



Ontario Energy Board

**PILS / INCOME TAXES WORK
FORM****2012 REBASING YEAR**

Choose Your Utility:

Canadian Niagara Power Inc. - Port Colborne Hydro Inc.
Centre Wellington Hydro Ltd.
Chapleau Public Utilities Corporation
Chatham-Kent Hydro Inc.

Application Contact Information

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While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



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Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

2012 REBASING YEAR

Champlain Public Utilities Corporation

Data Input Sheet - Applicant's Rate Base

Rate Base

\$ 1,513,783

Return on Rate Base

| | | | | | |
|---|--------------|-----------|-----------|---------------|---------------------|
| Deemed ShortTerm Debt % | 4.00% | T | \$ | 60,551 | $W = S * T$ |
| Deemed Long Term Debt % | 56.00% | U | \$ | 847,718 | $X = S * U$ |
| Deemed Equity % | 40.00% | V | \$ | 605,513 | $Y = S * V$ |
| Short Term Interest Rate | 2.08% | Z | \$ | 1,259 | $AC = W * Z$ |
| Long Term Interest | 4.41% | AA | \$ | 37,384 | $AD = X * AA$ |
| Return on Equity (Regulatory Income) | 9.12% | AB | \$ | 55,223 | $AE = Y * AB$ |
| Return on Rate Base | | | \$ | 93,867 | $AF = AC + AD + AE$ |

Questions that must be answered

| | Historic | Bridge | Test Year |
|--|----------|--------|-----------|
| 1. Does the applicant have any Investment Tax Credits (ITC)? | No | No | No |
| 2. Does the applicant have any SRED Expenditures? | No | No | No |
| 3. Does the applicant have any Capital Gains or Losses for tax purposes? | No | No | No |
| 4. Does the applicant have any Capital Leases? | No | No | No |
| 5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)? | Yes | Yes | Yes |
| 6. Since 1999, has the applicant acquired another regulated applicant's assets? | No | No | No |
| 7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i> | No | No | No |
| 8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes? | No | No | No |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation

Tax Rates & Exemptions

Tax Rates

**Federal & Provincial
As of March 22, 2011**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

**Effective
January-01-11**

**Effective
January-01-12**

**Effective
January-01-13**

**Effective
January-01-14**

38.00%
-10.00%
28.00%

38.00%
-10.00%
28.00%

38.00%
-10.00%
28.00%

38.00%
-10.00%
28.00%

Rate reduction

-11.50%
16.50%

-13.00%
15.00%

-13.00%
15.00%

-13.00%
15.00%

(refer to Note 1)

Ontario income tax

11.75%

11.25%

10.50%

10.00%

Combined federal and Ontario

28.25%

26.25%

25.50%

25.00%

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

500,000
500,000

500,000
500,000

500,000
500,000

500,000
500,000

Federal small business rate

11.00%

11.00%

11.00%

11.00%

Ontario small business rate

4.50%

4.50%

4.50%

4.50%

NOTES:

1. Federal Budgets of March 22, 2011 and June 6, 2011 reaffirmed the corporate tax rate reductions to 16.5% in 2011 and 15% in 2012.



| Class | Class Description | UCC End of Year Historic per tax returns | Less: Non- Distribution Portion | UCC Regulated Historic Year |
|-----------------------|--|---|--|--|
| 1 | Distribution System - post 1987 | 897,519 | 0 | 897,519 |
| 1 Enhanced | Non-residential Buildings Reg. 1100(1)(a.1) election | | | 0 |
| 2 | Distribution System - pre 1988 | | | 0 |
| 8 | General Office/Stores Equip | | | 0 |
| 10 | Computer Hardware/ Vehicles | | | 0 |
| 10.1 | Certain Automobiles | | | 0 |
| 12 | Computer Software | | | 0 |
| 13₁ | Lease # 1 | | | 0 |
| 13₂ | Lease #2 | | | 0 |
| 13₃ | Lease # 3 | | | 0 |
| 13₄ | Lease # 4 | | | 0 |
| 14 | Franchise | | | 0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | | | 0 |
| 42 | Fibre Optic Cable | | | 0 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | 0 |
| 43.2 | Certain Clean Energy Generation Equipment | | | 0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | | | 0 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | 0 |
| 47 | Distribution System - post February 2005 | | | 0 |
| 50 | Data Network Infrastructure Equipment - post Mar 2007 | | | 0 |
| 52 | Computer Hardware and system software | | | 0 |
| 95 | CWIP | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | SUB-TOTAL - UCC | 897,519 | 0 | 897,519 |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

2012 REBASING YEAR

Chapleau Public Utilities Corporation

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

0

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

0

Current Year Deduction

0 x 7% =

0

Cumulative Eligible Capital - Closing Balance

0



Ontario Energy Services

**PILS / INCOME
WORK FOI**

Chapleau Public Utilities Corporation

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

| Description | Historical Balance as per tax returns | Non-Distribution Eliminations | Utility Only |
|---|---------------------------------------|-------------------------------|--------------|
| Capital Gains Reserves ss.40(1) | | | 0 |
| Tax Reserves Not Deducted for accounting purposes | | | |
| Reserve for doubtful accounts ss. 20(1)(l) | | | 0 |
| Reserve for goods and services not delivered ss. 20(1)(m) | | | 0 |
| Reserve for unpaid amounts ss. 20(1)(n) | | | 0 |
| Debt & Share Issue Expenses ss. 20(1)(e) | | | 0 |
| Other tax reserves | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| Total | 0 | 0 | 0 |
| Financial Statement Reserves (not deductible for Tax Purposes) | | | |
| General Reserve for Inventory Obsolescence (non-specific) | | | 0 |
| General reserve for bad debts | | | 0 |
| Accrued Employee Future Benefits: | | | 0 |
| - Medical and Life Insurance | | | 0 |
| -Short & Long-term Disability | | | 0 |
| -Accumulated Sick Leave | | | 0 |
| - Termination Cost | | | 0 |
| - Other Post-Employment Benefits | | | 0 |
| Provision for Environmental Costs | | | 0 |
| Restructuring Costs | | | 0 |
| Accrued Contingent Litigation Costs | | | 0 |
| Accrued Self-Insurance Costs | | | 0 |
| Other Contingent Liabilities | | | 0 |
| Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4) | | | 0 |
| Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1) | | | 0 |
| Other | | | 0 |
| | | | |
| | | | |
| | | | 0 |
| | | | 0 |
| Total | 0 | 0 | 0 |



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**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation

Schedule 7-1 Loss Carry Forward - Histroic Year

Corporation Loss Continuity and Application

| | Total | Non-Distribution Portion | Utility Balance |
|---|---------|--------------------------|-----------------|
| Non-Capital Loss Carry Forward Deduction | | | |
| Actual Historic | 475,717 | 0 | 475,717 |

| | Total | Non-Distribution Portion | Utility Balance |
|---|-------|--------------------------|-----------------|
| Net Capital Loss Carry Forward Deduction | | | |
| Actual Historic | | | 0 |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation
Adjusted Taxable Income - Historic Year

| | T2S1 line # | Total for Legal Entity | Non-Distribution Eliminations | Historic Wires Only |
|--|--------------------|-------------------------------|--------------------------------------|----------------------------|
| Income before PILs/Taxes | A | 62,635 | | 62,635 |
| Additions: | | | | |
| Interest and penalties on taxes | 103 | | | 0 |
| Amortization of tangible assets | 104 | 40,368 | | 40,368 |
| Amortization of intangible assets | 106 | | | 0 |
| Recapture of capital cost allowance from Schedule 8 | 107 | | | 0 |
| Gain on sale of eligible capital property from Schedule 10 | 108 | | | 0 |
| Income or loss for tax purposes- joint ventures or partnerships | 109 | | | 0 |
| Loss in equity of subsidiaries and affiliates | 110 | | | 0 |
| Loss on disposal of assets | 111 | | | 0 |
| Charitable donations | 112 | | | 0 |
| Taxable Capital Gains | 113 | | | 0 |
| Political Donations | 114 | | | 0 |
| Deferred and prepaid expenses | 116 | | | 0 |
| Scientific research expenditures deducted on financial statements | 118 | | | 0 |
| Capitalized interest | 119 | | | 0 |
| Non-deductible club dues and fees | 120 | | | 0 |
| Non-deductible meals and entertainment expense | 121 | | | 0 |
| Non-deductible automobile expenses | 122 | | | 0 |
| Non-deductible life insurance premiums | 123 | | | 0 |
| Non-deductible company pension plans | 124 | | | 0 |
| Tax reserves deducted in prior year | 125 | | | 0 |
| Reserves from financial statements- balance at end of year | 126 | | | 0 |
| Soft costs on construction and renovation of buildings | 127 | | | 0 |
| Book loss on joint ventures or partnerships | 205 | | | 0 |
| Capital items expensed | 206 | | | 0 |
| Debt issue expense | 208 | | | 0 |
| Development expenses claimed in current year | 212 | | | 0 |
| Financing fees deducted in books | 216 | | | 0 |
| Gain on settlement of debt | 220 | | | 0 |
| Non-deductible advertising | 226 | | | 0 |
| Non-deductible interest | 227 | | | 0 |
| Non-deductible legal and accounting fees | 228 | | | 0 |
| Recapture of SR&ED expenditures | 231 | | | 0 |
| Share issue expense | 235 | | | 0 |
| Write down of capital property | 236 | | | 0 |
| Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2) | 237 | | | 0 |
| Other Additions | | | | |
| Interest Expensed on Capital Leases | 290 | | | 0 |
| Realized Income from Deferred Credit Accounts | 291 | | | 0 |
| Pensions | 292 | | | 0 |
| Non-deductible penalties | 293 | | | 0 |
| | 294 | | | 0 |
| | 295 | | | 0 |
| ARO Accretion expense | | | | 0 |
| Capital Contributions Received (ITA 12(1)(x)) | | | | 0 |
| Lease Inducements Received (ITA 12(1)(x)) | | | | 0 |
| Deferred Revenue (ITA 12(1)(a)) | | | | 0 |
| Prior Year Investment Tax Credits received | | | | 0 |
| | | | | 0 |

| | | | | |
|--|-----|----------------|----------|----------------|
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| Total Additions | | 40,368 | 0 | 40,368 |
| Deductions: | | | | |
| Gain on disposal of assets per financial statements | 401 | | | 0 |
| Dividends not taxable under section 83 | 402 | | | 0 |
| Capital cost allowance from Schedule 8 | 403 | | | 0 |
| Terminal loss from Schedule 8 | 404 | | | 0 |
| Cumulative eligible capital deduction from Schedule 10 | 405 | | | 0 |
| Allowable business investment loss | 406 | | | 0 |
| Deferred and prepaid expenses | 409 | | | 0 |
| Scientific research expenses claimed in year | 411 | | | 0 |
| Tax reserves claimed in current year | 413 | | | 0 |
| Reserves from financial statements - balance at beginning of year | 414 | | | 0 |
| Contributions to deferred income plans | 416 | | | 0 |
| Book income of joint venture or partnership | 305 | | | 0 |
| Equity in income from subsidiary or affiliates | 306 | | | 0 |
| Other deductions: (Please explain in detail the nature of the item) | | | | |
| Interest capitalized for accounting deducted for tax | 390 | | | 0 |
| Capital Lease Payments | 391 | | | 0 |
| Non-taxable imputed interest income on deferral and variance accounts | 392 | | | 0 |
| | 393 | | | 0 |
| | 394 | | | 0 |
| ARO Payments - Deductible for Tax when Paid | | | | 0 |
| ITA 13(7.4) Election - Capital Contributions Received | | | | 0 |
| ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds | | | | 0 |
| Deferred Revenue - ITA 20(1)(m) reserve | | | | 0 |
| Principal portion of lease payments | | | | 0 |
| Lease Inducement Book Amortization credit to income | | | | 0 |
| Financing fees for tax ITA 20(1)(e) and (e.1) | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| Total Deductions | | 0 | 0 | 0 |
| Net Income for Tax Purposes | | 103,003 | 0 | 103,003 |
| | | | | |
| Charitable donations from Schedule 2 | 311 | | | 0 |
| Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82) | 320 | | | 0 |
| Non-capital losses of preceding taxation years from Schedule 4 | 331 | | | 0 |
| Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary) | 332 | | | 0 |
| Limited partnership losses of preceding taxation years from Schedule 4 | 335 | | | 0 |
| | | | | |
| TAXABLE INCOME | | 103,003 | 0 | 103,003 |



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Chapleau Public Utilities Corporation

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

Wires Only

Regulatory Taxable Income

\$ 103,003 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

5.00% B

\$ 5,150 C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction (negative)

\$ - D

-8.00% E

\$ - F = D * E

Ontario Income tax

\$ 5,150 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

5.00%

K = J / A

11.00%

L

16.00% M = L + L

Total Income Taxes

\$ 16,480 N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

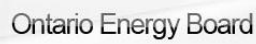
P

Total Tax Credits

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Bridge Year

\$ 16,480 R = N - Q



Chapleau Public Utilities Corporation

Schedule 8 CCA - Bridge Year

| Class | Class Description | UCC Regulated Historic Year | Additions | Disposals (Negative) | UCC Before 1/2 Yr Adjustment | 1/2 Year Rule (1/2 Additions Less Disposals) | Reduced UCC | Rate % | Bridge Year CCA | UCC End of Bridge Year |
|-------------------|--|------------------------------------|------------------|-----------------------------|-------------------------------------|---|--------------------|---------------|------------------------|-------------------------------|
| 1 | Distribution System - post 1987 | \$ 897,519 | \$ 307,302 | -\$ 53,658 | \$ 1,151,163 | \$ 126,822 | \$ 1,024,341 | 4% | \$ 40,974 | \$ 1,110,189 |
| 1 Enhanced | Non-residential Buildings Reg. 1100(1)(a.1) election | | | | \$ - | \$ - | \$ - | 6% | \$ - | \$ - |
| 2 | Distribution System - pre 1988 | | | | \$ - | \$ - | \$ - | 6% | \$ - | \$ - |
| 8 | General Office/Stores Equip | | | | \$ - | \$ - | \$ - | 20% | \$ - | \$ - |
| 10 | Computer Hardware/ Vehicles | | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 10.1 | Certain Automobiles | | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 12 | Computer Software | | | | \$ - | \$ - | \$ - | 100% | \$ - | \$ - |
| 13 1 | Lease # 1 | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 13 2 | Lease #2 | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 13 3 | Lease # 3 | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 13 4 | Lease # 4 | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 14 | Franchise | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | | | | \$ - | \$ - | \$ - | 8% | \$ - | \$ - |
| 42 | Fibre Optic Cable | | | | \$ - | \$ - | \$ - | 12% | \$ - | \$ - |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 43.2 | Certain Clean Energy Generation Equipment | | | | \$ - | \$ - | \$ - | 50% | \$ - | \$ - |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | | | | \$ - | \$ - | \$ - | 45% | \$ - | \$ - |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 47 | Distribution System - post February 2005 | | | | \$ - | \$ - | \$ - | 8% | \$ - | \$ - |
| 50 | Data Network Infrastructure Equipment - post Mar 2007 | | \$ 24,735 | | \$ 24,735 | \$ 12,368 | \$ 12,368 | 55% | \$ 6,802 | \$ 17,933 |
| 52 | Computer Hardware and system software | | | | \$ - | \$ - | \$ - | 100% | \$ - | \$ - |
| 95 | CWIP | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| | TOTAL | \$ 897,519 | \$ 332,037 | -\$ 53,658 | \$ 1,175,898 | \$ 139,190 | \$ 1,036,709 | | \$ 47,776 | \$ 1,128,122 |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

2012 REBASING YEAR

Chapleau Public Utilities Corporation

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

0

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal

x 3/4 = 0

x 1/2 = 0

0

0

0

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

x 3/4 = 0

Cumulative Eligible Capital Balance

0

Current Year Deduction

0 x 7% =

0

Cumulative Eligible Capital - Closing Balance

0



2012 REBASING YEAR

Schedule 13 Tax Reserves - Bridge Year

[illegible]



Ontario Energy

**PILS / INCOME TAX
FORM**

2012 REBASING

Chanleau Public Utilities Corporation

Schedule 7-1 Loss Carry Forward - Bridge Year

Corporation Loss Continuity and Application

| Non-Capital Loss Carry Forward Deduction | Total |
|---|--------------|
| Actual Historic | 475,717 |
| Application of Loss Carry Forward to reduce taxable income in Bridge Year | 54,128 |
| Other Adjustments Add (+) Deduct (-) | 0 |
| Balance available for use in Test Year | 421,589 |
| Amount to be used in Bridge Year | |
| Balance available for use post Bridge Year | 421,589 |

| Net Capital Loss Carry Forward Deduction | Total |
|---|--------------|
| Actual Historic | 0 |
| Application of Loss Carry Forward to reduce taxable income in Bridge Year | |
| Other Adjustments Add (+) Deduct (-) | |
| Balance available for use in Test Year | 0 |
| Amount to be used in Bridge Year | |
| Balance available for use post Bridge Year | 0 |



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Chapleau Public Utilities Corporation Adjusted Taxable Income - Bridge Year

| | T2S1 line # | Total for Regulated Utility |
|--|-------------|--------------------------------|
| Income before PILs/Taxes | A | 45,473 |
| Additions: | | |
| Interest and penalties on taxes | 103 | |
| Amortization of tangible assets | 104 | 37,651 |
| Amortization of intangible assets | 106 | |
| Recapture of capital cost allowance from Schedule 8 | 107 | |
| Gain on sale of eligible capital property from Schedule 10 | 108 | |
| Income or loss for tax purposes- joint ventures or partnerships | 109 | |
| Loss in equity of subsidiaries and affiliates | 110 | |
| Loss on disposal of assets | 111 | |
| Charitable donations | 112 | |
| Taxable Capital Gains | 113 | |
| Political Donations | 114 | |
| Deferred and prepaid expenses | 116 | |
| Scientific research expenditures deducted on financial statements | 118 | |
| Capitalized interest | 119 | |
| Non-deductible club dues and fees | 120 | |
| Non-deductible meals and entertainment expense | 121 | |
| Non-deductible automobile expenses | 122 | |
| Non-deductible life insurance premiums | 123 | |
| Non-deductible company pension plans | 124 | |
| Tax reserves deducted in prior year | 125 | 0 |
| Reserves from financial statements- balance at end of year | 126 | 0 |
| Soft costs on construction and renovation of buildings | 127 | |
| Book loss on joint ventures or partnerships | 205 | |
| Capital items expensed | 206 | |
| Debt issue expense | 208 | |
| Development expenses claimed in current year | 212 | |
| Financing fees deducted in books | 216 | |
| Gain on settlement of debt | 220 | |
| Non-deductible advertising | 226 | |
| Non-deductible interest | 227 | |
| Non-deductible legal and accounting fees | 228 | |
| Recapture of SR&ED expenditures | 231 | |
| Share issue expense | 235 | |
| Write down of capital property | 236 | |
| Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2) | 237 | |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation
Adjusted Taxable Income - Bridge Year

| | | |
|---|-----|---------------|
| Other Additions | | |
| Interest Expensed on Capital Leases | 290 | |
| Realized Income from Deferred Credit Accounts | 291 | |
| Pensions | 292 | |
| Non-deductible penalties | 293 | |
| | 294 | |
| | 295 | |
| ARO Accretion expense | | |
| Capital Contributions Received (ITA 12(1)(x)) | | |
| Lease Inducements Received (ITA 12(1)(x)) | | |
| Deferred Revenue (ITA 12(1)(a)) | | |
| Prior Year Investment Tax Credits received | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total Additions | | 37,651 |
| Deductions: | | |
| Gain on disposal of assets per financial statements | 401 | |
| Dividends not taxable under section 83 | 402 | |
| Capital cost allowance from Schedule 8 | 403 | 47,776 |
| Terminal loss from Schedule 8 | 404 | |
| Cumulative eligible capital deduction from Schedule 10 | 405 | 0 |
| Allowable business investment loss | 406 | |
| Deferred and prepaid expenses | 409 | |
| Scientific research expenses claimed in year | 411 | |
| Tax reserves claimed in current year | 413 | 0 |
| Reserves from financial statements - balance at beginning of year | 414 | 0 |
| Contributions to deferred income plans | 416 | |
| Book income of joint venture or partnership | 305 | |
| Equity in income from subsidiary or affiliates | 306 | |
| Other deductions: (Please explain in detail the nature of the item) | | |
| | | |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation
Adjusted Taxable Income - Bridge Year

| | | |
|--|-----|---------------|
| Interest capitalized for accounting deducted for tax | 390 | |
| Capital Lease Payments | 391 | |
| Non-taxable imputed interest income on deferral and variance accounts | 392 | |
| | 393 | |
| | 394 | |
| ARO Payments - Deductible for Tax when Paid | | |
| ITA 13(7.4) Election - Capital Contributions Received | | |
| ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds | | |
| Deferred Revenue - ITA 20(1)(m) reserve | | |
| Principal portion of lease payments | | |
| Lease Inducement Book Amortization credit to income | | |
| Financing fees for tax ITA 20(1)(e) and (e.1) | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total Deductions | | 47,776 |
| | | |
| Net Income for Tax Purposes | | 35,348 |
| Charitable donations from Schedule 2 | 311 | |
| Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82) | 320 | |
| Non-capital losses of preceding taxation years from Schedule 4 | 331 | |
| Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary) | 332 | |
| Limited partnership losses of preceding taxation years from Schedule 4 | 335 | |
| | | |
| TAXABLE INCOME | | 35,348 |



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Chapleau Public Utilities Corporation

PILs Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income

\$ 35,348 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

1,591 C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction

\$ -
-7.25%

D

\$

- F = D * E

Ontario Income tax

\$ 1,591 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

4.50%
11.00%

K = J / A
L

15.50% M = L + L

Total Income Taxes

\$ 5,479 N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

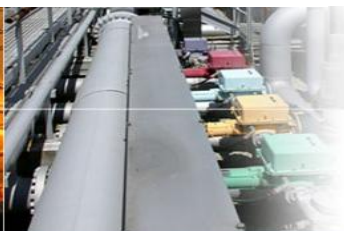
\$ - Q = O + P

Corporate PILs/Income Tax Provision for Bridge Year

\$ 5,479 R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



PILS / INCOME TAXES WORK FORM

Chapleau Public Utilities Corporation

Schedule 8 CCA - Test Year

| Class | Class Description | UCC Test Year Opening Balance | Additions | Disposals (Negative) | UCC Before 1/2 Yr Adjustment | 1/2 Year Rule {1/2 Additions Less Disposals} | Reduced UCC | Rate % | Test Year CCA | UCC End of Test Year |
|------------|--|-------------------------------|-----------|----------------------|------------------------------|--|--------------|--------|---------------|----------------------|
| 1 | Distribution System - post 1987 | \$ 1,110,189 | 58,290 | | \$ 1,168,479 | \$ 29,145 | \$ 1,139,334 | 4% | \$ 45,573 | \$ 1,122,906 |
| 1 Enhanced | Non-residential Buildings Reg. 1100(1)(a.1) election | \$ - | | | \$ - | \$ - | \$ - | 6% | \$ - | \$ - |
| 2 | Distribution System - pre 1988 | \$ - | | | \$ - | \$ - | \$ - | 6% | \$ - | \$ - |
| 8 | General Office/Stores Equip | \$ - | | | \$ - | \$ - | \$ - | 20% | \$ - | \$ - |
| 10 | Computer Hardware/ Vehicles | \$ - | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 10.1 | Certain Automobiles | \$ - | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 12 | Computer Software | \$ - | | | \$ - | \$ - | \$ - | 100% | \$ - | \$ - |
| 13.1 | Lease # 1 | \$ - | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 13.2 | Lease #2 | \$ - | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 13.3 | Lease # 3 | \$ - | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 13.4 | Lease # 4 | \$ - | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 14 | Franchise | \$ - | | | \$ - | \$ - | \$ - | | \$ - | \$ - |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B | \$ - | | | \$ - | \$ - | \$ - | 8% | \$ - | \$ - |
| 42 | Fibre Optic Cable | \$ - | | | \$ - | \$ - | \$ - | 12% | \$ - | \$ - |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | \$ - | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 43.2 | Certain Clean Energy Generation Equipment | \$ - | | | \$ - | \$ - | \$ - | 50% | \$ - | \$ - |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | \$ - | | | \$ - | \$ - | \$ - | 45% | \$ - | \$ - |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | \$ - | | | \$ - | \$ - | \$ - | 30% | \$ - | \$ - |
| 47 | Distribution System - post February 2005 | \$ - | | | \$ - | \$ - | \$ - | 8% | \$ - | \$ - |
| 50 | Data Network Infrastructure Equipment - post Mar 2007 | \$ 17,933 | | | \$ 17,933 | \$ - | \$ 17,933 | 55% | \$ 9,863 | \$ 8,070 |
| 52 | Computer Hardware and system software | \$ - | | | \$ - | \$ - | \$ - | 100% | \$ - | \$ - |
| 95 | CWIP | \$ - | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | | | | | \$ - | \$ - | \$ - | 0% | \$ - | \$ - |
| | TOTAL | \$ 1,128,122 | \$ 58,290 | \$ - | \$ 1,186,412 | \$ 29,145 | \$ 1,157,267 | | \$ 55,436 | \$ 1,130,976 |



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

0

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal **0**

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

0

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal **0**

x 3/4 = 0

Cumulative Eligible Capital Balance

0

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

0 x 7% =

0

Cumulative Eligible Capital - Closing Balance

0



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

2012 REBASING YEAR

Charleau Public Utilities Corporation

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

[illegible]



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Chapleau Public Utilities Corporation

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

| | Total | Non-Distribution Portion | Utility Balance |
|--|---------|--------------------------|-----------------|
| Non-Capital Loss Carry Forward Deduction | | | |
| Actual/Estimated Bridge Year | 421,589 | | 421,589 |
| Application of Loss Carry Forward to reduce taxable income in 2005 | 73,036 | | 73,036 |
| Other Adjustments Add (+) Deduct (-) | | | 0 |
| Balance available for use in Test Year | 348,553 | 0 | 348,553 |
| Amount to be used in Test Year | | | 0 |
| Balance available for use post Test Year | 348,553 | 0 | 348,553 |

| | Total | Non-Distribution Portion | Utility Balance |
|--|-------|--------------------------|-----------------|
| Net Capital Loss Carry Forward Deduction | | | |
| Actual/Estimated Bridge Year | | | 0 |
| Application of Loss Carry Forward to reduce taxable income in 2005 | | | 0 |
| Other Adjustments Add (+) Deduct (-) | | | 0 |
| Balance available for use in Test Year | 0 | 0 | 0 |
| Amount to be used in Test Year | | | 0 |
| Balance available for use post Test Year | 0 | 0 | 0 |



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Chapleau Public Utilities Corporation Taxable Income - Test Year

| | Test Year Taxable Income |
|--------------------------------|--------------------------------|
| Net Income Before Taxes | 55,223 |

| | T2 S1 line # | |
|--|--------------|--------|
| Additions: | | |
| Interest and penalties on taxes | 103 | |
| Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489 | 104 | 75,576 |
| Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490 | 106 | |
| Recapture of capital cost allowance from Schedule 8 | 107 | |
| Gain on sale of eligible capital property from Schedule 10 | 108 | |
| Income or loss for tax purposes- joint ventures or partnerships | 109 | |
| Loss in equity of subsidiaries and affiliates | 110 | |
| Loss on disposal of assets | 111 | |
| Charitable donations | 112 | |
| Taxable Capital Gains | 113 | |
| Political Donations | 114 | |
| Deferred and prepaid expenses | 116 | |
| Scientific research expenditures deducted on financial statements | 118 | |
| Capitalized interest | 119 | |
| Non-deductible club dues and fees | 120 | |
| Non-deductible meals and entertainment expense | 121 | |
| Non-deductible automobile expenses | 122 | |
| Non-deductible life insurance premiums | 123 | |
| Non-deductible company pension plans | 124 | |
| Tax reserves beginning of year | 125 | 0 |
| Reserves from financial statements- balance at end of year | 126 | 0 |
| Soft costs on construction and renovation of buildings | 127 | |
| Book loss on joint ventures or partnerships | 205 | |
| Capital items expensed | 206 | |
| Debt issue expense | 208 | |
| Development expenses claimed in current year | 212 | |
| Financing fees deducted in books | 216 | |
| Gain on settlement of debt | 220 | |
| Non-deductible advertising | 226 | |
| Non-deductible interest | 227 | |
| Non-deductible legal and accounting fees | 228 | |
| Recapture of SR&ED expenditures | 231 | |
| Share issue expense | 235 | |
| Write down of capital property | 236 | |

| | | |
|--|-----|---------------|
| Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2) | 237 | |
| <i>Other Additions: (please explain in detail the nature of the item)</i> | | |
| Interest Expensed on Capital Leases | 290 | |
| Realized Income from Deferred Credit Accounts | 291 | |
| Pensions | 292 | |
| Non-deductible penalties | 293 | |
| | 294 | |
| | 295 | |
| | 296 | |
| | 297 | |
| ARO Accretion expense | | |
| Capital Contributions Received (ITA 12(1)(x)) | | |
| Lease Inducements Received (ITA 12(1)(x)) | | |
| Deferred Revenue (ITA 12(1)(a)) | | |
| Prior Year Investment Tax Credits received | | |
| | | |
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| | | |
| | | |
| | | |
| Total Additions | | 75,576 |
| Deductions: | | |
| Gain on disposal of assets per financial statements | 401 | |
| Dividends not taxable under section 83 | 402 | |
| Capital cost allowance from Schedule 8 | 403 | 55,436 |
| Terminal loss from Schedule 8 | 404 | |
| Cumulative eligible capital deduction from Schedule 10 CEC | 405 | 0 |
| Allowable business investment loss | 406 | |
| Deferred and prepaid expenses | 409 | |
| Scientific research expenses claimed in year | 411 | |
| Tax reserves end of year | 413 | 0 |
| Reserves from financial statements - balance at beginning of year | 414 | 0 |
| Contributions to deferred income plans | 416 | |
| Book income of joint venture or partnership | 305 | |
| Equity in income from subsidiary or affiliates | 306 | |
| <i>Other deductions: (Please explain in detail the nature of the item)</i> | | |
| Interest capitalized for accounting deducted for tax | 390 | |
| Capital Lease Payments | 391 | |

| | | |
|--|-----|---------------|
| Non-taxable imputed interest income on deferral and variance accounts | 392 | |
| | 393 | |
| | 394 | |
| | 395 | |
| | 396 | |
| | 397 | |
| ARO Payments - Deductible for Tax when Paid | | |
| ITA 13(7.4) Election - Capital Contributions Received | | |
| ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds | | |
| Deferred Revenue - ITA 20(1)(m) reserve | | |
| Principal portion of lease payments | | |
| Lease Inducement Book Amortization credit to income | | |
| Financing fees for tax ITA 20(1)(e) and (e.1) | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total Deductions | | 55,436 |
| | | |
| NET INCOME FOR TAX PURPOSES | | 75,362 |
| | | |
| Charitable donations | 311 | |
| Taxable dividends received under section 112 or 113 | 320 | |
| Non-capital losses of preceding taxation years from Schedule 7-1 | 331 | |
| Net-capital losses of preceding taxation years (Please show calculation) | 332 | |
| Limited partnership losses of preceding taxation years from Schedule 4 | 335 | |
| | | |
| REGULATORY TAXABLE INCOME | | 75,362 |



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Chapleau Public Utilities Corporation

PILs Tax Provision - Test Year

Wires Only

Regulatory Taxable Income

\$ 75,362 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

3,391 C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction

\$ -
-6.75%

D
E

\$

- F = D * E

Ontario Income tax

\$ 3,391 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

4.50%
11.00%

K = J / A
L

15.50% M = L + L

Total Income Taxes

\$ 11,681 N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Test Year

\$ 11,681 R = N - Q

Corporate PILs/Income Tax Provision Gross Up ¹

84.50%

S = 1 - M

\$ 2,143 T = R / S - N

Income Tax (grossed-up)

\$ 13,824 U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.