	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: 2005**			**Input Cell**	
5				**Formula in Cell**	
6	**Days in reporting period:**	365	days		
7	**Total days in the calendar year:**	365	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		97%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		97%	
23					
24	Accounting Year End		Date	12-31-2005	
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				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			198440	198,440
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	**Total Regulatory Income**				1,187,075
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: 2005**							
8							**Column**	
9	**Days in reporting period:**	365	days				**Brought**	
10	**Total days in the calendar year:**	365	days				**From**	
11							**TAXREC**	
12			$		$		$	
13								
14	**I) CORPORATE INCOME TAXES**							
15								
16	Regulatory Net Income REGINFO E53	1	1,187,075		164,993		1,352,068	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	***Additions:***							
20	Depreciation & Amortization	2	689,379		443,185		1,132,564	
21	Employee Benefit Plans - Accrued, Not Paid	3			15,780		15,780	
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			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			0		0	
28	"Material Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	**Items on which true-up does not apply "TAXREC 3"**				2,777		2,777	
31								
32	***Deductions: Input positive numbers***							
33	Capital Cost Allowance and CEC	7	784,044		497,187		1,281,231	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	502,410		196,984		699,394	
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	CDM 2005 incremental OM&A expenses per 2005 PILs model NOTL	12	**$13,333**		-13,333		0	
46	Other Deductions (not "Material") "TAXREC"	12			0		0	
47	Material Items from "TAXREC 2" worksheet	12			13,678		13,678	
48	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
49	**Items on which true-up does not apply "TAXREC 3"**				4,311		4,311	
50								
51	TAXABLE INCOME/ (LOSS)		576,667		(72,092)		504,575	
52								
53	BLENDED INCOME TAX RATE							
54	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	27.50%		8.6201%		36.12%	
55								
56	REGULATORY INCOME TAX		158,583		23,670		182,253	
57								
58								
59	Miscellaneous Tax Credits	14			0		0	
60								
61	**Total Regulatory Income Tax**		158,583		23,670		182,253	
62								
63								
64	**II) CAPITAL TAXES**							
65								
66	***Ontario***							
67	Base	15	13,859,589		6,261,316		20,120,905	
68	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000		-235,168		7,264,832	
69	Taxable Capital		6,359,589		6,026,148		12,856,073	
70								
71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
72								
73	Ontario Capital Tax		19,079		19,489		38,568	
74								
75	***Federal Large Corporations Tax***							
76	Base	18	13,859,589		-13,859,589		0	
77	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000		-3,210,000		46,790,000	
78	Taxable Capital		0		-17,069,589		0	
79								
80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%		0.0250%		0.2000%	
81								
82	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0		0		0	
83	Less: Federal Surtax 1.12% x Taxable Income	21	0		0		0	
84								
85	Net LCT		0		0		0	
86								
87	**III) INCLUSION IN RATES**							
88								
89	Income Tax Rate used for gross- up (exclude surtax)		27.50%					
90								
91	Income Tax (proxy tax is grossed-up)	22	218,736			**Actual 2005**	182,253	
92	LCT (proxy tax is grossed-up)	23	0			**Actual 2005**	0	
93	Ontario Capital Tax (no gross-up since it is deductible)	24	19,079			**Actual 2005**	38,568	
94								
95								
96	***Total PILs for Rate Adjustment -- MUST AGREE WITH 2005***	25	237,814			**Actual 2005**	220,821	
97	**RAM DECISION**							
98								
99								
100	***IV) FUTURE TRUE-UPS***							
101	**IV a) Calculation of the True-up Variance**				**DR/(CR)**			
102	***In Additions:***							
103	Employee Benefit Plans - Accrued, Not Paid	3			15,780			
104	Tax reserves deducted in prior year	4			0			
105	Reserves from financial statements-end of year	4			0			
106	Regulatory Adjustments	5			0			
107	Other additions "Material" Items TAXREC	6			0			
108	Other additions "Material" Items TAXREC 2	6			0			
109	***In Deductions - positive numbers***							
110	Employee Benefit Plans - Paid Amounts	8			0			
111	Items Capitalized for Regulatory Purposes	9			0			
112	Regulatory Adjustments	10			0			
113	Interest Adjustment for tax purposes **(See Below - cell I206)**	11			0			
114	Tax reserves claimed in current year	4			0			
115	Reserves from F/S beginning of year	4			0			
116	Contributions to deferred income plans	3			0			
117	Contributions to pension plans	3			0			
118	Other deductions "Material" Items TAXREC	12			0			
119	Other deductions "Material" Item TAXREC 2	12			13,678			
120								
121	Total TRUE-UPS before tax effect	26		=	2,102			
122								

	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: 2005**							
8							**Column**	
9	**Days in reporting period:**	365	days				**Brought**	
10	**Total days in the calendar year:**	365	days				**From**	
11							**TAXREC**	
12			$		$		$	
13								
123	Income Tax Rate (excluding surtax) from **2005** Utility's tax return			x	35.00%			
124								
125	Income Tax Effect on True-up adjustments			=	736			
126								
127	Less: Miscellaneous Tax Credits	14			0			
128								
129	Total Income Tax on True-ups				736			
130								
131	Income Tax Rate used for gross-up (exclude surtax)				35.00%			
132								
133	**TRUE-UP VARIANCE ADJUSTMENT**				**1,132**			
134								
135	**IV b) Calculation of the Deferral Account Variance caused by changes in legislation**							
136								
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	576,667			
138								
139	REVISED CORPORATE INCOME TAX RATE			x	36.12%			
140								
141	REVISED REGULATORY INCOME TAX			=	208,292			
142								
143	Less: Revised Miscellaneous Tax Credits			-	0			
144								
145	Total Revised Regulatory Income Tax			=	208,292			
146								
147	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	158,583			
148								
149	Regulatory Income Tax Variance			=	49,709			
150								
151	**Ontario Capital Tax**							
152	Base			=	13,859,589			
153	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	7,500,000			
154	Revised deemed taxable capital			=	6,359,589			
155								
156	Rate - Tab Tax Rates cell C54			x	0.3000%			
157								
158	Revised Ontario Capital Tax			=	19,079			
159	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	19,079			
160	Regulatory Ontario Capital Tax Variance			=	0			
161								
162	**Federal LCT**							
163	Base				13,859,589			
164	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
165	Revised Federal LCT			=	(36,140,411)			
166								
167	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
168								
169	Gross Amount				0			
170	Less: Federal surtax			-	0			
171	Revised Net LCT			=	0			
172								
173	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
174	Regulatory Federal LCT Variance			=	0			
175								
176	Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
177								
178	**Income Tax (grossed-up)**			+	76,475			
179	**LCT (grossed-up)**			+	0			
180	**Ontario Capital Tax**			+	0			
181								
182	**DEFERRAL ACCOUNT VARIANCE ADJUSTMENT**			=	**76,475**			
183								
184	**TRUE-UP VARIANCE (from cell I132)**			+	**1,132**			
185								
186	**Total Deferral Account Entry (Positive Entry = Debit)**			=	**77,607**			
187	*(Deferral Account Variance + True-up Variance)*							
188								
189								
190								
191	**V) INTEREST PORTION OF TRUE-UP**							
192	**Variance Caused By Phase-in of Deemed Debt**							
193								
194	Total deemed interest (REGINFO)				502,410			
195	Interest phased-in (Cell C36)				418,424			
196								
197	Variance due to phase-in of debt component of MARR in rates				83,986			
198	according to the Board's decision							
199								
200	**Other Interest Variances (i.e. Borrowing Levels**							
201	**Above Deemed Debt per Rate Handbook)**							
202	Interest deducted on MoF filing (Cell K36+K41)				699,394			
203	Actual Interest Paid				699,394			
204								
205	Variance caused by excess debt				0			
206								
207	**Interest Adjustment for Tax Purposes (carry forward to Cell I112)**				0			
208								
209	**Total Interest Variance**				83,986			
210								
211								
212								

	A	B	C	D	E	F	G
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: 2005**						
9	**Taxation Year's start date:**						
10	**Taxation Year's end date:**						
11	**Number of days in taxation year:**		365	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	+	13,518,266		13,518,266		
32	Distribution Revenue	+	3,622,925		3,622,925		
33	Other Income	+	90,998		90,998		
34	Miscellaneous income	+			0		
35		+			0		
36	Revenue should be entered above this line						
37							
38	**Costs and Expenses:**						
39	Cost of energy purchased	-	13,363,281		13,363,281		
40	Administration	-	583,612		583,612		
41	Customer billing and collecting	-	297,737		297,737		
42	Operations and maintenance	-	502,927		502,927		
43	Amortization	-	1,132,564		1,132,564		
44	Ontario Capital Tax	-			0		
45	Capitalized	-			0		
46	Recovery of Regulatory Assets	-			0		
47		-			0		
48		-			0		
49							
50	**Net Income Before Interest & Income Taxes EBIT**	=	1,352,068	0	1,352,068		
51	Less: Interest expense for accounting purposes	-	699,394		699,394		
52	Provision for payments in lieu of income taxes	-	220,588		220,588		
53	**Net Income (loss)**	=	432,086	0	432,086		
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	+	220,588	0	220,588		
60	Federal large corporation tax	+			0		
61	Depreciation & Amortization	+	1,132,564	0	1,132,564		
62	Employee benefit plans-accrued, not paid	+	15,780	0	15,780		
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"***		2,777	0	2,777		
67	Material addition items from TAXREC 2	+	0	0	0		
68	Other addition items (not Material) from TAXREC 2	+	0	0	0		
69							
70	*Subtotal*		1,371,709	0	1,371,709		
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		0		
77		+			0		
78		+			0		
79		+			0		
80	*Total Other Additions*	=	0	0	0		
81							
82	Total Additions	=	1,371,709	0	1,371,709		
83							
84	Recap Material Additions:						

	A	B	C	D	E	F	G
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**		
85			0	0	0		
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	-	1,279,910		1,279,910		
98	Cumulative eligible capital deduction	-	1,321		1,321		
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"***		4,311	0	4,311		
109	Interest capitalized for accounting deducted for tax	-			0		
110	Material deduction items from TAXREC 2	-	13,678	0	13,678		
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0		
112							
113	Subtotal	=	1,299,220	0	1,299,220		
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	=	1,299,220	0	1,299,220		
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	=	504,575	0	504,575		
135	DEDUCT:						
136	Non-capital loss applied positive number	-			0		
137	Net capital loss applied positive number	-			0		
138					0		
139	NET TAXABLE INCOME	=	504,575	0	504,575		
140							
141	**FROM ACTUAL TAX RETURNS**						
142	Net Federal Income Tax (Must agree with tax return)	+	111,612		111,612		
143	Net Ontario Income Tax (Must agree with tax return)	+	70,641		70,641		
144	Subtotal	=	182,253	0	182,253		
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0		
146	**Total Income Tax**	=	182,253	0	182,253		
147							
148	**FROM ACTUAL TAX RETURNS**						
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%		Divide federal income tax by the taxable
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%		Divide Ontario income tax by the taxable
151	Blended Income Tax Rate		36.12%		36.12%		
152							
153	**Section F: Income and Capital Taxes**						
154							
155	**RECAP**						
156	Total Income Taxes	+	182,253	0	182,253		
157	Ontario Capital Tax	+	38,568		38,568		
158	Federal Large Corporations Tax	+	0		0		
159							
160	**Total income and capital taxes**	=	220,821	0	220,821		
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: 2005**					
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		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		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		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: 2005**					
10	**Number of days in taxation year:**		365			
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	+			0	
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	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
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	

	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: 2005**					
10	**Number of days in taxation year:**		365			
11	**Materiality Level:**		0			
12						
13						
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-	13,678		13,678	
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		-			0	
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	=	13,678	0	13,678	
100						
101	Recap of Material Deductions:					
102	Gain on disposal of assets per f/s		13,678	0	13,678	
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		13,678	0	13,678	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		13,678	0	13,678	
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: 2005**					
12	**Number of days in taxation year:**		365			
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		2,777		2,777	
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**	+			0	
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**	=	2,777	0	2,777	
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**	-	4,311		4,311	
63		-			0	
64		-			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**	=	4,311	0	4,311	
74						
75						

PILs TAXES
Corporate Tax Rates **Version 2009.1**
Exemptions, Deductions, or Thresholds
Utility Name: Niagara-on-the-Lake Hydro Inc.
Reporting period: 2005

Table 1

Rates Used in 2005 RAM PILs Applications for 2005

Income Range		**0**		**400,001**	
RAM 2005		**to**		**to**	**>1,128,000**
	Year	**400,000**		**1,128,000**	
Income Tax Rate					
Proxy Tax Year	***2005***				
Federal (Includes surtax)		13.12%		17.75%	22.12%
and Ontario blended		5.50%		9.75%	14.00%
Blended rate		18.62%		27.50%	36.12%
Capital Tax Rate		0.300%			
LCT rate		0.175%			
Surtax		1.12%			
Ontario Capital Tax Exemption **	**MAX $7.5MM**	7,500,000			
Federal Large Corporations Tax Exemption **	**MAX $50MM**	50,000,000			

****Exemption amounts must agree with the Board-approved 2005 RAM PILs filing**

Table 2

Expected Income Tax Rates for 2005 and Capital Tax Exemptions for 2005

Income Range		**0**	**250,001**	**400,001**	
Expected Rates		**to**	**to**	**to**	**>1,128,000**
	Year	**250,000**	**400,000**	**1,128,000**	
Income Tax Rate					
Current year	***2005***				
Federal (Includes surtax)	***2005***	13.12%	22.12%	22.12%	22.12%
Ontario	***2005***	5.50%	5.50%	9.75%	14.00%
Blended rate	***2005***	18.62%	27.62%	31.87%	36.12%
Capital Tax Rate	***2005***	0.300%			
LCT rate	***2005***	0.200%			
Surtax	***2005***	1.12%			
Ontario Capital Tax Exemption * 2005**	**MAX $7.5MM**	7,500,000			
Federal Large Corporations Tax Exemption * 2005**	**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 2005 Tax Returns

Income Range		**0**	**250,001**	**400,001**	
		to	**to**	**to**	**>1,128,000**
	Year	**250,000**	**400,000**	**1,128,000**	
Income Tax Rate					
Current year	***2005***				
Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%
Ontario		5.50%	5.50%	14.00%	14.00%
Blended rate		18.62%	27.62%	36.12%	36.12%
Capital Tax Rate		0.300%			
LCT rate		0.200%			
Surtax		1.12%			
Ontario Capital Tax Exemption *	**MAX $7.5MM**	7,264,832			
Federal Large Corporations Tax Exemption *	**MAX $50MM**	46,790,000			

*** 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: 2005**				**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		132,476		208,147		193,694		-45,099		-76,624		0
12	**Board-approved PILs tax proxy from Decisions (1)**	+/-	132,476		319,178		451,654		352,297		79,795		79,271		1,414,672
13	**PILs proxy from April 1, 2005 - input 9/12 of amount**										178,361				178,361
14	**True-up Variance Adjustment Q4, 2001 (2)**	+/-			87,722										87,722
15	**True-up Variance Adjustment (3)**	+/-					2,262		-30,049		-34,210		1,132		-60,866
16	**Deferral Account Variance Adjustment Q4, 2001 (4)**														0
17	**Deferral Account Variance Adjustment (5)**	+/-			0		-18,447		-228,485		13,459		76,475		-156,998
18	**Adjustments to reported prior years' variances (6)**	+/-													0
19	**Carrying charges (7)**	+/-			7,046		13,363		3,405		-5,815		-3,573		14,426
20	**PILs billed to (collected from) customers (8)**	-	0		-338,276		-463,286		-335,960		-263,114		-97,099		-1,497,735
21															
22	**Ending balance: # 1562**		132,476		208,147		193,694		-45,099		-76,624		-20,417		-20,417
23															
24															
25															
26	**Uncollected PILs**														
27															
28	**NOTE:** The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
29	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	**Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:**								Method 1 (I.e. Alternative 1 per APH FAQ April 2003 Q.1)						
32															
33	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
34	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
35	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
36	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
37	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
38	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
39	(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.														
40	(vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.														
41															
42	(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														
43	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
48	(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														
49	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
50															
51	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
52	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
54	(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.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
58	(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														
59	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														
60	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied														
64	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;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	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.														
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
72	to calculate the recovery for the period January 1 to March 31, 2005.														
73															
74	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
75	will have to include amounts from 1562 and from 1590.														
76															
77															