	A	B	C	D	E
1	**PILs TAXES**				**Version 2009.1**
2	**REGULATORY INFORMATION (REGINFO)**				
3	**Utility Name: Niagara-on-the-Lake Hydro Inc.**			Colour Code	
4	**Reporting period: 2004**			**Input Cell**	
5				**Formula in Cell**	
6	**Days in reporting period:**	366	days		
7	**Total days in the calendar year:**	366	days		
8					
9	**BACKGROUND**				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
16					
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		98%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		98%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	**MARR NO TAX CALCULATIONS**				**Regulatory**
27	**SHEET #7 FINAL RUD MODEL DATA**				**Income**
28	**(FROM 1999 FINANCIAL STATEMENTS)**				
29	**USE BOARD-APPROVED AMOUNTS**				
30					
31	Rate Base (wires-only)			13,859,589	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			1,187,074	
42					
43	1999 return from RUD Sheet #7			591,755	591,755
44					
45	Total Incremental revenue			595,319	
46	**Input: Board-approved dollar amounts phased-in**				
47	Amount allowed in 2001			198,440	198,440
48	Amount allowed in 2002			198,440	198,440
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			198,440	0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	**Total Regulatory Income**				988,635
55					
56	Equity			6,929,795	
57					
58	Return at target ROE			684,664	
59					
60	Debt			6,929,795	
61					
62	Deemed interest amount in 100% of MARR			502,410	
63					
64	Phase-in of interest - Year 1 (2001)			334,437	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			418,424	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			418,424	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			502,410	
71					
72					

	A	B	C	D	E	F	G	H
1	**PILs TAXES**	**ITEM**	**Initial**		M of F	M of F	**Tax**	
2	**PILs DEFERRAL AND VARIANCE ACCOUNTS**		**Estimate**		Filing	Filing	**Returns**	
3	**TAX CALCULATIONS (TAXCALC)**				Variance	Variance		
4	**("Wires-only" business - see Tab TAXREC)**				K-C	Explanation		
5	**0**						**Version 2009.1**	
6	**Utility Name: Niagara-on-the-Lake Hydro Inc.**							
7	**Reporting period: 2004**							
8							**Column**	
9	**Days in reporting period:**	366	days				**Brought**	
10	**Total days in the calendar year:**	366	days				**From**	
11							**TAXREC**	
12			$		$		$	
13								
14	**I) CORPORATE INCOME TAXES**							
15								
16	Regulatory Net Income REGINFO E53	1	988,635		-227,255		761,380	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	***Additions:***							
20	Depreciation & Amortization	2	689,379		442,006		1,131,385	
21	Employee Benefit Plans - Accrued, Not Paid	3			16,509		16,509	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5	92,205		-92,205		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material Items from "TAXREC 2" worksheet	6			11,995		11,995	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	**Items on which true-up does not apply "TAXREC 3"**				728,190		728,190	
31								
32	***Deductions: Input positive numbers***							
33	Capital Cost Allowance and CEC	7	784,044		531,655		1,315,699	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10	0		0		0	
37	Interest Expense Deemed/ Incurred	11	418,424		260,437		678,861	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	**Items on which true-up does not apply "TAXREC 3"**				0		0	
49								
50	TAXABLE INCOME/ (LOSS)		567,751		87,148		654,899	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	34.12%		-0.6671%		33.45%	
54								
55	REGULATORY INCOME TAX		193,717		25,366		219,083	
56								
57								
58	Miscellaneous Tax Credits	14			0		0	
59								
60	**Total Regulatory Income Tax**		193,717		25,366		219,083	
61								
62								
63	**II) CAPITAL TAXES**							
64								
65	***Ontario***							
66	Base	15	13,859,589		3,589,430		17,449,019	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-99,432		4,900,568	
68	Taxable Capital		8,859,589		3,489,998		12,548,451	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		26,579		11,067		37,645	
73								
74	***Federal Large Corporations Tax***							
75	Base	18	13,859,589		-13,859,589			
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		39,000,000		49,000,000	
77	Taxable Capital		3,859,589		25,140,411		0	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		-0.0250%		0.2000%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,684		-8,684		0	
82	Less: Federal Surtax 1.12% x Taxable Income	21	6,359		-6,359		0	
83								
84	Net LCT		2,325		-2,325		0	
85								
86	**III) INCLUSION IN RATES**							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		33.00%					
89								
90	Income Tax (proxy tax is grossed-up)	22	289,129			**Actual 2004**	219,083	
91	LCT (proxy tax is grossed-up)	23	3,471			**Actual 2004**	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,579			**Actual 2004**	37,645	
93								
94								
95	***Total PILs for Rate Adjustment -- MUST AGREE WITH 2002***	25	319,179			**Actual 2004**	256,728	
96	**RAM DECISION**							
97								
98								
99	***IV) FUTURE TRUE-UPS***							
100	**IV a) Calculation of the True-up Variance**				**DR/(CR)**			
101	***In Additions:***							
102	Employee Benefit Plans - Accrued, Not Paid	3			16,509			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			-92,205			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			11,995			
108	***In Deductions - positive numbers***							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes **(See Below - cell I206)**	11			0			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-63,701			

	A	B	C	D	E	F	G	H
1	**PILs TAXES**	**ITEM**	**Initial**		M of F	M of F	**Tax**	
2	**PILs DEFERRAL AND VARIANCE ACCOUNTS**		**Estimate**		Filing	Filing	**Returns**	
3	**TAX CALCULATIONS (TAXCALC)**				Variance	Variance		
4	**("Wires-only" business - see Tab TAXREC)**				K-C	Explanation		
5	**0**						**Version 2009.1**	
6	**Utility Name: Niagara-on-the-Lake Hydro Inc.**							
7	**Reporting period: 2004**							
8							**Column**	
9	**Days in reporting period:**	366	days				**Brought**	
10	**Total days in the calendar year:**	366	days				**From**	
11							**TAXREC**	
12			$		$		$	
13								
121								
122	Income Tax Rate (excluding surtax) from **2004** Utility's tax return			x	34.94%			
123								
124	Income Tax Effect on True-up adjustments			=	-22,257			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-22,257			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				34.94%			
131								
132	**TRUE-UP VARIANCE ADJUSTMENT**				**(34,210)**			
133								
134	**IV b) Calculation of the Deferral Account Variance caused by changes in legislation**							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	567,751			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.06%			
139								
140	REVISED REGULATORY INCOME TAX			=	204,731			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	204,731			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	193,717			
147								
148	Regulatory Income Tax Variance			=	11,014			
149								
150	**Ontario Capital Tax**							
151	Base			=	13,859,589			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	8,859,589			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	26,579			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	26,579			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	**Federal LCT**							
162	Base				13,859,589			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164	Revised Federal LCT			=	(36,140,411)			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
167								
168	Gross Amount				0			
169	Less: Federal surtax			-	0			
170	Revised Net LCT			=	0			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	2,325			
173	Regulatory Federal LCT Variance			=	(2,325)			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				34.94%			
176								
177	**Income Tax (grossed-up)**			+	16,930			
178	**LCT (grossed-up)**			+	(3,471)			
179	**Ontario Capital Tax**			+	0			
180								
181	**DEFERRAL ACCOUNT VARIANCE ADJUSTMENT**			=	**13,459**			
182								
183	**TRUE-UP VARIANCE (from cell I132)**			+	**(34,210)**			
184								
185	**Total Deferral Account Entry (Positive Entry = Debit)**			=	**(20,751)**			
186	*(Deferral Account Variance + True-up Variance)*							
187								
188								
189								
190	**V) INTEREST PORTION OF TRUE-UP**							
191	**Variance Caused By Phase-in of Deemed Debt**							
192								
193	Total deemed interest (REGINFO)				502,410			
194	Interest phased-in (Cell C36)				418,424			
195								
196	Variance due to phase-in of debt component of MARR in rates				83,986			
197	according to the Board's decision							
198								
199	**Other Interest Variances (i.e. Borrowing Levels**							
200	**Above Deemed Debt per Rate Handbook)**							
201	Interest deducted on MoF filing (Cell K36+K41)				678,861			
202	Actual Interest Paid				678,861			
203								
204	Variance caused by excess debt				0			
205								
206	**Interest Adjustment for Tax Purposes (carry forward to Cell I112)**				0			
207								
208	**Total Interest Variance**				83,986			
209								
210								
211								

	A	B	C	D	E	F
1	**PILs TAXES**	**LINE**	**M of F**	Non-wires	**Wires-only**	
2	**TAX RETURN RECONCILIATION (TAXREC)**		**Corporate**	Eliminations	**Tax**	
3	(for "wires-only" business - see s. 72 OEB Act)		**Tax**		**Return**	
4	**0**		**Return**			
5					**Version 2009.1**	
6	**Section A: Identification:**					
7	**Utility Name: Niagara-on-the-Lake Hydro Inc.**					
8	**Reporting period: 2004**					
9	**Taxation Year's start date:**					
10	**Taxation Year's end date:**					
11	**Number of days in taxation year:**		366	days		
12						
13	**Please enter the Materiality Level :**		0	< - enter materiality level		
14	**(0.25% x Rate Base x CER)**	Y/N				
15	**(0.25% x Net Assets)**	Y/N				
16	**Or other measure (please provide the basis of the amount)**	Y/N				
17	**Does the utility carry on non-wires related operation?**	Y/N				
18	**(Please complete the questionnaire in the Background questionnaire worksheet.)**					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	**Section B: Financial statements data:**					
23	*Input unconsolidated financial statement data submitted with Tax returns.*					
24	*The actual categories of the income statements should be used.*					
25	*If required please change the descriptions except for amortization, interest expense and provision for income tax*					
26						
27	*Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts*					
28	*in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.*					
29						
30	**Income:**					
31	Energy Sales	+	11,562,575		11,562,575	
32	Distribution Revenue	+	3,072,589		3,072,589	
33	Other Income	+	126,991		126,991	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	**Costs and Expenses:**					
39	Cost of energy purchased	-	11,451,066		11,451,066	
40	Administration	-	568,627		568,627	
41	Customer billing and collecting	-	294,158		294,158	
42	Operations and maintenance	-	555,539		555,539	
43	Amortization	-	1,131,385		1,131,385	
44	Ontario Capital Tax	-			0	
45	Recovery of regulatory assets - expense	-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	**Net Income Before Interest & Income Taxes EBIT**	=	761,380	0	761,380	
51	Less: Interest expense for accounting purposes	-	678,861		678,861	
52	Provision for payments in lieu of income taxes	-	179,500		179,500	
53	**Net Income (loss)**	=	-96,981	0	-96,981	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	**Section C: Reconciliation of accounting income to taxable income**					
57	***From T2 Schedule 1***					
58	**BOOK TO TAX ADDITIONS:**					
59	Provision for income tax	+	179,500	0	179,500	
60	Federal large corporation tax	+	0		0	
61	Depreciation & Amortization	+	1,131,385	0	1,131,385	
62	Employee benefit plans-accrued, not paid	+	16,509	0	16,509	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-upmay apply (see A66)	+			0	
66	***Items on which true-up does not apply "TAXREC 3"***		728,190	0	728,190	
67	Material addition items from TAXREC 2	+	11,995	0	11,995	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	*Subtotal*		2,067,579	0	2,067,579	
71						
72	*Other Additions: (Please explain the nature of the additions)*					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+			0	
77		+			0	
78		+			0	
79		+			0	
80	*Total Other Additions*	=	0	0	0	
81						
82	Total Additions	=	2,067,579	0	2,067,579	
83						
84	Recap Material Additions:					
85			0	0	0	

	A	B	C	D	E	F
1	**PILs TAXES**	**LINE**	**M of F**	Non-wires	**Wires-only**	
2	**TAX RETURN RECONCILIATION (TAXREC)**		**Corporate**	Eliminations	**Tax**	
3	(for "wires-only" business - see s. 72 OEB Act)		**Tax**		**Return**	
4	**0**		**Return**			
5					**Version 2009.1**	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	*Total Other additions >materiality level*		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	1,314,278		1,314,278	
98	Cumulative eligible capital deduction	-	1,421		1,421	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	*Regulatory adjustments :*	-			0	
102	*CCA*	-			0	
103	*other deductions*	-			0	
104	*Tax reserves - end of year*	-	0	0	0	
105	*Reserves from financial statements- beginning of year*	-	0	0	0	
106	*Contributions to deferred income plans*	-			0	
107	*Contributions to pension plans*	-			0	
108	***Items on which true-up does not apply "TAXREC 3"***		0	0	0	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	1,315,699	0	1,315,699	
114	*Other deductions (Please explain the nature of the deductions)*					
115	**Charitable donations - tax basis**	-			0	
116	*Gain on disposal of assets*	-			0	
117		-			0	
118					0	
119		-			0	
120	*Total Other Deductions*	=	0	0	0	
121						
122	Total Deductions	=	1,315,699	0	1,315,699	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	*Total Other Deductions exceed materiality level*		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	654,899	0	654,899	
135	DEDUCT:					
136	Non-capital loss applied positive number	-			0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	654,899	0	654,899	
140						
141	**FROM ACTUAL TAX RETURNS**					
142	Net Federal Income Tax (Must agree with tax return)	+	144,864	0	144,864	
143	Net Ontario Income Tax (Must agree with tax return)	+	74,219	0	74,219	
144	Subtotal	=	219,083	0	219,083	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
146	**Total Income Tax**	=	219,083	0	219,083	
147						
148	**FROM ACTUAL TAX RETURNS**					
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		11.33%		11.33%	
151	Blended Income Tax Rate		33.45%		33.45%	
152						
153	**Section F: Income and Capital Taxes**					
154						
155	**RECAP**					
156	Total Income Taxes	+	219,083	0	219,083	
157	Ontario Capital Tax	+	37,645		37,645	
158	Federal Large Corporations Tax	+	0		0	
159						
160	**Total income and capital taxes**	=	256,728	0	256,728	
161						

	A	B	C	D	E	F
1	**PILs TAXES**	LINE	M of F	Non-wires	**Wires-only**	
2	**Tax and Accounting Reserves**		Corporate	Eliminations	**Tax**	
3	For MoF Column of TAXCALC		Tax		**Return**	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	**0**				**Version 2009.1**	
6						
7	**Utility Name: Niagara-on-the-Lake Hydro Inc.**					
8	**Reporting period: 2004**					
9						
10	**TAX RESERVES**					
11						
12	**Beginning of Year:**					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	**Total (**carry forward to the TAXREC worksheet)		0	0	0	
23						
24	**End of Year:**					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	**Total (**carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	**FINANCIAL STATEMENT RESERVES**					
39						
40	**Beginning of Year:**					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	**Total (**carry forward to the TAXREC worksheet)		0	0	0	
51						
52	**End of Year:**					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other - Please describe				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	**Total (**carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	**PILs TAXES**	LINE	M of F	Non-wires	**Wires-only**	
3	**TAX RETURN RECONCILIATION (TAXREC 2)**		Corporate	Eliminations	**Tax**	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		**Return**	
5	**RATEPAYERS ONLY**		Return			
6	**Shareholder-only Items should be shown on TAXREC 3**				**Version 2009.1**	
7						
8	**Utility Name: Niagara-on-the-Lake Hydro Inc.**					
9	**Reporting period: 2004**					
10	**Number of days in taxation year:**		366			
11	**Materiality Level:**		0			
12						
13						
14						
15	**Section C: Reconciliation of accounting income to taxable income**					
16	**Add:**					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+	11,995		11,995	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	*Other Additions: (please explain in detail the nature of the item)*	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+				
46	Total Additions	=	11,995	0	11,995	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51	Loss on disposal of assets		11,995	0	11,995	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	

	A	B	C	D	E	F
1						
2	**PILs TAXES**	LINE	M of F	Non-wires	**Wires-only**	
3	**TAX RETURN RECONCILIATION (TAXREC 2)**		Corporate	Eliminations	**Tax**	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		**Return**	
5	**RATEPAYERS ONLY**		Return			
6	**Shareholder-only Items should be shown on TAXREC 3**				**Version 2009.1**	
7						
8	**Utility Name: Niagara-on-the-Lake Hydro Inc.**					
9	**Reporting period: 2004**					
10	**Number of days in taxation year:**		366			
11	**Materiality Level:**		0			
12						
13						
76			0	0	0	
77	Total Material additions		11,995	0	11,995	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		11,995	0	11,995	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	*Other deductions: (Please explain in detail the nature of the item)*	-			0	
96	Non-taxable load transfers	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1						
2	**PILs TAXES**					
3	**TAX RETURN RECONCILIATION (TAXREC 3)**					
4	**Shareholder-only Items should be shown on TAXREC 3**	LINE	M of F	Non-wires	**Wires-only**	
5	**ITEMS ON WHICH TRUE-UP DOES NOT APPLY**		Corporate	Eliminations	**Tax**	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		**Return**	
7	**0**		Return			
8	**Utility Name: Niagara-on-the-Lake Hydro Inc.**				**Version 2009.1**	
9						
10						
11	**Reporting period: 2004**					
12	**Number of days in taxation year:**		366			
13						
14						
15						
16	**Section C: Reconciliation of accounting income to taxable income**					
17	**Add:**					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	**Donations - amount per books**				0	
36	Interest and penalties on unpaid taxes		1,894		1,894	
37	Management bonuses unpaid after 180 days of year end				0	
38	**Ontario capital tax adjustments**				0	
39		+			0	
40	**Changes in Regulatory Asset balances**	+	726,296		726,296	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	*Other Additions: (please explain in detail the nature of the item)*	+			0	
44		+			0	
45		+			0	
46		+				
47	**Total Additions on which true-up does not apply**	=	728,190	0	728,190	
48						
49	**Deduct:**					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amorization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	**Donations - amount deductible for tax purposes**	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60	**Ontario capital tax adjustments to current or prior year**	-			0	
61		-			0	
62	**Changes in Regulatory Asset balances**	-			0	
63		-			0	
64	Assessment Notice	-			0	
65		-			0	
66		-			0	
67		-			0	
68	*Other deductions: (Please explain in detail the nature of the item)*	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	**Total Deductions on which true-up does not apply**	=	0	0	0	
74						
75						

PILs TAXES
Corporate Tax Rates **Version 2009.1**
Exemptions, Deductions, or Thresholds
Utility Name: Niagara-on-the-Lake Hydro Inc.
Reporting period: 2004

Table 1

Rates Used in 2002 RAM PILs Applications for 2002

Income Range RAM 2002	Year	0 to 200,000		200,001 to 700,000	>700000
Income Tax Rate					
Proxy Tax Year	*2002*				
Federal (Includes surtax)		13.12%		26.12%	26.12%
and Ontario blended		6.00%		6.00%	12.50%
Blended rate		19.12%		34.12%	38.62%
Capital Tax Rate		0.300%			
LCT rate		0.225%			
Surtax		1.12%			
Ontario Capital Tax Exemption **	**MAX $5MM**	5,000,000			
Federal Large Corporations Tax Exemption **	**MAX $10MM**	10,000,000			

****Exemption amounts must agree with the Board-approved 2002 RAM PILs filing**

Table 2

Expected Income Tax Rates for 2004 and Capital Tax Exemptions for 2004

Income Range Expected Rates	Year	0 to 250,000	250,001 to 400,000	400,001 to 1,128,000	>1,128,000
Income Tax Rate					
Current year	*2004*				
Federal (Includes surtax)	*2004*	13.12%	22.12%	22.12%	22.12%
Ontario	*2004*	5.50%	5.50%	9.75%	14.00%
Blended rate	*2004*	18.62%	27.62%	31.87%	36.12%
Capital Tax Rate	*2004*	0.300%			
LCT rate	*2004*	0.200%			
Surtax	*2004*	1.12%			
Ontario Capital Tax Exemption * 2004**	**MAX $5MM**	5,000,000			
Federal Large Corporations Tax Exemption * 2004**	**MAX $50MM**	50,000,000			

*****Allocation of exemptions must comply with the Board's instructions regarding regulated activities.**

Table 3

Input Information from Utility's Actual 2004 Tax Returns

Income Range	Year	0 to 250,000	250,001 to 400,000	400,001 to 1,128,000	>1,128,000
Income Tax Rate					
Current year	*2004*				
Federal (Includes surtax)		13.12%	22.12%	22.29%	22.29%
Ontario		5.50%	5.50%	13.77%	13.77%
Blended rate		18.62%	27.62%	36.06%	36.06%
Capital Tax Rate		0.300%			
LCT rate		0.200%			
Surtax		1.12%			
Ontario Capital Tax Exemption *	**MAX $5MM**	4,900,568			
Federal Large Corporations Tax Exemption *	**MAX $50MM**	49,000,000			

*** Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	**PILs TAXES**														
2	**Analysis of PILs Tax Account 1562:**														
3	**Utility Name: Niagara-on-the-Lake Hydro Inc.**														**Version 2009.1**
4	**Reporting period: 2004**				**Sign Convention: + for increase; - for decrease**										**0**
5															
6															
7															
8	**Year start:**		10/01/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
9	**Year end:**		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		04/30/2006		Total
10															
11	**Opening balance:**	=	0		0		0		0		0		0		0
12	**Board-approved PILs tax proxy from Decisions (1)**	+/-					0		0		0		0		0
13	**PILs proxy from April 1, 2005 - input 9/12 of amount**														0
14	**True-up Variance Adjustment Q4, 2001 (2)**	+/-													0
15	**True-up Variance Adjustment (3)**	+/-											-34,210		-34,210
16	**Deferral Account Variance Adjustment Q4, 2001 (4)**														0
17	**Deferral Account Variance Adjustment (5)**	+/-											13,459		13,459
18	**Adjustments to reported prior years' variances (6)**	+/-													0
19	**Carrying charges (7)**	+/-													0
20	**PILs billed to (collected from) customers (8)**	-	0												0
21															
22	**Ending balance: # 1562**		0		0		0		0		0		-20,751		-20,751

Uncollected PILs

NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.
For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.

Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:

(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.
Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.
If the Board gave more than one decision in the year, calculate a weighted average proxy.
(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.
(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.
(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
(vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.

(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.

(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.
The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.

(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.

(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.
The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.

(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.

(7) Carrying charges are calculated on a simple interest basis.

(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.
The 2005 PILs tax proxy is being recovered on a volumetric basis by class.

(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.

In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.

In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.

(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes will have to include amounts from 1562 and from 1590.