PILs TAXES - EB-2011-0178 REGULATORY INFORMATION (REGINFO)			Oslave Osla	Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2001			<u>Colour Code</u> Input Cell	
Days in reporting period: Total days in the calendar year:	92 365	days days	Formula in Cell	
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	Ν	
Is the utility a non-profit corporation? (If it is a non-profit corporation, please contact the Rates Manager at the OEB)		Y/N	N	1
Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group? Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	OCT LCT OCT LCT	Y/N Y/N	Y Y 100% 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 Input: Board-approved dollar amounts phased-in Amount allowed in 2001 Amount allowed in 2002 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board) Amount allowed in 2005 - Third tranche of MARR re: CDM Other Board-approved changes to MARR or incremental revenue			525,722 175,241 175,241	- 175,241
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) ((D43+D47)/D41)*D61			729,278]
Phase-in of interest - Year 2 (2002)			803,446]
((D43+D47+D48)/D41)*D61 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 G-C	M of F Filing Variance Explanation	Tax Returns
	0					Version 2009.1
Days in reporting period: Total days in the calendar year:	92 365	davs davs				Column Brought From TAXREC
		s		s		S
) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53	1	430,777	1	-148,386		282,391
BOOK TO TAX ADJUSTMENTS Additions:						
Depreciation & Amortization Employee Benefit Plans - Accrued, Not Paid	2	379,999		-53,213		326,786
Tax reserves - beginning of year Reserves from financial statements - end of year	4	-	ţ	0		0
Regulatory Adjustments - increase in income	4 5		ļ	0		0
Other Additions (See Tab entitled "TAXREC") "Material" Items from "TAXREC" worksheet	6			0		0
Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6 6			599 0		599 0
Other Additions (not "Material") "TAXREC 2" Items on which true-up does not apply "TAXREC 3"	6			29,973		29,973
Deductions: Input positive numbers						
Capital Cost Allowance and CEC Employee Benefit Plans - Paid Amounts	7	127,338		48,848 0		<u>176,186</u> 0
Items Capitalized for Regulatory Purposes Regulatory Adjustments - deduction for tax purposes in Item 5	9 10	0		0		0
Interest Expense Deemed/ Incurred	11	182,320		48.869		231,189
Tax reserves - end of year Reserves from financial statements - beginning of year	4		İ	0		0
Contributions to deferred income plans Contributions to pension plans	3 3			0		0
Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11			0		0
"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12 12		ł	0		0
Material Items from "TAXREC 2" worksheet Other Deductions (not "Material") "TAXREC 2"	12	-	ļ	0		0
Items on which true-up does not apply "TAXREC 3"	12			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
II) CAPITAL TAXES						
Ontario Base	15	24,210,042		-356,013		23,854,029
Less: Exemption -Tax Rates - Regulatory, Table 1: Actual, Table 3 Taxable Capital	16	5,000,000 19,210,042		-356,013		5,000,000 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 Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	18 19	24,210,042 10,000,000		-1,283,399		22,926,643
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) Less: Federal Surtax 1.12% x Taxable Income	21	7,993 5,613		-662 -3,188		7,331 2,425
Net LCT	21					
		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) LCT (proxy tax is grossed-up)	22 23	336,453 3,935			Actual 2001 Actual 2001	78,872 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	25	354,796			Actual 2001	102,667
RAM DECISION						
IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance				DR/(CR)		
In Additions: Employee Benefit Plans - Accrued, Not Paid	3			Distory		
Tax reserves deducted in prior year	4			0		
	4		1	0		
Regulatory Adjustments	6		1	0		
Regulatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2	6		1	0		
Requlatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions - positive numbers						
Regulatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions - positive numbers Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes	6 8 9			0		
Regulatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions - positive numbers Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell E206)	6 8 9 10 11			0 0		
Regulatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions - positive numbers Employee Benefit Plans - Paid Amounts Tempoyee Benefit Plans - Paid Amounts Regulatory Adjustments Interest Adjustment for tax purposes Tax reserves claimed in current year Reserves from FS beginning of year	6 8 9 10 11 4 4			0 0 0 0		
Requilatory Adjustments Other additions 'Material' Items TAXREC Other additions 'Material' Items TAXREC 2 In Deductions - positive numbers Employee Benefi Plans - Paid Announts Employee Benefi Plans - Paid Announts Resultatory Adjustments Interest Adjustments for tax purposes (See Below - cell E206) Tax reserves claimed in current vaar Reserves from F/S beginning of vaar Contributions to deferred income plans	6 9 10 11 4			0 0 0		
Interest Adjustment for tax purposes (See Below - cell E206) Tax reserves claimed in current year Reserves from F/S beginning of year Contributions to deferred income plans Contributions to pension plans Other deductions "Material" Items TAXREC	6 8 9 10 11 4 4 3			0 0 0 0 0 0 0 0 0 0		
Requilatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions - positive numbers Employee Benefit Plans - Paid Amounts Regulatory Adjustments Interest Adjustments Interest Adjustment for tax purposes Reserves formed in current year Reserves form F/S beainning of year Contributions to deferred income plans Contributions to deferred income plans	6 9 10 11 4 3 3 12			0 0 0 0 0 0 0		

PILS TAXES - EB-2011-0178 PILS DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) (Wires-only busines - see TaXREC)	ITEM		Initial stimate		M of F Filing Variance G-C	M of F Filing Variance Explanation	Tax Returns
0 Utility Name: Kingston Hydro Corporation Reporting period: 2001							Version 2009.1
Days in reporting period: Total days in the calendar year:	92 365	davs davs	s		\$		Column Brought From TAXREC
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) TRUE-UP VARIANCE ADJUSTMENT					39.50%		
IV b) Calculation of the Deferral Account Variance caused by chances in legislation					0		
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 Less: Exemption from tab Tax Rates, Table 2, cell C39 Revised deemed taxable capital				-	24,210,042 5,000,000 19,210,042		
Rate - Tab Tax Rates cell C54				x	0.3000%		
Revised Ontario Capital Tax Less: Ontario Capital Tax reported in the initial estimate column (Cell C72)				=	14,526		
Regulatory Ontario Capital Tax Variance				=	118		
Federal LCT Base Less: Exemption from tab Tax Rates, Table 2, cell C40 Revised Federal LCT					24,210,042 10,000,000 14,210,042		
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.2250%		
Gross Amount Less: Federal surtax Revised Net LCT					8,059 5,613 2,446		
Less: Federal LCT reported in the initial estimate column (Cell C84) Regulatory Federal LCT Variance				-=	2,381 66		
Actual Income Tax Rate used for gross-up (exclude surtax)					39.50%		
Income Tax (grossed-up) LCT (grossed-up) Ontario Capital Tax				+ + +	0 109 118		
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	227		
TRUE-UP VARIANCE (from cell 1132)				+	0		
Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)				=	227		
V) INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt							
Total deemed interest (REGINFO) Interest phased-in (Cell C37)					877,614 182,320		
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) Total deemed interest (REGINFO CELL D62)					231,189 877,614		
Variance caused by excess debt					0		
Interest Adjustment for Tax Purposes (carry forward to Cell E112)					0		
Total Interest Variance					695,294		

0

0

282,391

231,189

51,202

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	Non-wires Eliminations	Wires-only Tax Return
	0	Return		
				Version 2009.1
Section A: Identification:				
Utility Name: Kingston Hydro Corporation				
Reporting period: 2001				
Taxation Year's start date:				
Taxation Year's end date:				
Number of days in taxation year:	_	92	days	
Please enter the Materiality Level :		30,263	< - enter materialit	y 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	+	14,628,768	14,628,768
Distribution Revenue	+	0	0
Other Income	+		0
Miscellaneous income	+	0	0
	<u>т</u>		0

Revenue should be entered above this line

Costs and Expenses:

Cost of energy purchased	-	12,821,247	12,821,247
Administration	-	348,146	348,146
Customer billing and collecting	-		0
Operations and maintenance	-	850,198	850,198
Amortization	-	326,786	326,786
Ontario Capital Tax	-		0
	-		0
	-		0
	-		0

=

-

-

=

282,391

231,189

51,202

Net Income Before Interest & Income Taxes EBI

Less: Interest expense for accounting purposes

Provision for payments in lieu of income taxes

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	+	0	0	0
Federal large corporation tax	+			0
Depreciation & Amortization	+	326,786	0	326,786
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"		0	0	0
Material addition items from TAXREC 2	+	0	0	0
Other addition items (not Material) from TAXREC 2	+	29,973	0	29,973
Subtotal		356,759	0	356,759

Other Additions: (Please explain the nature of the additions)				
Recapture of CCA	+			0
Non-deductible meals and entertainment expense	+	599		599
	+			0
	+			0
	+			0
	+			0
	+			0
Total Other Additions	=	599	0	599
Total Additions	=	357,358	0	357,358
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 0	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
		0	0	Version 2009.1
		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
mployee benefit plans-paid amounts	- [0
ems capitalized for regulatory purposes	- [0
Regulatory adjustments :	-			0
CCA	-			0
other deductions	-			0
Fax 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
tems on which true-up does not apply "TAXREC 3"		15,865	0	15,865
nterest capitalized for accounting deducted for tax	- [0
Naterial deduction items from TAXREC 2	-	0	0	0
Other deduction items (not Material) from TAXREC 2	-	0	0	0
	r			
Subtotal	= [192,051	0	192,051
Other deductions (Please explain the nature of the deductions)	г			
Charitable donations - tax basis	-			0
Gain on disposal of assets	-			0
	-			0
				0
Total Other Daduations	-	0	0	0
Total Other Deductions	=	0	0	0
Total Deductions	= [192,051	0	192,051
Total Deddclions	- 1	192,031	0	192,031
ecap Material Deductions:				
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Fotal Other Deductions exceed materiality level		0	0	0
Other Deductions less than materiality level		0	0	0
otal Other Deductions		0	0	0
AXABLE INCOME	= [216,509	0	216,509
DEDUCT:	-			
Non-capital loss applied positive number	-			0
Net capital loss applied positive number	-			0
				0
		040 500	0	

NET TAXABLE INCOME

FROM ACTUAL TAX RETURNS

Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax

51,808 51,808 27.064 27.064

0

216,509

	,		/
=	78,872	0	78,872
-	0		0
=	78,872	0	78,872

216,509

=

+

FROM ACTUAL TAX RETURNS

Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate

28.12%]	28.12%
12.50%		12.50%
40.62%		40.62%

Section F: Income and Capital Taxes

RECAP FROM ABOVE:

Total Income Taxes Ontario Capital Tax Federal Large Corporations Tax

Total income and capital taxes

+	78,872	0	78,872
+	15,033		15,033
+	8,762		8,762

	=	102,667	0	102,667
--	---	---------	---	---------

PILs TAXES - EB-2011-0178 Tax and Accounting Reserves	LINE	M of F Corporate	Non-wires Eliminations	Wires-only Tax
For MoF Column of TAXCALC		Tax		Return
(for "wires-only" business - see s. 72 OEB Act)		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)(I)			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)(I)			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

 Insert line above this line
 0
 0

 Total (carry forward to the TAXREC worksheet)
 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

29,973

0

PILs TAXES - EB-2011-0178	LINE	M of F	Non-wires	Wires-only
TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax
(for "wires-only" business - see s. 72 OEB Act)		Tax		Return
RATEPAYERS ONLY		Return		
Shareholder-only Items should be shown on TAXREC 3				Version 2009.1
Utility Name: Kingston Hydro Corporation				
Reporting period: 2001				
Number of days in taxation year:		92		
Materiality Level:		30,263		

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

	+		0
Gain on sale of eligible capital property	+		0
Loss on disposal of assets	+		0
Charitable donations (Only if it benefits ratepayers)	+		0
Taxable capital gains	+		0
	+		0
Scientific research expenditures deducted	+		0
per financial statements	+		0
Capitalized interest	+		0
Soft costs on construction and renovation of buildings	+		0
Capital items expensed	+	13,149	13,149
Debt issue expense	+		0
Financing fees deducted in books	+		0
Gain on settlement of debt	+		0
Interest paid on income debentures	+		0
Recapture of SR&ED expenditures	+		0
Share issue expense	+		0
Write down of capital property	+		0
Amounts received in respect of qualifying environment trust	+		0
Non deductible legal and accounting fees	+	16,824	16,824
	+		0
	+		0
	+		0
Other Additions: (please explain in detail the nature of the item)	+		0
	+		0
	+		0
	+		0
	+		0

+

=

29,973

Total Additions

Recap of Material Additions:

	0	0	(
	0	0	
	0	0	(
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	0	0	(
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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 Reporting period: 2001 Number of days in taxation year: Materiality Level:	[92 30,263		
		0	0	0
		0	0	0
Total Material additions		0	0	0
Other additions less than materiality level		29,973	0	29,973
Total Additions		29,973	0	29,973
Deduct:				
Gain on disposal of assets per f/s	- [0
Dividends not taxable under section 83	- 1			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 Equity in income from subsidiary or affiliates	-			0
Contributions to a qualifying environment trust				0
Other income from financial statements	- 1			0
	- 1			
	- [0
	-			0
Other deductions: (Please explain in detail the nature of the item)	-			0
	-			0
				0
Total Deductions	=	0	0	0
	L			
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
Total Deductions exceed materiality level		0	0	0
Other deductions less than materiality level		0	0	0
Total Deductions		0	0	()

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

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	LINE	M of F Corporate	Non-wires Eliminations	Wires-only Tax
(for "wires-only" business - see s. 72 OEB Act)	0	Tax Return		Return
Utility Name: Kingston Hydro Corporation	0	Return		Version 2009.1
Reporting period: 2001 Number of days in taxation year:		92]	

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	+		
Interest and penalties on unpaid taxes	+		
Management bonuses unpaid after 180 days of year end	+		
Ontario Capital Tax per books	+		
	+		0
Changes in Regulatory Asset balances	+		0
Imputed interest expense on Regulatory Assets	+		0
	+		0
Other Additions: (please explain in detail the nature of the item)	+		0
Capital contributions - s.12(1)(x)	+		0
	+		0
	+		

=

Total Additions on which true-up does not apply

Deduct:

CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets **Donations - amount deductible for tax purposes** Income from joint ventures or partnerships

Ontario Capital Tax

Changes in Regulatory Asset balances

-			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

0

0

0

Other deductions: (Please explain in detail the nature of the item) Capital contributions s.13(7.4) Election Prospectus & underwriting fees Income not earned on movement of Regulatory A/Cs Deferred cost deductible (market ready) Total Deductions on which true-up does not apply PILs TAXES - EB-2011-0178 Corporate Tax Rates Exemptions, Deductions, or Thresholds Utility Name: Kingston Hydro Corporation Reporting period: 2001

Version 2009.1

Table 1

					Table I
Rates Used in 2002 RAM P	Ls Applic	ations for 20	01 Q4		
Income Range		0		50,000	
RAM 2002		to		to	>175,000
	Year	50,000		175,000	
Income Tax Rate					
Proxy Tax Year	2002				
Federal (Includes surtax)		13.12%		28.12%	28.12%
and Ontario blended		6.00%		6.00%	12.50%
Blended rate		19.12%		34.12%	40.62%
Capital Tax Rate		0.300%			
LCT rate		0.225%			
Surtax		1.12%			
Ontario Capital Tax	MAX	E 000 000			
Exemption **	\$5MM	5,000,000			
Federal Large	МАХ				
Corporations Tax		10,000,000			
Exemption **	\$10MM				

**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		0		50,000			
Expected Rates		to		to	>175,000		
	Year	50,000		175,000			
Income Tax Rate							
Current year	2001						
Federal (Includes surtax)	2001	13.12%		28.12%	28.12%		
Ontario	2001	6.00%		6.00%	12.50%		
Blended rate	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	MAX	E 000 000					
Exemption *** 2001	\$5MM	5,000,000					
Federal Large	МАХ						
Corporations Tax		10,000,000					
Exemption *** 2001	\$10MM						

***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		0		50,000	475.000		
		to		to	>175,000		
	Year	50,000		175,000			
Income Tax Rate							
Current year	2001						
Federal (Includes surtax)		13.12%		22.12%	28.12%		
Ontario		6.00%		9.75%	12.50%		
Blended rate		19.12%		31.87%	40.62%		
Capital Tax Rate		0.300%					
LCT rate		0.225%					
Surtax		1.12%					
Ontario Capital Tax	MAX	5 000 000					
Exemption *	\$5MM	5,000,000					
Federal Large	МАХ						
Corporations Tax		0					
Exemption *	\$10MM						

* 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

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	133,647	-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	+/-							0
Adjustment Q4, 2001 (2)	. /							0
True-up Variance (2)	+/-			-68,024	-146,942	-66,352		-281,319
Adjustment (3) Deferral Account Variance				-00,024	-140,942	-00,352		-201,319
Adjustment Q4, 2001 (4)								0
Deferral Account Variance	+/-							Ŭ
Adjustment (5)	.,				-50,047	-84,311		-134,358
Adjustments to reported	+/-				, -	- ,-		- ,
prior years' variances (6)								0
Carrying charges (7)	+/-							0
								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 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 1132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- (7) Carrying charges are calculated on a simple interest basis.
- (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate

components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.

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

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

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

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

PILs TAXES - EB-2011-0178 REGULATORY INFORMATION (REGINFO) Utility Name: Kingston Hydro Corporation			Colour Code	Version 2009.1
Reporting period: 2002			Input Cell	
Days in reporting period: Total days in the calendar year:	365 365	days days	Formula in Cell	
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	Ν	
Is the utility a non-profit corporation? (If it is a non-profit corporation, please contact the Rates Manager at the OEB)		Y/N		
Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group? Please identify the % used to allocate the OCT and LCT exemptions in	OCT LCT OCT	Y/N Y/N	Y Y 100%	
Cells C65 & C74 in the TAXCALC spreadsheet. Accounting Year End	LCT	Date	100% 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 Input: Board-approved dollar amounts phased-in Amount allowed in 2001 Amount allowed in 2002 Amount allowed in 2003 and 2004 (will be zero due to Bill 210			525,722 175,241 175,241	175,241
unless authorized by the Minister and the Board) Amount allowed in 2005 - Third tranche of MARR re: CDM Other Board-approved changes to MARR or incremental revenue				0 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) ((D43+D47)/D41)*D61			729,278]
Phase-in of interest - Year 2 (2002) ((D43+D47+D48)/D41)*D61			803,446	J
Phase-in of interest - Year 3 (2003) and forward ((D43+D47+D48)/D41)*D61 (due to Bill 210) Phase-in of interest - 2005			803,446	-
F11050-111 UI IIIIUUUSI - 2003			877,614	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	
Utility Name: Kingston Hydro Corporation Reporting period: 2002	0				Version 2009.1	
Days in reporting period: Total days in the calendar year:	365 365	days days			Column Brought From TAXREC	
		\$	\$		\$	-
I) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53	1	1,898,349	358,222		2,256,571	
BOOK TO TAX ADJUSTMENTS Additions:						
Depreciation & Amortization Employee Benefit Plans - Accrued, Not Paid	2 3	1,519,994	<u>-112,742</u> 0		1,407,252	•
Tax reserves - beginning of year	4	0	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")	~		-			ł
"Material" Items from "TAXREC" worksheet	6		0		0	
Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6 6		0		0	
Other Additions (not "Material") "TAXREC 2"	6		0		0	
Items on which true-up does not apply "TAXREC 3"	Ŭ		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	
tems Capitalized for Regulatory Purposes Regulatory Adjustments - deduction for tax purposes in Item 5	9 10	0	0		0	
nterest Expense Deemed/ Incurred	10	803,446	187,542		990.988	
Fax reserves - end of year	4	000,440	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	
nterest 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	
tems 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						1
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	F
Miscellaneous Tax Credits	14		0	Actual	0	
Total Regulatory Income Tax		623,337	-623,337	Actual	0	_
· · · · · · · · · · · · · · · · · · ·						
I) CAPITAL TAXES						
Ontario						
Base	15	24,210,042	5,618,228		29,828,270	
.ess: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3 axable Capital	16	5,000,000 19,210,042	0 5,618,228		5,000,000 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 Faxable Capital	19	10,000,000 14,210,042	0 5,122,982		10,000,000 19,333,024	F
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%	0.0000%		0.2250%	ſ
						1
					40,400	
Gross Amount of LCT before surtax offset (Taxable Capital x Rate) Less: Federal Surtax 1.12% x Taxable Income	21	31,973 18,077	11,527 -18,077		43,499 0	
	21					

PILS TAXES - EB-2011-0178 PILS DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC)	ITEM	Initial Estimate		M of F Filing Variance	M of F Filing Variance	Tax Returns	
("Wires-only" business - see Tab TAXREC) 0				K-C	Explanation	Version 2009.1	
Utility Name: Kingston Hydro Corporation Reporting period: 2002						Column	
Days in reporting period: Total days in the calendar year:	365 365	days days				Brought From	
		\$		\$		TAXREC \$	
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) Ontario Capital Tax (no gross-up since it is deductible)	23 24	22,233 57,630		-	Actual 2002 Actual 2002	43,499 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 In Additions:				DR/(CR)			
Employee Benefit Plans - Accrued, Not Paid	3			0			
Tax reserves deducted in prior year Reserves from financial statements-end of year	4			0			
Regulatory Adjustments	5			0			
Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2	6 6			0			
In Deductions - positive numbers	0			0			
Employee Benefit Plans - Paid Amounts	8			0			
Items Capitalized for Regulatory Purposes	9			0			
Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell E206)	10 11			0			
Tax reserves claimed in current year	4			0			
Reserves from F/S beginning of year	4			0			
Contributions to deferred income plans Contributions to pension plans	3 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
Utility Name: Kingston Hydro Corporation Reporting period: 2002						Version 2009.1
Days in reporting period: Total days in the calendar year:	365 365	days days				Column Brought From TAXREC
Ontaria Capital Tax		\$		\$		\$
Ontario Capital Tax Base Less: Exemption from tab Tax Rates, Table 2, cell C39 Revised deemed taxable capital			= - =	24,210,042 5,000,000 19,210,042		
Rate - Tab Tax Rates cell C54			x	0.3000%		
Revised Ontario Capital Tax Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	57,630 57,630		
Regulatory Ontario Capital Tax Variance			=	0		
Base Less: Exemption from tab Tax Rates, Table 2, cell C40 Revised Federal LCT			-=	24,210,042 10,000,000 14,210,042		
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%		
Gross Amount Less: Federal surtax Revised Net LCT			-=	31,973 18,077 13,896		
Less: Federal LCT reported in the initial estimate column (Cell C82) Regulatory Federal LCT Variance			-=	13,896 0		
Actual Income Tax Rate used for gross-up (exclude surtax)				37.50%		
Income Tax (grossed-up) LCT (grossed-up) Ontario Capital Tax			+ + +	1 0 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) Interest phased-in (Cell C37)				877,614 803,446		
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 <u>Above Deemed Debt per Rate Handbook)</u> Interest deducted on MoF filing (Cell G37+G42) Total deemed interest (REGINFO CELL D62)				<u>990,988</u> 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		

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
	v	notum		Version 2009.1
Section A: Identification:				
Utility Name: Kingston Hydro Corporation				
Reporting period: 2002				
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 materialit	y level
(0.25% x Rate Base x CER)	Y/N	Y	-	-
(0.25% x Net Assets)	Y/N	N		
Or other measure (please provide the basis of the amount)	Y/N	N		
Does the utility carry on non-wires related operation?	Y/N	N		
(Please complete the questionnaire in the Background questionna	aire workshe	et.)		
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.

In

income:			
Service Revenue	+	53,619,495	53,619,495
Other Income	+	8,190,517	8,190,517
Miscellaneous income	+	647,712	647,712
Miscellaneous income	+		0
			0

Revenue should be entered above this line

Costs and Expenses:			
Cost of energy purchased	-	53,619,495	53,619,495
Administration	-	1,766,875	1,766,875
Customer billing and collecting	-	1,713,141	1,713,141
Operations and maintenance	-	1,694,390	1,694,390
Amortization	-	1,407,252	1,407,252
Ontario Capital Tax	-		0
Reg Assets	-		0
	-		0
	-		0

-

=

-

-

=

2,256,571

990,988

174,264

96.264

1,091,319

0

0

0

0

2,256,571

990,988

174,264

96.264

0

1,091,319

Net Income Before Interest & Income Taxes EBIT

Less: Interest expense for accounting purposes

Provision for payments in lieu of income taxes **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	
Federal large corporation tax	
Depreciation & Amortization	

Depreciation & Amortization	+	1,407,252	0	1,407,252
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"		993,608	0	993,608
Material addition items from TAXREC 2	+	0	0	0
Other addition items (not Material) from TAXREC 2	+	0	0	0
Subtotal		2,497,124	0	2,497,124
Other Additions: (Please explain the nature of the additions)				

Recapture of CCA	+			0
Non-deductible meals and entertainment expense	+			0
Capital items expensed	+			0
DEPRECIATION DIFFERENCE	+			0
	+			0
	+			0
	+			0
Total Other Additions	=	0	0	0
Total Additions	=	2,497,124	0	2,497,124
Recap Material Additions:				
		0	0	0
		0	0	0
		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	Non-wires Eliminations	Wires-only Tax Return
	U	Return	0	Version 2009.1
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	Non-wires Eliminations	Wires-only Tax Return
	0	Return		Version 2009.1
BOOK TO TAX DEDUCTIONS:		4 505 050		4 505 050
Capital cost allowance Cumulative eligible capital deduction	-	1,595,053 868		1,595,053 868
Employee benefit plans-paid amounts		000		000
Items capitalized for regulatory purposes				0
Regulatory adjustments :	-			0
CCA	-			0
other deductions 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"		1,992,522	0	1,992,522
Interest capitalized for accounting deducted for tax				0
Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2		0	0	0
Other deduction items (not Material) from TAXREC 2		0	0	0
Subtotal	=	3,588,443	0	3,588,443
Other deductions (Please explain the nature of the deductions)				
Charitable donations - tax basis	-			0
Gain on disposal of assets	-			0
				0
				0
Total Other Deductions	=	0	0	0
Total Deductions	=	3,588,443	0	3,588,443
Recap Material Deductions:	- T	0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total Other Deductions exceed materiality level Other Deductions less than materiality level		0	0	0
Total Other Deductions		0	0	0
TAXABLE INCOME	=	0	0	0
DEDUCT: Non-capital loss applied positive number	Г			0
Net capital loss applied positive number	-			0
				0
NET TAXABLE INCOME	=	0	0	0
FROM ACTUAL TAX DETURNO				
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	0
Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0
Total Income Tax	=	0	0	0
FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate	F	26.12% 12.50% 38.62%	****	26.12% 12.50% 38.62%
Section F: Income and Capital Taxes	<u> </u>		•	
RECAP Total Income Taxes	_ 	0	0	0
Ontario Capital Tax	+	74,485	0	74,485
Federal Large Corporations Tax	+	43,499		43,499
	-			

=

117,984

0

117,984

Total income and capital taxes

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:			
Seguring of Fouri			0
Reserve for doubtful accounts ss. 20(1)(I)			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)(I)			
			0
			0
Reserve for goods & services ss.20(1)(m)			0 0 0
Reserve for goods & services ss.20(1)(m) Reserve for unpaid amounts ss.20(1)(n)			0 0 0 0
Reserve for goods & services ss.20(1)(m) Reserve for unpaid amounts ss.20(1)(n) Debt and share issue expenses ss.20(1)(e) Other - Please describe			0 0 0 0 0
Reserve for goods & services ss.20(1)(m) Reserve for unpaid amounts ss.20(1)(n) Debt and share issue expenses ss.20(1)(e)			0 0 0 0 0 0
Reserve for goods & services ss.20(1)(m) Reserve for unpaid amounts ss.20(1)(n) Debt and share issue expenses ss.20(1)(e) Other - Please describe			0 0 0 0 0 0 0 0
Reserve for goods & services ss.20(1)(m) Reserve for unpaid amounts ss.20(1)(n) Debt and share issue expenses ss.20(1)(e) Other - Please describe			0 0 0 0 0 0 0 0
Reserve for goods & services ss.20(1)(m) Reserve for unpaid amounts ss.20(1)(n) Debt and share issue expenses ss.20(1)(e) Other - Please describe			0 0 0 0 0 0 0 0

Total (carry forward to the TAXREC worksheet)

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

PILs TAXES - EB-2011-0178	LINE	M of F	Non-wires	Wires-only
TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax
(for "wires-only" business - see s. 72 OEB Act)		Tax		Return
RATEPAYERS ONLY		Return		
Shareholder-only Items should be shown on TAXREC 3				Version 2009.1
Utility Name: Kingston Hydro Corporation				
Reporting period: 2002				
Number of days in taxation year:		365		
Materiality Level:		30,263		

0

0

0

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

Add:			
	+		0
Gain on sale of eligible capital property	+		0
Loss on disposal of assets	+		0
Charitable donations (Only if it benefits ratepayers)	+		0
Taxable capital gains	+		0
	+		0
Scientific research expenditures deducted	+		0
per financial statements	+		0
Capitalized interest	+		0
Soft costs on construction and renovation of buildings	+		0
Capital items expensed	+		0
Debt issue expense	+		0
Financing fees deducted in books	+		0
Gain on settlement of debt	+		0
Interest paid on income debentures	+		0
Recapture of SR&ED expenditures	+		0
Share issue expense	+		0
Write down of capital property	+		0
Amounts received in respect of qualifying environment trust	+		0
Provision for bad debts	+		0
	+		0
	+		0
	+		0
Other Additions: (please explain in detail the nature of the item)	+		0
	+		0
	+		0
	+		0
	+		0
	+		

=

Total Additions

Image: constraint of the set of the	Recap of Material Additions:			
Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions Image: strain additions		0	0	0
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Image: strain additions Image: strain materiality level 0 0 Image: strain materiality level 0 0 0 Image: strain materiality level 0 0 0		0	0	0
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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 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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Total Material additions 0 0 Other additions less than materiality level 0 0		0	0	0
Other additions less than materiality level 0 0				0
Other additions less than materiality level 0 0 Total Additions 0 0 0	Total Material additions	0	0	0
Total Additions 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 2) (for "wires-only" business - see s. 72 OEB Act) RATEPAYERS ONLY Shareholder-only Items should be shown on TAXREC 3 Utility Name: Kingston Hydro Corporation Reporting period: 2002 Number of days in taxation year: Materiality Level:	LINE	M of F Corporate Tax Return <u>365</u> 30,263	Non-wires Eliminations	Wires-only Tax Return Version 2009.1
Deduct:	r			ol
Gain on disposal of assets per f/s 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
	-			
OPEB Amounts Capitalized	-			0
	-			0
Other deductions: (Please explain in detail the nature of the item)	-			0
Non-taxable load transfers	-			0
Prospectus & underwriting fees	-			0
Total Deductions	-	0	0	0
I otal Deductions	=	U	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
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 0	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return 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
Other Additions: (please explain in detail the nature of the item)	+			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 CEC adjustments
Depreciation and amortization adjustments
Gain on disposal of assets per financial statements
Financing fee amorization - considered to be interest expense for PILs
Imputed interest income on Regulatory Assets
Donations - amount deductible for tax purposes
Employee future benefits
RSVA
Transition Costs

-			0
-			0
-			0
-			0
-	16,633		16,633
-			0
-			0
-	817,974		817,974
-	178,255		178,255
-	60,655		60,655
-			0
-			0
-			0
-	78,000		78,000
-			0
-			0
-			0
-			0
-	841,005		841,005
-			0
-			0
-			0
=	1 992 522	0	1 992 522

Ontario capital tax adjustments to current or prior year

Changes in Regulatory Asset balances

Other deductions: (Please explain in detail the nature of the item) CCA taken on reg assets Income not earned on movement of Regulatory A/Cs Deferred cost deductible (market ready)

Total Deductions on which true-up does not apply

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

Income Range		0	200,001	. 700.000
Expected Rates	Year	to 200,000	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 Utili		Table 3			
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

Year start: Year end:		01/10/2001 31/12/2001	01/01/2002 31/12/2002	01/01/2003 31/12/2003	01/01/2004 31/12/2004	01/01/2005 31/12/2005	01/01/2006 30/04/2006	Total
Opening balance:	=	0	354,796	464,478	361,846	133,647	-73,216	0
Board-approved PILs tax	+/-							
proxy from Decisions (1) PILs proxy from April 1,		354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
2005 - input 9/12 of amount						751,148		751,148
True-up Variance	+/-							0
Adjustment Q4, 2001 (2) True-up Variance	+/-							0
Adjustment (3)				-68,024	-146,942	-66,352		-281,319
Deferral Account Variance Adjustment Q4, 2001 (4)								0
Deferral Account Variance	+/-							Ū
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 used for the period from January 1 to April 30, 2006.
- (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell 1132, 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 1181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell 1181, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- (7) Carrying charges are calculated on a simple interest basis.
- (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
 - (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PLs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PLs 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 PLs 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)				Version 2009.1
Utility Name: Kingston Hydro Corporation January 1, 2003 - December 31, 2003			<u>Colour Code</u> Input Cell	
Days in reporting period:	365	days	Formula in Cell	
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	Ν	
Is the utility a non-profit corporation? (If it is a non-profit corporation, please contact the Rates Manager at the OEB)		Y/N	N	
Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?	OCT LCT	Y/N Y/N	Y Y	
Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	OCT LCT		100% 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 Amount allowed in 2002 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 unless authorized by the Minister and the Board) Amount allowed in 2005 - Third tranche of MARR re: CDM Other Board-approved changes to MARR or incremental revenue			175,241 175,241	175,241 175,241 0 0 0 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) ((D43+D47)/D41)*D61			729,278	-
Phase-in of interest - Year 2 (2002) ((D43+D47+D48)/D41)*D61			803,446	J
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	
	D			K-0	Explanation	Version 2009.1	
_	0.05	day a				Column	
Days in reporting period: Total days in the calendar year:	365 365	days days ¢		s		Brought From TAXREC \$	
I) CORPORATE INCOME TAXES		Ŷ		ÿ		Ψ	
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 Tax reserves - beginning of year	3 4			0		0	
Reserves from financial statements - end of year	4			0		0	
Regulatory Adjustments - increase in income Other Additions (See Tab entitled "TAXREC")	5			0		0	
"Material" Items from "TAXREC" worksheet Other Additions (not "Material") "TAXREC"	6 6			0		0	
"Material Items from "TAXREC 2" worksheet Other Additions (not "Material") "TAXREC 2"	6			0		0	
Items on which true-up does not apply "TAXREC 3"	0			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	1,000,072		0		0	
Items Capitalized for Regulatory Purposes Regulatory Adjustments - deduction for tax purposes in Item 5	9 10	0		0		0	
Interest Expense Deemed/ Incurred Tax reserves - end of year	11 4	803,446		341,148		1,144,594	
Reserves from financial statements - beginning of year	4			0		0	
Contributions to deferred income plans Contributions to pension plans	3 3			0		0	
Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11			0		0	
"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12 12			0		0	
Material Items from "TAXREC 2" worksheet	12			0		0	
Other Deductions (not "Material") "TAXREC 2" Items on which true-up does not apply "TAXREC 3"	12			1,263,226		0 1,263,226	
		4.044.005		-512 230	Defendance Off		
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	
Marchine and Tan One file					Antoni		
Miscellaneous Tax Credits	14			0	Actual	0	
Total Regulatory Income Tax		623,337		-291,926	Actual	331,411	
II) CAPITAL TAXES							
Ontario							
Base	15	24,210,042		6,770,781		30,980,823	
Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3 Taxable Capital	16	5,000,000 19,210,042		0 6,770,781		5,000,000 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	
		57,050		20,312		11,342	
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 Taxable Capital	19	10,000,000 14,210,042		7,386,826		10,000,000 21,596,868	
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
	20	24.072		16 620		49.502	
Gross Amount of LCT before surtax offset (Taxable Capital x Rate) Less: Federal Surtax 1.12% x Taxable Income	21	18,077		-5,737		48,593	
Net LCT	1	13,896	L	22,357		36,253	E
III) INCLUSION IN RATES	1						
Income Tax Rate used for gross- up (exclude surtax)	1	37.50%					
income has reale used for gross- up (exclude surfax)							
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up)	22 23	997,338 22,233			Actual 2003 Actual 2003	331,411 36,800	
Income Tax (proxy tax is grossed-up)		997,338			Actual 2003 Actual 2003 Actual 2003		
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment - MUST AGREE WITH 2002	23	997,338 22,233			Actual 2003	36,800	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible)	23 24	997,338 22,233 57,630			Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION	23 24	997,338 22,233 57,630			Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment – MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance	23 24	997,338 22,233 57,630		DR/(CR)	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment – MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid	23 24 25 3	997,338 22,233 57,630		0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions:	23 24 25	997,338 22,233 57,630			Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in priory year Reserves from financial statements-end of year Reserves from financial statements-end of year	23 24 25 3 4 4 5	997,338 22,233 57,630		0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION N/) FUTURE TRUE-UPS W a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Reserves from financial statements-end of year Regulatory Adjustments Other additions "Material" Items TAXREC 2	23 24 25 3 4 4	997,338 22,233 57,630		0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Reserves from financial statements-end of year Reductions - Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions - positive numbers Employee Benefit Plans - Paid Amounts	23 24 25 3 4 4 5 6 6 8	997,338 22,233 57,630			Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Reserves from financial statements-end of year Requilatory Adjustments Other additions "Material" Items TAXREC 2 Other additions "Material" Items TAXREC 2 Other additions "Material" Items TAXREC 2 Differ additions a positive numbers Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes	23 24 25 3 4 4 5 6 6 8 9	997,338 22,233 57,630		0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in priory vear Resenses from financial statements-end of year Resultarov Adjustments Other additions "Material" Items TAXREC 2 Diher additions "Material" Items TAXREC 2 Other additions "Material" Items TAXREC 2 Diher Editory Adjustments Employee Benefit Plans - Paid Amounts Items Capital for Revulatory Purposes Regulatory Adjustments Interest Adjustments Interest Material Theory Europes (See Below - cell E206)	23 24 25 3 4 4 5 6 6 8 9 10 11	997,338 22,233 57,630		0 0 0 0 0 0 0 0 0 0 0 0 266,980	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior var Reserves from financial statements-end of year Reserves from financial tatements-end of year Reserves from financial tatements- In beductions - positive numbers Employee Benefit Plans - Paid Amounts Items Capitaled for Regulatory Purposes Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell E206) Tax reserves claimed in current year Reserves from F/S begining of year	23 24 25 3 4 4 5 6 6 6 8 9 10 11 4 4	997,338 22,233 57,630		0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION N/ FUTURE TRUE-UPS N a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Resultatory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions "Material" Items TAXREC 2 Other additions "Material" Items TAXREC 2 In Deductions - positive numbers Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell E206) Tax reserves damed in current year Reserves from F/S beginning of year	23 24 25 3 4 4 5 6 6 8 9 10 111 4 3	997,338 22,233 57,630		0 0 0 0 0 0 0 0 266,980 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment – MUST AGREE WITH 2002 RAM DECISION IV FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves dout din piñor year Reserves from francial statements-end of year Reserves from francial statements-end of year Reserves from Staterial" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductions 'Material" Items TAXREC 2 Other additions 'Material" Items TAXREC 2 Other additions 'Material" Items TAXREC 2 Debuctions - positive numbers Employee Benefit Plans - Paid Amounts Items Capitaled for Regulatory Purposes Regulatory Adjustment for tax purposes (See Below - cell E206) Tax reserves form F/S beginning of year Contributions to defered income plans Contributions to bension plans Contributions to bension plans	23 24 25 3 4 4 5 6 6 8 9 10 11 4 4 3 3 12	997,338 22,233 57,630		0 0 0 0 0 0 0 0 266,980 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment – MUST AGREE WITH 2002 RAM DECISION IV FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Reserves from financial statements-end of year Reserves from Financial statements- reserves (alexed for Regulatory Purposes Regulatory Adjustments Interest Adjustments in current year Reserves from Fina benning of year Contributions to deferred income plans Contributions fuered interes TAXREC Other deductions "Material" Item TAXREC 2	23 24 25 3 4 4 5 6 6 8 9 10 11 4 4 3 3 12 12	997,338 22,233 57,630		0 0 0 0 0 0 0 0 266,900 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION IV / FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued. Not Paid Tax reserves from financial statements-end of year Reserves from financial statements-end of year Reserves from financial statements-end of year Reserves from financial statements-end of year Reduitory Adjustments Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2 In Deductors "Interest Tembers Employee Benefit Plans - Paid Amounts Items Capitaled for Regulatory Purposes Regulatory Adjustments Interest Adjustments in current year Reserves from F/S beginning of year Contributions to deferred income plans Contributions to deferred income plans Contributions to deferred income plans Controlitions "Material" Items TAXREC Other deductions "Material" Item TAXREC 2 Total TRUE-UPS before tax effect	23 24 25 3 4 4 5 6 6 8 9 10 11 4 4 3 3 12	997,338 22,233 57,630	=	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible) Total PILs for Rate Adjustment – MUST AGREE WITH 2002 RAM DECISION IV FUTURE TRUE-UPS IV a) Calculation of the True-up Variance In Additions: Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Reserves from financial statements-end of year Reserves from Financial statements- reserves (alexed for Regulatory Purposes Regulatory Adjustments Interest Adjustments in current year Reserves from Fina benning of year Contributions to deferred income plans Contributions fuered interes TAXREC Other deductions "Material" Item TAXREC 2	23 24 25 3 4 4 5 6 6 8 9 10 11 4 4 3 3 12 12	997,338 22,233 57,630	= x	0 0 0 0 0 0 0 0 266,900 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Actual 2003 Actual 2003	36,800 77,942	

	-						
PILs TAXES - EB-2011-0178 PILs DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC) (Wires-only' business - see Tab TAXREC)	ITEM		nitial stimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns
Utility Name: Kingston Hydro Corporation January 1, 2003 - December 31, 2003					N	Explanation	Version 2009.1
Days in reporting period:	365	davs					Column Brought
Total days in the calendar year:	365	days					From
			\$		S		\$
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 Revised deemed taxable capital				-	5,000,000 19,210,042		
Rate - Tab Tax Rates cell C54				x	0.3000%		
Revised Ontario Capital Tax Less: Ontario Capital Tax reported in the initial estimate column (Cell C70) Regulatory Ontario Capital Tax Variance				-	57,630 57,630		
Federal LCT				-			
Base Less: Exemption from tab Tax Rates, Table 2, cell C40 Revised Federal LCT				-	24,210,042 10,000,000 14,210,042		
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.2250%		
Gross Amount Less: Federal surtax Revised Net LCT				-	31,973 18,077 13,896		
Less: Federal LCT reported in the initial estimate column (Cell C82) Regulatory Federal LCT Variance				-	13,896 0		
Actual Income Tax Rate used for gross-up (exclude surtax)					35.50%		
Income Tax (grossed-up)				+	-50,047		
LCT (grossed-up) Ontario Capital Tax				+++	0		
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	-50,047		
TRUE-UP VARIANCE (from cell 1132)				+	-146,942		
Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)				-	-196,990		
V) INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt							
Total deemed interest (REGINFO) Interest phased-in (Cell C37)					877,614 803,446		
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 fing (Cell G37+G42) Total deemed interest (REGINFO CELL D62)					1,144,594 877,614		
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 Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
	U	Return		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 materialit 	ty 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 questionna	aire workshe	eet.)		

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

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-

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=

2,362,640

1,144,594

442,870

775,176

0

2,362,640

1,144,594

442,870

775,176

EBIT Net Income Before Interest & Income Taxes

Less: Interest expense for accounting purposes

Provision for payments in lieu of income taxes

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	+	394,025	0	394.025
Federal large corporation tax	+	001,020		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
Total Other Additions	. + =	0	0	0
	-	0	0	0
Total Additions	=	2,977,059	0	2,977,059
	_			
Recap Material Additions:				
		0	0	0

Total Other additions >materiality level Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Itemest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal Other deductions		0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		Version 2009.1 0 0 0 0 0 0 0 0 1,435,252 807 0 0 0 0 0 0 0 0 0 0 0 0 0
Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to gension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Other deduction items (not Material) from TAXREC 2		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
Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Other deduction items (not Material) from TAXREC 2		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
Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Other deduction items (not Material) from TAXREC 2		0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		0 0 0 0 0 0 0 1,435,252 807 0 0 0 0 0 0
Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Other deduction items (not Material) from TAXREC 2		0 0 0 0 1,435,252 807 0 0		0 0 0 0 0 0 1,435,252 807 0 0 0 0 0 0 0
Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to gension plans Items capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Other deduction items (not Material) from TAXREC 2		0 0 0 1,435,252 807 0 0		0 0 0 1,435,252 807 0 0 0 0 0 0
Other additions (less than materiality level) Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to gension plans Items capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Other deduction items (not Material) from TAXREC 2		0 0 1,435,252 807 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 1,435,252 807 0 0 0 0 0 0
Total Other Additions BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items (not Material) from TAXREC 2 Subtotal		0 1,435,252 807 0 0	0	1,435,252 807 0 0 0 0 0 0
BOOK TO TAX DEDUCTIONS: Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to deferred income plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		1,435,252 807 0 0	0	1,435,252 807 0 0 0 0 0 0
Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to gension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		807 0 0 0		807 0 0 0
Capital cost allowance Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		807 0 0 0		807 0 0 0
Cumulative eligible capital deduction Employee benefit plans-paid amounts Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		807 0 0 0		807 0 0 0 0
Items capitalized for regulatory purposes Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		0		0 0 0
Regulatory adjustments : CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		0		0
CCA other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		0		0
other deductions Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		0		
Tax reserves - end of year Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		0		0
Reserves from financial statements- beginning of year Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		0		0
Contributions to deferred income plans Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal				0
Contributions to pension plans Items on which true-up does not apply "TAXREC 3" Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal		1,263,226		0
Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal	-	1,263,226		0
Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2 Subtotal	-		0	1,263,226
Other deduction items (not Material) from TAXREC 2 Subtotal	-			0
Subtotal	- 1	0	0	0
		0	0	0
	_ [2,699,285	0	2,699,285
	= L	2,099,205	0	2,099,205
Charitable donations - tax basis	- 1			0
Gain on disposal of assets	-			0
	- [0
	_			0
Tatal Other Darksetiana	-	0	0	0
Total Other Deductions	=	0	0	0
Total Deductions	=	2,699,285	0	2,699,285
	-		·	
Recap Material Deductions:				
		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
		4 050 050	0	4 050 050
TAXABLE INCOME DEDUCT:	=	1,052,950	0	1,052,950
Non-capital loss applied positive number	- 1	0		0
Net capital loss applied positive number	- 1			0
				0
NET TAXABLE INCOME	=	1,052,950	0	1,052,950
FROM ACTUAL TAX RETURNS	. г	050.074		050.074
Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return)	+	253,971 77,440		253,971 77,440
Subtotal	-	331,411	0	331,411
Less: Miscellaneous tax credits (Must agree with tax returns)		001,411	0	0
Total Income Tax	=	331,411	0	331,411
		·		
	-		-	
FROM ACTUAL TAX RETURNS	_	24.12%	_	24.12%
Net Federal Income Tax Rate (Must agree with tax return)		12.50% 36.62%	-	12.50% 36.62%
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return)	-	3h h 10/2	L	36.62%
Net Federal Income Tax Rate (Must agree with tax return)		00.02/0		
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return)		50.02 /0		
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes	E	00.02 /8		
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP	- F			221 /11
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes	+ -	331,411	0	<u>331,411</u> 77,942
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP			0	<u>331,411</u> 77,942 36,800
Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes Ontario Capital Tax	+	<u>331,411</u> 77,942	0	77,942

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)(I)			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)(I)			0
Reserve for goods & services ss.20(1)(m)			0
Reserve for unpaid amounts ss.20(1)(n)			0

		0
		0
		0
		0
		0
		0
0	0	0

FINANCIAL STATEMENT RESERVES

		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	

PILs TAXES - EB-2011-0178 TAX RETURN RECONCILIATION (TAXREC 2) (for "wires-only" business - see s. 72 OEB Act) RATEPAYERS ONLY	LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
Shareholder-only Items should be shown on TAXREC 3				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		

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

	+			0
Gain on sale of eligible capital property	+			0
Loss on disposal of assets	+			0
Charitable donations (Only if it benefits ratepayers)	+			0
Taxable capital gains	+			0
	+			0
Scientific research expenditures deducted	+			0
per financial statements	+			0
Capitalized interest	+			0
Soft costs on construction and renovation of buildings	+			0
Capital items expensed	+			0
Debt issue expense	+			0
Financing fees deducted in books	+			0
Gain on settlement of debt	+			0
Interest paid on income debentures	+			0
Recapture of SR&ED expenditures	+			0
Share issue expense	+			0
Write down of capital property	+			0
Amounts received in respect of qualifying environment trust	+			0
Provision for bad debts	+			0
	+			0
	+			0
	+			0
Other Additions: (please explain in detail the nature of the item)	+			0
	+			0
	+			0
	+			0
	+			0
	+			
Total Additions	=	0	0	0

Recap 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
	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
	•	3	v

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:	E	365 30,263		
		0	0	0
		0	0	0
Total Material additions		0	0	0
Other additions less than materiality level Total Additions		0	0	0
		0	0	0
Deduct:	-			
Gain on disposal of assets per f/s	-			0
Dividends not taxable under section 83 Terminal loss from Schedule 8	-			0
Depreciation in inventory, end of prior year				0
Scientific research expenses claimed in year from Form T661	- 1			0
Bad debts	-			0
Book income of joint venture or partnership	-			0
Equity in income from subsidiary or affiliates Contributions to a qualifying environment trust	-			0
Other income from financial statements				0
	-			
	-			0
	-			0
Other deductions: (Please explain in detail the nature of the item) Non-taxable load transfers	-	0		0
		0		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
Total Deductions exceed materiality level		0	0	0
Other deductions less than materiality level		0	0	0
Total Deductions		0	0	0

Wires-only

Тах

Return

Version 2009.1

932,637

0

Non-wires

Eliminations

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) Tax Utility Name: Kingston Hydro Corporation

January 1, 2003 - December 31, 2003 Number of days in taxation year: <u>365</u>

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
Other Additions: (please explain in detail the nature of the item)	+			0
Partnership income per T5013 (net of 2001 loss)	+	0		0
Employee future benefits	+	871,102		871,102
RSVA Reserve (1580)	+	178,255		
Total Additional and the two on the second seconds		4 440 000	0	000 007

Total Additions on which true-up does not apply

Deduct:

CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs 2002 interest accrual prior period adjustment **Donations - amount deductible for tax purposes** Income from joint ventures or partnerships Employee future benefits

Ontario capital tax adjustments to current or prior year

Changes in Regulatory Asset balances

Other deductions: (Please explain in detail the nature of the item)
RSVA Reserve (1580)
CCA taken on reg assets
Reserves for rebate payment
Prospectus & underwriting fees
Income not earned on movement of Regulatory A/Cs
Deferred cost deductible (market ready)
Total Deductions on which true-up does not apply

-			0
-			0
-			0
-			0
-	16,633		16,633
-	47,534		47,534
-			0
-			0
-	850,783		850,783
-			0
-			0
-			0
-			0
-	79,457		79,457
-			0
-			0
-			0
-			0
-	64,825		64,825
-	203,994		203,994
-			0
-			0
			0
=	1,263,226	0	1,263,226

1,110,892

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 PI	Ls Applicat	ions for 2002		
Income Range		0	200,001	
RAM 2002		to	to	>700000
	Year	200,000	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	MAX	5,000,000		
Exemption **	\$5MM	5,000,000		
Federal Large	МАХ			
Corporations Tax	\$10MM	10,000,000		
Exemption **	ΦΙΟΙΝΙΝΙ			

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

PILs filing

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.

Input Information from Utili	tv's Actual	2003 Tax Ret	urns		Table 3
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

Sign Convention: + for increase; - for decrease

Version 2009.1 0

Year start: Year end:		01/10/2001 31/12/2001	01/01/2002 31/12/2002	01/01/2003 31/12/2003	01/01/2004 31/12/2004	01/01/2005 31/12/2005	01/01/2006 30/04/2006	Total
Opening balance:	=	0	354,796	464,478	361,846	133,648	-73,216	0
Board-approved PILs tax proxy from Decisions (1) PILs proxy from April 1,	+/-	354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
2005 - input 9/12 of amount						751,148		751,148
True-up Variance Adjustment Q4, 2001 (2)	+/-							0
True-up Variance	+/-							
Adjustment (3) Deferral Account Variance				-68,024	-146,942	-66,352		-281,318
Adjustment Q4, 2001 (4)								0
Deferral Account Variance Adjustment (5)	+/-				-50,047	-84,311		-134,358
Adjustments to reported	+/-				-30,047	-04,311		-134,330
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 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 1132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- (5) From the Ministry of Finance Variance Column, under Future True-ups. Part IV a, cell 1181, of the TAXCALC spreadsheet The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- (7) Carrying charges are calculated on a simple interest basis.
- (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
 - (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 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)				Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2004			<u>Colour Code</u> Input Cell	
Days in reporting period: Total days in the calendar year:	366 366	days days	Formula in Cell	
BACKGROUND	000	uuyo		
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	OCT	Y/N	Y	
shared among the corporate group? Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	LCT OCT LCT	Y/N	Y 100% 100%	
Accounting Year End	201	Date	12-31-2004	
MARR NO TAX CALCULATIONS SHEET #7 FINAL RUD MODEL DATA				Regulatory Income
(FROM 1999 FINANCIAL STATEMENTS) USE BOARD-APPROVED AMOUNTS				
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 Amount allowed in 2002 Amount allowed in 2003 and 2004 (will be zero due to Bill 210			175,241 175,241	
unless authorized by the Minister and the Board) Amount allowed in 2005 - Third tranche of MARR re: CDM Other Board-approved changes to MARR or incremental revenue				0 0 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) ((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	J

PILS TAXES - EB-2011-0178 PILS DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC)	ITEM	Initial Estimate	M of F Filing Variance	M of F Filing Variance	Tax Returns
("Wires-only" business - see Tab TAXREC)	0		K-C	Explanation	Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2004					
Davs in reporting period:	366	davs			Column Brouaht
Total days in the calendar year:	366	days			From TAXREC
I) CORPORATE INCOME TAXES		3	3		2
Regulatory Net Income REGINFO E53	1	1,898,349	-543,296	3	1,355,053
BOOK TO TAX ADJUSTMENTS					
Additions: Depreciation & Amortization	2	1,519,994	-60,272	2	1,459,722
Employee Benefit Plans - Accrued, Not Paid Tax reserves - beginning of year	3 4		(<u>)</u>	0
Reserves from financial statements - end of year Regulatory Adiustments - increase in income	4 5				0
Other Additions (See Tab entitled "TAXREC") "Material" Items from "TAXREC" worksheet	6		(0
Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6 6)	0
Other Additions (not "Material") "TAXREC 2" Items on which true-up does not apply "TAXREC 3"	0		1,738,677		0 1,738,677
Deductions: Input positive numbers Capital Cost Allowance and CEC	7	1,000,872	225.70-	1	1,226,576
Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes	8	1,000,872		<u>*</u>	1,226,576
Regulatory Adjustments - deduction for tax purposes in Item 5 Interest Excense Deemed/ Incurred	10 11	803,446	197,393)	0
Tax reserves - end of year Reserves from financial statements - beginning of year	4	005,440	(197,39)	0
Contributions to deferred income plans Contributions to pension plans	3				0
Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11)	0
"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12 12			2	0
Material Items from "TAXREC 2" worksheet Other Deductions (not "Material") "TAXREC 2"	12 12)	0
Items on which true-up does not apply "TAXREC 3"			1,517,995	5	1,517,995
TAXABLE INCOME/ (LOSS)		1,614,025	-805,983	Before loss C/F	808,042
BLENDED INCOME TAX RATE Tab Tax Rates - Regulatory from Table 1: Actual from Table 3	13	38.62%	-2.5000%	6	36.12%
REGULATORY INCOME TAX	10	623,337	-367,39	1	255,941
Miscellaneous Tax Credits	14		(0
Total Regulatory Income Tax		623,337	-367,396	6 Actual	255,941
II) CAPITAL TAXES					
Ontario					
Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3 Taxable Capital	15 16	24.210.042 5,000,000	9.058.908		33.268.950 5,000,000
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%	9,058,908		0.3000%
Rate - Lax Rates - Requiatory, Table 1; Actual, Table 3 Ontario Capital Tax	17	57,630	27.17		84,807
Federal Large Corporations Tax		0.000	21,111	1	01,007
Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	18 19	24.210.042 10,000,000	10.306.890 24,550,000	2	34.516.938 34,550,000
Taxable Capital		14,210,042	34,856,896	3	0
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%	-0.0250%	1	0.2000%
Gross Amount of LCT before surtax offset (Taxable Capital x Rate) Less: Federal Surtax 1.12% x Taxable Income	21	31,973 18.077	-31,97		0
Net LCT		13.896	-13.89	3	0
III) INCLUSION IN RATES					
Income Tax Rate used for gross- up (exclude surtax)		37.50%	t I		
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up)	22 23	997,338 22,233	‡	Actual 2004 Actual 2004	255,941
LCT (Droxv tax is drossed-up) Ontario Capital Tax (no gross-up since it is deductible)	23	57,630	‡	Actual 2004 Actual 2004	84,807
Total PILs for Rate Adjustment MUST AGREE WITH 2002	25	1,077,201		Actual 2004	340,748
RAM DECISION					
IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance			DR/(CR)		
In Additions: Employee Benefit Plans - Accrued, Not Paid	3				
Tax reserves deducted in prior year Reserves from financial statements-end of year	4			× .	
Regulatory Adjustments Other additions "Material" Items TAXREC	5)	
Other additions "Material" Items TAXREC 2 In Deductions - positive numbers	6			2	
Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes Regulatory Adjustments	8 9)	
Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell E206) Tax reserves claimed in current year	10 11 4		123,225	5	
Tax reserves claimed in current vear Reserves from F/S beginning of year Contributions to deferred income plans	4 4 3)	
Contributions to deferred income plans Contributions to pension plans Other deductions "Material" items TAXREC	3 12)	
Other deductions "Material" Item TAXREC 2	12				
Total TRUE-UPS before tax effect	26		-123.22	5	
Income Tax Rate (excluding surtax) from 2004 Utility's tax return			x <u>35.00</u> %	6	
Income Tax Effect on True-up adjustments			= -43,129	3	
Less: Miscellaneous Tax Credits	14		(2	
Total Income Tax on True-ups			-43,129	3	
Income Tax Rate used for gross-up (exclude surtax)	1	1	35.00%	6	
Income Tax Rate used for gross-up (exclude suitax)					

PILS TAXES - EB-2011-0178 PILS DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Initial Estimate		M of F Filing	M of F Filing	Tax Returns	
TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)				Variance K-C	Variance Explanation		
0				K-C	Explanation	Version 2009.1	
Utility Name: Kingston Hydro Corporation Reporting period: 2004							
Davs in reporting period:	366	davs				Column Brouaht	
Total days in the calendar year:	366	days				From	
		s		s		TAXREC \$	
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 Less: Exemption from tab Tax Rates, Table 2, cell C39			-	24,210,042 5,000,000			
Revised deemed taxable capital			=	19,210,042			
Rate - Tab Tax Rates cell C54			x	0.3000%			
Revised Ontario Capital Tax Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			=	57,630			
Regulatory Ontario Capital Tax Variance			-	57,630			
Federal LCT							
Base Less: Exemption from tab Tax Rates, Table 2, cell C40				24,210,042			
Revised Federal LCT			=	50,000,000 -25,789,958			
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
Gross Amount				0			
Less: Federal surtax Revised Net LCT			- =	0			
Less: Federal LCT reported in the initial estimate column (Cell C82) Regulatory Federal LCT Variance			-	13,896 -13,896			
Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
Income Tax (grossed-up)			+	-62,078			
LCT (grossed-up) Ontario Capital Tax			+ +	-22,233			
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			_	-84,311			
TRUE-UP VARIANCE (from cell 1132)			+	-66,352			
Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)			-	-150,663			
V) INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt							
Total deemed interest (REGINFO) Interest phased-in (Cell C37)				877,614 803,446			
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) Total deemed interest (REGINFO CELL D62)				1,000,839 877,614			
Variance caused by excess debt				123,225			
Interest Adiustment for Tax Purposes (carry forward to Cell E112)				123,225			
Total Interest Variance				-49,057			
							_

1,355,053

1,000,839

340,750

13,464

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	Non-wires Eliminations	Wires-only Tax Return
	0	Return		
				Version 2009.1
Section A: Identification:				
Utility Name: Kingston Hydro Corporation				
Reporting period: 2004				
Taxation Year's start date:				
Taxation Year's end date:				
Number of days in taxation year:	_	366	days	
Please enter the Materiality Level :		30,263	< - enter materialit	ty 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	Ν		
(Please complete the questionnaire in the Background questionn	aire workshe	et.)		

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	+	49,048,057	49,048,057
Other Income	+	8,264,218	8,264,218
Miscellaneous income	+	764,151	764,151
	+		0

Revenue should be entered above this line

Costs and Expenses:			
Cost of energy purchased	-	49,048,057	49,048,057
Administration	-	1,848,468	1,848,468
Customer billing and collecting	-	1,230,573	1,230,573
Operations and maintenance	-	2,371,624	2,371,624
Amortization	-	1,459,722	1,459,722
Loss from discontinued operations	-	762,929	762,929
Recovery of regulatory assets - expense	-		0
	-		0
	-		0

=

-

-

=

1,355,053

1,000,839

340,750

13,464

EBIT Net Income Before Interest & Income Taxes

Less: Interest expense for accounting purposes

Provision for payments in lieu of income taxes

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	+	287,352	0	287,352
Federal large corporation tax	+	0		0
Depreciation & Amortization	+	1,459,722	0	1,459,722
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"		1,738,677	0	1,738,677
Material addition items from TAXREC 2	+	0	0	0
Other addition items (not Material) from TAXREC 2	+	0	0	0
0.11.1	i			0.105.551
Subtotal		3,485,751	0	3,485,751
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	=	3,485,751	0	3,485,751
Recap Material Additions:				
		0	0	0
		0	0	0

Version 2009.1 Version 2009.1 Image: Control of the control of th	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
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BOK TO TAX DEDUCTIONS:					
Capital cost allowance - 1225,820 1225,820 750 750 750 750 750 750 750 750 750 75	Total Other Additions		0	0	0
Capital cost allowance - 1225,820 1225,820 750 750 750 750 750 750 750 750 750 75					
Cumulative eligible capital deduction 750 758 Employee benchil plans-paid amounts 1 0 Items capitalized for regulatory purposes 0 0 CCA 0 0 CCA 0 0 0 CA 0 0 0 0 Tax reserves - end of year 0 0 0 0 0 0 Contributions to deferred income plans - 0 <td< td=""><td></td><td>. [</td><td>1 225 826</td><td></td><td>1 225 826</td></td<>		. [1 225 826		1 225 826
Employee benefit plans-paid amounts Frequency adjustments : CCA Regulatory adjustments : CCA active deductions Frequency adjustments :: CCA active deductions Contributions to deferred income plans Control deferred incom		- 1			
Regulation adjustments: 0 0 CCA 0 0 ather deductions 0 0 Tax reserves - end of year 0 0 Contributions to berision plans 0 0 Herms on which true-up does not apply 'TAXREC 3'' 0 0 Interest capitalized for accounting deducted for tax 0 0 Material deduction items from TAXREC 2 0 0 0 Subtotal - - 0 0 Chair deductions - 0 0 0 Gain on disposal of assets - 0 0 0 Total Other Deductions = 2,744,571 0 2,744,571 Otal Other Deductions = 0 0 0 0 Total Deductions = 2,744,571 0 2,744,571 0 2,744,571 Recap Material Deductions = 0 0 0 0 0 0 0 0 0 0 0 0		-			0
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Decision	•	-			
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Other deduction items (not Material) from TAXREC 2 - 0 0 0 Subtotal = 2,744,571 0 2,744,571 Other deductions (Please explain the nature of the deductions) = 2,744,571 0 2,744,571 Other deductions tax basis = 0 0 0 0 Gain on disposal of assets = 0 0 0 0 Total Other Deductions = 0	Interest capitalized for accounting deducted for tax	-			0
Subtotal = 2,744,571 0 2,744,571 Other deductions (Please explain the nature of the deductions) = 0 0 0 Charitable donations - tax basis = 0 0 0 0 Gain on disposal of assets = 0 0 0 0 0 Total Other Deductions = 0 0 0 0 0 0 Total Deductions = 2,744,571 0 2,744,571 0 2,744,571 Recap Material Deductions = 0 0 0 0 0 Total Other Deductions = 0		-	-		
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Other deductions (Please explain the nature of the deductions) Charitable donations - tax basis Gain on disposal of assets Total Other Deductions Total Other Deductions 2,744,571 0,0 /ul>	Subtotal	- 1	2 744 571	0	2 744 571
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TAXABLE INCOME DEDUCT: Non-capital loss applied positive number = 754,644 0 754,644 Non-capital loss applied positive number = 0 0 0 Net capital loss applied positive number = 0 0 0 NET TAXABLE INCOME = 754,644 0 754,644 FROM ACTUAL TAX RETURNS Net Ontario Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) + 166,928 0 166,928 Subtotal = 255,941 0 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) = 2 25,941 0 255,941 FROM ACTUAL TAX RETURNS Net Federal Income Tax = 2 255,941 0 255,941 FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax return) Blended Income Tax Rate (Must agree with tax return) Blended Income Tax Rate 2 2 22.12% 22.12% Section F: Income and Capital Taxes + 2 2 36.12% 36.12% Section Fax Rate + 2 2 2 9 36.12% 36.12% Federal Large Corporations T			0 0 0 0	0 0 0 0	0 0 0 0 0 0
DEDUCT: 0 0 Net capital loss applied positive number 0 0 Net capital loss applied positive number 0 0 Charitable donations 0 0 NET TAXABLE INCOME = 754,644 0 754,644 FROM ACTUAL TAX RETURNS = 754,644 0 754,644 Net Pederal Income Tax (Must agree with tax return) + 166,928 0 166,928 Net Ontario Income Tax (Must agree with tax return) + 189,013 0 89,013 Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) = 255,941 0 255,941 Total Income Tax = 255,941 0 255,941 0 255,941 Net Federal Income Tax Rate (Must agree with tax return) = 22.12% 22.12% 22.12% Section F: Income and Capital Taxes = 255,941 0 255,941 36.12% Section F: Income Tax Rate + 255,941 0 255,941 36.12% 36.12% Total Income Taxes	Total Other Deductions exceed materiality level Other Deductions less than materiality level		0 0 0 0 0	0 0 0 0 0 0	
DEDUCT: 0 0 Net capital loss applied positive number 0 0 Net capital loss applied positive number 0 0 Charitable donations 0 0 NET TAXABLE INCOME = 754,644 0 754,644 FROM ACTUAL TAX RETURNS = 754,644 0 754,644 Net Pederal Income Tax (Must agree with tax return) + 166,928 0 166,928 Net Ontario Income Tax (Must agree with tax return) + 189,013 0 89,013 Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) = 255,941 0 255,941 Total Income Tax = 255,941 0 255,941 0 255,941 Net Federal Income Tax Rate (Must agree with tax return) = 22.12% 22.12% 22.12% Section F: Income and Capital Taxes = 255,941 0 255,941 36.12% Section F: Income Tax Rate + 255,941 0 255,941 36.12% 36.12% Total Income Taxes	Total Other Deductions exceed materiality level Other Deductions less than materiality level		0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0 0 0 0
Non-capital loss applied positive number - 0 0 Net capital loss applied positive number - 0 0 Charitable donations 0 0 0 NET TAXABLE INCOME = 754,644 0 754,644 FROM ACTUAL TAX RETURNS = 754,644 0 754,644 Net Ontario Income Tax (Must agree with tax return) + 166,928 0 166,928 Net Ontario Income Tax (Must agree with tax return) + 166,928 0 166,928 Subtotal = 255,941 0 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) = 255,941 0 255,941 Total Income Tax = 255,941 0 255,941 0 255,941 Net Ontario Income Tax Rate (Must agree with tax return) = 22.12% 22.12% 22.12% 22.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12% 36.12%	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions		0 0 0 0 0 0	0 0 0 0 0 0 0	
Net capital loss applied Charitable donations positive number - 0 NET TAXABLE INCOME - 0 0 FROM ACTUAL TAX RETURNS = 754,644 0 754,644 FROM ACTUAL TAX RETURNS = 754,644 0 754,644 FROM ACTUAL TAX RETURNS + 166,928 0 166,928 Net Federal Income Tax (Must agree with tax return) + 89,013 0 89,013 Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) = 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 0 255,941 Net Federal Income Tax Rate (Must agree with tax return) = 22,12% 22,12% 22,12% 22,12% 36,12%	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME	=	0 0 0 0 0 0	0 0 0 0 0 0 0	
Charitable donations 0 NET TAXABLE INCOME = FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) + Net Ontario Income Tax (Must agree with tax return) + Subtotal 255,941 Less: Niscellaneous tax credits (Must agree with tax returns) - Total Income Tax 225,941 REOM ACTUAL TAX RETURNS - Net Federal Income Tax Rate (Must agree with tax return) - Net Federal Income Tax Rate (Must agree with tax return) - Net Pederal Income Tax Rate (Must agree with tax return) 22.12% Section F: Income and Capital Taxes - RECAP + Total Income Taxes + Ontario Capital Tax + Federal Large Corporations Tax +	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT:	= [0 0 0 0 0 0 0 754,644	0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 754,644
FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxs Pederal Large Corporations Tax	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TATABLE INCOME DEDUCT: Non-capital loss applied positive number		0 0 0 0 0 0 0 754,644	0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 754,644
Net Federal Income Tax (Must agree with tax return) + 166,928 0 166,928 Net Ontario Income Tax (Must agree with tax return) + 89,013 0 89,013 Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) - 0 0 Total Income Tax = 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 Net Ontario Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) 22.12% 22.12% Blended Income Tax Rate 22.12% 36.12% 36.12% Section F: Income and Capital Taxes + 255,941 0 255,941 RECAP + 255,941 0 255,941 0 255,941 Total Income Taxes + 48,807 48,807 48,807 48,807 Federal Large Corporations Tax + 0 0 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number		0 0 0 0 0 0 0 754,644	0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 754,644
Net Federal Income Tax (Must agree with tax return) + 166,928 0 166,928 Net Ontario Income Tax (Must agree with tax return) + 89,013 0 89,013 Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) - 0 0 Total Income Tax = 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 Net Ontario Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) 22.12% 22.12% Blended Income Tax Rate 22.12% 36.12% 36.12% Section F: Income and Capital Taxes + 255,941 0 255,941 RECAP + 255,941 0 255,941 0 255,941 Total Income Taxes + 48,807 48,807 48,807 48,807 Federal Large Corporations Tax + 0 0 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations		0 0 0 0 0 0 0 754,644		0 0 0 0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 0
Net Ontario Income Tax (Must agree with tax return) + 89,013 0 89,013 Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) = 255,941 0 255,941 Total Income Tax = 255,941 0 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 0 255,941 Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) 22.12% 22.12% 22.12% Blended Income Tax Rate 22.12% 14.00% 14.00% 14.00% Section F: Income and Capital Taxes 36.12% 36.12% 36.12% RECAP + 255,941 0 255,941 0 255,941 Total Income Taxes + 48,807 84,807 84,807 84,807 Federal Large Corporations Tax + 0 0 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME		0 0 0 0 0 0 0 754,644		0 0 0 0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 0
Subtotal = 255,941 0 255,941 Less: Miscellaneous tax credits (Must agree with tax returns) - = 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 0 255,941 FROM ACTUAL TAX RETURNS = 255,941 0 255,941 0 255,941 FROM Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate (Must agree with tax return) 14,00% 14,00% 14,00% Blended Income Tax Rate 36.12% 36.12% 36.12% 36.12% Section F: Income and Capital Taxes + 255,941 0 255,941 RECAP - - - - - Total Income Taxes + 255,941 0 255,941 Ontario Capital Tax + 84,807 84,807 84,807 Federal Large Corporations Tax - 0 - 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS	-	0 0 0 0 0 0 0 0 0 0 754,644		0 0 0 0 0 0 0 0 0 754,644 0 0 0 754,644
Less: Miscellaneous tax credits (Must agree with tax returns) - Total Income Tax = FROM ACTUAL TAX RETURNS = Net Federal Income Tax Rate (Must agree with tax return) 22.12% Net Ontario Income Tax Rate (Must agree with tax return) 22.12% Blended Income Tax Rate 22.12% Section F: Income and Capital Taxes 36.12% RECAP + Total Income Tax Rate + Ontario Capital Tax + Federal Large Corporations Tax +	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return)	+ [0 0 0 0 0 0 0 754,644 0 754,644 0 754,644		0 0 0 0 0 0 0 0 0 754,644 0 0 0 754,644 166,928
FROM ACTUAL TAX RETURNS 22.12% 22.12% Net Federal 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 + 255.941 0 RECAP - - - Total Income Tax Rate + 255.941 0 Pederal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return)	+	0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 166,928 89,013		0 0 0 0 0 0 0 0 0 754,644 0 0 0 754,644 2 754,644 166,928 89,013
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 36.12% 36.12% RECAP + 255,941 0 255,941 Ontario Capital Tax + 84,807 84,807 Federal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal	+	0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 166,928 89,013		0 0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 1 66,928 89,013 255,941
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 36.12% 36.12% RECAP + 255,941 0 255,941 Ontario Capital Tax + 84,807 84,807 Federal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns)	+ + = -	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 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0
Net Ontario Income Tax Rate (Must agree with tax return) 14.00% Blended Income Tax Rate 36.12% Section F: Income and Capital Taxes 36.12% RECAP + Total Income Tax Rate - Total Income Tax Rate - Pederal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax	+ + = -	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 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0
Blended Income Tax Rate 36.12% Section F: Income and Capital Taxes RECAP Total Income Taxes Ontario Capital Tax Federal Large Corporations Tax	Total Other Deductions exceed materiality level Other Deductions Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS	+ + = -	0 0 0 0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 166,928 89,013 255,941		0 0 0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0 0 255,941
Section F: Income and Capital Taxes RECAP Ontario Capital Tax Federal Large Corporations Tax	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax KMust agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax return)	+ + = -	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
RECAP + 255,941 0 255,941 Ontario Capital Tax + 84,807 84,807 Federal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Ret Federal Income Tax Rate (Must agree with tax returns) Total Income Tax	+ + = -	0 0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 0 754,644 166,928 89,013 255,941 255,941 255,941 2255,941		0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0 255,941 0 225,941
RECAP + 255,941 0 255,941 Ontario Capital Tax + 84,807 84,807 Federal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Ret Federal Income Tax Rate (Must agree with tax returns) Total Income Tax	+ + = -	0 0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 0 754,644 166,928 89,013 255,941 255,941 255,941 2255,941		0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 0 0 0 754,644 166,928 89,013 255,941 0 255,941 0 225,941
Total Income Taxes + 255,941 0 255,941 Ontario Capital Tax + 84,807 84,807 84,807 Federal Large Corporations Tax + 0 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate Blended Income Tax Rate	+ + = -	0 0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 0 754,644 166,928 89,013 255,941 255,941 255,941 2255,941		0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 0 0 0 754,644 166,928 89,013 255,941 0 255,941 0 225,941
Ontario Capital Tax + 84,807 84,807 Federal Large Corporations Tax + 0 0	Total Other Deductions exceed materiality level Other Deductions Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Ret Federal Income Tax Rate (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Ret Federal Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes	+ + = -	0 0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 0 754,644 166,928 89,013 255,941 255,941 255,941 2255,941		0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0 255,941 0 225,941
Federal Large Corporations Tax + 0 0 0	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Less: Net Gederal Income Tax Rate (Must agree with tax returns) Total Income Tax Rederal Income Tax (Must agree with tax return) Subtotal Less: Hiscellaneous tax credits (Must agree with tax returns) Total Income Tax Ret Federal Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Folder Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate Section F: Income and Capital Taxes RECAP	+ + = -	0 0 0 0 0 0 0 0 0 754,644 0 754,644 166,928 89,013 255,941 255,941 255,941 255,941 255,941 255,941		0 0 0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0 255,941 0 255,941 0 255,941 225,941
	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Capital Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes	+ = -	0 0 0 0 0 0 0 0 0 0 754,644 0 754,644 0 754,644 1 66,928 89,013 255,941 255,941 225,941 225,941		0 0 0 0 0 0 0 0 0 0 0 754,644 0 0 0 0 754,644 166,928 89,013 255,941 0 255,941 222.12% 14.00% 36.12%
Total income and capital taxes = <u>340,748</u> 0 <u>340,748</u>	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) But Federal Income Tax Rate (Must agree with tax return) But Federal Income Tax Rate (Must agree with tax return) Blended Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes Ontario Capital Tax	+ + = - = - = - + + -	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 Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) But Federal Income Tax Rate (Must agree with tax return) But Federal Income Tax Rate (Must agree with tax return) Blended Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes Ontario Capital Tax	+ + = - = - = - + + -	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 0 754,644 0 0 0 754,644 1 66,928 89,013 255,941 0 255,941 225,941 225,941
	Total Other Deductions exceed materiality level Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal Less: Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax Net Federal Income Tax Rate (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Federal Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes Ontario Capital Tax Federal Large Corporations Tax		0 0 0 0 0 0 0 0 0 0 0 0 0 754,644 0 0 754,644 1 66,928 89,013 255,941 255,941 255,941 2255,941 2255,941 84,807 0		0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

> 0 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: 2004

TAX RESERVES

Beginning of Year:			
			0
Reserve for doubtful accounts ss. 20(1)(I)			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)(I)			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

0

0

Insert line above this line

Other - Please describe

Total (carry forward to the TAXREC worksheet)

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		•	

PILs TAXES - EB-2011-0178	LINE	M of F	Non-wires	Wires-only
TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax
(for "wires-only" business - see s. 72 OEB Act)		Tax		Return
RATEPAYERS ONLY		Return		
Shareholder-only Items should be shown on TAXREC 3				Version 2009.1
Utility Name: Kingston Hydro Corporation				
Reporting period: 2004				
Number of days in taxation year:		366		
Materiality Level:		30,263		

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

	+			0
Gain on sale of eligible capital property	+			0
Loss in equity of subsidiaries and affiliates	+			0
Charitable donations (Only if it benefits ratepayers)	+			0
Taxable capital gains	+			0
	+			0
Scientific research expenditures deducted	+			0
per financial statements	+			0
Capitalized interest	+			0
Soft costs on construction and renovation of buildings	+			0
Capital items expensed	+			0
Debt issue expense	+			0
Financing fees deducted in books	+			0
Gain on settlement of debt	+			0
Interest paid on income debentures	+			0
Recapture of SR&ED expenditures	+			0
Share issue expense	+			0
Write down of capital property	+			0
Amounts received in respect of qualifying environment trust	+			0
Provision for bad debts	+			0
	+			0
	+			0
	+			0
Other Additions: (please explain in detail the nature of the item)	+			0
	+			0
	+			0
	+			0
	+			0
	+			
Total Additions	=	0	0	0

Recap 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
	-		0
	0	-	0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0	0	0
	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 Reporting period: 2004 Number of days in taxation year: Materiality Level:		366 30,263		
		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 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 Contributions to a qualifying environment trust	-			0
Other income from financial statements	-			0
	-			
	-			0
Other deductions: (Please explain in detail the nature of the item)	-			0
Non-taxable load transfers	-	0		0
OPEB Amounts Capitalized				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
Total Deductions exceed materiality level Other deductions less than materiality level		0	0 0	0 0
Total Deductions		0	0	0

Wires-only

Тах

Return

Version 2009.1

Non-wires

Eliminations

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

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

M of F

Corporate

Тах

Return

CCA adjustments
CEC adjustments
Depreciation and amortization adjustments
Gain on disposal of assets per financial statements
Financing fee amorization - considered to be interest expense for PILs
Imputed interest income on Regulatory Assets
Donations - amount deductible for tax purposes
Income from joint ventures or partnerships
Employee future benefits
Ontario capital tax adjustments to current or prior year

Changes in Regulatory Asset balances

Assessment Notice

Other deductions: (Please explain in detail the nature of the item)
CCA taken on reg assets
RSVA
Income not earned on movement of Regulatory A/Cs
Regulatory assets contra
Total Deductions on which true-up does not apply

-			0
-			0
-			0
-			0
-	11,046		11,046
-			0
-			0
-			0
-	871,102		871,102
-	83,591		83,591
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-			0
-	552,256		552,256
-			0
-			0
-			0
=	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

Table 0

Rates Used in 2002 RAM PILs Applications for 2002 200,001 0

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		0	250,001	400,001				
Expected Rates		to	to	to	>1,128,000			
	Year	250,000	400,000	1,128,000				
Income Tax Rate								
Current year	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	MAX	E 000 000						
Exemption *** 2004	\$5MM	5,000,000						
Federal Large	МАХ							
Corporations Tax	\$50MM	50,000,000						
Exemption *** 2004	POUNIN							

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

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: Year end:		01/10/2001 31/12/2001	01/01/2002 31/12/2002	01/01/2003 31/12/2003	01/01/2004 31/12/2004	01/01/2005 31/12/2005	01/01/2006 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) PILs proxy from April 1,		354,796	1,077,201	1,431,997	1,165,900	269,300	333,844	4,633,038
2005 - input 9/12 of amount						751,148		751,148
True-up Variance	+/-							0
Adjustment Q4, 2001 (2) True-up Variance	+/-							0
Adjustment (3)				-68,024	-146,942	-66,352		-281,318
Deferral Account Variance Adjustment Q4, 2001 (4)								0
Deferral Account Variance	+/-							0
Adjustment (5)					-50,047	-84,311		-134,358
Adjustments to reported prior years' variances (6)	+/-							0
Carrying charges (7)	+/-							0
PILs billed to (collected	-							0
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 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 1132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- (5) From the Ministry of Finance Variance Column, under Future True-ups. Part IV a, cell 1181, of the TAXCALC spreadsheet The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- (7) Carrying charges are calculated on a simple interest basis.
- (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
- (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 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)				Version 2009.1
Utility Name: Kingston Hydro Corporation Reporting period: 2005			<u>Colour Code</u> Input Cell	
Days in reporting period: Total days in the calendar year:	365 365	days days	Formula in Cell	
	303	uays		
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	ост	Y/N	Y	
shared among the corporate group? Please identify the % used to allocate the OCT and LCT exemptions in	LCT OCT	Y/N	Y 100%	
Cells C65 & C74 in the TAXCALC spreadsheet.	LCT	Date	100% 12-31-2005	
Accounting Year End MARR NO TAX CALCULATIONS	l	Dale	12-31-2003	Regulatory
SHEET #7 FINAL RUD MODEL DATA (FROM 1999 FINANCIAL STATEMENTS) USE BOARD-APPROVED AMOUNTS				Income
Rate Base (wires-only)	I		24,210,042	
Common Equity Ratio (CER)			50.00%	
1-CER			50.00%	1
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 Input: Board-approved dollar amounts phased-in			525,722]
Amount allowed in 2001 Amount allowed in 2002 Amount allowed in 2003 and 2004 (will be zero due to Bill 210			175,241 175,241	
unless authorized by the Minister and the Board) Amount allowed in 2005 - Third tranche of MARR re: CDM			175,241	0 175,241
Other Board-approved changes to MARR or incremental revenue				0 2,073,590
Total Regulatory Income			10.405.004	
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
Utility Name: Kingston Hydro Corporation Reporting period: 2005	0					Version 200
Days in reporting period:	365	days				Column Brought
Total days in the calendar year:	365	days				From
	_	s		\$		\$
I) CORPORATE INCOME TAXES						
Regulatory Net Income REGINFO E53	1	2,073,590		-968,152		1,105,4
BOOK TO TAX ADJUSTMENTS		210.01000				
Additions:						
Depreciation & Amortization Employee Benefit Plans - Accrued, Not Paid	2	1,519,994		<u>56,217</u> 0		1,576,2
Tax reserves - beginning of year Reserves from financial statements - end of year	4			0		
Regulatory Adjustments - increase in income	5			0		
Other Additions (See Tab entitled "TAXREC") "Material" Items from "TAXREC" worksheet	6			0		
Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6 6			0		
Other Additions (not "Material") "TAXREC 2"	6			0		1 400 5
Items on which true-up does not apply "TAXREC 3"				1,490,521		1,490,5
Deductions: Input positive numbers Capital Cost Allowance and CEC	7	1,000,872		136,328		1.137.2
Employee Benefit Plans - Paid Amounts	8			0		1,137,2
Items Capitalized for Regulatory Purposes Regulatory Adjustments - deduction for tax purposes in Item 5	9 10	0		0		
Interest Expense Deemed/ Incurred Tax reserves - end of year	11 4	877,614		-33,293		844,3
Reserves from financial statements - beginning of year	4			0		
Contributions to deferred income plans Contributions to pension plans	3 3			0		
Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11			0		
"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12 12			0		
Material Items from "TAXREC 2" worksheet	12			0		
Other Deductions (not "Material") "TAXREC 2" C&DM 2005 Incremental OM&A expenses per C&DM Plan	12	32,500		0		
Items on which true-up does not apply "TAXREC 3"				1,153,856		1,153,8
TAXABLE INCOME/ (LOSS)		1,682,598		-678,305		1,036,7
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	Actu	al 370,2
				7		
Miscellaneous Tax Credits	14			0	Actu	al
Total Regulatory Income Tax	1	607,754		-237,546	Actu	al 370,2
	1			7		
II) CAPITAL TAXES						
Ontario				0.100.150		
Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	15 16	24,210,042 7,500,000		9,420,153		33,630,1
Taxable Capital		16,710,042		9,420,153		26,130,1
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000
Ontario Capital Tax		50,130		28,260		78,3
Federal Large Corporations Tax						
Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	18 19	24,210,042 50,000,000		11,144,826		35,354,8
Taxable Capital	15	0		-3,500,306		33,334,0
Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%		0.0000%		0.175
Gross Amount of LCT before surtax offset (Taxable Capital x Rate)	1	0		0		
Less: Federal Surtax 1.12% x Taxable Income	21	0		0		
Net LCT		0	L	0		
III) INCLUSION IN RATES	1					
		00.100				
Income Tax Rate used for gross- up (exclude surtax)		36.12%				
Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up)	22 23	951,401 0		F	Actual 2005 Actual 2005	370,2
Ontario Capital Tax (no gross-up since it is deductible)	24	50,130			Actual 2005	78,3
Total PILs for Rate Adjustment MUST AGREE WITH 2005 RAM DECISION	25	1,001,531			Actual 2005	448.5
IV) FUTURE TRUE-UPS						
IV a) Calculation of the True-up Variance	1			DR/(CR)		
In Additions: Employee Benefit Plans - Accrued, Not Paid	3			0		
Tax reserves deducted in prior year Reserves from financial statements-end of year	4			0		
Regulatory Adjustments Other additions "Material" Items TAXREC	5			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 Regulatory Adjustments	9 10			0		
Interest Adjustment for tax purposes (See Below - cell E207)	11			0		
Tax reserves claimed in current year Reserves from F/S beginning of year	4			0		
Contributions to deferred income plans Contributions to pension plans	3			0		
Other deductions "Material" Items TAXREC	12			0		
Other deductions "Material" Item TAXREC 2	12	1		0		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 Filinq Variance Explanation	Tax Returns
0 Utility Name: Kingston Hydro Corporation Reporting period: 2005						Version 2009.1
Days in reporting period: Total days in the calendar vear:	365 365	davs 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			۱.	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 Less: Exemption from tab Tax Rates, Table 2, cell C39 Revised deemed taxable capital			-	24,210,042 7,500,000 16,710,042		
Rate - Tab Tax Rates cell C54			x	0.3000%		
Revised Ontario Capital Tax Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			=	<u>50,130</u> 50,130		
Regulatory Ontario Capital Tax Variance			=	0		
Federal LCT Base				24,210,042		
Less: Exemption from tab Tax Rates, Table 2, cell C40 Revised Federal LCT			-	24,210,042 50,000,000 -25,789,958		
Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.1750%		
Gross Amount Less: Federal surtax Revised Net LCT			-	0 0 0		
Less: Federal LCT reported in the initial estimate column (Cell C82) 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) Ontario Capital Tax			+++	0		
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	0		
TRUE-UP VARIANCE (from cell 1132)			+	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) Interest phased-in (Cell C37)				877,614 877,614		
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 ideuted on MoF finig (Cell G37FG42) Total deemed interest (REGINFO CELL D62)				844,321 877,614		
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 Corporate Tax	Non-wires Eliminations	Wires-only Tax Return
	0	Return		
				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 materialit	y 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	Ν		
(Please complete the questionnaire in the Background questionna	aire workshe	et.)		

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

=

-

-

=

1,105,438

844,321

400,517

-139.400

0

0

1,105,438

844,321

400,517

-139.400

EBIT Net Income Before Interest & Income Taxes

Less: Interest expense for accounting purposes

Provision for payments in lieu of income taxes

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.)

BOOK TO TAX ADDITIONS:				
Provision for income tax	+	400,517	0	400,517
Federal large corporation tax	+	0		C
Depreciation & Amortization	+	1,576,211	0	1,576,211
Employee benefit plans-accrued, not paid	+		0	(
Tax reserves - beginning of year	+	0	0	(
Reserves from financial statements- end of year	+	0	0	(
Regulatory adjustments on which true-up may apply (see A66)	+			(
Items on which true-up does not apply "TAXREC 3"		1,490,521	0	1,490,521
Material addition items from TAXREC 2	+	0	0	(
Other addition items (not Material) from TAXREC 2	+	0	0	(
Subtotal		3,467,249	0	3,467,249
Other Additions: (Please explain the nature of the additions)				
Other Additions: (Please explain the nature of the additions) Recapture of CCA	+			(
	+++++			(
Recapture of CCA Non-deductible meals and entertainment expense	+ + + +			(
Recapture of CCA Non-deductible meals and entertainment expense	+ + + + +	0		
Recapture of CCA Non-deductible meals and entertainment expense	+ + + +	0		
Recapture of CCA	+ + + + +	0		
Recapture of CCA Non-deductible meals and entertainment expense	+ + + + + +	0		
Recapture of CCA Non-deductible meals and entertainment expense	+ + + + + + + + + + + + + + + + + + + +	0	0	
Recapture of CCA Non-deductible meals and entertainment expense Capital items expensed - Computer equipment expensed for book	+ + + + + + + + + + + + + + + + + + + +		0	() () () () () () () () () () () () () (
Recapture of CCA Non-deductible meals and entertainment expense Capital items expensed - Computer equipment expensed for book	+ + + + + + + + + + + + + + + + + + + +	0	- 1	() () () () () () () () () () () () () (

PILs TAXES - EB-2011-0178 TAX RETURN RECONCILIATION (TAXREC) (for "wires-only" business - see s. 72 OEB Act)	LINE 0	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
	0	Return		Version 2009.1
			0	
		0	0	
		0	0	
		0	0	
		0	0	
Total Other additions >materiality level		0	0	
Other additions (less than materiality level)		0	0	
Total Other Additions		0	0	
BOOK TO TAX DEDUCTIONS: Capital cost allowance	. 1	1,136,502		1,136,50
Cumulative eligible capital deduction	-	698		1,100,00
Employee benefit plans-paid amounts	- 1			
tems capitalized for regulatory purposes	-			
Regulatory adjustments :	-			
CCA	-			
other deductions	-	0	0	
Tax reserves - end of year Reserves from financial statements- beginning of year		0	0	
Contributions to deferred income plans	_	0	0	
Contributions to pension plans	- 1			
Items on which true-up does not apply "TAXREC 3"		1,153,856	0	1,153,85
interest capitalized for accounting deducted for tax	- 1			
Material deduction items from TAXREC 2	- [0	0	
Other deduction items (not Material) from TAXREC 2	-	0	0	
0.1.1.1	F	0.004.050		
Subtotal Other deductions (Please evidein the network of the deductions)	=	2,291,056	0	2,291,05
Other deductions (Please explain the nature of the deductions) Charitable donations - tax basis	. 1			
Gain on disposal of assets	_			
	-			
	-			
Total Other Deductions	=	0	0	
Total Deductions	г	2,291,056	0	0.004.00
Total Deductions	- L	2,231,030	0	2,291,05
Recap Material Deductions:				
		0	0	
		0	0	
			0	
			0	
		0	0	
Total Other Deductions exceed materiality level		0 0	0 0	
Total Other Deductions exceed materiality level Other Deductions less than materiality level		0	0	
Other Deductions less than materiality level		0 0 0	0 0 0	
Other Deductions less than materiality level Fotal Other Deductions		0 0 0 0	0 0 0 0	4 000 7
Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME	= [0 0 0	0 0 0	1,036,75
Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT:	= [0 0 0 0 0 1,036,793	0 0 0 0	1,036,79
Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number	= [0 0 0 0	0 0 0 0	1,036,79
Dther Deductions less than materiality level Total Other Deductions FAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number	= [0 0 0 0 0 1,036,793	0 0 0 0	1,036,79
Dther Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations	= [0 0 0 0 0 1,036,793	0 0 0 0	1,036,79
Differ Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME	= [- - = [0 0 0 1,036,793	0 0 0 0 0	
Dther Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS FROM ACTUAL TAX RETURNS		0 0 0 1,036,793 0 1,036,793		1,036,75
Dther Deductions less than materiality level Total Other Deductions FAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations text return)	+ [0 0 0 1,036,793 0 1,036,793 229,338		1,036,79
Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Vet Ontario Income Tax (Must agree with tax return)	+ +	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870		1,036,79 229,33 140,87
Dther Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Vet Ontario Income Tax (Must agree with tax return) Subtotal	+ [0 0 0 0 1,036,793 0 1,036,793 229,338 140,870 370,208		1,036,79 229,33 140,8
Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Vet Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns)	+ +	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870		1,036,7 229,3 140,8 370,2
Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Vet Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns)	+ + = -	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870 370,208 0		1,036,79 229,33 140,8 370,20
Dther Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax Vet Ontario Income Tax Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax	+ + = -	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870 370,208 0		1,036,7 229,3 140,8 370,2
Dather Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax Vet Federal Income Tax Subtotal Less: Miscellaneous tax credits (Must agree with tax return) Subtotal PROM ACTUAL TAX RETURNS ROM ACTUAL TAX RETURNS Subtotal Less: Miscellaneous tax credits (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Vet Federal Income Tax Rate (Must agree with tax return)	+ + = -	0 0 0 0 1,036,793 1,036,793 1,036,793 229,338 140,870 370,208 0 370,208 22,12%		1,036,7 229,3 140,8 370,2 370,2 22,12
Dather Deductions less than materiality level Total Other Deductions TaxABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations JET TAXABLE INCOME ROM ACTUAL TAX RETURNS Vet Federal Income Tax Variation Income Tax Must agree with tax return) Vet Ontario Income Tax Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax ROM ACTUAL TAX RETURNS Ref Federal Income Tax Rate (Must agree with tax return) Vet Federal Income Tax Rate (Must agree with tax return)	+ + = -	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870 370,208 0 370,208 22,12% 14,00%		1,036,7 229,3 140,8 370,2 370,2 22.12 14.00
Dather Deductions less than materiality level Total Other Deductions CAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations test capital loss UET TAXABLE INCOME test capital neome Tax ROM ACTUAL TAX RETURNS test capital neome Tax Vet Federal Income Tax (Must agree with tax return) Vet Ontario Income Tax (Must agree with tax return) Subtotal ess: Miscellaneous tax credits recom ACTUAL TAX RETURNS test capital neome Tax Rom ACTUAL TAX RETURNS test capital neome Tax	+ + = -	0 0 0 0 1,036,793 1,036,793 1,036,793 229,338 140,870 370,208 0 370,208 22,12%		1,036,7 229,3 140,8 370,2 370,2 22.12 14.00
Dather Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Vet Federal Income Tax (Must agree with tax return) Subtotal .ess: Miscellaneous tax credits (Must agree with tax returns) From ACTUAL TAX RETURNS Vet Federal Income Tax From ACTUAL TAX RETURNS Vet Federal Income Tax From ACTUAL TAX RETURNS Vet Federal Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate	+ + = -	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870 370,208 0 370,208 22,12% 14,00%		1,036,7 229,3 140,8 370,2 370,2 22.12 14.00
Dther Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Vet Ontario Income Tax (Must agree with tax return) Subtotal ess: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Vet Federal Income Tax Rate (Must agree with tax returns) Total Income Tax Rate (Must agree with tax return) Section F: Income and Capital Taxes Section F: Income and Capital Taxes	+ + = -	0 0 0 0 1,036,793 0 1,036,793 229,338 140,870 370,208 0 370,208 22,12% 14,00%		1,036,7 229,3 140,8 370,2 370,2 22.12 14.00
Dather Deductions less than materiality level Total Other Deductions Factal Other Deductions FAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Vet Federal Income Tax Vational Income Tax Subtotal Less: Miscellaneous tax credits (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Fotal Income Tax RCM ACTUAL TAX RETURNS Vet Federal Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP	+	0 0 0 0 1,036,793 1,036,793 1,036,793 229,338 140,870 370,208 0 370,208 22.12% 14.00% 36.12%		1,036,7 229,3 140,8 370,2 370,2 22.12 14.00 36.12
Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Vet Federal Income Tax (Must agree with tax return) Subtotal .ess: Miscellaneous tax credits (Must agree with tax returns) From ACTUAL TAX RETURNS Vet Federal Income Tax (Must agree with tax return) Subtotal .ess: Miscellaneous tax credits (Must agree with tax returns) Froat Income Tax From ACTUAL TAX RETURNS Vet Federal Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes	+ + = -	0 0 0 0 1,036,793 1,036,793 229,338 140,870 370,208 0 370,208 22,12% 14,00% 36,12%		1,036,79 229,33 140,8 370,20 370,20 22,12 14.00 36,12 370,20
Other Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations NET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return) Subtotal Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax returns) Total Income Tax	+ [- [- [+]	0 0 0 0 1,036,793 1,036,793 1,036,793 229,338 140,870 370,208 0 370,208 22.12% 14.00% 36.12%		1,036,79
Dather Deductions less than materiality level Total Other Deductions TAXABLE INCOME DEDUCT: Non-capital loss applied positive number Net capital loss applied positive number Charitable donations VET TAXABLE INCOME FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Vet Ortario Income Tax (Must agree with tax return) Subtotal .ess: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax FROM ACTUAL TAX RETURNS Net Federal Income Tax (Must agree with tax return) Subtotal .ess: Miscellaneous tax credits (Must agree with tax return) Subtotal .ess FROM ACTUAL TAX RETURNS Net Federal Income Tax Ret (Must agree with tax return) Vet Federal Income Tax Rate (Must agree with tax return) Vet Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate Section F: Income and Capital Taxes RECAP Total Income Taxes Data Capital Tax	+ [-	0 0 0 0 1,036,793 1,036,793 1,036,793 1,036,793 140,870 370,208 0 370,208 22,12% 14,00% 36,12%		1,036,79 229,33 140,8 370,20 370,20 22,12 14.00 36,12 370,20

0

Wires-only

Version 2009.1

Non-wires

Utility Name: Kingston Hydro Corporation Reporting period: 2005

TAX RESERVES

Beginning of Year:			
			0
Reserve for doubtful accounts ss. 20(1)(I)			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)(I)	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:			
			C
Legal claim provision			C
Environmental			C
Allowance for doubtful accounts			C
Inventory obsolescence			C
Property taxes			C
Other - Please describe			C
Other - Please describe			C
			0
Insert line above this line			
Total (carry forward to the TAXREC worksheet)	0	0	C

otal (carry forward to the 1 (REC worksheet)

PILs TAXES - EB-2011-0178 TAX RETURN RECONCILIATION (TAXREC 2) (for "wires-only" business - see s. 72 OEB Act) RATEPAYERS ONLY	LINE	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return
Shareholder-only Items should be shown on TAXREC 3 Utility Name: Kingston Hydro Corporation Reporting period: 2005 Number of days in taxation year: Materiality Level:		365 30,263		Version 2009.1

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

	+			0
Gain on sale of eligible capital property	+			0
Loss on disposal of assets	+			0
Charitable donations (Only if it benefits ratepayers)	+			0
Taxable capital gains	+			0
	+			0
Scientific research expenditures deducted	+			0
per financial statements	+			0
Capitalized interest	+			0
Soft costs on construction and renovation of buildings	+			0
Capital items expensed	+			0
Debt issue expense	+			0
Financing fees deducted in books	+			0
Gain on settlement of debt	+			0
Interest paid on income debentures	+			0
Recapture of SR&ED expenditures	+			0
Share issue expense	+			0
Write down of capital property	+			0
Amounts received in respect of qualifying environment trust	+			0
Provision for bad debts	+			0
	+			0
	+			0
	+			0
Other Additions: (please explain in detail the nature of the item)	+			0
	+			0
	+			0
	+			0
	+			0
	+			
Total Additions	=	0	0	0

Total Additions

Recap 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
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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				
Reporting period: 2005	-	0.05		
Number of days in taxation year: Materiality Level:		365 30,263		
		1		
		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				0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Other deductions: (Please explain in detail the nature of the item) Non-taxable load transfers OPEB costs capitalized included in Schedule 13		0		0 0 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

> 0 0 0

0

0 1,075,407 0

> 0 0 0

> 0 0 0

> 0
> 0
> 0

0 0

1,153,856

0

78,449 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 0	M of F Corporate Tax Return	Non-wires Eliminations	Wires-only Tax Return 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
Other Additions: (please explain in detail the nature of the item)	+			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 -		
CEC adjustments -		
Depreciation and amortization adjustments		
Gain on disposal of assets per financial statements		
Financing fee amorization - considered to be interest expense for PILs		
Imputed interest income on Regulatory Assets -		
Donations - amount deductible for tax purposes -		
Employee future benefits -	1,075,407	
Ontario capital tax adjustments to current or prior year -	78,449	
Changes in Regulatory Asset balances -		
·		
-		L
Other deductions: (Please explain in detail the nature of the item) -		

-

--=

1,153,856

Prospectus & underwriting fees
RSVA
Bill 4 deferred revenue
Deferred cost deductible (market ready)
Removal costs for West Drive
Total Deductions on which true-up does not apply

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

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

					Table 2			
Expected Income Tax Rates for 2005 and Capital Tax Exemptions for 2005 Income Range 0 250,001 400,001								
Expected Rates	Year	to 250,000	to 400,000	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	MAX	7,500,000						
Exemption *** 2005	\$7.5MM	.,000,000						
Federal Large Corporations Tax	MAX \$50MM	50,000,000						
Exemption *** 2005	4201AIIAI							

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

Input Information from Utility's Actual 2005 Tax Returns								
Income Range		0	250,001	400,001				
		to	to	to	>1,128,000			
	Year	250,000	400,000	1,128,000				
Income Tax Rate								
Current year	2005							
Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%			
Ontario		5.50%	5.50%	14.00%	14.00%			
Blended rate		18.62%	27.62%	36.12%	36.12%			
Capital Tax Rate		0.300%						
LCT rate		0.175%						
Surtax		1.12%						
Ontario Capital Tax	MAX	213.492						
Exemption *	\$7.5MM	213,492						
Federal Large	МАХ							
Corporations Tax	\$50MM	0						
Exemption *	aounini							

Table 3

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: Year end:		01/10/2001 31/12/2001	01/01/2002 31/12/2002	01/01/2003 31/12/2003	01/01/2004 31/12/2004	01/01/2005 31/12/2005	01/01/2006 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,						754 440		754 4 40
2005 - input 9/12 of amount True-up Variance	+/-					751,148		751,148
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	+/-		0		-50,047	-84,311	0	-134,358
Adjustment (5) Adjustments to reported	+/-		0		-50,047	-04,311	U	-134,350
prior years' variances (6)	1/-							0
Carrying charges (7)	+/-							0
PILs billed to (collected	-							Ŭ
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 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 1132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- (5) From the Ministry of Finance Variance Column, under Future True-ups. Part IV a, cell 1181, of the TAXCALC spreadsheet The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- (7) Carrying charges are calculated on a simple interest basis.
- (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
- (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 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.