

	A	B	C	D	E
1	PILs TAXES - EB-2011-0178				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Kingston Hydro Corporation			Colour Code	
4	Reporting period: 2005			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	Y	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2005	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			24,210,042	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			2,073,590	
43	1999 return from RUD Sheet #7			1,547,868	1,547,868
45	Total Incremental revenue			525,722	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			175,241	175,241
48	Amount allowed in 2002			175,241	175,241
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			175,241	175,241
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				2,073,590
55					
56	Equity			12,105,021	
57					
58	Return at target ROE			1,195,976	
59					
60	Debt			12,105,021	
61					
62	Deemed interest amount in 100% of MARR			877,614	
63					
64	Phase-in of interest - Year 1 (2001)			729,278	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			803,446	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			803,446	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			877,614	
71					
72					

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2011-0178	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS							
3	TAX CALCULATIONS (TAXCALC)							
4	("Wires-only" business - see Tab TAXREC)							
5	0						Version 2009.1	
6	Utility Name: Kingston Hydro Corporation							
7	Reporting period: 2005							
8								
9	Days in reporting period:	365	days				Column Brought From TAXREC	
10	Total days in the calendar year:	365	days					
11								
12			\$		\$			
13								
14	II. CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	2,073,590		-968,152		1,105,438	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	1,519,994		56,217		1,576,211	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")	6			0		0	
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				1,490,521		1,490,521	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	1,000,872		136,328		1,137,200	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	877,614		-33,293		844,321	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	C&DM 2005 Incremental OM&A expenses per C&DM Plan		32,500					
49	Items on which true-up does not apply "TAXREC 3"				1,153,856		1,153,856	
50								
51	TAXABLE INCOME/ (LOSS)		1,682,598		-678,305		1,036,793	
52								
53	BLENDED INCOME TAX RATE							
54	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	36.12%		-0.4200%		35.70%	
55								
56	REGULATORY INCOME TAX		607,754		-237,546	Actual	370,208	
57								
58								
59	Miscellaneous Tax Credits	14			0	Actual	0	
60								
61	Total Regulatory Income Tax		607,754		-237,546	Actual	370,208	
62								
63								
64	III. CAPITAL TAXES							
65								
66	Ontario							
67	Base	15	24,210,042		9,420,153		33,630,195	
68	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000		0		7,500,000	
69	Taxable Capital		16,710,042		9,420,153		26,130,195	
70								
71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
72								
73	Ontario Capital Tax		50,130		28,260		78,391	
74								
75	Federal Large Corporations Tax							
76	Base	18	24,210,042		11,144,826		35,354,868	
77	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000		-14,645,132		35,354,868	
78	Taxable Capital		0		-3,500,306		0	
79								
80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%		0.0000%		0.1750%	
81								
82	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0		0		0	
83	Less: Federal Surtax 1.12% x Taxable Income	21	0		0		0	
84								
85	Net LCT		0		0		0	
86								
87	III INCLUSION IN RATES							
88								
89	Income Tax Rate used for gross-up (exclude surtax)		36.12%					
90								
91	Income Tax (proxy tax is grossed-up)	22	951,401			Actual 2005	370,208	
92	LCT (proxy tax is grossed-up)	23	0			Actual 2005	0	
93	Ontario Capital Tax (no gross-up since it is deductible)	24	50,130			Actual 2005	78,391	
94								
95								
96	Total PILs for Rate Adjustment - MUST AGREE WITH 2005 RAM DECISION	25	1,001,531			Actual 2005	448,599	
97								
98								
99								
100	IV) FUTURE TRUE-UPS							
101	IV a) Calculation of the True-up Variance				DR/(CR)			
102	In Additions:							
103	Employee Benefit Plans - Accrued, Not Paid	3			0			
104	Tax reserves deducted in prior year	4			0			
105	Reserves from financial statements-end of year	4			0			
106	Regulatory Adjustments	5			0			
107	Other additions "Material" Items TAXREC	6			0			
108	Other additions "Material" Items TAXREC 2	6			0			
109	In Deductions - positive numbers							
110	Employee Benefit Plans - Paid Amounts	8			0			
111	Items Capitalized for Regulatory Purposes	9			0			
112	Regulatory Adjustments	10			0			
113	Interest Adjustment for tax purposes (See Below - cell E207)	11			50,870			
114	Tax reserves claimed in current year	4			0			
115	Reserves from F/S beginning of year	4			0			
116	Contributions to deferred income plans	3			0			
117	Contributions to pension plans	3			0			
118	Other deductions "Material" Items TAXREC	12			0			
119	Other deductions "Material" Item TAXREC 2	12			0			
120								
121	Total TRUE-UPS before tax effect	26			-50,870			
122								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2011-0178	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Kingston Hydro Corporation							
7	Reporting period: 2005							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
123	Income Tax Rate (excluding surtax) from 2005 Utility's tax return			X	25.75%			
124								
125	Income Tax Effect on True-up adjustments			=	-18,161			
126								
127	Less: Miscellaneous Tax Credits	14			0			
128								
129	Total Income Tax on True-ups				-18,161			
130								
131	Income Tax Rate used for gross-up (exclude surtax)				34.03%			
132								
133	TRUE-UP VARIANCE ADJUSTMENT				-27,760			
134								
135	IV b) Calculation of the Deferral Account Variance caused by							
136	changes in legislation							
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial			=	1,682,598			
138	estimate column)							
139	REVISED CORPORATE INCOME TAX RATE			X	25.75%			
140								
141	REVISED REGULATORY INCOME TAX			=	600,688			
142								
143	Less: Revised Miscellaneous Tax Credits			-	0			
144								
145	Total Revised Regulatory Income Tax			=	600,688			
146								
147	Less: Regulatory Income Tax reported in the Initial Estimate Column			-	607,754			
148	(Cell C58)							
149	Regulatory Income Tax Variance			=	-7,067			
150								
151	Ontario Capital Tax							
152	Base			=	24,210,042			
153	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	7,500,000			
154	Revised deemed taxable capital			=	16,710,042			
155								
156	Rate - Tab Tax Rates cell C54			X	0.3000%			
157								
158	Revised Ontario Capital Tax			=	50,130			
159	Less: Ontario Capital Tax reported in the initial estimate column (Cell			-	50,130			
160	C70)							
161	Regulatory Ontario Capital Tax Variance			=	0			
162								
162	Federal LCT							
163	Base			=	24,210,042			
164	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
165	Revised Federal LCT			=	-25,789,958			
166								
167	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.1750%			
168								
169	Gross Amount			-	0			
170	Less: Federal surtax			-	0			
171	Revised Net LCT			=	0			
172								
173	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
174	Regulatory Federal LCT Variance			=	0			
175								
176	Actual Income Tax Rate used for gross-up (exclude surtax)				34.03%			
177								
178	Income Tax (grossed-up)			+	-10,802			
179	LCT (grossed-up)			+	0			
180	Ontario Capital Tax			+	0			
181								
182	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	-10,802			
183								
184	TRUE-UP VARIANCE (from cell I132)			+	-27,760			
185								
186	Total Deferral Account Entry (Positive Entry = Debit)			=	-38,562			
187	(Deferral Account Variance + True-up Variance)							
188								
189								
190								
191	V) INTEREST PORTION OF TRUE-UP							
192	Variance Caused By Phase-in of Deemed Debt							
193								
194	Total deemed interest (REGINFO)				877,614			
195	Interest phased-in (Cell C37)				877,614			
196								
197	Variance due to phase-in of debt component of MARR in rates				0			
198	according to the Board's decision							
199								
200	Other Interest Variances (i.e. Borrowing Levels							
201	Above Deemed Debt per Rate Handbook)							
202	Interest deducted on MoF filing (Cell G37+G42)				928,462	Per KRC Decision		
203	Total deemed interest (REGINFO CELL D62)				877,614			
204								
205	Variance caused by excess debt				50,870			
206								
207	Interest Adjustment for Tax Purposes (carry forward to Cell E113)				50,870			
208								
209	Total Interest Variance				-50,870			
210								
211								
212								

	A	B	C	D	E	F	G
1	PILs TAXES - EB-2011-0178	LINE	M of F	Non-wires	Wires-only		
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return		
4		0	Return				
5					Version 2009.1		
6	Section A: Identification:						
7	Utility Name: Kingston Hydro Corporation						
8	Reporting period: 2005						
9	Taxation Year's start date:						
10	Taxation Year's end date:						
11	Number of days in taxation year:		365	days			
12							
13	Please enter the Materiality Level :		30,263	< - enter materiality level			
14	(0.25% x Rate Base x CER)	Y/N	Y				
15	(0.25% x Net Assets)	Y/N					
16	Or other measure (please provide the basis of the amount)	Y/N					
17	Does the utility carry on non-wires related operation?	Y/N	N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)						
19							
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K						
21							
22	Section B: Financial statements data:						
23	Input unconsolidated financial statement data submitted with Tax returns.						
24	The actual categories of the income statements should be used.						
25	If required please change the descriptions except for amortization, interest expense and provision for income tax						
26							
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts						
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.						
29							
30	Income:						
31	Energy Sales	+	55,642,275		55,642,275		
32	Distribution Revenue	+	8,064,491		8,064,491		
33	Other Income	+	213,717		213,717		
34	Miscellaneous income	+	210,856		210,856		
35		+			0		
36	Revenue should be entered above this line						
37							
38	Costs and Expenses:						
39	Cost of energy purchased	-	55,642,275		55,642,275		
40	Administration	-	1,801,034		1,801,034		
41	Customer billing and collecting	-	1,209,730		1,209,730		
42	Operations and maintenance	-	2,337,022		2,337,022		
43	Amortization	-	1,576,211		1,576,211		
44	Ontario Capital Tax	-	50,113		50,113		
45		-			0		
46	Write off of Regulatory Assets	-	409,516		409,516		
47		-			0		
48		-			0		
49							
50	Net Income Before Interest & Income Taxes EBIT	=	1,105,438	0	1,105,438		
51	Less: Interest expense for accounting purposes	-	844,321		844,321		
52	Provision for payments in lieu of income taxes	-	400,517		400,517		
53	Net Income (loss)	=	-139,400	0	-139,400		
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)						
55							
56	Section C: Reconciliation of accounting income to taxable income						
57	From T2 Schedule 1						
58	BOOK TO TAX ADDITIONS:						
59	Provision for income tax	+	400,517	0	400,517		
60	Federal large corporation tax	+	0		0		
61	Depreciation & Amortization	+	1,576,211	0	1,576,211		
62	Employee benefit plans-accrued, not paid	+		0	0		
63	Tax reserves - beginning of year	+	0	0	0		
64	Reserves from financial statements- end of year	+	0	0	0		
65	Regulatory adjustments on which true-up may apply (see A66)	+			0		
66	Items on which true-up does not apply "TAXREC 3"		1,490,521	0	1,490,521		
67	Material addition items from TAXREC 2	+	0	0	0		
68	Other addition items (not Material) from TAXREC 2	+	0	0	0		
69							
70	Subtotal		3,467,249	0	3,467,249		
71							
72	Other Additions: (Please explain the nature of the additions)						
73	Recapture of CCA	+			0		
74	Non-deductible meals and entertainment expense	+			0		
75	Capital items expensed - Computer equipment expensed for book	+			0		
76		+	0		0		
77		+			0		
78		+			0		
79		+			0		
80	Total Other Additions	=	0	0	0		
81							
82	Total Additions	=	3,467,249	0	3,467,249		
83							
84	Recap Material Additions:						
85			0	0	0		

	A	B	C	D	E	F	G
1	PILS TAXES - EB-2011-0178	LINE	M of F	Non-wires	Wires-only		
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return		
4		0	Return				
5					Version 2009.1		
86				0	0		
87			0	0	0		
88			0	0	0		
89			0	0	0		
90			0	0	0		
91			0	0	0		
92	Total Other additions >materiality level		0	0	0		
93	Other additions (less than materiality level)		0	0	0		
94	Total Other Additions		0	0	0		
95							
96	BOOK TO TAX DEDUCTIONS:						
97	Capital cost allowance	-	1,136,502		1,136,502		
98	Cumulative eligible capital deduction	-	698		698		
99	Employee benefit plans-paid amounts	-			0		
100	Items capitalized for regulatory purposes	-			0		
101	Regulatory adjustments :	-			0		
102	CCA	-			0		
103	other deductions	-			0		
104	Tax reserves - end of year	-	0	0	0		
105	Reserves from financial statements- beginning of year	-	0	0	0		
106	Contributions to deferred income plans	-			0		
107	Contributions to pension plans	-			0		
108	Items on which true-up does not apply "TAXREC 3"		1,153,856	0	1,153,856		
109	Interest capitalized for accounting deducted for tax	-			0		
110	Material deduction items from TAXREC 2	-	0	0	0		
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0		
112							
113	Subtotal	=	2,291,056	0	2,291,056		
114	Other deductions (Please explain the nature of the deductions)						
115	Charitable donations - tax basis	-			0		
116	Gain on disposal of assets	-			0		
117		-			0		
118					0		
119		-			0		
120	Total Other Deductions	=	0	0	0		
121							
122	Total Deductions	=	2,291,056	0	2,291,056		
123							
124	Recap Material Deductions:						
125			0	0	0		
126			0	0	0		
127			0	0	0		
128			0	0	0		
129			0	0	0		
130	Total Other Deductions exceed materiality level		0	0	0		
131	Other Deductions less than materiality level		0	0	0		
132	Total Other Deductions		0	0	0		
133							
134	TAXABLE INCOME	=	1,036,793	0	1,036,793		
135	DEDUCT:						
136	Non-capital loss applied positive number	-	0		0		
137	Net capital loss applied positive number	-			0		
138	Charitable donations				0		
139	NET TAXABLE INCOME	=	1,036,793	0	1,036,793		
140							
141	FROM ACTUAL TAX RETURNS						
142	Net Federal Income Tax (Must agree with tax return)	+	229,338	0	229,338		
143	Net Ontario Income Tax (Must agree with tax return)	+	140,870	0	140,870		
144	Subtotal	=	370,208	0	370,208		
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0		
146	Total Income Tax	=	370,208	0	370,208		
147							
148	FROM ACTUAL TAX RETURNS						
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%		Per Pils Decision
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%		Per Pils Decision
151	Blended Income Tax Rate		36.12%		36.12%		
152							
153	Section F: Income and Capital Taxes						
154							
155	RECAP						
156	Total Income Taxes	+	370,208	0	370,208		
157	Ontario Capital Tax	+	78,391		78,391		
158	Federal Large Corporations Tax	+	0		0		
159							
160	Total income and capital taxes	=	448,599	0	448,599		
161							