| | A | B | C | D |
|---|---|---|---|---|
| 1 | **SECTION 93 PILs TAX GROSS-UP "SIMPIL"** | | | |
| 2 | **REGULATORY INFORMATION (REGINFO)** | | | |
| 3 | | | | |
| 4 | Utility Name: Tay Hydro Electric Distribution Company Inc. | | | **Amount** |
| 5 | Reporting period: January 1 - December 31, 2002 | | | |
| 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 | 31-Dec |
| 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) | | | 4,077,253 |
| 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 | | | 349,217 |
| 33 | | | | |
| 34 | 1999 return from RUD Sheet #7 | | | 173,613 |
| 35 | | | | |
| 36 | Total Incremental revenue | | | 175,604 |
| 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 | | | 0 |
| 40 | Amount allowed in 2002, Year 2 | | | 117,070 |
| 41 | Amount allowed in 2003, Year 3 | | | 58,535 |
| 42 | | | | |
| 43 | Equity | | | 2,038,627 |
| 44 | | | | |
| 45 | Return at target ROE | | | 201,416 |
| 46 | | | | |
| 47 | Debt | | | 2,038,627 |
| 48 | | | | |
| 49 | Deemed interest amount in EBIT | | | 147,800 |
| 50 | | | | |
| 51 | Phase-in of interest - Year 1 | | | 73,479 |
| 52 | ((D34+D39)/D32)*D49 | | | |
| 53 | Phase-in of interest - Year 2 | | | 123,027 |
| 54 | ((D34+D39+D40)/D32)*D49 | | | |
| 55 | Phase-in of interest - Year 3 (D49) | | | 147,800 |
| 56 | | | | |

| | A | B | C | D | E | F | G | H | I | J | | 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: Tay Hydro Electric Distribution Company Inc. | | | | | | | | | | Column | |
| 8 | Reporting period: January 1 - December 31, 2002 | | | | | | | | | | Brought | |
| 9 | | | | | | | | | | | Forward | |
| 10 | | | | | | | | | | | From | |
| 11 | | | | | | | | | | | TAXREC | |
| 12 | **I) CORPORATE INCOME TAXES** | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |
| 14 | ACCOUNTING INCOME | | | | | | | | | | | |
| 15 | Regulatory Net Income | 1 | 268,732 | 1A | -268,732 | | | 1B | 0 | | 0 | 1C |
| 16 | | | | | | | | | | | | |
| 17 | BOOK TO TAX ADJUSTMENTS | | | | | | | | | | | |
| 18 | | | | | | | | | | | | |
| 19 | *Additions: To Accounting Income* | | | | | | | | | | | |
| 20 | Depreciation & Amortization | 2 | 217,214 | 2A | -217,214 | | | 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 | | 6A | 0 | | | 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 | -179,431 | 8A | 179,431 | | | 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 | -113,737 | 12A | 113,737 | | | 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 | | 192,779 | | -192,779 | | 0 | | 0 | | 0 | |
| 41 | (sum of above) | | | | | | | | | | | |
| 42 | | | | | | | | | | | | |
| 43 | CORPORATE INCOME TAX RATE | | | | | | | | | | | |
| 44 | Deemed % | 14 | 19.1200% | 14A | 19.5000% | | 38.6200% | 14B | 0.0000% | | 38.6200% | 14C |
| 45 | | | | | | | | | | | | |
| 46 | REGULATORY INCOME TAX | | | | | | | | | | | |
| 47 | Taxable Income x Rate | | 36,859 | | -36,859 | | 0 | | 0 | | 0 | |
| 48 | | | | | | | | | | | | |
| 49 | Miscellaneous Tax Credits | 15 | | 15A | 0 | | | 15B | 0 | | | 15C |
| 50 | | | | | | | | | | | | |
| 51 | **Total Regulatory Income Tax** | | 36,859 | | -36,859 | | 0 | | 0 | | 0 | |
| 52 | | | | | | | | | | | | |
| 53 | | | | | | | | | | | | |
| 54 | | | | | | | | | | | | |

| | 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 | | | $ | # | $ | | $ | # | $ | | $ | # |
| 55 | | | | | | | | | | | | |
| 56 | **II) CAPITAL TAXES** | | | | | | | | | | | |
| 57 | | | | | | | | | | | | |
| 58 | *Ontario* | | | | | | | | | | | |
| 59 | Base | 16 | 4,077,253 | 16A | -4,077,253 | | | 16B | 0 | | 0 | 16C |
| 60 | Less: Exemption | 17 | -5,000,000 | 17A | 5,000,000 | | | 17B | 0 | | 0 | 17C |
| 61 | Deemed Taxable Capital | | -922,747 | | 922,747 | | 0 | | 0 | | 0 | |
| 62 | | | | | | | | | | | | |
| 63 | Rate (.3%) | 18 | 0.3000% | 18A | 0.0000% | | 0.3000% | 18B | 0.0000% | | 0.3000% | 18C |
| 64 | | | | | | | | | | | | |
| 65 | Net Amount (Taxable Capital x Rate) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 66 | | | | | | | | | | | | |
| 67 | *Federal (LCT)* | | | | | | | | | | | |
| 68 | Base | 19 | 4,077,253 | 19A | -4,077,253 | | 0 | 19B | 0 | | 0 | 19C |
| 69 | Less: Exemption | 20 | -10,000,000 | 20A | 10,000,000 | | | 20B | 0 | | 0 | 20C |
| 70 | Deemed Taxable Capital | | -5,922,747 | | 5,922,747 | | 0 | | 0 | | 0 | |
| 71 | | | | | | | | | | | | |
| 72 | Rate (.225%) | 21 | 0.2250% | 21A | 0.0000% | | 0.2250% | 21B | 0.0000% | | 0.2250% | 21C |
| 73 | | | | | | | | | | | | |
| 74 | Gross Amount (Taxable Capital x Rate) | | -13,326 | | 13,326 | | 0 | | 0 | | 0 | |
| 75 | Less: Federal Surtax | 22 | -2,159 | 22A | 2,159 | | 0 | 22B | 0 | | 0 | 22C |
| 76 | | | | | | | | | | | | |
| 77 | Net LCT | | 0 | | 15,485 | | 0 | | 0 | | 0 | |
| 78 | | | | | | | | | | | | |
| 79 | | | | | | | | | | | | |
| 80 | **III) INCLUSION IN RATES MARCH 2002** | | | | | | | | | | | |
| 81 | | | | | | | | | | | | |
| 82 | IncomeTax (grossed-up) | 23 | 45,573 | 23A | -45,573 | | 0 | 23B | 0 | | | n/a |
| 83 | LCT (grossed-up) | 24 | 0 | 24A | 0 | | 0 | 24B | 0 | | | n/a |
| 84 | Ontario Capital Tax | 25 | 0 | 25A | 0 | | 0 | 25B | 0 | | | n/a |
| 85 | | | | | | | | | | | | |
| 86 | | | | | | | | | | | | |
| 87 | ***Total S. 93 PILs Rate Adjustment*** | | 45,573 | | -45,573 | | 0 | | 0 | | | |
| 88 | | | | | | | | | | | | |
| 89 | | | | | | | | | | | | |
| 90 | | | | | | | | | | | | |

| | 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 | | | $ | # | $ | | $ | # | $ | | $ | # |
| 91 | | | | | | | | | | | | |
| 92 | ***IV) FUTURE TRUE-UPS (post June 2002)*** | | | | | | | | **DR / (CR)** | | | |
| 93 | Amount in M of F Filing Variance (Column I) that | | | | | | | | | | | |
| 94 | the Board orders added/subtracted from rates | | | | | | | | | | | |
| 95 | EBIT | 1 | | | | | | | | No true-up | | |
| 96 | Depreciation &Amortization | 2 | | | | | | | | No true-up | | |
| 97 | Federal Large Corporation Tax | 3 | | | | | | | | No true-up | | |
| 98 | Employee Benefit Plans - Accrued, Not Paid | 4 | | | | | | | 0 | True-up | | |
| 99 | Change in Tax Reserves | 5 | | | | | | | 0 | True-up | | |
| 100 | Regulatory Adjustments | 6 | | | | | | | 0 | True-up | | |
| 101 | Other additions "Material" Item #1 | 7 | | | | | | | 0 | True-up | | |
| 102 | Other additions "Material" Item #2 | 7 | | | | | | | 0 | True-up | | |
| 103 | Other additions (not "Material") | 7 | | | | | | | | No true-up | | |
| 104 | Capital Cost Allowance | 8 | | | | | | | | No true-up | | |
| 105 | Employee Benefit Plans - Paid Amounts | 9 | | | | | | | 0 | True-up | | |
| 106 | Items Capitalized for Regulatory Purposes | 10 | | | | | | | 0 | True-up | | |
| 107 | Regulatory Adjustments | 11 | | | | | | | 0 | True-up | | |
| 108 | Interest Adjustment for Tax Purposes (Cell I135) | 12 | | | | | | | 0 | True-up-See Below | | |
| 109 | Other deductions "Material" Item #1 | 13 | | | | | | | 0 | True-up | | |
| 110 | Other deductions "Material" Item #2 | 13 | | | | | | | 0 | True-up | | |
| 111 | Other deductions (not "Material") | 13 | | | | | | | | No true-up | | |
| 112 | Miscellaneous Tax Credits | 15 | | | | | | | 0 | True-up | | |
| 113 | | | | | | | | | | | | |
| 114 | **Deferral Account Entry (Positive Entry=Debit)** | | | | | | | | 0 | True-up | | |
| 115 | | | | | | | | | | | | |
| 116 | | | | | | | | | | | | |
| 117 | **V) INTEREST PORTION OF TRUE-UP** | | | | | | | | | | | |
| 118 | | | | | | | | | | | | |
| 119 | **Variance Caused By Phase-in of Deemed Debt** | | | | | | | | | | | |
| 120 | | | | | | | | | | | | |
| 121 | Total deemed interest (REGINFO CELL D49) | | | | | | | | -147,800 | | | |
| 122 | Interest phased-in - (Deferral Account Cell G34) | | | | | | | | 0 | | | |
| 123 | | | | | | | | | | | | |
| 124 | Variance due to phase-in of debt stucture | | | | | | | | -147,800 | | | |
| 125 | according to Rate Handbook | | | | | | | | | | | |
| 126 | | | | | | | | | | | | |
| 127 | **Other Interest Variances (ie Borrowing Levels** | | | | | | | | | | | |
| 128 | **Above Deemed Debt per Rate Handbook)** | | | | | | | | | | | |
| 129 | | | | | | | | | | | | |
| 130 | Interest deducted on MoF filing (Cell K34) | | | | | | | | 0 | | | |
| 131 | Total deemed interest (REGINFO CELL D49) | | | | | | | | 147,800 | | | |
| 132 | | | | | | | | | | | | |
| 133 | Variance caused by excess debt | | | | | | | | 147,800 | | | |
| 134 | | | | | | | | | | | | |
| 135 | **Interest Adjustment for Tax Purposes Cell I108** | | | | | | | | 0 | True-up Amount- Used above | | |
| 136 | | | | | | | | | | | | |
| 137 | **Total Interest Variance (Cell I34)** | | | | | | | | 0 | | | |
| 138 | | | | | | | | | | | | |