

Enersource Hydro Mississauga Inc
PILs / Income Taxes Work Form
2014 Test Year

Application Contact Information

Name:	Martin Sultana
Title:	Rates Manager
Phone Number:	905-283-4255
Email Address:	msultana@enersource.com

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Data Input Sheet - Applicant's Rate Base

Rate Base

			\$	643,384,158	
Deemed Short Term Debt %	4.00%	T	\$	25,735,366	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$	360,295,128	$X = S * U$
Deemed Equity %	40.00%	V	\$	257,353,663	$Y = S * V$
Short Term Interest Rate	2.08%	Z	\$	535,296	$AC = W * Z$
Long Term Interest	5.09%	AA	\$	18,344,066	$AD = X * AA$
Return on Equity (Regulatory Income)	9.12%	AB	\$	23,470,654	$AE = Y * AB$
Return on Rate Base			\$	42,350,016	$AF = AC + AD + AE$

- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?
If Yes, please describe what was the tax treatment in the manager's summary.
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

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Yes
Yes
No
No
Yes
No
Yes
No

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Tax Rate & Exemptions

Tax Rates

Federal & Provincial
As of March 22, 2011

	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014
Federal income tax				
General corporate rate	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%
Rate reduction	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
				(refer to Note 1)
Ontario income tax	11.75%	11.50%	11.50%	11.50%
Combined federal and Ontario	28.25%	26.50%	26.50%	26.50%
Federal & Ontario Small Business				
Federal small business threshold	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	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.

[illegible]

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Schedule 10 CEC - Test Year

Cumulative Eligible Capital

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

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

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal 0 **12,535,243**

Deductions

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

Other Adjustments

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance **12,535,243**

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income") **12,535,243 x 7% = 877,467**

Cumulative Eligible Capital - Closing Balance **11,657,776**

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Taxable Income - 2014 Test Year

		Test Year Taxable Income
Net Income Before Taxes		23,470,654
		T2 S1 line #
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	30,304,933
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 1C	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	5,929,160
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	90,964
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	
Other Additions: (please explain in detail the nature of the item)		
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))		2,933,375
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		400,000
Total Additions		39,658,432
Deductions:		
Gain on disposal of assets per financial statements	401	161,000
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	39,760,541
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	877,467
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	5,493,160
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)		
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		2,933,375
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)		438,477
Allowance for Funds Used During Construction		273,836
Total Deductions		49,937,856
NET INCOME FOR TAX PURPOSES		13,191,230
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		13,191,230

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PILs Tax Provision - 2014 Test Year

Regulatory Taxable Income

Ontario Income Taxes
Income tax payable

Small business credit

\$ 13,191,230 A

Ontario Income Tax 11.50% B \$ 1,516,991 C = A * B

Ontario Small Business Threshold Rate reduction \$ 500,000 D -7.00% E - \$ 35,000 F = D * E

Ontario Income tax

\$ 1,481,991 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate 11.23% K = J / A
Federal tax rate 15.00% L
Combined tax rate

26.23% M = K + L

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits
Total Tax Credits

\$ 3,460,676 N = A * M

\$ 400,000 O
\$ 400,000 P
\$ 400,000 Q = O + P

Corporate PILs/Income Tax Provision for Test Year

Corporate PILs/Income Tax Provision Gross Up ¹

\$ 3,060,676 R = N - Q

73.77% S = 1 - M
\$ 1,088,531 T = R / S - N

Income Tax (grossed-up)

\$ 4,149,207 U = R + T

Note:

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

