

PILs TAXES - EB-2011-0178
REGULATORY INFORMATION (REGINFO)
Utility Name: Kingston Hydro Corporation
Reporting period: 2001

Version 2009.1

Colour Code
Input Cell
Formula in Cell

Days in reporting period: 92 days
Total days in the calendar year: 365 days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N N

Is the utility a non-profit corporation?

Y/N N

(If it is a non-profit corporation, please contact the Rates Manager at the OEB)

Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

OCT Y/N Y

LCT Y/N Y

Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.

OCT 100%

LCT 100%

Accounting Year End

Date 12-31-2001

MARR NO TAX CALCULATIONS
SHEET #7 FINAL RUD MODEL DATA
(FROM 1999 FINANCIAL STATEMENTS)
USE BOARD-APPROVED AMOUNTS

Regulatory
Income

Rate Base (wires-only)

24,210,042

Common Equity Ratio (CER)

50.00%

1-CER

50.00%

Target Return On Equity

9.88%

Debt rate

7.25%

Market Adjusted Revenue Requirement

2,073,590

1999 return from RUD Sheet #7

1,547,868

1,547,868

Total Incremental revenue

525,722

Input: Board-approved dollar amounts phased-in

Amount allowed in 2001

175,241

175,241

Amount allowed in 2002

175,241

0

Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board)

0

Amount allowed in 2005 - Third tranche of MARR re: CDM

0

Other Board-approved changes to MARR or incremental revenue

0

Total Regulatory Income

1,723,109

Equity

12,105,021

Return at target ROE

1,195,976

Debt

12,105,021

Deemed interest amount in 100% of MARR

877,614

Phase-in of interest - Year 1 (2001)

729,278

((D43+D47)/D41)*D61

Phase-in of interest - Year 2 (2002)

803,446

((D43+D47+D48)/D41)*D61

Phase-in of interest - Year 3 (2003) and forward

803,446

((D43+D47+D48)/D41)*D61 (due to Bill 210)

Phase-in of interest - 2005

877,614

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) (*Wires-only business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance G-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2001		0				Column Brought From TAXREC \$
Days in reporting period: Total days in the calendar year:		92 365	days days			
			\$	\$		
II) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53		1	430,777	-148,386		282,391
BOOK TO TAX ADJUSTMENTS						
Additions:						
Depreciation & Amortization		2	379,999	-53,213		326,786
Employee Benefit Plans - Accrued, Not Paid		3		0		0
Tax reserves - beginning of year		4		0		0
Reserves from financial statements - end of year		4		0		0
Regulatory Adjustments - increase in income		5		0		0
Other Additions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		6		0		0
Other Additions (not "Material") "TAXREC"		6		599		599
"Material" Items from "TAXREC 2" worksheet		6		0		0
Other Additions (not "Material") "TAXREC 2"		6		29,973		29,973
Items on which true-up does not apply "TAXREC 3"				0		0
Deductions: Input positive numbers						
Capital Cost Allowance and CEC		7	127,338	48,848		176,186
Employee Benefit Plans - Paid Amounts		8		0		0
Items Capitalized for Regulatory Purposes		9	0	0		0
Regulatory Adjustments - deduction for tax purposes in Item 5		10	0	0		0
Interest Expense Deemed/ Incurred		11	182,320	48,869		231,189
Tax reserves - end of year		4		0		0
Reserves from financial statements - beginning of year		4		0		0
Contributions to deferred income plans		3		0		0
Contributions to pension plans		3		0		0
Interest capitalized for accounting but deducted for tax		11		0		0
Other Deductions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		12		0		0
Other Deductions (not "Material") "TAXREC"		12		0		0
Material Items from "TAXREC 2" worksheet		12		0		0
Other Deductions (not "Material") "TAXREC 2"		12		0		0
Items on which true-up does not apply "TAXREC 3"				15,865		15,865
TAXABLE INCOME/ (LOSS)			501,118	-284,609		216,509
BLENDED INCOME TAX RATE						
Tab Tax Rates - Regulatory from Table 1: Actual from Table 3		13	40.62%	0.0000%		40.62%
REGULATORY INCOME TAX			203,554	-124,682	Actual	78,872
Miscellaneous Tax Credits		14		0	Actual	0
Total Regulatory Income Tax			203,554	-124,682	Actual	78,872
III) CAPITAL TAXES						
Ontario						
Base		15	24,210,042	-356,013		23,854,029
Less: Exemption - Tax Rates - Regulatory, Table 1: Actual, Table 3		16	5,000,000	0		5,000,000
Taxable Capital			19,210,042	-356,013		18,854,029
Rate - Tax Rates - Regulatory, Table 1: Actual, Table 3		17	0.3000%	0.0000%		0.3000%
Ontario Capital Tax			14,408	-151		14,257
Federal Large Corporations Tax						
Base		18	24,210,042	-1,283,399		22,926,643
Less: Exemption - Tax Rates - Regulatory, Table 1: Actual, Table 3		19	10,000,000	0		10,000,000
Taxable Capital			14,210,042	-1,283,399		12,926,643
Rate - Tax Rates - Regulatory, Table 1: Actual, Table 3		20	0.2250%	0.0000%		0.2250%
Gross Amount of LCT before surtax offset (Taxable Capital x Rate)			7,993	-662		7,331
Less: Federal Surtax 1.12% x Taxable Income		21	5,613	-3,188		2,425
Net LCT			2,381	2,525		4,906
III) INCLUSION IN RATES						
Income Tax Rate used for gross-up (exclude surtax)			39.50%			
Income Tax (proxy tax is grossed-up)		22	336,453		Actual 2001	78,872
LCT (proxy tax is grossed-up)		23	3,935		Actual 2001	8,762
Ontario Capital Tax (no gross-up since it is deductible)		24	14,408		Actual 2001	15,033
Total PILs for Rate Adjustment -- MUST AGREE WITH 2001 RAM DECISION		25	354,796		Actual 2001	102,667
IV) FUTURE TRUE-UPS						
IV a) Calculation of the True-up Variance				DR/(CR)		
In Additions:						
Employee Benefit Plans - Accrued, Not Paid		3		0		
Tax reserves deducted in prior year		4		0		
Reserves from financial statements-end of year		4		0		
Regulatory Adjustments		5		0		
Other additions "Material" Items TAXREC		6		0		
Other additions "Material" Items TAXREC 2		6		0		
In Deductions - positive numbers						
Employee Benefit Plans - Paid Amounts		8		0		
Items Capitalized for Regulatory Purposes		9		0		
Regulatory Adjustments		10		0		
Interest Adjustment for tax purposes (See Below - cell E206)		11		0		
Tax reserves claimed in current year		4		0		
Reserves from F/S beginning of year		4		0		
Contributions to deferred income plans		3		0		
Contributions to pension plans		3		0		
Other deductions "Material" Items TAXREC		12		0		
Other deductions "Material" Item TAXREC 2		12		0		
Total TRUE-UPS before tax effect		26	=	0		
Income Tax Rate (excluding surtax) from 2001 Utility's tax return			x	39.50%		

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) (*Wires-only* business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance G-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1	
Utility Name: Kingston Hydro Corporation Reporting period: 2001		0				Column Brought From TAXREC	
Days in reporting period:		92	days				
Total days in the calendar year:		365	days				
			\$	\$		\$	
Income Tax Effect on True-up adjustments		14	=	0			
Less: Miscellaneous Tax Credits				0			
Total Income Tax on True-ups				0			
Income Tax Rate used for gross-up (exclude surtax)				39.50%			
TRUE-UP VARIANCE ADJUSTMENT				0			
IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	501,118			
REVISED CORPORATE INCOME TAX RATE			x	40.62%			
REVISED REGULATORY INCOME TAX			=	203,554			
Less: Revised Miscellaneous Tax Credits			-	0			
Total Revised Regulatory Income Tax			=	203,554			
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C60)			-	203,554			
Regulatory Income Tax Variance			=	0			
Ontario Capital Tax							
Base			=	24,210,042			
Less: Exemption from tab Tax Rates, Table 2, cell C39			=	5,000,000			
Revised deemed taxable capital			=	19,210,042			
Rate - Tab Tax Rates cell C54			x	0.3000%			
Revised Ontario Capital Tax			=	14,526			
Less: Ontario Capital Tax reported in the initial estimate column (Cell C72)			-	14,408			
Regulatory Ontario Capital Tax Variance			=	118			
Federal LCT							
Base			=	24,210,042			
Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
Revised Federal LCT			=	14,210,042			
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
Gross Amount				8,059			
Less: Federal surtax			-	5,613			
Revised Net LCT			=	2,446			
Less: Federal LCT reported in the initial estimate column (Cell C84)			-	2,381			
Regulatory Federal LCT Variance			=	66			
Actual Income Tax Rate used for gross-up (exclude surtax)				39.50%			
Income Tax (grossed-up)			+	0			
LCT (grossed-up)			+	109			
Ontario Capital Tax			+	118			
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	227			
TRUE-UP VARIANCE (from cell I132)			+	0			
Total Deferral Account Entrv (Positive Entrv = Debit) (Deferral Account Variance + True-up Variance)			=	227			
VI) INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt							
Total deemed interest (REGINFO)			877,614				
Interest phased-in (Cell C37)			182,320				
Variance due to phase-in of debt component of MARR in rates according to the Board's decision			695,294				
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
Interest deducted on MoF filing (Cell G37+G42)			231,189				
Total deemed interest (REGINFO CELL D62)			877,614				
Variance caused by excess debt			0				
Interest Adjustment for Tax Purposes (carry forward to Cell E112)			0				
Total Interest Variance			695,294				

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
(for "wires-only" business - see s. 72 OEB Act)

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			
			Version 2009.1

		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Other additions >materiality level		0	0	0
Other additions (less than materiality level)		599	0	599
Total Other Additions		599	0	599

BOOK TO TAX DEDUCTIONS:

Capital cost allowance	-	175,963		175,963
Cumulative eligible capital deduction	-	223		223
Employee benefit plans-paid amounts	-			0
Items capitalized for regulatory purposes	-			0
Regulatory adjustments :	-			0
CCA	-			0
other deductions	-			0
Tax reserves - end of year	-	0	0	0
Reserves from financial statements- beginning of year	-	0	0	0
Contributions to deferred income plans	-			0
Contributions to pension plans	-			0
Items on which true-up does not apply "TAXREC 3"		15,865	0	15,865
Interest capitalized for accounting deducted for tax	-			0
Material deduction items from TAXREC 2	-	0	0	0
Other deduction items (not Material) from TAXREC 2	-	0	0	0
Subtotal	=	192,051	0	192,051
Other deductions (Please explain the nature of the deductions)				
Charitable donations - tax basis	-			0
Gain on disposal of assets	-			0
	-			0
	-			0
	-			0
	-			0
Total Other Deductions	=	0	0	0
Total Deductions	=	192,051	0	192,051

Recap Material Deductions:				
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Other Deductions exceed materiality level		0	0	0
Other Deductions less than materiality level		0	0	0
Total Other Deductions		0	0	0

<u>TAXABLE INCOME</u>	=	216,509	0	216,509
DEDUCT:				
Non-capital loss applied	-			0
Net capital loss applied	-			0
				0
NET TAXABLE INCOME	=	216,509	0	216,509

FROM ACTUAL TAX RETURNS

Net Federal Income Tax (Must agree with tax return)	+	51,808		51,808
Net Ontario Income Tax (Must agree with tax return)	+	27,064		27,064
Subtotal	=	78,872	0	78,872
Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0
Total Income Tax	=	78,872	0	78,872

FROM ACTUAL TAX RETURNS

Net Federal Income Tax Rate (Must agree with tax return)		28.12%		28.12%
Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%
Blended Income Tax Rate		40.62%		40.62%

Section F: Income and Capital Taxes

RECAP FROM ABOVE:

Total Income Taxes	+	78,872	0	78,872
Ontario Capital Tax	+	15,033		15,033
Federal Large Corporations Tax	+	8,762		8,762
Total income and capital taxes	=	102,667	0	102,667

PILs TAXES - EB-2011-0178
Tax and Accounting Reserves
 For MoF Column of TAXCALC
 (for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
 Corporate
 Tax
 Return

Non-wires
 Eliminations

**Wires-only
 Tax
 Return**

0

Version 2009.1

Utility Name: Kingston Hydro Corporation
Reporting period: 2001

TAX RESERVES

Beginning of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

FINANCIAL STATEMENT RESERVES

Beginning of Year:				
				0
				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

Recap of Material Deductions:				
		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	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	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Deductions exceed materiality level		0	0	0
Other deductions less than materiality level		0	0	0
Total Deductions		0	0	0

-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-	15,865		15,865
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
=	15,865	0	15,865

PILs TAXES - EB-2011-0178

Corporate Tax Rates

Version 2009.1

Exemptions, Deductions, or Thresholds

Utility Name: Kingston Hydro Corporation

Reporting period: 2001

Table 1

Rates Used in 2002 RAM PILs Applications for 2001 Q4

Income Range RAM 2002	Year	0 to 50,000		50,000 to 175,000	>175,000
Income Tax Rate					
<i>Proxy Tax Year</i>	2002				
<i>Federal (Includes surtax)</i>		13.12%		28.12%	28.12%
<i>and Ontario blended</i>		6.00%		6.00%	12.50%
<i>Blended rate</i>		19.12%		34.12%	40.62%
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 2001
RAM PILs filing**

Table 2

Expected Income Tax Rates for 2001 and Capital Tax Exemptions for 2001

Income Range Expected Rates	Year	0 to 50,000		50,000 to 175,000	>175,000
Income Tax Rate					
<i>Current year</i>	2001				
<i>Federal (Includes surtax)</i>	2001	13.12%		28.12%	28.12%
<i>Ontario</i>	2001	6.00%		6.00%	12.50%
<i>Blended rate</i>	2001	19.12%		34.12%	40.62%
Capital Tax Rate	2001	0.300%			
LCT rate	2001	0.225%			
Surtax	2001	1.12%			
Ontario Capital Tax Exemption *** 2001	MAX \$5MM	5,000,000			
Federal Large Corporations Tax Exemption *** 2001	MAX \$10MM	10,000,000			

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

Table 3

Input Information from Utility's Actual 2001 Tax Returns

Income Range	Year	0 to 50,000		50,000 to 175,000	>175,000
Income Tax Rate					
<i>Current year</i>	2001				
<i>Federal (Includes surtax)</i>		13.12%		22.12%	28.12%
<i>Ontario</i>		6.00%		9.75%	12.50%
<i>Blended rate</i>		19.12%		31.87%	40.62%
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	0			

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

PILs TAXES - EB-2011-0178

Analysis of PILs Tax Account 1562:

Utility Name: Kingston Hydro Corporation

Reporting period: 2001

Version 2009.1

0

Sign Convention: + for increase; - for decrease

Year start:	01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	Total
Year end:	31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	
Opening balance:	= 0	354,796	464,478	361,846	133,647	-73,216	0
Board-approved PILs tax proxy from Decisions (1)	+/- 354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
PILs proxy from April 1, 2005 - input 9/12 of amount					751,148		751,148
True-up Variance	+/-						
Adjustment Q4, 2001 (2)							0
True-up Variance	+/-						
Adjustment (3)			-68,024	-146,942	-66,352		-281,319
Deferral Account Variance							
Adjustment Q4, 2001 (4)							0
Deferral Account Variance	+/-						
Adjustment (5)				-50,047	-84,311		-134,358
Adjustments to reported prior years' variances (6)	+/-						0
Carrying charges (7)	+/-						0
PILs billed to (collected from) customers (8)	- 0	-967,519	-1,466,605	-1,197,109	-1,076,649	-474,527	-5,182,408
Ending balance: # 1562	354,796	464,478	361,846	133,647	-73,216	-213,899	-213,899

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 be 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 trueed up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.
- (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 trueed 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, 2001 and 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, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001 and 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.

PILs TAXES - EB-2011-0178

Version 2009.1

REGULATORY INFORMATION (REGINFO)

Utility Name: Kingston Hydro Corporation

Reporting period: 2002

Colour Code

Input Cell

Formula in Cell

Days in reporting period:

365

days

Total days in the calendar year:

365

days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N

Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N

N

Is the utility a non-profit corporation?

Y/N

(If it is a non-profit corporation, please contact the Rates Manager at the OEB)

Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

OCT

Y/N

Y

LCT

Y/N

Y

Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.

OCT

100%

LCT

100%

Accounting Year End

Date

12-31-2002

**MARR NO TAX CALCULATIONS
 SHEET #7 FINAL RUD MODEL DATA
 (FROM 1999 FINANCIAL STATEMENTS)
 USE BOARD-APPROVED AMOUNTS**

**Regulatory
 Income**

Rate Base (wires-only)

24,210,042

Common Equity Ratio (CER)

50.00%

1-CER

50.00%

Target Return On Equity

9.88%

Debt rate

7.25%

Market Adjusted Revenue Requirement

2,073,590

1999 return from RUD Sheet #7

1,547,868

1,547,868

Total Incremental revenue

525,722

Input: Board-approved dollar amounts phased-in

Amount allowed in 2001

175,241

175,241

Amount allowed in 2002

175,241

175,241

Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board)

0

Amount allowed in 2005 - Third tranche of MARR re: CDM

0

Other Board-approved changes to MARR or incremental revenue

0

0

Total Regulatory Income

1,898,349

Equity

12,105,021

Return at target ROE

1,195,976

Debt

12,105,021

Deemed interest amount in 100% of MARR

877,614

Phase-in of interest - Year 1 (2001)

729,278

((D43+D47)/D41)*D61

Phase-in of interest - Year 2 (2002)

803,446

((D43+D47+D48)/D41)*D61

Phase-in of interest - Year 3 (2003) and forward

803,446

((D43+D47+D48)/D41)*D61 (due to Bill 210)

Phase-in of interest - 2005

877,614

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1 Column Brought From TAXREC \$
Utility Name: Kingston Hydro Corporation Reporting period: 2002		0				
Days in reporting period:		365	days			
Total days in the calendar year:		365	days			
			\$	\$		
II) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53		1	1,898,349	358,222		2,256,571
BOOK TO TAX ADJUSTMENTS						
Additions:						
Depreciation & Amortization		2	1,519,994	-112,742		1,407,252
Employee Benefit Plans - Accrued, Not Paid		3	0	0		0
Tax reserves - beginning of year		4	0	0		0
Reserves from financial statements - end of year		4	0	0		0
Regulatory Adjustments - increase in income		5	0	0		0
Other Additions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		6	0	0		0
Other Additions (not "Material") "TAXREC"		6	0	0		0
"Material" Items from "TAXREC 2" worksheet		6	0	0		0
Other Additions (not "Material") "TAXREC 2"		6	0	0		0
Items on which true-up does not apply "TAXREC 3"				993,608		993,608
Deductions: Input positive numbers						
Capital Cost Allowance and CEC		7	1,000,872	595,049		1,595,921
Employee Benefit Plans - Paid Amounts		8	0	0		0
Items Capitalized for Regulatory Purposes		9	0	0		0
Regulatory Adjustments - deduction for tax purposes in Item 5		10	0	0		0
Interest Expense Deemed/ Incurred		11	803,446	187,542		990,988
Tax reserves - end of year		4	0	0		0
Reserves from financial statements - beginning of year		4	0	0		0
Contributions to deferred income plans		3	0	0		0
Contributions to pension plans		3	0	0		0
Interest capitalized for accounting but deducted for tax		11	0	0		0
Other Deductions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		12	0	0		0
Other Deductions (not "Material") "TAXREC"		12	0	0		0
Material Items from "TAXREC 2" worksheet		12	0	0		0
Other Deductions (not "Material") "TAXREC 2"		12	0	0		0
Items on which true-up does not apply "TAXREC 3"				1,992,522		1,992,522
TAXABLE INCOME/ (LOSS)			1,614,025	-1,536,025	Before loss C/F	78,000
BLENDED INCOME TAX RATE						
Tab Tax Rates - Regulatory from Table 1; Actual from Table 3		13	38.62%	0.0000%		38.62%
REGULATORY INCOME TAX			623,337	-623,337	Actual	0
Miscellaneous Tax Credits						
		14	0	0	Actual	0
Total Regulatory Income Tax			623,337	-623,337	Actual	0
III) CAPITAL TAXES						
Ontario						
Base		15	24,210,042	5,618,228		29,828,270
Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3		16	5,000,000	0		5,000,000
Taxable Capital			19,210,042	5,618,228		24,828,270
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3						
		17	0.3000%	0.0000%		0.3000%
Ontario Capital Tax			57,630	16,855	Overpaid	74,485
Federal Large Corporations Tax						
Base		18	24,210,042	5,122,982		29,333,024
Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3		19	10,000,000	0		10,000,000
Taxable Capital			14,210,042	5,122,982		19,333,024
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3						
		20	0.2250%	0.0000%		0.2250%
Gross Amount of LCT before surtax offset (Taxable Capital x Rate)			31,973	11,527		43,499
Less: Federal Surtax 1.12% x Taxable Income		21	18,077	-18,077		0
Net LCT			13,896	29,604		43,499

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2002		0				Column Brought From TAXREC \$
Days in reporting period:		365	days			
Total days in the calendar year:		365	days			
			\$	\$		
III) INCLUSION IN RATES						
Income Tax Rate used for gross- up (exclude surtax)			37.50%			
Income Tax (proxy tax is grossed-up)		22	997,338		Actual 2002	0
LCT (proxy tax is grossed-up)		23	22,233		Actual 2002	43,499
Ontario Capital Tax (no gross-up since it is deductible)		24	57,630		Actual 2002	74,485
Total PILs for Rate Adjustment -- MUST AGREE WITH 2002 RAM DECISION		25	1,077,201		Actual 2002	117,984
IV) FUTURE TRUE-UPS						
IV a) Calculation of the True-up Variance				DR/(CR)		
In Additions:						
Employee Benefit Plans - Accrued, Not Paid		3		0		
Tax reserves deducted in prior year		4		0		
Reserves from financial statements-end of year		4		0		
Regulatory Adjustments		5		0		
Other additions "Material" Items TAXREC		6		0		
Other additions "Material" Items TAXREC 2		6		0		
In Deductions - positive numbers						
Employee Benefit Plans - Paid Amounts		8		0		
Items Capitalized for Regulatory Purposes		9		0		
Regulatory Adjustments		10		0		
Interest Adjustment for tax purposes (See Below - cell E206)		11		113,374		
Tax reserves claimed in current year		4		0		
Reserves from F/S beginning of year		4		0		
Contributions to deferred income plans		3		0		
Contributions to pension plans		3		0		
Other deductions "Material" Items TAXREC		12		0		
Other deductions "Material" Item TAXREC 2		12		0		
Total TRUE-UPS before tax effect		26		= -113,374		
Income Tax Rate (excluding surtax) from 2002 Utility's tax return				x 37.50%		
Income Tax Effect on True-up adjustments				= -42,515		
Less: Miscellaneous Tax Credits		14		0		
Total Income Tax on True-ups				-42,515		
Income Tax Rate used for gross-up (exclude surtax)				37.50%		
TRUE-UP VARIANCE ADJUSTMENT				-68,024		
IV b) Calculation of the Deferral Account Variance caused by changes in legislation						
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)				= 1,614,025		
REVISED CORPORATE INCOME TAX RATE				x 38.62%		
REVISED REGULATORY INCOME TAX				= 623,337		
Less: Revised Miscellaneous Tax Credits				- 0		
Total Revised Regulatory Income Tax				= 623,337		
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)				- 623,337		
Regulatory Income Tax Variance				= 1		

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1	
Utility Name: Kingston Hydro Corporation Reporting period: 2002		0						
Days in reporting period:		365	days					
Total days in the calendar year:		365	days					
			\$		\$		Column Brought From TAXREC \$	
Ontario Capital Tax								
Base				=	24,210,042			
Less: Exemption from tab Tax Rates, Table 2, cell C39				-	5,000,000			
Revised deemed taxable capital				=	19,210,042			
Rate - Tab Tax Rates cell C54				x	0.3000%			
Revised Ontario Capital Tax				=	57,630			
Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				-	57,630			
Regulatory Ontario Capital Tax Variance				=	0			
Federal LCT								
Base				=	24,210,042			
Less: Exemption from tab Tax Rates, Table 2, cell C40				-	10,000,000			
Revised Federal LCT				=	14,210,042			
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.2250%			
Gross Amount					31,973			
Less: Federal surtax				-	18,077			
Revised Net LCT				=	13,896			
Less: Federal LCT reported in the initial estimate column (Cell C82)				-	13,896			
Regulatory Federal LCT Variance				=	0			
Actual Income Tax Rate used for gross-up (exclude surtax)					37.50%			
Income Tax (grossed-up)				+	1			
LCT (grossed-up)				+	0			
Ontario Capital Tax				+	0			
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	1			
TRUE-UP VARIANCE (from cell I130)				+	-68,024			
Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)				=	-68,023			
V) INTEREST PORTION OF TRUE-UP								
Variance Caused By Phase-in of Deemed Debt								
Total deemed interest (REGINFO)					877,614			
Interest phased-in (Cell C37)					803,446			
Variance due to phase-in of debt component of MARR in rates according to the Board's decision					74,168			
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)								
Interest deducted on MoF filing (Cell G37+G42)					990,988			
Total deemed interest (REGINFO CELL D62)					877,614			
Variance caused by excess debt					113,374			
Interest Adjustment for Tax Purposes (carry forward to Cell E112)					113,374			
Total Interest Variance					-39,206			

[illegible]

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
 (for "wires-only" business - see s. 72 OEB Act)

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			

Version 2009.1				
		0	0	0
Total Other additions >materiality level		0	0	0
Other additions (less than materiality level)		0	0	0
Total Other Additions		0	0	0

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
 (for "wires-only" business - see s. 72 OEB Act)

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			
Version 2009.1			
BOOK TO TAX DEDUCTIONS:			
Capital cost allowance	-	1,595,053	1,595,053
Cumulative eligible capital deduction	-	868	868
Employee benefit plans-paid amounts	-		0
Items capitalized for regulatory purposes	-		0
Regulatory adjustments :	-		0
CCA	-		0
other deductions	-		0
Tax reserves - end of year	-	0	0
Reserves from financial statements- beginning of year	-	0	0
Contributions to deferred income plans	-		0
Contributions to pension plans	-		0
Items on which true-up does not apply "TAXREC 3"	-	1,992,522	1,992,522
Interest capitalized for accounting deducted for tax	-		0
Material deduction items from TAXREC 2	-	0	0
Other deduction items (not Material) from TAXREC 2	-	0	0
Subtotal	=	3,588,443	3,588,443
<i>Other deductions (Please explain the nature of the deductions)</i>			
Charitable donations - tax basis	-		0
Gain on disposal of assets	-		0
	-		0
	-		0
	-		0
Total Other Deductions	=	0	0
Total Deductions	=	3,588,443	3,588,443
Recap Material Deductions:			
		0	0
		0	0
		0	0
		0	0
		0	0
<i>Total Other Deductions exceed materiality level</i>		0	0
<i>Other Deductions less than materiality level</i>		0	0
<i>Total Other Deductions</i>		0	0
TAXABLE INCOME	=	0	0
DEDUCT:			
Non-capital loss applied	-		0
Net capital loss applied	-		0
	-		0
NET TAXABLE INCOME	=	0	0
FROM ACTUAL TAX RETURNS			
Net Federal Income Tax (Must agree with tax return)	+		0
Net Ontario Income Tax (Must agree with tax return)	+		0
Subtotal	=	0	0
Less: Miscellaneous tax credits (Must agree with tax returns)	-	0	0
Total Income Tax	=	0	0
FROM ACTUAL TAX RETURNS			
Net Federal Income Tax Rate (Must agree with tax return)		26.12%	26.12%
Net Ontario Income Tax Rate (Must agree with tax return)		12.50%	12.50%
Blended Income Tax Rate		38.62%	38.62%

Section F: Income and Capital Taxes			
RECAP			
Total Income Taxes	+	0	0
Ontario Capital Tax	+	74,485	74,485
Federal Large Corporations Tax	+	43,499	43,499
Total income and capital taxes	=	117,984	117,984

PILs TAXES - EB-2011-0178
Tax and Accounting Reserves
 For MoF Column of TAXCALC
 (for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
 Corporate
 Tax
 Return

Non-wires
 Eliminations

**Wires-only
 Tax
 Return**

0

Version 2009.1

Utility Name: Kingston Hydro Corporation
 Reporting period: 2002

TAX RESERVES

Beginning of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0
End of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

FINANCIAL STATEMENT RESERVES

Beginning of Year:				
				0
				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0
End of Year:				
				0
				0
Environmental				0
Other Liabilities (2405) - Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

Utility Name: Kingston Hydro Corporation
Reporting period: 2002
Number of days in taxation year:
Materiality Level:

365
30,263

Section C: Reconciliation of accounting income to taxable income
Add:

- Gain on sale of eligible capital property
- Loss on disposal of assets
- Charitable donations (**Only if it benefits ratepayers**)
- Taxable capital gains

- Scientific research expenditures deducted
 per financial statements
- Capitalized interest
- Soft costs on construction and renovation of buildings
- Capital items expensed
- Debt issue expense
- Financing fees deducted in books
- Gain on settlement of debt
- Interest paid on income debentures
- Recapture of SR&ED expenditures
- Share issue expense
- Write down of capital property
- Amounts received in respect of qualifying environment trust
- Provision for bad debts

- Other Additions: (please explain in detail the nature of the item)*

- Total Additions

[illegible]

Recap of Material Additions:

Group of Material Additions:			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	0	0
			0	0	0
			0	0	0
			0	0	0
			0	0	0
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			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	0	0
			0	0	0
			0	0	0
			0	0	0
Total Material additions			0	0	0
Other additions less than materiality level			0	0	0
Total Additions			0	0	0

PILs TAXES - EB-2011-0178

TAX RETURN RECONCILIATION (TAXREC 3)

**Shareholder-only Items should be shown on TAXREC 3
 ITEMS ON WHICH TRUE-UP DOES NOT APPLY**
 (for "wires-only" business - see s. 72 OEB Act)

Utility Name: Kingston Hydro Corporation

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			Version 2009.1

Reporting period: 2002

Number of days in taxation year:

365

Section C: Reconciliation of accounting income to taxable income

Add:

Recapture of capital cost allowance	+			0
CCA adjustments	+			0
CEC adjustments	+			0
Gain on sale of non-utility eligible capital property	+			0
Gain on sale of utility eligible capital property	+			0
Loss from joint ventures or partnerships	+			0
Deemed dividend income	+			0
Loss in equity of subsidiaries and affiliates	+			0
Loss on disposal of utility assets	+			0
Loss on disposal of non-utility assets	+			0
Depreciation in inventory -end of year	+			0
Depreciation and amortization adjustments	+			0
Dividends credited to investment account	+			0
Non-deductible meals	+			0
Non-deductible club dues	+			0
Non-deductible automobile costs	+			0
Donations - amount per books				0
Interest and penalties on unpaid taxes				0
Management bonuses unpaid after 180 days of year end				0
Imputed interest expense on Regulatory Assets				0
	+			0
Ontario capital tax adjustments	+	78,000		78,000
Changes in Regulatory Asset balances	+			0
	+			0
<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0
Partnership income per T5013 (net of 2001 loss)	+			0
Employee future benefits	+	850,783		850,783
RSVA Reserve (1580)		64,825		
Reserves for Transition Costs				
Reserves for rebate payment				
	+			
Total Additions on which true-up does not apply	=	993,608	0	928,783

Deduct:

CCA adjustments	-			0
CEC adjustments	-			0
Depreciation and amortization adjustments	-			0
Gain on disposal of assets per financial statements	-			0
Financing fee amortization - considered to be interest expense for PILs	-	16,633		16,633
Imputed interest income on Regulatory Assets	-			0
Donations - amount deductible for tax purposes	-			0
Employee future benefits	-	817,974		817,974
RSVA	-	178,255		178,255
Transition Costs	-	60,655		60,655
	-			0
	-			0
	-			0
Ontario capital tax adjustments to current or prior year	-	78,000		78,000
	-			0
Changes in Regulatory Asset balances	-			0
	-			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0
CCA taken on reg assets	-	841,005		841,005
Income not earned on movement of Regulatory A/Cs	-			0
Deferred cost deductible (market ready)	-			0
	-			0
Total Deductions on which true-up does not apply	=	1,992,522	0	1,992,522

PILs TAXES - EB-2011-0178
 Corporate Tax Rates
 Exemptions, Deductions, or Thresholds
 Utility Name: Kingston Hydro Corporation
 Reporting period: 2002

Version 2009.1

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	>700,000
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 2002 and Capital Tax Exemptions for 2002

Income Range Expected Rates	Year	0 to 200,000		200,001 to 700,000	>700,000
Income Tax Rate					
Current year	2002				
Federal (Includes surtax)	2002	13.12%		26.12%	26.12%
Ontario	2002	6.00%		6.00%	12.50%
Blended rate	2002	19.12%		32.12%	38.62%
Capital Tax Rate	2002	0.300%			
LCT rate	2002	0.225%			
Surtax	2002	1.12%			
Ontario Capital Tax Exemption *** 2002	MAX \$5MM	5,000,000			
Federal Large Corporations Tax Exemption *** 2002	MAX \$10MM	10,000,000			

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

Table 3

Input Information from Utility's Actual 2002 Tax Returns

Income Range	Year	0 to 200,000		200,001 to 700,000	>700,000
Income Tax Rate					
Current year	2002				
Federal (Includes surtax)		13.12%		22.12%	26.12%
Ontario		6.00%		9.75%	12.50%
Blended rate		19.12%		31.87%	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			

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

PILs TAXES - EB-2011-0178
 Analysis of PILs Tax Account 1562:
 Utility Name: Kingston Hydro Corporation
 Reporting period: 2002

Sign Convention: + for increase; - for decrease

Version 2009.1
 0

Year start:	01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	Total
Year end:	31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	
Opening balance:	= 0	354,796	464,478	361,846	133,647	-73,216	0
Board-approved PILs tax proxy from Decisions (1)	+/- 354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
PILs proxy from April 1, 2005 - input 9/12 of amount					751,148		751,148
True-up Variance	+/-						
Adjustment Q4, 2001 (2)							0
True-up Variance	+/-						
Adjustment (3)			-68,024	-146,942	-66,352		-281,319
Deferral Account Variance							
Adjustment Q4, 2001 (4)							0
Deferral Account Variance	+/-						
Adjustment (5)				-50,047	-84,311		-134,358
Adjustments to reported prior years' variances (6)	+/-						0
Carrying charges (7)	+/-						0
PILs billed to (collected from) customers (8)	- 0	-967,519	-1,466,605	-1,197,109	-1,076,649	-474,527	-5,182,408
Ending balance: # 1562	354,796	464,478	361,846	133,647	-73,216	-213,899	-213,899

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: 3**

- (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 be 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 trueed up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.
- (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 trueed 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, 2001 and 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, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001 and 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.

PILs TAXES - EB-2011-0178
REGULATORY INFORMATION (REGINFO)
Utility Name: Kingston Hydro Corporation
January 1, 2003 - December 31, 2003

Version 2009.1

Colour Code
Input Cell
Formula in Cell

Days in reporting period: 365 days
Total days in the calendar year: 365 days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N N

Is the utility a non-profit corporation?

Y/N N

(If it is a non-profit corporation, please contact the Rates Manager at the OEB)

Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

OCT Y/N Y
 LCT Y/N Y

Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.

OCT 100%
 LCT 100%

Accounting Year End

Date 12-31-2003

MARR NO TAX CALCULATIONS
SHEET #7 FINAL RUD MODEL DATA
(FROM 1999 FINANCIAL STATEMENTS)
USE BOARD-APPROVED AMOUNTS

**Regulatory
Income**

Rate Base (wires-only)	24,210,042	
Common Equity Ratio (CER)	50.00%	
1-CER	50.00%	
Target Return On Equity	9.88%	
Debt rate	7.25%	
Market Adjusted Revenue Requirement	2,073,590	
1999 return from RUD Sheet #7	1,547,868	1,547,868
Total Incremental revenue	525,722	
Input: Board-approved dollar amounts phased-in		
Amount allowed in 2001	175,241	175,241
Amount allowed in 2002	175,241	175,241
Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board)		0
Amount allowed in 2005 - Third tranche of MARR re: CDM		0
Other Board-approved changes to MARR or incremental revenue		0
Total Regulatory Income		1,898,349
Equity	12,105,021	
Return at target ROE	1,195,976	
Debt	12,105,021	
Deemed interest amount in 100% of MARR	877,614	
Phase-in of interest - Year 1 (2001) ((D43+D47)/D41)*D61	729,278	
Phase-in of interest - Year 2 (2002) ((D43+D47+D48)/D41)*D61	803,446	
Phase-in of interest - Year 3 (2003) and forward ((D43+D47+D48)/D41)*D61 (due to Bill 210)	803,446	
Phase-in of interest - 2005	877,614	

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1
Utility Name: Kingston Hydro Corporation January 1, 2003 - December 31, 2003		0				
Days in reporting period: Total days in the calendar year:		365 365	days days			Column Brought From TAXREC \$
			\$	\$		
II CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53		1	1,898,349	464,291		2,362,640
BOOK TO TAX ADJUSTMENTS						
Additions:						
Depreciation & Amortization		2	1,519,994	-47,852		1,472,142
Employee Benefit Plans - Accrued, Not Paid		3		0		0
Tax reserves - beginning of year		4		0		0
Reserves from financial statements - end of year		4		0		0
Regulatory Adjustments - increase in income		5		0		0
Other Additions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		6		0		0
Other Additions (not "Material") "TAXREC"		6		0		0
"Material" Items from "TAXREC 2" worksheet		6		0		0
Other Additions (not "Material") "TAXREC 2"		6		0		0
Items on which true-up does not apply "TAXREC 3"				1,110,892		1,110,892
Deductions: Input positive numbers						
Capital Cost Allowance and CEC		7	1,000,872	435,187		1,436,059
Employee Benefit Plans - Paid Amounts		8		0		0
Items Capitalized for Regulatory Purposes		9	0	0		0
Regulatory Adjustments - deduction for tax purposes in Item 5		10		0		0
Interest Expense Deemed/ Incurred		11	803,446	341,148		1,144,594
Tax reserves - end of year		4		0		0
Reserves from financial statements - beginning of year		4		0		0
Contributions to deferred income plans		3		0		0
Contributions to pension plans		3		0		0
Interest capitalized for accounting but deducted for tax		11		0		0
Other Deductions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		12		0		0
Other Deductions (not "Material") "TAXREC"		12		0		0
Material Items from "TAXREC 2" worksheet		12		0		0
Other Deductions (not "Material") "TAXREC 2"		12		0		0
Items on which true-up does not apply "TAXREC 3"				1,263,226		1,263,226
TAXABLE INCOME/ (LOSS)			1,614,025	-512,230	Before loss C/F	1,101,795
BLENDED INCOME TAX RATE						
Tab Tax Rates - Regulatory from Table 1; Actual from Table 3		13	38.62%	-2.0001%		36.62%
REGULATORY INCOME TAX			623,337	-291,926	Actual	331,411
Miscellaneous Tax Credits		14		0	Actual	0
Total Regulatory Income Tax			623,337	-291,926	Actual	331,411
III CAPITAL TAXES						
Ontario						
Base		15	24,210,042	6,770,781		30,980,823
Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3		16	5,000,000	0		5,000,000
Taxable Capital			19,210,042	6,770,781		25,980,823
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3		17	0.3000%	0.0000%		0.3000%
Ontario Capital Tax			57,630	20,312		77,942
Federal Large Corporations Tax						
Base		18	24,210,042	7,386,826		31,596,868
Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3		19	10,000,000	0		10,000,000
Taxable Capital			14,210,042	7,386,826		21,596,868
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3		20	0.2250%	0.0000%		0.2250%
Gross Amount of LCT before surtax offset (Taxable Capital x Rate)			31,973	16,620		48,593
Less: Federal Surtax 1.12% x Taxable Income		21	18,077	-5,737		12,340
Net LCT			13,896	22,357		36,253
III INCLUSION IN RATES						
Income Tax Rate used for gross-up (exclude surtax)			37.50%			
Income Tax (proxy tax is grossed-up)		22	997,338		Actual 2003	331,411
LCT (proxy tax is grossed-up)		23	22,233		Actual 2003	36,800
Ontario Capital Tax (no gross-up since it is deductible)		24	57,630		Actual 2003	77,942
Total PILs for Rate Adjustment -- MUST AGREE WITH 2002 RAM DECISION		25	1,077,201		Actual 2003	446,153
IV) FUTURE TRUE-UPS						
IV a) Calculation of the True-up Variance				DR/(CR)		
In Additions:						
Employee Benefit Plans - Accrued, Not Paid		3		0		
Tax reserves deducted in prior year		4		0		
Reserves from financial statements-end of year		4		0		
Regulatory Adjustments		5		0		
Other additions "Material" Items TAXREC		6		0		
Other additions "Material" Items TAXREC 2		6		0		
In Deductions - positive numbers						
Employee Benefit Plans - Paid Amounts		8		0		
Items Capitalized for Regulatory Purposes		9		0		
Regulatory Adjustments		10		0		
Interest Adjustment for tax purposes (See Below - cell E206)		11		266,980		
Tax reserves claimed in current year		4		0		
Reserves from F/S beginning of year		4		0		
Contributions to deferred income plans		3		0		
Contributions to pension plans		3		0		
Other deductions "Material" Items TAXREC		12		0		
Other deductions "Material" Item TAXREC 2		12		0		
Total TRUE-UPS before tax effect		26		-266,980		
Income Tax Rate (excluding surtax) from 2003 Utility's tax return				x	35.50%	
Income Tax Effect on True-up adjustments				=	-94,778	

PIL's TAXES - EB-2011-0178 PIL's DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) (*Wires-only* business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1
Utility Name: Kingston Hydro Corporation January 1, 2003 - December 31, 2003		0				Column Brought From TAXREC \$
Days in reporting period: Total days in the calendar year:			365 365 days days			
			\$	\$		
Less: Miscellaneous Tax Credits		14			0	
Total Income Tax on True-ups					-94,778	
Income Tax Rate used for gross-up (exclude surtax)					35.50%	
TRUE-UP VARIANCE ADJUSTMENT					-146,942	
IV b) Calculation of the Deferral Account Variance caused by changes in legislation						
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)				=	1,614,025	
REVISED CORPORATE INCOME TAX RATE				x	36.62%	
REVISED REGULATORY INCOME TAX				=	591,056	
Less: Revised Miscellaneous Tax Credits				-	0	
Total Revised Regulatory Income Tax				=	591,056	
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)				-	623,337	
Regulatory Income Tax Variance				=	-32,281	
Ontario Capital Tax						
Base				=	24,210,042	
Less: Exemption from tab Tax Rates, Table 2, cell C39				-	5,000,000	
Revised deemed taxable capital				=	19,210,042	
Rate - Tab Tax Rates cell C54				x	0.3000%	
Revised Ontario Capital Tax				=	57,630	
Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				-	57,630	
Regulatory Ontario Capital Tax Variance				=	0	
Federal LCT						
Base				=	24,210,042	
Less: Exemption from tab Tax Rates, Table 2, cell C40				-	10,000,000	
Revised Federal LCT				=	14,210,042	
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				=	0.2250%	
Gross Amount				=	31,973	
Less: Federal surtax				-	18,077	
Revised Net LCT				=	13,896	
Less: Federal LCT reported in the initial estimate column (Cell C82)				-	13,896	
Regulatory Federal LCT Variance				=	0	
Actual Income Tax Rate used for gross-up (exclude surtax)				=	35.50%	
Income Tax (grossed-up)				+	-50,047	
LCT (grossed-up)				+	0	
Ontario Capital Tax				+	0	
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	-50,047	
TRUE-UP VARIANCE (from cell I132)				+	-146,942	
Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)				=	-196,990	
VI INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt						
Total deemed interest (REGINFO)					877,614	
Interest phased-in (Cell C37)					803,446	
Variance due to phase-in of debt component of MARR in rates according to the Board's decision					74,168	
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)						
Interest deducted on MoF filing (Cell G37+G42)					1,144,594	
Total deemed interest (REGINFO CELL D62)					877,614	
Variance caused by excess debt					266,980	
Interest Adjustment for Tax Purposes (carry forward to Cell E112)					266,980	
Total Interest Variance					-192,812	

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
 (for "wires-only" business - see s. 72 OEB Act)

LINE M of F Non-wires Wires-only
 Corporate Tax Eliminations Tax
 Return Return
 0
 Version 2009.1

Section A: Identification:

Utility Name: Kingston Hydro Corporation
 January 1, 2003 - December 31, 2003
 Taxation Year's start date:
 Taxation Year's end date:
 Number of days in taxation year:

365 days

Please enter the Materiality Level :

30,263 < - enter materiality level

(0.25% x Rate Base x CER)

Y/N

Y

(0.25% x Net Assets)

Y/N

Or other measure (please provide the basis of the amount)

Y/N

Does the utility carry on non-wires related operation?

Y/N

(Please complete the questionnaire in the Background questionnaire worksheet.)

Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K

Section B: Financial statements data:

Input unconsolidated financial statement data submitted with Tax returns.

The actual categories of the income statements should be used.

If required please change the descriptions except for amortization, interest expense and provision for income tax

Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.

Income:

Energy Sales	+			0
Distribution Revenue	+	55,503,772		55,503,772
Other Income	+			0
Miscellaneous income	+	957,205		957,205
	+			0

Revenue should be entered above this line

Costs and Expenses:

Cost of energy purchased	-	47,227,516		47,227,516
Administration	-	1,954,996		1,954,996
Customer billing and collecting	-	1,271,670		1,271,670
Operations and maintenance	-	2,172,013		2,172,013
Amortization	-	1,472,142		1,472,142
Ontario Capital Tax	-			0
Reg Asset movement	-			0
	-			0
	-			0
	-			0

Net Income Before Interest & Income Taxes EBIT

Less: Interest expense for accounting purposes	=	2,362,640	0	2,362,640
Provision for payments in lieu of income taxes	-	1,144,594		1,144,594
	-	442,870		442,870
Net Income (loss)	=	775,176	0	775,176

(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.)

Section C: Reconciliation of accounting income to taxable income From T2 Schedule 1

BOOK TO TAX ADDITIONS:

Provision for income tax	+	394,025	0	394,025
Federal large corporation tax	+			0
Depreciation & Amortization	+	1,472,142	0	1,472,142
Employee benefit plans-accrued, not paid	+		0	0
Tax reserves - beginning of year	+	0	0	0
Reserves from financial statements- end of year	+		0	0
Regulatory adjustments on which true-up may apply (see A66)	+			0
Items on which true-up does not apply "TAXREC 3"		1,110,892	0	1,110,892
Material addition items from TAXREC 2	+	0	0	0
Other addition items (not Material) from TAXREC 2	+	0	0	0
Subtotal		2,977,059	0	2,977,059

Other Additions: (Please explain the nature of the additions)

Recapture of CCA	+			0
Non-deductible meals and entertainment expense	+			0
Capital items expensed	+			0
	+	0		0
	+			0
	+			0
	+			0
Total Other Additions	=	0	0	0

Total Additions

= 2,977,059 0 2,977,059

Recap Material Additions:

		0	0	0
--	--	---	---	---

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
 (for "wires-only" business - see s. 72 OEB Act)

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			
Version 2009.1			
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Total Other additions >materiality level	0	0	0
Other additions (less than materiality level)	0	0	0
Total Other Additions	0	0	0

BOOK TO TAX DEDUCTIONS:

Capital cost allowance	-	1,435,252	1,435,252
Cumulative eligible capital deduction	-	807	807
Employee benefit plans-paid amounts	-		0
Items capitalized for regulatory purposes	-		0
Regulatory adjustments :	-		0
CCA	-		0
other deductions	-		0
Tax reserves - end of year	-	0	0
Reserves from financial statements- beginning of year	-	0	0
Contributions to deferred income plans	-		0
Contributions to pension plans	-		0
Items on which true-up does not apply "TAXREC 3"		1,263,226	1,263,226
Interest capitalized for accounting deducted for tax	-		0
Material deduction items from TAXREC 2	-	0	0
Other deduction items (not Material) from TAXREC 2	-	0	0
Subtotal	=	2,699,285	2,699,285
Other deductions (Please explain the nature of the deductions)			
Charitable donations - tax basis	-		0
Gain on disposal of assets	-		0
	-		0
	-		0
	-		0
Total Other Deductions	=	0	0
Total Deductions	=	2,699,285	2,699,285

Recap Material Deductions:			
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Total Other Deductions exceed materiality level	0	0	0
Other Deductions less than materiality level	0	0	0
Total Other Deductions	0	0	0

TAXABLE INCOME	=	1,052,950	1,052,950
DEDUCT:			
Non-capital loss applied	-	0	0
Net capital loss applied	-		0
	-		0
NET TAXABLE INCOME	=	1,052,950	1,052,950

FROM ACTUAL TAX RETURNS

Net Federal Income Tax (Must agree with tax return)	+	253,971	253,971
Net Ontario Income Tax (Must agree with tax return)	+	77,440	77,440
Subtotal	=	331,411	331,411
Less: Miscellaneous tax credits (Must agree with tax returns)	-		0
Total Income Tax	=	331,411	331,411

FROM ACTUAL TAX RETURNS

Net Federal Income Tax Rate (Must agree with tax return)	24.12%	24.12%
Net Ontario Income Tax Rate (Must agree with tax return)	12.50%	12.50%
Blended Income Tax Rate	36.62%	36.62%

Section F: Income and Capital Taxes

RECAP

Total Income Taxes	+	331,411	331,411
Ontario Capital Tax	+	77,942	77,942
Federal Large Corporations Tax	+	36,800	36,800
Total income and capital taxes	=	446,153	446,153

PILs TAXES - EB-2011-0178
Tax and Accounting Reserves
 For MoF Column of TAXCALC
 (for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
 Corporate
 Tax
 Return

Non-wires
 Eliminations

**Wires-only
 Tax
 Return**

0

Version 2009.1

Utility Name: Kingston Hydro Corporation
January 1, 2003 - December 31, 2003

TAX RESERVES

Beginning of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

FINANCIAL STATEMENT RESERVES

Beginning of Year:				
				0
				0
Environmental				0
Other Liabilities (2405) - Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
				0
Environmental				0
Other Liabilities (2405) - Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC 2)
 (for "wires-only" business - see s. 72 OEB Act)

RATEPAYERS ONLY

Shareholder-only Items should be shown on TAXREC 3

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
			Version 2009.1

Utility Name: Kingston Hydro Corporation

January 1, 2003 - December 31, 2003

Number of days in taxation year:

Materiality Level:

365
30,263

		0	0	0
		0	0	0
Total Material additions		0	0	0
Other additions less than materiality level		0	0	0
Total Additions		0	0	0

Deduct:

Gain on disposal of assets per f/s

Dividends not taxable under section 83

Terminal loss from Schedule 8

Depreciation in inventory, end of prior year

Scientific research expenses claimed in year from Form T661

Bad debts

Book income of joint venture or partnership

Equity in income from subsidiary or affiliates

Contributions to a qualifying environment trust

Other income from financial statements

Other deductions: (Please explain in detail the nature of the item)

Non-taxable load transfers

-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
=	0	0	0

Total Deductions

Recap of Material Deductions:

Supplemental Materiality Deductions				
		0	0	0
		0	0	0
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PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC 3)
Shareholder-only Items should be shown on TAXREC 3
ITEMS ON WHICH TRUE-UP DOES NOT APPLY
 (for "wires-only" business - see s. 72 OEB Act)

Utility Name: Kingston Hydro Corporation

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			Version 2009.1

January 1, 2003 - December 31, 2003

Number of days in taxation year:

365

Section C: Reconciliation of accounting income to taxable income
Add:

Recapture of capital cost allowance	+			0
CCA adjustments	+			0
CEC adjustments	+			0
Gain on sale of non-utility eligible capital property	+			0
Gain on sale of utility eligible capital property	+			0
Loss from joint ventures or partnerships	+			0
Deemed dividend income	+			0
Loss in equity of subsidiaries and affiliates	+			0
Loss on disposal of utility assets	+			0
Loss on disposal of non-utility assets	+			0
Depreciation in inventory -end of year	+			0
Depreciation and amortization adjustments	+			0
Dividends credited to investment account	+			0
Non-deductible meals	+			0
Non-deductible club dues	+			0
Non-deductible automobile costs	+			0
Donations - amount per books		0		0
Interest and penalties on unpaid taxes				0
Management bonuses unpaid after 180 days of year end				0
Imputed interest expense on Regulatory Assets				0
Recovery of transition costs previously expensed	+	12,690		12,690
Ontario capital tax adjustments	+	48,845		48,845
Changes in Regulatory Asset balances	+			0
	+			0
<i>Other Additions: (please explain in detail the nature of the item)</i>				0
Partnership income per T5013 (net of 2001 loss)	+	0		0
Employee future benefits	+	871,102		871,102
RSVA Reserve (1580)	+	178,255		
Total Additions on which true-up does not apply	=	1,110,892	0	932,637

Deduct:

CCA adjustments	-			0
CEC adjustments	-			0
Depreciation and amortization adjustments	-			0
Gain on disposal of assets per financial statements	-			0
Financing fee amortization - considered to be interest expense for PILs	-	16,633		16,633
2002 interest accrual prior period adjustment	-	47,534		47,534
Donations - amount deductible for tax purposes	-			0
Income from joint ventures or partnerships	-			0
Employee future benefits	-	850,783		850,783
	-			0
	-			0
	-			0
Ontario capital tax adjustments to current or prior year	-	79,457		79,457
	-			0
Changes in Regulatory Asset balances	-			0
	-			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0
RSVA Reserve (1580)	-	64,825		64,825
CCA taken on reg assets	-	203,994		203,994
Reserves for rebate payment	-			0
Prospectus & underwriting fees	-			0
Income not earned on movement of Regulatory A/Cs	-			0
Deferred cost deductible (market ready)	-			0
Total Deductions on which true-up does not apply	=	1,263,226	0	1,263,226

PILs TAXES - EB-2011-0178
 Corporate Tax Rates
 Exemptions, Deductions, or Thresholds
 Utility Name: Kingston Hydro Corporation
 January 1, 2003 - December 31, 2003

Version 2009.1

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 2003 and Capital Tax Exemptions for 2003

Income Range Expected Rates	Year	0 to 200,000		200,001 to 700,000	>700000
Income Tax Rate					
Current year	2003				
Federal (Includes surtax)	2003	13.12%			24.12%
Ontario	2003	6.00%			12.50%
Blended rate	2003	19.12%		34.12%	36.62%
Capital Tax Rate	2003	0.300%			
LCT rate	2003	0.225%			
Surtax	2003	1.12%			
Ontario Capital Tax Exemption *** 2003	MAX \$5MM	5,000,000			
Federal Large Corporations Tax Exemption *** 2003	MAX \$10MM	10,000,000			

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

Table 3

Input Information from Utility's Actual 2003 Tax Returns

Income Range	Year	0 to 200,000		200,001 to 700,000	>700,000
Income Tax Rate					
Current year	2003				
Federal (Includes surtax)		13.12%		0.00%	24.12%
Ontario		6.00%		0.00%	12.50%
Blended rate		19.12%		0.00%	36.62%
Capital Tax Rate		0.300%			
LCT rate		0.225%			
Surtax		1.12%			
Ontario Capital Tax Exemption *	MAX \$5MM	148,875			
Federal Large Corporations Tax Exemption *	MAX \$10MM	0			

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

PILs TAXES - EB-2011-0178
Analysis of PILs Tax Account 1562:
Utility Name: Kingston Hydro Corporation
January 1, 2003 - December 31, 2003

Version 2009.1
 0

Sign Convention: + for increase; - for decrease

Year start:	01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	Total
Year end:	31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	
Opening balance:	= 0	354,796	464,478	361,846	133,648	-73,216	0
Board-approved PILs tax proxy from Decisions (1)	+/- 354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
PILs proxy from April 1, 2005 - input 9/12 of amount					751,148		751,148
True-up Variance Adjustment Q4, 2001 (2)	+/-						0
True-up Variance Adjustment (3)	+/-		-68,024	-146,942	-66,352		-281,318
Deferral Account Variance Adjustment Q4, 2001 (4)	+/-						0
Deferral Account Variance Adjustment (5)	+/-			-50,047	-84,311		-134,358
Adjustments to reported prior years' variances (6)	+/-						0
Carrying charges (7)	+/-						0
PILs billed to (collected from) customers (8)	- 0	-967,519	-1,466,605	-1,197,109	-1,076,649	-474,527	-5,182,408
Ending balance: # 1562	354,796	464,478	361,846	133,648	-73,216	-213,898	-213,898

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: 3

- (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 be 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 true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.
- (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 true 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, 2001 and 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, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001 and 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.

PILs TAXES - EB-2011-0178

Version 2009.1

REGULATORY INFORMATION (REGINFO)

Utility Name: Kingston Hydro Corporation

Reporting period: 2004

Colour Code

Input Cell

Formula in Cell

Days in reporting period:

366

days

Total days in the calendar year:

366

days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N

Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N

N

Is the utility a non-profit corporation?

Y/N

N

(If it is a non-profit corporation, please contact the Rates Manager at the OEB)

Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

OCT

Y/N

Y

LCT

Y/N

Y

Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.

OCT

100%

LCT

100%

Accounting Year End

Date

12-31-2004

**MARR NO TAX CALCULATIONS
 SHEET #7 FINAL RUD MODEL DATA
 (FROM 1999 FINANCIAL STATEMENTS)
 USE BOARD-APPROVED AMOUNTS**

**Regulatory
 Income**

Rate Base (wires-only)

24,210,042

Common Equity Ratio (CER)

50.00%

1-CER

50.00%

Target Return On Equity

9.88%

Debt rate

7.25%

Market Adjusted Revenue Requirement

2,073,590

1999 return from RUD Sheet #7

1,547,868

1,547,868

Total Incremental revenue

525,722

Input: Board-approved dollar amounts phased-in

Amount allowed in 2001

175,241

175,241

Amount allowed in 2002

175,241

175,241

Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board)

0

Amount allowed in 2005 - Third tranche of MARR re: CDM

0

Other Board-approved changes to MARR or incremental revenue

0

0

Total Regulatory Income

1,898,349

Equity

12,105,021

Return at target ROE

1,195,976

Debt

12,105,021

Deemed interest amount in 100% of MARR

877,614

Phase-in of interest - Year 1 (2001)

729,278

((D43+D47)/D41)*D61

Phase-in of interest - Year 2 (2002)

803,446

((D43+D47+D48)/D41)*D61

Phase-in of interest - Year 3 (2003) and forward

803,446

((D43+D47+D48)/D41)*D61 (due to Bill 210)

Phase-in of interest - 2005

877,614

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1 Column Brought From TAXREC \$
Utility Name: Kingston Hydro Corporation Reporting period: 2004		0				
Days in reporting period:		366	days			
Total days in the calendar year:		366	days			
			\$	\$		
II) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53	1		1,898,349	-543,296		1,355,053
BOOK TO TAX ADJUSTMENTS						
Additions:						
Depreciation & Amortization	2		1,519,994	-60,272		1,459,722
Employee Benefit Plans - Accrued, Not Paid	3			0		0
Tax reserves - beginning of year	4			0		0
Reserves from financial statements - end of year	4			0		0
Regulatory Adjustments - increase in income	5			0		0
Other Additions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet	6			0		0
Other Additions (not "Material") "TAXREC"	6			0		0
"Material" Items from "TAXREC 2" worksheet	6			0		0
Other Additions (not "Material") "TAXREC 2"	6			0		0
Items on which true-up does not apply "TAXREC 3"				1,738,677		1,738,677
Deductions: Input positive numbers						
Capital Cost Allowance and CEC	7		1,000,872	225,704		1,226,576
Employee Benefit Plans - Paid Amounts	8			0		0
Items Capitalized for Regulatory Purposes	9		0	0		0
Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0
Interest Expense Deemed/ Incurred	11		803,446	197,393		1,000,839
Tax reserves - end of year	4			0		0
Reserves from financial statements - beginning of year	4			0		0
Contributions to deferred income plans	3			0		0
Contributions to pension plans	3			0		0
Interest capitalized for accounting but deducted for tax	11			0		0
Other Deductions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet	12			0		0
Other Deductions (not "Material") "TAXREC"	12			0		0
Material Items from "TAXREC 2" worksheet	12			0		0
Other Deductions (not "Material") "TAXREC 2"	12			0		0
Items on which true-up does not apply "TAXREC 3"				1,517,995		1,517,995
TAXABLE INCOME/(LOSS)			1,614,025	-805,983	Before loss C/F	808,042
BLENDING INCOME TAX RATE						
Tab Tax Rates - Regulatory from Table 1: Actual from Table 3	13		38.62%	-2.5000%		36.12%
REGULATORY INCOME TAX			623,337	-367,396	Actual	255,941
Miscellaneous Tax Credits	14			0	Actual	0
Total Regulatory Income Tax			623,337	-367,396	Actual	255,941
III) CAPITAL TAXES						
Ontario						
Base	15		24,210,042	9,058,908		33,268,950
Less: Exemption - Tax Rates - Regulatory, Table 1: Actual, Table 3	16		5,000,000			5,000,000
Taxable Capital			19,210,042	9,058,908		28,268,950
Rate - Tax Rates - Regulatory, Table 1: Actual, Table 3	17		0.3000%	0.0000%		0.3000%
Ontario Capital Tax			57,630	27,177		84,807
Federal Large Corporations Tax						
Base	18		24,210,042	10,306,896		34,516,938
Less: Exemption - Tax Rates - Regulatory, Table 1: Actual, Table 3	19		10,000,000	24,550,000		34,550,000
Taxable Capital			14,210,042	34,856,896		0
Rate - Tax Rates - Regulatory, Table 1: Actual, Table 3	20		0.2250%	-0.0250%		0.2000%
Gross Amount of LCT before surtax offset (Taxable Capital x Rate)			31,973	-31,973		0
Less: Federal Surtax 1.12% x Taxable Income	21		18,077	-18,077		0
Net LCT			13,896	-13,896		0
III) INCLUSION IN RATES						
Income Tax Rate used for gross-up (exclude surtax)			37.50%			
Income Tax (proxy tax is grossed-up)	22		997,338		Actual 2004	255,941
LCT (orox tax is grossed-up)	23		22,233		Actual 2004	0
Ontario Capital Tax (no gross-up since it is deductible)	24		57,630		Actual 2004	84,807
Total PILs for Rate Adjustment -- MUST AGREE WITH 2002 RAM DECISION	25		1,077,201		Actual 2004	340,748
IV) FUTURE TRUE-UPS						
IV a) Calculation of the True-up Variance						
In Additions:						
Employee Benefit Plans - Accrued, Not Paid	3			0		0
Tax reserves deducted in prior year	4			0		0
Reserves from financial statements-end of year	4			0		0
Regulatory Adjustments	5			0		0
Other additions "Material" Items TAXREC	6			0		0
Other additions "Material" Items TAXREC 2	6			0		0
In Deductions - positive numbers						
Employee Benefit Plans - Paid Amounts	8			0		0
Items Capitalized for Regulatory Purposes	9			0		0
Regulatory Adjustments	10			0		0
Interest Adjustment for tax purposes (See Below - cell E206)	11			123,225		
Tax reserves claimed in current year	4			0		0
Reserves from F/S beginning of year	4			0		0
Contributions to deferred income plans	3			0		0
Contributions to pension plans	3			0		0
Other deductions "Material" Items TAXREC	12			0		0
Other deductions "Material" Item TAXREC 2	12			0		0
Total TRUE-UPS before tax effect	26		=	-123,225		
Income Tax Rate (excluding surtax) from 2004 Utility's tax return			x	35.00%		
Income Tax Effect on True-up adjustments			=	-43,129		
Less: Miscellaneous Tax Credits	14			0		
Total Income Tax on True-ups				-43,129		
Income Tax Rate used for gross-up (exclude surtax)				35.00%		
TRUE-UP VARIANCE ADJUSTMENT				-66,352		

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)	ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1 Column Brought From TAXREC \$
Utility Name: Kingston Hydro Corporation Reporting period: 2004	0				
Days in reporting period:	366	days			
Total days in the calendar year:	366	days			
		\$	\$		
IV b) Calculation of the Deferral Account Variance caused by changes in legislation					
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)		=	1,614,025		
REVISED CORPORATE INCOME TAX RATE		x	36.12%		
REVISED REGULATORY INCOME TAX		=	582,986		
Less: Revised Miscellaneous Tax Credits		-	0		
Total Revised Regulatory Income Tax		=	582,986		
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)		-	623,337		
Regulatory Income Tax Variance		=	-40,351		
Ontario Capital Tax					
Base		=	24,210,042		
Less: Exemption from tab Tax Rates, Table 2, cell C39		-	5,000,000		
Revised deemed taxable capital		=	19,210,042		
Rate - Tab Tax Rates cell C54		x	0.3000%		
Revised Ontario Capital Tax		=	57,630		
Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)		-	57,630		
Regulatory Ontario Capital Tax Variance		=	0		
Federal LCT					
Base		=	24,210,042		
Less: Exemption from tab Tax Rates, Table 2, cell C40		-	50,000,000		
Revised Federal LCT		=	-25,789,958		
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51		=	0.2000%		
Gross Amount		=	0		
Less: Federal surtax		-	0		
Revised Net LCT		=	0		
Less: Federal LCT reported in the initial estimate column (Cell C82)		-	13,896		
Regulatory Federal LCT Variance		=	-13,896		
Actual Income Tax Rate used for gross-up (exclude surtax)		=	36.00%		
Income Tax (grossed-up)		+	-62,078		
LCT (grossed-up)		+	-22,233		
Ontario Capital Tax		+	0		
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT		=	-84,311		
TRUE-UP VARIANCE (from cell H32)		+	-66,352		
Total Deferral Account Entrv (Positive Entrv = Debit) (Deferral Account Variance + True-up Variance)		=	-150,663		
VI INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt					
Total deemed interest (REGINFO)			877,614		
Interest phased-in (Cell C37)			803,446		
Variance due to phase-in of debt component of MARR in rates according to the Board's decision			74,168		
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)					
Interest deducted on MoF filing (Cell G37+G42)			1,000,839		
Total deemed interest (REGINFO CELL D62)			877,614		
Variance caused by excess debt			123,225		
Interest Adjustment for Tax Purposes (carry forward to Cell E112)			123,225		
Total Interest Variance			-49,057		

Recap Material Additions:

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
 (for "wires-only" business - see s. 72 OEB Act)

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			
Version 2009.1			
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Total Other additions >materiality level	0	0	0
Other additions (less than materiality level)	0	0	0
Total Other Additions	0	0	0

BOOK TO TAX DEDUCTIONS:

Capital cost allowance	-	1,225,826	1,225,826
Cumulative eligible capital deduction	-	750	750
Employee benefit plans-paid amounts	-		0
Items capitalized for regulatory purposes	-		0
Regulatory adjustments :	-		0
CCA	-		0
other deductions	-		0
Tax reserves - end of year	-	0	0
Reserves from financial statements- beginning of year	-	0	0
Contributions to deferred income plans	-		0
Contributions to pension plans	-		0
Items on which true-up does not apply "TAXREC 3"	-	1,517,995	1,517,995
Interest capitalized for accounting deducted for tax	-		0
Material deduction items from TAXREC 2	-	0	0
Other deduction items (not Material) from TAXREC 2	-	0	0
Subtotal	=	2,744,571	2,744,571
Other deductions (Please explain the nature of the deductions)	-		0
Charitable donations - tax basis	-		0
Gain on disposal of assets	-		0
	-		0
	-		0
	-		0
Total Other Deductions	=	0	0
Total Deductions	=	2,744,571	2,744,571

Recap Material Deductions:			
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Total Other Deductions exceed materiality level	0	0	0
Other Deductions less than materiality level	0	0	0
Total Other Deductions	0	0	0

TAXABLE INCOME	=	754,644	754,644
DEDUCT:			
Non-capital loss applied	-	0	0
Net capital loss applied	-		0
Charitable donations	-		0
NET TAXABLE INCOME	=	754,644	754,644

FROM ACTUAL TAX RETURNS

Net Federal Income Tax (Must agree with tax return)	+	166,928	166,928
Net Ontario Income Tax (Must agree with tax return)	+	89,013	89,013
Subtotal	=	255,941	255,941
Less: Miscellaneous tax credits (Must agree with tax returns)	-		0
Total Income Tax	=	255,941	255,941

FROM ACTUAL TAX RETURNS

Net Federal Income Tax Rate (Must agree with tax return)	22.12%	22.12%
Net Ontario Income Tax Rate (Must agree with tax return)	14.00%	14.00%
Blended Income Tax Rate	36.12%	36.12%

Section F: Income and Capital Taxes

RECAP

Total Income Taxes	+	255,941	255,941
Ontario Capital Tax	+	84,807	84,807
Federal Large Corporations Tax	+	0	0
Total income and capital taxes	=	340,748	340,748

PILs TAXES - EB-2011-0178
Tax and Accounting Reserves
 For MoF Column of TAXCALC
 (for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
 Corporate
 Tax
 Return

Non-wires
 Eliminations

**Wires-only
 Tax
 Return**

0

Version 2009.1

Utility Name: Kingston Hydro Corporation
Reporting period: 2004

TAX RESERVES

Beginning of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

FINANCIAL STATEMENT RESERVES

Beginning of Year:				
				0
				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
Legal Claim				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

Recap of Material Additions:

Group 1 - Material Deductions					
		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	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	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	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
Total Deductions exceed materiality level		0	0	0	0
Other deductions less than materiality level		0	0	0	0
Total Deductions		0	0	0	0

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC 3)
Shareholder-only Items should be shown on TAXREC 3
ITEMS ON WHICH TRUE-UP DOES NOT APPLY
 (for "wires-only" business - see s. 72 OEB Act)

Utility Name: Kingston Hydro Corporation

LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
0			Version 2009.1

Reporting period: 2004

Number of days in taxation year:

366

Section C: Reconciliation of accounting income to taxable income
Add:

Recapture of capital cost allowance	+			0
CCA adjustments	+	22,436		22,436
CEC adjustments	+			0
Gain on sale of non-utility eligible capital property	+			0
Gain on sale of utility eligible capital property	+			0
Loss from joint ventures or partnerships	+			0
Deemed dividend income	+			0
Loss in equity of subsidiaries and affiliates	+	762,929		762,929
Loss on disposal of utility assets	+			0
Loss on disposal of non-utility assets	+			0
Depreciation in inventory -end of year	+			0
Depreciation and amortization adjustments	+			0
Dividends credited to investment account	+			0
Non-deductible meals	+			0
Non-deductible club dues	+			0
Non-deductible automobile costs	+			0
Donations - amount per books				0
Interest and penalties on unpaid taxes				0
Recovery of transition costs previously expensed		9,724		9,724
Ontario capital tax adjustments		53,398		53,398
	+			0
Changes in Regulatory Asset balances	+			0
Imputed interest expense on Regulatory Assets	+			0
	+			0
<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0
Depreciation expensed via OM&A	+			0
Employee future benefits	+	890,190		890,190
Bill 4 deferred revenue				
Partnership income				
Ontario specified tax credits	+			
Total Additions on which true-up does not apply	=	1,738,677	0	1,738,677

Deduct:

CCA adjustments	-			0
CEC adjustments	-			0
Depreciation and amortization adjustments	-			0
Gain on disposal of assets per financial statements	-			0
Financing fee amortization - considered to be interest expense for PILs	-	11,046		11,046
Imputed interest income on Regulatory Assets	-			0
Donations - amount deductible for tax purposes	-			0
Income from joint ventures or partnerships	-			0
Employee future benefits	-	871,102		871,102
Ontario capital tax adjustments to current or prior year	-	83,591		83,591
	-			0
Changes in Regulatory Asset balances	-			0
Assessment Notice	-			0
	-			0
	-			0
	-			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0
CCA taken on reg assets	-	552,256		552,256
RSVA	-			0
Income not earned on movement of Regulatory A/Cs	-			0
Regulatory assets contra	-			0
Total Deductions on which true-up does not apply	=	1,517,995	0	1,517,995

PILs TAXES - EB-2011-0178
 Corporate Tax Rates
 Exemptions, Deductions, or Thresholds
 Utility Name: Kingston Hydro Corporation
 Reporting period: 2004

Version 2009.1

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%	22.12%
Ontario		5.50%	5.50%	13.77%	14.00%
Blended rate		18.62%	27.62%	36.06%	36.12%
Capital Tax Rate		0.300%			
LCT rate		0.200%			
Surtax		1.12%			
Ontario Capital Tax Exemption *	MAX \$5MM	5,000,000			
Federal Large Corporations Tax Exemption *	MAX \$50MM	0			

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

PILs TAXES - EB-2011-0178
 Analysis of PILs Tax Account 1562:
 Utility Name: Kingston Hydro Corporation
 Reporting period: 2004

Sign Convention: + for increase; - for decrease

Version 2009.1
 0

Year start:	01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006		
Year end:	31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	Total	
Opening balance:	=	0	354,796	464,478	361,846	133,648	-73,215	0
Board-approved PILs tax proxy from Decisions (1)	+/-	354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
PILs proxy from April 1, 2005 - input 9/12 of amount					751,148			751,148
True-up Variance Adjustment Q4, 2001 (2)	+/-							0
True-up Variance Adjustment (3)	+/-			-68,024	-146,942	-66,352		-281,318
Deferral Account Variance Adjustment Q4, 2001 (4)								0
Deferral Account Variance Adjustment (5)	+/-			-50,047	-84,311			-134,358
Adjustments to reported prior years' variances (6)	+/-							0
Carrying charges (7)	+/-							0
PILs billed to (collected from) customers (8)	-	0	-967,519	-1,466,605	-1,197,109	-1,076,649	-474,527	-5,182,408
Ending balance: # 1562		354,796	464,478	361,846	133,648	-73,215	-213,898	-213,898

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 be 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 true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.
- (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 true 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, 2001 and 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, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001 and 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.

PILs TAXES - EB-2011-0178
REGULATORY INFORMATION (REGINFO)
Utility Name: Kingston Hydro Corporation
Reporting period: 2005

Version 2009.1

Colour Code

Input Cell

Formula in Cell

Days in reporting period: 365 days
Total days in the calendar year: 365 days

BACKGROUND

Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?

Y/N Y

Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?

Y/N N

Is the utility a non-profit corporation?

Y/N N

(If it is a non-profit corporation, please contact the Rates Manager at the OEB)

Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?

OCT Y/N Y

LCT Y/N Y

Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.

OCT 100%

LCT 100%

Accounting Year End

Date 12-31-2005

MARR NO TAX CALCULATIONS
SHEET #7 FINAL RUD MODEL DATA
(FROM 1999 FINANCIAL STATEMENTS)
USE BOARD-APPROVED AMOUNTS

**Regulatory
Income**

Rate Base (wires-only)	24,210,042	
Common Equity Ratio (CER)	50.00%	
1-CER	50.00%	
Target Return On Equity	9.88%	
Debt rate	7.25%	
Market Adjusted Revenue Requirement	2,073,590	
1999 return from RUD Sheet #7	1,547,868	1,547,868
Total Incremental revenue	525,722	
Input: Board-approved dollar amounts phased-in		
Amount allowed in 2001	175,241	175,241
Amount allowed in 2002	175,241	175,241
Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board)		0
Amount allowed in 2005 - Third tranche of MARR re: CDM	175,241	175,241
Other Board-approved changes to MARR or incremental revenue		0
Total Regulatory Income		2,073,590
Equity	12,105,021	
Return at target ROE	1,195,976	
Debt	12,105,021	
Deemed interest amount in 100% of MARR	877,614	
Phase-in of interest - Year 1 (2001) ((D43+D47)/D41)*D61	729,278	
Phase-in of interest - Year 2 (2002) ((D43+D47+D48)/D41)*D61	803,446	
Phase-in of interest - Year 3 (2003) and forward ((D43+D47+D48)/D41)*D61 (due to Bill 210)	803,446	
Phase-in of interest - 2005	877,614	

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2005		0				
Days in reporting period:		365	days			Column Brought From TAXREC
Total days in the calendar year:		365	days			
			\$	\$		\$
II) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53		1	2,073,590	-968,152		1,105,438
BOOK TO TAX ADJUSTMENTS						
Additions:						
Depreciation & Amortization		2	1,519,994	56,217		1,576,211
Employee Benefit Plans - Accrued, Not Paid		3		0		0
Tax reserves - beginning of year		4		0		0
Reserves from financial statements - end of year		4		0		0
Regulatory Adjustments - increase in income		5		0		0
Other Additions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		6		0		0
Other Additions (not "Material") TAXREC		6		0		0
"Material" Items from "TAXREC 2" worksheet		6		0		0
Other Additions (not "Material") TAXREC 2		6		0		0
Items on which true-up does not apply "TAXREC 3"				1,490,521		1,490,521
Deductions: Input positive numbers						
Capital Cost Allowance and CEC		7	1,000,872	136,328		1,137,200
Employee Benefit Plans - Paid Amounts		8		0		0
Items Capitalized for Regulatory Purposes		9	0	0		0
Regulatory Adjustments - deduction for tax purposes in Item 5		10		0		0
Interest Expense Deemed/ Incurred		11	877,614	-33,293		844,321
Tax reserves - end of year		4		0		0
Reserves from financial statements - beginning of year		4		0		0
Contributions to deferred income plans		3		0		0
Contributions to pension plans		3		0		0
Interest capitalized for accounting but deducted for tax		11		0		0
Other Deductions (See Tab entitled "TAXREC")						
"Material" Items from "TAXREC" worksheet		12		0		0
Other Deductions (not "Material") TAXREC		12		0		0
Material Items from "TAXREC 2" worksheet		12		0		0
Other Deductions (not "Material") TAXREC 2		12		0		0
C&DM 2005 Incremental OM&A expenses per C&DM Plan			32,500			
Items on which true-up does not apply "TAXREC 3"				1,153,856		1,153,856
TAXABLE INCOME/ (LOSS)			1,682,598	-678,305		1,036,793
BLENDED INCOME TAX RATE						
Tab Tax Rates - Regulatory from Table 1; Actual from Table 3		13	36.12%	-0.0001%		36.12%
REGULATORY INCOME TAX			607,754	-237,546	Actual	370,208
Miscellaneous Tax Credits		14		0	Actual	0
Total Regulatory Income Tax			607,754	-237,546	Actual	370,208
III) CAPITAL TAXES						
Ontario						
Base		15	24,210,042	9,420,153		33,630,195
Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3		16	7,500,000	0		7,500,000
Taxable Capital			16,710,042	9,420,153		26,130,195
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3		17	0.3000%	0.0000%		0.3000%
Ontario Capital Tax			50,130	28,260		78,391
Federal Large Corporations Tax						
Base		18	24,210,042	11,144,826		35,354,868
Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3		19	50,000,000	-14,645,132		35,354,868
Taxable Capital			0	-3,500,306		0
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3		20	0.1750%	0.0000%		0.1750%
Gross Amount of LCT before surtax offset (Taxable Capital x Rate)			0	0		0
Less: Federal Surtax 1.12% x Taxable Income		21	0	0		0
Net LCT			0	0		0
III) INCLUSION IN RATES						
Income Tax Rate used for gross- up (exclude surtax)			36.12%			
Income Tax (proxy tax is grossed-up)		22	951,401		Actual 2005	370,208
LCT (proxy tax is grossed-up)		23	0		Actual 2005	0
Ontario Capital Tax (no gross-up since it is deductible)		24	50,130		Actual 2005	78,391
Total PILs for Rate Adjustment -- MUST AGREE WITH 2005 RAM DECISION		25	1,001,531		Actual 2005	448,599
IV) FUTURE TRUE-UPS						
IV a) Calculation of the True-up Variance				DR/(CR)		
In Additions:						
Employee Benefit Plans - Accrued, Not Paid		3		0		
Tax reserves deducted in prior year		4		0		
Reserves from financial statements-end of year		4		0		
Regulatory Adjustments		5		0		
Other additions "Material" Items TAXREC		6		0		
Other additions "Material" Items TAXREC 2		6		0		
In Deductions - positive numbers						
Employee Benefit Plans - Paid Amounts		8		0		
Items Capitalized for Regulatory Purposes		9		0		
Regulatory Adjustments		10		0		
Interest Adjustment for tax purposes (See Below - cell E207)		11		0		
Tax reserves claimed in current year		4		0		
Reserves from F/S beginning of year		4		0		
Contributions to deferred income plans		3		0		
Contributions to pension plans		3		0		
Other deductions "Material" Items TAXREC		12		0		
Other deductions "Material" Item TAXREC 2		12		0		
Total TRUE-UPS before tax effect		26		0		

PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)		ITEM	Initial Estimate	M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2005		0				
Days in reporting period:		365	days			
Total days in the calendar year:		365	days			Column Brought From TAXREC
			\$	\$		\$
Income Tax Rate (excluding surtax) from 2005 Utility's tax return				x	35.00%	
Income Tax Effect on True-up adjustments				=	0	
Less: Miscellaneous Tax Credits		14			0	
Total Income Tax on True-ups					0	
Income Tax Rate used for gross-up (exclude surtax)					35.00%	
TRUE-UP VARIANCE ADJUSTMENT					0	
IV b) Calculation of the Deferral Account Variance caused by changes in legislation						
REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)				=	1,682,598	
REVISED CORPORATE INCOME TAX RATE				x	36.12%	
REVISED REGULATORY INCOME TAX				=	607,754	
Less: Revised Miscellaneous Tax Credits				-	0	
Total Revised Regulatory Income Tax				=	607,754	
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)				-	607,754	
Regulatory Income Tax Variance				=	0	
Ontario Capital Tax						
Base				=	24,210,042	
Less: Exemption from tab Tax Rates, Table 2, cell C39				-	7,500,000	
Revised deemed taxable capital				=	16,710,042	
Rate - Tab Tax Rates cell C54				x	0.3000%	
Revised Ontario Capital Tax				=	50,130	
Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				-	50,130	
Regulatory Ontario Capital Tax Variance				=	0	
Federal LCT						
Base				=	24,210,042	
Less: Exemption from tab Tax Rates, Table 2, cell C40				-	50,000,000	
Revised Federal LCT				=	-25,789,958	
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.1750%	
Gross Amount					0	
Less: Federal surtax				-	0	
Revised Net LCT				=	0	
Less: Federal LCT reported in the initial estimate column (Cell C82)				-	0	
Regulatory Federal LCT Variance				=	0	
Actual Income Tax Rate used for gross-up (exclude surtax)					35.00%	
Income Tax (grossed-up)				+	0	
LCT (grossed-up)				+	0	
Ontario Capital Tax				+	0	
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	0	
TRUE-UP VARIANCE (from cell I132)				+	0	
Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)				=	0	
V) INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt						
Total deemed interest (REGINFO)					877,614	
Interest phased-in (Cell C37)					877,614	
Variance due to phase-in of debt component of MARR in rates according to the Board's decision					0	
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)						
Interest deducted on MoF filing (Cell G37+G42)					844,321	
Total deemed interest (REGINFO CELL D62)					877,614	
Variance caused by excess debt					0	
Interest Adjustment for Tax Purposes (carry forward to Cell E113)					0	
Total Interest Variance					0	

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC)
 (for "wires-only" business - see s. 72 OEB Act)

LINE **M of F** **Non-wires** **Wires-only**
 Corporate **Eliminations** **Tax**
 Tax **Return**
 Return
0 **Version 2009.1**

Section A: Identification:

Utility Name: Kingston Hydro Corporation
 Reporting period: 2005
 Taxation Year's start date:
 Taxation Year's end date:
 Number of days in taxation year:

365 days

Please enter the Materiality Level :

30,263 < - enter materiality level

(0.25% x Rate Base x CER)

Y/N Y

(0.25% x Net Assets)

Y/N

Or other measure (please provide the basis of the amount)

Y/N

Does the utility carry on non-wires related operation?

Y/N N

(Please complete the questionnaire in the Background questionnaire worksheet.)

Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K

Section B: Financial statements data:

Input unconsolidated financial statement data submitted with Tax returns.

The actual categories of the income statements should be used.

If required please change the descriptions except for amortization, interest expense and provision for income tax

Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.

Income:

Energy Sales	+	55,642,275		55,642,275
Distribution Revenue	+	8,064,491		8,064,491
Other Income	+	213,717		213,717
Miscellaneous income	+	210,856		210,856
	+			0

Revenue should be entered above this line

Costs and Expenses:

Cost of energy purchased	-	55,642,275		55,642,275
Administration	-	1,801,034		1,801,034
Customer billing and collecting	-	1,209,730		1,209,730
Operations and maintenance	-	2,337,022		2,337,022
Amortization	-	1,576,211		1,576,211
Ontario Capital Tax	-	50,113		50,113
	-			0
Write off of Regulatory Assets	-	409,516		409,516
	-			0
	-			0

Net Income Before Interest & Income Taxes EBIT

Less: Interest expense for accounting purposes	=	1,105,438	0	1,105,438
Provision for payments in lieu of income taxes	-	844,321		844,321
	-	400,517		400,517
	=	-139,400	0	-139,400

Net Income (loss)

(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.)

Section C: Reconciliation of accounting income to taxable income From T2 Schedule 1

BOOK TO TAX ADDITIONS:

Provision for income tax	+	400,517	0	400,517
Federal large corporation tax	+	0		0
Depreciation & Amortization	+	1,576,211	0	1,576,211
Employee benefit plans-accrued, not paid	+		0	0
Tax reserves - beginning of year	+	0	0	0
Reserves from financial statements- end of year	+	0	0	0
Regulatory adjustments on which true-up may apply (see A66)	+			0
Items on which true-up does not apply "TAXREC 3"				
Material addition items from TAXREC 2	+	1,490,521	0	1,490,521
Other addition items (not Material) from TAXREC 2	+	0	0	0
	+	0	0	0
Subtotal		3,467,249	0	3,467,249

Other Additions: (Please explain the nature of the additions)

Recapture of CCA	+			0
Non-deductible meals and entertainment expense	+			0
Capital items expensed - Computer equipment expensed for book	+			0
	+	0		0
	+			0
	+			0
	+			0
Total Other Additions	=	0	0	0

Total Additions

= 3,467,249 0 3,467,249

Recap Material Additions:

		0	0	0
--	--	---	---	---

PILs TAXES - EB-2011-0178
Tax and Accounting Reserves
 For MoF Column of TAXCALC
 (for "wires-only" business - see s. 72 OEB Act)

LINE

M of F
 Corporate
 Tax
 Return

Non-wires
 Eliminations

**Wires-only
 Tax
 Return**

0

Version 2009.1

Utility Name: Kingston Hydro Corporation
Reporting period: 2005

TAX RESERVES

Beginning of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)				0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
Reserve for doubtful accounts ss. 20(1)(l)		0		0
Reserve for goods & services ss.20(1)(m)				0
Reserve for unpaid amounts ss.20(1)(n)				0
Debt and share issue expenses ss.20(1)(e)				0
Other - Please describe				0
Other - Please describe				0
				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

FINANCIAL STATEMENT RESERVES

Beginning of Year:				
				0
Legal claim provision				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Total (carry forward to the TAXREC worksheet)		0	0	0

End of Year:				
				0
Legal claim provision				0
Environmental				0
Allowance for doubtful accounts				0
Inventory obsolescence				0
Property taxes				0
Other - Please describe				0
Other - Please describe				0
				0
Insert line above this line				
Total (carry forward to the TAXREC worksheet)		0	0	0

Recap of Material Additions:

PILs TAXES - EB-2011-0178
TAX RETURN RECONCILIATION (TAXREC 2)
 (for "wires-only" business - see s. 72 OEB Act)
RATEPAYERS ONLY
Shareholder-only Items should be shown on TAXREC 3

LINE M of F Non-wires Wires-only
 Corporate Eliminations Tax
 Tax Return Return
 Version 2009.1

Utility Name: Kingston Hydro Corporation
 Reporting period: 2005
 Number of days in taxation year:
 Materiality Level:

365
30,263

		0	0	0
		0	0	0
		0	0	0
Total Material additions		0	0	0
Other additions less than materiality level		0	0	0
Total Additions		0	0	0

Deduct:

Gain on disposal of assets per f/s	-			0
Dividends not taxable under section 83	-			0
Terminal loss from Schedule 8	-			0
Depreciation in inventory, end of prior year	-			0
Scientific research expenses claimed in year from Form T661	-			0
Bad debts	-			0
Book income of joint venture or partnership	-			0
Equity in income from subsidiary or affiliates	-			0
Contributions to a qualifying environment trust	-			0
Other income from financial statements	-			0
	-			0
	-			0
	-			0
Other deductions: (Please explain in detail the nature of the item)	-			0
Non-taxable load transfers	-	0		0
OPEB costs capitalized included in Schedule 13	-			0
	-			0
Total Deductions	=	0	0	0

Recap of Material Deductions:

		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	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	0
		0	0	0
		0	0	0
Total Deductions exceed materiality level		0	0	0
Other deductions less than materiality level		0	0	0
Total Deductions		0	0	0

PILs TAXES - EB-2011-0178

TAX RETURN RECONCILIATION (TAXREC 3)

**Shareholder-only Items should be shown on TAXREC 3
 ITEMS ON WHICH TRUE-UP DOES NOT APPLY**

(for "wires-only" business - see s. 72 OEB Act)

Utility Name: Kingston Hydro Corporation

LINE M of F Non-wires Wires-only
 Corporate Eliminations Tax
 Tax Return Return
 0 Version 2009.1

Reporting period: 2005

Number of days in taxation year:

365

Section C: Reconciliation of accounting income to taxable income

Add:

Recapture of capital cost allowance	+			0
CCA adjustments	+	71,450		71,450
CEC adjustments	+			0
Gain on sale of non-utility eligible capital property	+			0
Gain on sale of utility eligible capital property	+			0
Loss from joint ventures or partnerships	+			0
Deemed dividend income	+			0
Loss in equity of subsidiaries and affiliates	+			0
Loss on disposal of utility assets	+			0
Loss on disposal of non-utility assets	+			0
Depreciation in inventory -end of year	+			0
Depreciation and amortization adjustments	+			0
Dividends credited to investment account	+			0
Non-deductible meals	+			0
Non-deductible club dues	+			0
Non-deductible automobile costs	+			0
Donations - amount per books				0
Interest and penalties on unpaid taxes				0
Management bonuses unpaid after 180 days of year end				0
Ontario capital tax adjustments		50,113		50,113
	+			0
Changes in Regulatory Asset balances	+			0
Regulatory adjustments	+	26,076		26,076
Regulatory Assets changes	+	283,420		283,420
<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0
Amortization of debt discount	+			0
Employee future benefits	+	1,059,462		
Depreciation expensed via OM&A	+			0
Total Additions on which true-up does not apply	=	1,490,521	0	431,059

Deduct:

CCA adjustments	-			0
CEC adjustments	-			0
Depreciation and amortization adjustments	-			0
Gain on disposal of assets per financial statements	-			0
Financing fee amortization - considered to be interest expense for PILs	-			0
Imputed interest income on Regulatory Assets	-			0
Donations - amount deductible for tax purposes	-			0
Employee future benefits	-	1,075,407		1,075,407
	-			0
Ontario capital tax adjustments to current or prior year	-	78,449		78,449
	-			0
Changes in Regulatory Asset balances	-			0
	-			0
	-			0
	-			0
	-			0
	-			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0
Prospectus & underwriting fees	-			0
RSVA	-			0
Bill 4 deferred revenue	-			0
Deferred cost deductible (market ready)	-			0
Removal costs for West Drive	-			0
Total Deductions on which true-up does not apply	=	1,153,856	0	1,153,856

PILs TAXES - EB-2011-0178
 Corporate Tax Rates
 Exemptions, Deductions, or Thresholds
 Utility Name: Kingston Hydro Corporation
 Reporting period: 2005

Version 2009.1

Table 1

Rates Used in 2005 RAM PILs Applications for 2005

Income Range RAM 2005	Year	0 to 400,000	400,001 to 1,128,000	>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 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	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	Year	0 to 250,000	250,001 to 400,000	400,001 to 1,128,000	>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		0.175%			
Surtax		1.12%			
Ontario Capital Tax Exemption *	MAX \$7.5MM	213,492			
Federal Large Corporations Tax Exemption *	MAX \$50MM	0			

PILs TAXES - EB-2011-0178
 Analysis of PILs Tax Account 1562:
 Utility Name: Kingston Hydro Corporation
 Reporting period: 2005

Sign Convention: + for increase; - for decrease

Version 2009.1
 0

Year start:	01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	Total
Year end:	31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	
Opening balance:	= 0	354,796	464,478	361,846	133,648	-73,215	0
Board-approved PILs tax proxy from Decisions (1)	+/- 354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
PILs proxy from April 1, 2005 - input 9/12 of amount					751,148		751,148
True-up Variance Adjustment Q4, 2001 (2)	+/-		0				0
True-up Variance Adjustment (3)	+/-	0	-68,024	-146,942	-66,352	0	-281,318
Deferral Account Variance Adjustment Q4, 2001 (4)	+/-						0
Deferral Account Variance Adjustment (5)	+/-	0		-50,047	-84,311	0	-134,358
Adjustments to reported prior years' variances (6)	+/-						0
Carrying charges (7)	+/-						0
PILs billed to (collected from) customers (8)	- 0	-967,519	-1,466,605	-1,197,109	-1,076,649	-474,527	-5,182,408
Ending balance: # 1562	354,796	464,478	361,846	133,648	-73,215	-213,898	-213,898

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: 3**

- (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 be 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 true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.
- (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 true 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, 2001 and 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, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001 and 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.