	0	
54												
55												
56	Miscellaneous Tax Credits	14							0	Actual	0	
57												
58	Total Regulatory Income Tax		3,143,575						-3,143,575	Actual	0	
59												
60												
61	II) CAPITAL TAXES											
62												
63	Ontario											
64	Base	15	161,325,087						13,872,462		175,197,549	
65	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	3,885,000						-1,094		3,883,906	
66	Taxable Capital		157,440,087						13,871,368		171,313,643	
67												
68	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.0000%		0.3000%	
69												
70	Ontario Capital Tax		472,320						41,621		513,941	
71												
72	Federal Large Corporations Tax											
73	Base	18	161,325,087						25,534,070		186,859,157	
74	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	7,770,000						78,988		7,848,988	
75	Taxable Capital		153,555,087						25,613,058		179,010,169	
76												
77	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%						0.0000%		0.2250%	
78												
79	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		345,499						57,274		402,773	
80	Less: Federal Surtax 1.12% x Taxable Income	21	91,165						-91,165		0	
81												
82	Net LCT		254,334						-33,891		402,773	
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 2004.2	
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	5,029,721							Actual 2003	0	
89	LCT (proxy tax is grossed-up)	23	406,934							Actual 2003	402,773	
90	Ontario Capital Tax (no gross-up since it is deductible)	24	472,320							Actual 2003	513,941	
91												
92												
93	Total PILs for Rate Adjustment -- <b>MUST AGREE WITH 2002</b>	25	5,908,975							Actual 2003	916,714	
94	<b>RAM DECISION</b>											
95												
96												
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							-593,232			
101	Tax reserves deducted in prior year	4							0			
102	Reserves from financial statements-end of year	4							11,552,011			
103	Regulatory Adjustments	5							0			
104	Other additions "Material" Items TAXREC	6							0			
105	Other additions "Material" Items TAXREC 2	6							1,212,818			
106	In Deductions - <b>positive numbers</b>											
107	Employee Benefit Plans - Paid Amounts	8							-285,556			
108	Items Capitalized for Regulatory Purposes	9							0			
109	Regulatory Adjustments	10							0			
110	Interest Adjustment for tax purposes (See Below - cell I204)	11							0			
111	Tax reserves claimed in current year	4							0			
112	Reserves from F/S beginning of year	4							11,108,564			
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							829,356			
117												
118	Total TRUE-UPS before tax effect	26						=	519,233			
119												
120	Income Tax Rate (excluding surtax) from 2003 Utility's tax return							x	35.50%			
121												
122	Income Tax Effect on True-up adjustments							=	184,328			
123												
124	Less: Miscellaneous Tax Credits	14							0			
125												
126	Total Income Tax on True-ups								184,328			
127												
128	Income Tax Rate used for gross-up (exclude surtax)								35.50%			
129												
130	TRUE-UP VARIANCE ADJUSTMENT								285,779			
131												
132	IV b) Calculation of the Deferral Account Variance caused											
133	by changes in legislation											
134	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial											
135	estimate column)							=	8,139,760			
136	REVISED CORPORATE INCOME TAX RATE							x	36.62%			
137												
138	REVISED REGULATORY INCOME TAX							=	2,980,780			
139												
140	Less: Revised Miscellaneous Tax Credits							-	0			
141												
142	Total Revised Regulatory Income Tax							=	2,980,780			
143												
144	Less: Regulatory Income Tax reported in the Initial Estimate Column							-	3,143,575			
145	(Cell C58)											
146	Regulatory Income Tax Variance							=	-162,795			
147												
148	Ontario Capital Tax											
149	Base							=	161,325,087			
150	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	3,885,000			
151	Revised deemed taxable capital							=	157,440,087			
152												
153	Rate - Tab Tax Rates cell C54							x	0.3000%			
154												
155	Revised Ontario Capital Tax							=	472,320			
156	Less: Ontario Capital Tax reported in the initial estimate column (Cell							-	472,320			
157	C70)											
158	Regulatory Ontario Capital Tax Variance							=	0			
159	Federal LCT											
160	Base								161,325,087			
161	Less: Exemption from tab Tax Rates, Table 2, cell C40							-	7,770,000			
162	Revised Federal LCT							=	153,555,087			
163												

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>SECTION 93 PILs TAX GROSS-UP "SIMPIL"</b>	<b>ITEM</b>	<b>Initial</b>						M of F	M of F	M of F	
2	<b>DEFERRAL/VARIANCE ACCOUNTS</b>		<b>Estimate</b>						Filing	Filing	Filing	
3	<b>TAX CALCULATIONS (TAXCALC)</b>								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	<b>RRR # 2.1.8</b>										<b>Version 2004.2</b>	
6			\$						\$		\$	
164	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51								0.2250%			
165												
166	Gross Amount								345,499			
167	Less: Federal surtax							-	91,165			
168	Revised Net LCT							=	254,334			
169												
170	Less: Federal LCT reported in the initial estimate column (Cell C82)							-	254,334			
171	Regulatory Federal LCT Variance							=	0			
172												
173	Actual Income Tax Rate used for gross-up (exclude surtax)								35.50%			
174												
175	Income Tax (grossed-up)							+	-252,396			
176	LCT (grossed-up)							+	0			
177	Ontario Capital Tax							+	0			
178												
179	<b>DEFERRAL ACCOUNT VARIANCE ADJUSTMENT</b>							=	-252,396			
180												
181	<b>TRUE-UP VARIANCE (from cell I130)</b>							+	285,779			
182												
183	<b>Total Deferral Account Entry (Positive Entry = Debit)</b>							=	33,384			
184	<i>(Deferral Account Variance + True-up Variance)</i>											
185												
186												
187												
188	<b>V) INTEREST PORTION OF TRUE-UP</b>											
189	<b>Variance Caused By Phase-in of Deemed Debt</b>											
190												
191	Total deemed interest (REGINFO)								6,211,016			
192	Interest phased-in (Cell C36)								5,272,548			
193												
194	Variance due to phase-in of debt component of MARR in rates								938,468			
195	according to the Board's decision											
196												
197	<b>Other Interest Variances (i.e. Borrowing Levels</b>											
198	<b>Above Deemed Debt per Rate Handbook)</b>											
199	Interest deducted on MoF filing (Cell K36+K41)								6,127,449			
200	Total deemed interest (REGINFO CELL D61)								6,211,016			
201												
202	Variance caused by excess debt								0			
203												
204	<b>Interest Adjustment for Tax Purposes (carry forward to Cell I110)</b>								0			
205												
206	<b>Total Interest Variance</b>								938,468			
207												

## REVISED CONTINUITY SCHEDULE

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
1	PILs TAXES - EB-2008-0381																											
2	Summary PILs 1562 Balance																											
3	Utility Name: ENWIN																											
4	Reporting period: 2001- 2007			Sign Convention: + for increase; - for decrease																								
5																												
6																												
7																												
8	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		01/01/2007		01/01/2008		01/01/2009		01/01/2010		01/01/2011		01/01/2012			
9	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		31/12/2006		31/12/2007		31/12/2008		31/12/2009		31/12/2010		31/12/2011		30/04/2012		Total	
10																												
11	Opening balance:	=	0		1,859,278		998,445		648,113		1,028,445		649,515		4,879,941		5,086,528		5,267,135		5,318,754		5,354,943		5,421,650		0	
	Board-approved PILs tax proxy from Decisions	+/-																										
12			1,859,278	A	5,897,602	B	9,132,725	C	7,796,788	D	6,872,826	E	2,239,926	F													33,799,145	
	True-up Variance Adjustment	+/-																										
13					0	G	(97,390)	H	285,779	I	90,575	J	668,760	K													947,724	
	Deferral Account Variance Adjustment	+/-																										
14					-		-		(252,396)		(389,485)	L	-		-		-		-		-		-		-		(641,881)	
	Changes in Tax Legislation (repeal of Federal LCT)																											
15													(57,108)	M													(57,108)	
16	Carrying charges	+/-			69,453	N	49,552	O	45,578	P	51,055	Q	126,429	R	206,587	S	180,607		51,618		36,190		66,707		22,236		906,012	
	PILs billed to (collected from) customers	-																										
17			0		(6,827,888)	T	(9,435,219)	U	(7,495,417)	V	(7,003,900)	W	(2,142,435)	X													(32,904,860)	
	Issue 4 Settlement Adjustment																											
18													3,394,854	Y													3,394,854	
19																												
20	Ending balance: # 1562		1,859,278		998,445		648,113		1,028,445		649,515		4,879,941		5,086,528		5,267,135		5,318,754		5,354,943		5,421,650		5,443,886		5,443,886	
21																												
22																												
23																												
74																												
75																												



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