



Deloitte & Touche LLP
4210 King Street East
Kitchener ON N2P 2G5
Canada

Tel: 519-650-7600
Fax: 519-650-7601
www.deloitte.ca

April 1, 2011

Ministry of Revenue
Corporations Tax Branch
Accounts Department Re: Hydro Tax
33 King St W PO Box 627
Oshawa ON L1H 1A1

Dear Sir/Madam,

**Subject: Brantford Power Inc.
PIL Tax Account #1800056**

We are writing on behalf of the above mentioned taxpayer. When the taxpayer previously filed its 2005 corporation tax return, an addition on Line 603.1 of Schedule 1 of the return was made to include "prior period adjustments of regulatory assets" in the amount of \$1,444,456. Based on a recent review of the regulatory asset account, it has been subsequently determined that this addition was previously included in taxable income in other years, and therefore this addition should not have been included in income for 2005.

Based on the above, we kindly request that you make the following adjustment to taxable income:

December 31, 2005 Tax Return – Schedule 1

| | |
|---|--------------------|
| Taxable income (Line 360 of T2) – original filing: | \$2,323,611 |
| Correction of prior period adjustment to regulatory assets - per above: | <u>(1,444,456)</u> |
| Taxable income (Line 360 of T2) – corrected amount: | \$879,155 |

As a result of the above adjustment, we have calculated the expected tax refund to be:

| | |
|--|--|
| Gross reduction in federal and provincial tax: | $36.12\% \times \$1,444,456 = \$521,738$ |
| Increase in CMT: | <u>(24,738)</u> |
| Expected refund: | \$497,000 |

Kindly adjust the taxpayer's account to reflect the proposed changes at your earliest convenience. We request that this overpayment of tax is refunded to the taxpayer.



Ministry of Revenue
Hydro PIL
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2005/01/01 to 2005/12/31

BRANTFORD POWER INC.

Account No.

1800056

Reassessment Date

(year, month, day)

2009/06/26

Page

1 of 1

REASSESSMENT NO. 246 REPLACING REASSESSMENT DATED: 2007/12/12

Tax: Federal and Provincial PIL

Assessment Interest

Total Reassessment Liability

240,992.00

38,990.03CR

202,001.97

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

844,535.69CR

Refunds

185,745.18

Small Balance Adjustment

2.78CR

Sub-Total

658,793.29CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

456,791.32CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Statement of Adjustments sent under separate cover.

Tax (Re)Assessment
Enquiries:

• 1 866 ONT-TAXS (1 866 668-8297) ext. 21113
• FAX 416 218-3276

• TTY 1 800 263-7776
• ontario.ca/revenue

Account Billing Enquiries &
Change of Address Information:

• 1 866 ONT-TAXS (1 866 668-8297)
• FAX 905 433-5197

0000001

PX5005 004