

	A	B	C	D
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"			
2	REGULATORY INFORMATION (REGINFO)			
3				
4	Utility Name Parry Sound Power Corporation			Amount
5	Reporting period March 1st, 2004			
6				
7	BACKGROUND			
8	Has the utility reviewed section 149(1) ITA to			
9	confirm that it is not subject to regular corporate			
10	tax (and therefore subject to PILs)?		Y/N	Y
11				
12	Was the utility recently acquired by Hydro One			
13	and now subject to s.89 & 90 PILs?		Y/N	N
14				
15	Accounting Year End		Date	Dec 31st,
16				
17	MARR NO TAX CALCULATIONS			
18	SHEET #7 FINAL RUD MODEL DATA			
19	(FROM 1999 FINANCIAL STATEMENTS)			
20	USE BOARD-APPROVED AMOUNTS			
21				
22	Rate base (wires-only)			6,561,667
23				
24	Common Equity Ratio (CER)			50.00%
25				
26	1-CER			50.00%
27				
28	Target Return On Equity			9.88%
29				
30	Debt rate			7.25%
31				
32	Market Adjusted Revenue Requirement			562,007
33				
34	1999 return from RUD Sheet #7			21,594
35				
36	Total Incremental revenue			540,413
37	Input Board-approved dollar amounts phased-in (generally prorated			
38	on the effective date of the inclusion of MARR in rates)			
39	Amount allowed in 2001, Year 1			180,138
40	Amount allowed in 2002, Year 2			180,138
41	Amount allowed in 2003, Year 3			180,138
42				
43	Equity			3,280,834
44				
45	Return at target ROE			324,146
46				
47	Debt			3,280,834
48				
49	Deemed interest amount in EBIT			237,860
50				
51	Phase-in of interest - Year 1			85,380
52	$((D34+D39)/D32)*D49$			
53	Phase-in of interest - Year 2			161,620
54	$((D34+D39+D40)/D32)*D49$			
55	Phase-in of interest - Year 3 (D49)			237,860
56				

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	Initial	Source	Deferral	Deferral	Deferral	Source	M of F	M of F	M of F	Source
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate		Account	Account	Account		Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)			Foot-	Variance	Variance	Allowance	Foot-	Variance	Variance		Foot-
4	("Wires-only" business - see Tab TAXREC)			note	G-C	Explanation		note	K-G	Explanation	(June)	note
5			\$	#	\$		\$	#	\$		\$	#
6												
7	Utility Name: Parry Sound Power Corporation										Column	
8	Reporting period: March 1st, 2004										Brought	
9											Forward	
10											From	
11											TAXREC	
12	J) CORPORATE INCOME TAXES											
13												
14	ACCOUNTING INCOME											
15	Regulatory Net Income	1	351,847	1A	-351,847			1B	0		0	1C
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions: To Accounting Income											
20	Depreciation & Amortization	2	408,012	2A	-408,012			2B	0		0	2C
21	Federal Large Corporation Tax	3		3A	0			3B	0		0	3C
22	Employee Benefit Plans - Accrued, Not Paid	4		4A	0			4B	0		0	4C
23	Change in Tax Reserves	5		5A	0			5B	0		0	5C
24	Regulatory Adjustments	6	8,064	6A	-8,064			6B	0		0	6C
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Item #1	7		7A	0			7B	0		0	7C
27	"Material" Item #2	7		7A	0			7B	0		0	7C
28	Other Additions (not "Material")	7		7A	0			7B	0		0	7C
29	Deductions: From Accounting Income											
30	Capital Cost Allowance	8	-291,119	8A	291,119			8B	0		0	8C
31	Employee Benefit Plans - Paid Amounts	9		9A	0			9B	0		0	9C
32	Items Capitalized for Regulatory Purposes	10		10A	0			10B	0		0	10C
33	Regulatory Adjustments	11		11A	0			11B	0		0	11C
34	Interest Expense Deemed/ Incurred	12	-148,913	12A	148,913			12B	0		0	12C
35	Other Deductions (See Tab entitled "TAXREC")											
36	"Material" Item #1	13		13A	0			13B	0		0	13C
37	"Material" Item #2	13		13A	0			13B	0		0	13C
38	Other Deductions (not "Material")	13		13A	0			13B	0		0	13C
39												
40	REGULATORY TAXABLE INCOME		327,891		-327,891		0		0		0	
41	(sum of above)											
42												
43	CORPORATE INCOME TAX RATE											
44	Deemed %	14	34.1200%	14A	-15.0000%		19.1200%	14B	19.5000%		38.6200%	14C
45												
46	REGULATORY INCOME TAX											
47	Taxable Income x Rate		111,877		-111,877		0		0		0	
48												
49	Miscellaneous Tax Credits	15		15A	0			15B	0			15C
50												
51	Total Regulatory Income Tax		111,877		-111,877		0		0		0	
52												
53												
54												

[illegible]

[illegible]

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
7	Utility Name:					
8	Reporting period:					
9						
10	Note: Carry forward Wires-only Data to Tab "TAXCALC"					
11	Column K					
12	I) CORPORATE INCOME TAXES					
13	(Input unconsolidated financial statement data					
14	submitted with tax returns as applicable)					
15	Revenue	1			0	
16	Other Income	2			0	
17	Expenses					
18	Administration	3			0	
19	Distribution	4			0	
20	Operations and Maintenance	5			0	
21	Depreciation and Amortization	6			0	
22	Municipal Property Taxes	7			0	
23	Ontario Capital Tax	8			0	
24	Federal LCT	9			0	
25						
26	Net Income Before Interest & Income Taxes EBIT	10	0	0	0	1C
27						
28	BOOK TO TAX ADDITIONS:					
29	Depreciation & Amortization		0	0	0	2C
30	Federal Large Corporation Tax		0	0	0	3C
31	Employee benefit plans-accrued, not paid				0	4C
32	Change in tax reserves				0	5C
33	Regulatory adjustments				0	6C
34	Other additions "Material" Item #1				0	7C
35	Other additions "Material" Item #2				0	7C
36			0	0	0	
37	<i>Other Additions:</i> (From T2 S1)					
38	Recapture of CCA				0	7C
39	Non-deductible expenses:				0	7C
40	Club dues and fees				0	7C
41	Meals and entertainment				0	7C
42	Automobile				0	7C
43	Life insurance premiums				0	7C
44	Company pension plans				0	7C
45	Advertising				0	7C
46	Interest and penalties on taxes				0	7C
47	Legal and accounting fees				0	7C
48	Debt issue expenses				0	7C
49	Capital items expensed				0	7C
50	All crown charges, royalties, rentals				0	7C
51	Deemed dividend income				0	7C
52	Deemed interest on loans to non-residents				0	7C
53	Deemed interest received				0	7C
54	Development expenses claimed				0	7C
55	Dividend stop-loss adjustments				0	7C
56	Dividends credited to investment account				0	7C
57	Investment tax credit				0	7C
58	Financing fees deducted in books				0	7C
59	Foreign accrual property income				0	7C
60	Foreign affiliate property income				0	7C
61						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
62	Federal reassessment amounts				0	7C
63	Gain on settlement of debt				0	7C
64	Interest paid on income debentures				0	7C
65	Gain on sale of eligible capital property				0	7C
66	Loss on disposal of assets				0	7C
67	Reserves from financial statements- end of year				0	7C
68	Holdbacks				0	7C
69	Taxable capital gains				0	7C
70	Political donations- book				0	7C
71	Charitable donations- book				0	7C
72	Capitalized interest				0	7C
73	Deferred and prepaid- beginning of year				0	7C
74	Tax reserves deducted in prior year				0	7C
75	Loss from joint ventures				0	7C
76	Loss from subsidiaries				0	7C
77	Limited partnership losses				0	7C
78	Sales tax assessments				0	7C
79	Share issue expenses				0	7C
80	Write-down of capital property				0	7C
81					0	
82	<i>Other Additions:</i>				0	7C
83					0	
84	<i>Total Other Additions</i>		0	0	0	7C
85						
86	<i>Total Additions</i>		0	0	0	
87						
88	BOOK TO TAX DEDUCTIONS:					
89	Capital cost allowance				0	8C
90	Employee benefit plans-paid amounts				0	9C
91	Items capitalized for regulatory purposes				0	10C
92	Regulatory adjustments				0	11C
93	Interest expense incurred				0	12C
94	Other deductions "Material" Item #1				0	13C
95	Other deductions "Material" Item #2				0	13C
96			0	0	0	
97	<i>Other deductions: (From T2 S1)</i>					
98	Grossed up Part VI.1 tax (preferred shares)				0	13C
99	Amortization of eligible capital expenditures				0	13C
100	Amortization of debt and equity issue cost				0	13C
101	Loss carryback to prior period				0	13C
102	Contributions to deferred income plans				0	13C
103	Contributions to pension plans				0	13C
104	Income from subsidiaries				0	13C
105	Income from joint ventures				0	13C
106	Gain on disposal of assets				0	13C
107	Terminal loss				0	13C
108	Cumulative eligible capital deduction				0	13C
109	Allowable business investment loss				0	13C
110	Holdbacks				0	13C
111	Deferred and prepaids- end of year				0	13C
112	Tax reserves claimed in current year				0	13C
113	Reserves from F/S- beginning of year				0	13C
114	Patronage dividends				0	13C
115	Accrued dividends- current year				0	13C
116	Bad debts				0	13C

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
117						
118						
119	Exempt income under section 81				0	13C
120	Contributions to environmental trust				0	13C
121	Other income from financial statements				0	13C
122	Charitable donations - tax basis				0	13C
123	Gifts to Canada or a province				0	13C
124	Cultural gifts				0	13C
125	Ecological gifts				0	13C
126	Taxable dividends s. 112, 113 or ss. 138(6)				0	13C
127	Non-capital losses-preceding years				0	13C
128	Net-capital losses- preceding years				0	13C
129	Limited partnership losses- preceding years				0	13C
130	<i>Other deductions:</i>				0	13C
131					0	
132					0	
133	<i>Total Other Deductions</i>		0	0	0	13C
134						
135	<i>Total Deductions</i>		0	0	0	
136						
137						
138	TAXABLE INCOME		0	0	0	
139						
140						
141						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
142						
143						
144	ONTARIO CAPITAL TAX					
145						
146	PAID-UP CAPITAL					
147						
148	Paid-up capital stock				0	
149	Retained earnings (if deficit, deduct)				0	
150	Capital and other surplus excluding				0	
151	appraisal surplus				0	
152	Loans and advances				0	
153	Bank loans				0	
154	Bankers acceptances				0	
155	Bonds and debentures payable				0	
156	Mortgages payable				0	
157	Lien notes payable				0	
158	Deferred credits				0	
159	Contingent, investment, inventory and				0	
160	similar reserves				0	
161	Other reserves not allowed as deductions				0	
162	Share of partnership(s), joint venture(s)				0	
163	paid-up capital				0	
164	Sub-total		0	0	0	
165	Subtract:					
166	Amounts deducted for income tax				0	
167	purposes in excess of amounts booked				0	
168	Deductible R&D expenditures and ONTTI				0	
169	costs deferred for income tax				0	
170					0	
171	Total (Net) Paid-up Capital		0	0	0	
172						
173	ELIGIBLE INVESTMENTS					
174						
175	Bonds, lien notes, interest coupons				0	
176	Mortgages due from other corporations				0	
177	Shares in other corporations				0	
178	Loans and advances to unrelated corporations				0	
179	Eligible loans and advances to related				0	
180	corporations				0	
181	Share of partnership(s) or joint venture(s)				0	
182	eligible investments				0	
183						
184	Total Eligible Investments		0	0	0	
185						
186						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
187						
188	TOTAL ASSETS					
189						
190	Total assets per balance sheet				0	
191	Mortgages or other liabilities deducted from				0	
192	assets				0	
193	Share of partnership(s)/ joint venture(s) total				0	
194	assets				0	
195	Subtract: Investment in partnership(s)/joint				0	
196	venture(s)				0	
197						
198	Total assets as adjusted		0	0	0	
199						
200	Add: (if deducted from assets)					
201	Contingent, investment, inventory and				0	
202	similar reserves				0	
203	Other reserves not allowed as deductions				0	
204	Subtract:				0	
205	Amounts deducted for income tax				0	
206	purposes in excess of amounts booked				0	
207	Deductible R&D expenditures and ONTTI				0	
208	costs deferred for income tax				0	
209	Subtract: Appraisal surplus if booked				0	
210	Add or subtract: Other adjustments		1	1	2	
211						
212	Total Assets		1	1	2	
213						
214	Investment Allowance					
215						
216	(Total Eligible Investments / Total Assets) x					
217	Net paid-up capital		0	0	0	
218						
219	Taxable Capital					
220						
221	Net paid-up capital		0	0	0	
222	Subtract: Investment Allowance		0	0	0	
223					0	
224	Taxable Capital		0	0	0	
225						
226	Capital Tax Calculation					
227						
228	Taxable capital		0	0	0	16C
229						
230	Deduction from taxable capital up to \$5,000,000				0	17C
231						
232	Net Taxable Capital		0	0	0	
233						
234	Rate 0.3%		0.3000%	0.3000%	0.3000%	18C
235						
236	Days in taxation year		365	365	365	
237	Divide days by 365		1.0000	1.0000	1.0000	
238						
239	Ontario Capital Tax		0	0	0	
240						

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1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
241						
242						
243	LARGE CORPORATION TAX					
244						
245	CAPITAL					
246						
247	ADD:					
248	Reserves that have not been deducted in				0	
249	computing income for the year under Part I				0	
250	Capital stock				0	
251	Retained earnings				0	
252	Contributed surplus				0	
253	Any other surpluses				0	
254	Deferred unrealized foreign exchange gains				0	
255	All loans and advances to the corporation				0	
256	All indebtedness- bonds, debentures, notes,				0	
257	mortgages, bankers acceptances, or similar				0	
258	obligations				0	
259	Any dividends declared but not paid				0	
260	All other indebtedness outstanding for more				0	
261	than 365 days				0	
262						
263	Subtotal		0	0	0	
264						
265	DEDUCT:					
266	Deferred tax debit balance				0	
267	Any deficit deducted in computing				0	
268	shareholders' equity				0	
269	Any patronage dividends 135(1) deducted in				0	
270	computing income under Part I included in				0	
271	amounts above				0	
272	Deferred unrealized foreign exchange losses				0	
273						
274	Subtotal		0	0	0	
275						
276	Capital for the year		0	0	0	
277						
278	INVESTMENT ALLOWANCE					
279						
280	Shares in another corporation				0	
281	Loan or advance to another corporation				0	
282	Bond, debenture, note, mortgage, or				0	
283	similar obligation of another corporation				0	
284	Long term debt of financial institution				0	
285	Dividend receivable from another corporation				0	
286	Debts of corporate partnerships that were not				0	
287	exempt from tax under Part I.3				0	
288	Interest in a partnership				0	
289						
290	Investment Allowance		0	0	0	
291						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
292						
293	TAXABLE CAPITAL					
294						
295	Capital for the year		0	0	0	
296						
297	Deduct: Investment allowance		0	0	0	
298						
299	Taxable Capital for taxation year		0	0	0	19C
300						
301	Deduct: Capital Deduction \$10,000,000				0	20C
302						
303	Taxable Capital		0	0	0	
304						
305	Rate .225%		0.22500%	0.22500%	0.22500%	21C
306						
307	Days in year		365	365	365	
308	Divide days by 365		1.0000	1.0000	1.0000	
309						
310	Gross Part I.3 Tax LCT		0	0	0	
311						
312	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
313						
314	Federal Surtax = Taxable Income x Surtax Rate		0	0	0	
315						
316	Net Part I.3 Tax LCT Payable		0	0	0	
317	(If surtax is greater than Gross LCT, then zero)					
318						
319						
320						