

Niagara-on-the-Lake Hydro Inc.

August 10, 2012

Ms. Kirsten Walli Board Secretary Ontario Energy Board P.O. Box 2319 26th Floor 2300 Yonge Street Toronto ON M4P 1E4

Via RESS, e-mail and courier

Niagara-on-the-Lake Hydro Inc. - Disposition of Account 1562

Reply to OEB Staff Submission

OEB Case EB-2012-0026

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. is pleased to submit its reply to the OEB staff submission regarding this application.

We would be pleased to provide any further information or details that you may require.

Yours truly

Jim Huntingdon, President Encl.

Cc by e-mail:

Michael Buonaguro, Public Interest Advocacy Centre - mbuonaguro@piac.ca

Reply to Board Staff Submission Disposition of Account 1562 Niagara-on-the-Lake Hydro Inc. EB-2012-0026

EXCESS INTEREST TRUE-UP

From Page 4:

Board staff submits that interest on customer deposits and deferral and variance accounts should be excluded from the true-up calculations to be consistent with decisions already made by the Board. Board staff submits that fees charged on IESO or other prudential letters of credit should be included in the true-up calculations to be consistent with decisions already made by the Board.

Reply

NOTL submits the following revised calculation of interest in accordance with the OEB staff submission:

	2001	2002	2003	2004	2005
Interest reported on F/S	131,738	541,615	593,140	678,861	699,394
Interest on customer deposits	864	(1,440)	(894)	(136)	(2)
Carrying charges on deferral and variance accounts	-	(4,277)	-	-	-
Interest excluding interest on customer deposits and					
variance accounts	132,602	535,898	592,246	678,725	699,392

From Page 4:

Board staff also submits that NOTL should update the excess interest claw-back calculations in the SIMPIL models, the SIMPIL model adjustments recorded in the 2001 to 2012 PILs continuity schedule and the final balance for disposition in Excel format.

Reply

NOTL has made these adjustments in a "fourth scenario" as introduced by OEB staff on Page 6 of the OEB staff submission. Please see NOTL's reply below, regarding Page 7 of the OEB staff submission.

INCOME TAX RATES USED IN SIMPIL TAXCALC

From Page 6:

minimum tax rates since NOTE's actual tax rates are closer to the maximum than they are to the minimum rates. Board staff notes that under this scenario, the 2002 maximum tax rate was not used. The 2002 maximum tax rate was 38.62%. NOTL chose a tax rate of 36.54%. Board staff requests NOTL to explain why the maximum tax rate was not chosen in 2002 and to provide the calculations supporting the selected income tax rate.

Reply

In OEB staff Interrogatory 1b, it was stated that NOTL had no taxable income in 2001 through 2003. However, as stated in NOTL's response to 1b, NOTL did have taxable income in 2002. In Scenario X, only the years with no taxable income (i.e. 2001 and 2003) required the assumption of maximum tax rates. There was an actual tax rate of 36.54% for 2002 which NOTL used in Scenario X

From Page 7:

Board staff submits that NOTL should file the active income tax rate calculations, SIMPIL models for 2001 to 2005 and a continuity schedule under the regulatory approach described in the paragraph above to assist the Board in considering the evidence in this case. Board staff also submits that in this alternative scenario, NOTL should also reflect the adjustments made to the excess interest claw-back calculations in the SIMPIL models. Interest on customer deposits and variance accounts should be excluded from the true-up calculations to be consistent with decisions already made by the Board. Fees charged on IESO or other prudential letters of credit should be included in the true-up calculations. NOTL should file a revised balance reflecting these adjustments, including carrying charges to August 31, 2012.

<u>Reply</u>

NOTL submits the following income tax rate calculations under the regulatory approach introduced by OEB staff and referred to as the "fourth scenario" :

¹ The suffix "R" is used in the submitted Excel file names to indicate this fourth regulatory scenario.

Niagara-on-the-Lake Hydro Inc.					
Tax rate calculation					
	2001	2002	2003	2004	2005
Calculation of federal small					
business deduction impact					
Regulatory income	187,232	567,751	567,751	567,751	576,667
Business limit	50,411	200,000	225,000	250,000	300,000
Gross LCT	-	-	8,684	4,640	5,631
	11,250	11,250	11,250	11,250	11,250
Business limit reduction	-	-	173,682	103,111	150,160
Reduced business limit	50,411	200,000	51,318	146,889	149,840
Small business deduction @ 16% of least of regulatory taxable income and reduced business limit	8,066	32,000	8,211	23,502	23,974
Federal small business deduction as percent of regulatory taxable income	(4.31%)	(5.64%)	(1.45%)	(4.14%)	(4.16%)
Calculation of Ontario small business deduction impact					
Ontario business limit	70,575	280,000	320,000	400,000	400,000
Small business deduction rate	6.50%	6.50%	7.00%	8.50%	8.50%
Small business deduction	4,587	18,200	22,400	34,000	34,000
Ontario small business deduction as percent of regulatory taxable income	2.45%	3.21%	3.95%	5.99%	5.90%
Tax rates					
Regular federal tax rate	28.12%	26.12%	24.12%	22.12%	22.12%
Regular provincial tax rate	12.50%	12.50%	12.50%	14.00%	14.00%
Federal small business deduction	(4.31%)	(5.64%)	(1.45%)	(4.14%)	(4.16%)
Ontario small buisness deduction	(2.45%)	(3.21%)	(3.95%)	(5.99%)	(5.90%)
Total tax rate net of SBD	33.86%	29.77%	31.22%	25.99%	26.06%
Federal surtax	1.12%	1.12%	1.12%	1.12%	1.12%
Gross up rate	32.74%	28.65%	30.10%	24.87%	24.94%
Original rate	32.7470	20.0370	30.1070	24.0770	24.5470
Difference					
		0.22521	0.00=61	0.225-1	
		0.225%	0.225%	0.225%	
Rate base	13,859,589	13,859,589	13,859,589	13,859,589	13,859,589
	10,000,000	10,000,000	10,000,000	10,000,000	
Taxable capital	3,859,589	3,859,589	3,859,589	3,859,589	
LCT	-	8,684	8,684	8,684	

NOTL is submitting SIMPIL models for 2001 to 2005 and a continuity schedule under the "fourth scenario" as requested by OEB staff to assist the Board in its decision.

The PILs summary output is as follows:

	А	В	С	D	E	F	G	Н	I	J	K	L	М	Ν	0
1	PILs TAXES														
2	Analysis of PILs Tax Account 15	62:													
3	Utility Name: Niagara-on-the-Lak	e Hyd	ro Inc.												Version 2009.1
4	Reporting period: 2005				Sign Convent	ion:	+ for increase	; -f	for decrease						
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		132,476		100,167		54,001		23,978		-104,582		0
	Board-approved PILs tax proxy	+/-			2424										
	from Decisions (1)		132,476		319,178		451,654		352,297	_	79,795	_	79,271		1,414,671
	PILs proxy from April 1, 2005 - input 9/12 of amount										178,361				178,361
	True-up Variance Adjustment	+/-	-							М					-,
14	Q4, 2001 (2)	,			2,338										2,338
	True-up Variance Adjustment	+/-					-4,884		-24,591		-55,282		-62.911		-147,668
15	Deferral Account Variance		<u>-</u>				-4,004		-24,331	ш	-33,282		-02,911	_	-147,008
	Adjustment Q4, 2001 (4)														0
	Deferral Account Variance	+/-													
	Adjustment (5)				-18,818		-34,614		-23,555	Ш	-64,908		-11,063		-152,958
	Adjustments to reported prior years' variances (6)	+/-													0
	Carrying charges (7)	+/-	_		3,269		4,964		1,787		-3,411		-2,421		4,187
	PILs billed to (collected from)				3,203		4,304	H	1,707	\vdash	3,411		2,721	_	4,107
	customers (8)		0		-338,276		-463,286		-335,960		-263,114		-97,099		-1,497,735
21															
22	Ending balance: # 1562		132,476		100,167		54,001		23,978		-104,582		-198,804		-198,804

The ending balance of the above PILS summary consists of:

•	Principal	(\$202,991)
•	Interest to April 30, 2006	<i>\$ 4,187</i>
•	Total	<u>(\$198,804)</u>

With interest from May 1, 2006 to August 31, 2012², the revised balance under the "fourth scenario" is:

•	Principal	(\$202,991)
•	Interest to April 30, 2006	\$ 4,187
•	Interest May 1, 2006 to August 31, 2012	<u>(\$ 32,060)</u>
•	Total	(\$230.864)

All of which is respectfully submitted by NOTL

 $^{^{\}rm 2}$ Please refer to cell I191 in "Interest" sheet in PILs summary Excel file.

	A	В	С	D	Е
1	PILs TAXES	ь	Ò	l D	Version 2009.1
	REGULATORY INFORMATION (REGINFO)				version 2009.1
	Utility Name: Niagara-on-the-Lake Hydro Inc.			Colour Code	
	Reporting period: 2001			Input Cell	
5	Reporting period. 2001			Formula in Cell	
	Days in reporting period:	92	days	2001 RAM approv	al was based on
	Days in reporting period.	92	uays	1/4 of year. Cell B to match 2001 RAI	6 here is adjusted
7	Total days in the calendar year:	365	days		
8					
	BACKGROUND				
	Has the utility reviewed section 149(1) ITA to				
11 12	confirm that it is not subject to regular corporate tax (and therefore subject to PILs)?		Y/N		
10	Was the utility recently acquired by Hydro One				
15	Was the utility recently acquired by Hydro One and now subject to s.89 & 90 PILs?		Y/N		
10	and now subject to 5.09 & 90 FILS!		1711		
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
	shared among the corporate group?	LCT	Y/N	-	
	Please identify the % used to allocate the OCT and LCT exemptions in	OCT	1/11	100%	
	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23	Ociis 003 & 074 iii tile 17/NO/LEO spicausiicet.	LOI		10070	
24	Accounting Year End		Date	12-31-2001	
26	MARR NO TAX CALCULATIONS				Regulatory
	SHEET #7 FINAL RUD MODEL DATA				Income
	(FROM 1999 FINANCIAL STATEMENTS)				moomo
	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			13,859,589	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
50					
-	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			1,187,074	
43	1999 return from RUD Sheet #7			591,755	591,755
45	Total Incremental revenue			595,319	
	Input: Board-approved dollar amounts phased-in			000,010	
47	Amount allowed in 2001			198,440	198,440
48	Amount allowed in 2002			198,440	0
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			198,440	0
50	unless authorized by the Minister and the Board)			·	0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				790,195
55					
	Equity			6,929,795	
57	D-11.11 DOF			004.004	
	Return at target ROE			684,664	
59	Debt			6,929,795	
61	DEDI			0,929,795	
	Deemed interest amount in 100% of MARR			502,410	
63				302,110	
	Phase-in of interest - Year 1 (2001)			334,437	
65	((D43+D47)/D41)*D61				
	Phase-in of interest - Year 2 (2002)			418,424	
67	((D43+D47+D48)/D41)*D61				
_	Phase-in of interest - Year 3 (2003) and forward			418,424	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)			E00 440	
70	Phase-in of interest - 2005			502,410	
72					
		<u> </u>		1	1

8/10/20128:37 AM REGINFO

	A	В	С	D	E	F	G	Н
2	PILS TAXES PILS DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Initial Estimate		M of F Filing	M of F Filing	Tax Returns	
3	TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)				Variance G-C	Variance Explanation	V	
6	Utility Name: Niagara-on-the-Lake Hydro Inc.						Version 2009.1	
8	Reporting period: 2001						Column	
10	Days in reporting period: Total days in the calendar year:	92 365	days days				Brought From	
11 12			\$		\$		TAXREC \$	
13 14	I) CORPORATE INCOME TAXES							
15 16	Regulatory Net Income REGINFO E53	1	197,549		-275,279		-77,730	
17 18	BOOK TO TAX ADJUSTMENTS							
19 20	Additions: Depreciation & Amortization	2	172,345		68,772		241,117	
21 22	Employee Benefit Plans - Accrued, Not Paid Tax reserves - beginning of year	3	,		4,644 0		4,644 0	
23	Reserves from financial statements - end of year Regulatory Adjustments - increase in income	4			0		0	
25 26	Other Additions (See Tab entitled "TAXREC") "Material" Items from "TAXREC" worksheet	6			0		0	
27 28	Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6			0		0	
29 30	Other Additions (not "Material") "TAXREC 2" Items on which true-up does not apply "TAXREC 3"	6			0 206,456		206,456	
31	Deductions: Input positive numbers				200,400		200,430	
33	Capital Cost Allowance and CEC Employee Benefit Plans - Paid Amounts	7 8	99,052		182,635		281,687	
35 36	Items Capitalized for Regulatory Purposes	9	0		0		0	
36 37 38	Regulatory Adjustments - deduction for tax purposes in Item 5 Interest Expense Deemed / Incurred	11 4	83,609		48,129		131,738	
39	Tax reserves - end of year Reserves from financial statements - beginning of year Contributions to defended income place	4 3			0		0	
41	Contributions to deferred income plans Contributions to pension plans	3			0		0	
43	Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11			0		0	
44	"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12			8,000		8,000	
46 47	Material Items from "TAXREC 2" worksheet Other Deductions (not "Material") "TAXREC 2"	12 12			0		0	
48 49	Items on which true-up does not apply "TAXREC 3"				30,508		30,508	
50 51	TAXABLE INCOME/ (LOSS)		187,232		(264,678)		(77,446)	
52 53	BLENDED INCOME TAX RATE Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	40.62%		-40.6200%		0	
54 55	REGULATORY INCOME TAX		76,054		-76,054		0	
56 57								_
58 59	Miscellaneous Tax Credits	14			0		0	
60 61	Total Regulatory Income Tax		76,054		-76,054		0	
62 63	II) CAPITAL TAXES							
64 65	Ontario							
66 67	Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	15 16	13,859,589 5,000,000		236,591 -69,979		14,096,180 4,930,021	
68	Taxable Capital		8,859,589		166,612		9,166,159	
70 71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
72 73	Ontario Capital Tax		6,699		232		6,931	
74 75	Federal Large Corporations Tax Base	18	13,859,589		546,739		14,406,328	
76 77	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3 Taxable Capital	19	10,000,000 3,859,589		-13,585 533,154		9,986,415 4,419,913	
78 79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20						
80	Rate - Tax Rates - Regulatory, Table 1, Actual, Table 3 Gross Amount of LCT before surfay offset /Tayable Capital x Rate)	20	0.2250%		0.0000%		0.2250%	
82 83	Less: Federal Surtax 1.12% x Taxable Income	21	2,169		-2,097		2,507	
84	Net LCT		92		2,415		2,507	
85 86	III) INCLUSION IN RATES							
87 88	Income Tax Rate used for gross- up (exclude surtax)		39.50%					
90	Income Tax (proxy tax is grossed-up)	22	125,709			Actual 2001	0	
91	LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible)	23 24	152 6,699			Actual 2001 Actual 2001	2,507 6,931	
93 94								
95 96	Total PILs for Rate Adjustment MUST AGREE WITH 2001 RAM DECISION	25	132,560			Actual 2001	9,438	
97 98								
100	IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance				DR/(CR)			
101 102	In Additions: Employee Benefit Plans - Accrued, Not Paid	3			4,644			
103	Tax reserves deducted in prior year Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments Other additions "Material" Items TAXREC	5			0			
	Other additions "Material" Items TAXREC 2 In Deductions - positive numbers	6			0			
109	Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes	8		Н	0			
111	Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell I204)	10			0			
113	Tax reserves claimed in current year Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC Other deductions "Material" Item TAXREC 2	12			0			
119	Total TRUE-UPS before tax effect	26			4,644			
121				= x	33.86%			
123	Income Tax Rate (excluding surtax) from2001 Utility's tax return Income Tax Effect on True-up adjustments			_	1,572			
404								

1	A PILs TAXES	B ITEM	C Initial	D	E M of F	F M of F	G Tax	Н
3	PILS DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC)		Estimate		Filing Variance	Filing Variance	Returns	
5	("Wires-only" business - see Tab TAXREC)				G-C	Explanation	Version 2009.1	
6 7 8	Utility Name: Niagara-on-the-Lake Hydro Inc. Reporting period: 2001						Calumn	
9	Days in reporting period: Total days in the calendar year:	92 365	days days				Column Brought From	
11	Total days in the calendar year.	303	\$		\$		TAXREC	
13 125								
126	Less: Miscellaneous Tax Credits	14			0			
128	Total Income Tax on True-ups				1,572			
130	Income Tax Rate used for gross-up (exclude surtax)				32.74%			
132 133	TRUE-UP VARIANCE ADJUSTMENT				2,338			
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	187,232			
	REVISED CORPORATE INCOME TAX RATE			х	33.86%			
140 141	REVISED REGULATORY INCOME TAX			=	63,397			
142 143	Less: Revised Miscellaneous Tax Credits			-	0			
144 145	Total Revised Regulatory Income Tax			=	63,397			
146 147	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C60)				76,054			
148	Regulatory Income Tax Variance			=	(12,657)			
150 151	<u>Ontario Capital Tax</u> Base			-	13.859.589			
152 153	Less: Exemption from tab Tax Rates, Table 2, cell C39 Revised deemed taxable capital			-	5,000,000 8,859,589			
154 155	Rate - Tab Tax Rates cell C54			х	0.3000%			
156 157	Revised Ontario Capital Tax			=	6,699			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C72)			-	6,699			
159	Regulatory Ontario Capital Tax Variance			=	0			
161	Federal LCT Base				13,859,589			
163 164 165	Less: Exemption from tab Tax Rates, Table 2, cell C40 Revised Federal LCT			=	10,000,000 3,859,589			
	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
168	Gross Amount Less: Federal surtax			-	2,189 2,097			
170	Revised Net LCT			=	92			
172 173 174	Less: Federal LCT reported in the initial estimate column (Cell C84) Regulatory Federal LCT Variance			-	92 0			
175 176	Actual Income Tax Rate used for gross-up (exclude surtax)				32.74%			
177 178	Income Tax (grossed-up) LCT (grossed-up)			+	(18,818)			
179	Ontario Capital Tax			+	0			
	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(18,818)			
183 184	TRUE-UP VARIANCE (from cell l132)			+	2,338			
185 186	Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)			=	(16,480)			
187	,							
189	V) INTEREST PORTION OF TRUE-UP							
	Variance Caused By Phase-in of Deemed Debt							
193	Total deemed interest (REGINFO) Interest phased-in (Cell C37)				502,410 334,437			
196 197 198	Variance due to phase-in of debt component of MARR in rates according to the Board's decision				167,973			
199	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell G36+G41) Total deemed interest (REGINFO CELL D61)				132,602 502,410			=
203	Variance caused by excess debt				0			
205	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				0			=
207	Total Interest Variance				167,973			
209					- ,,,,			
211								

	A	В	С	D	E	F
1	PILs TAXES	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	
5	0		Return		Version 2009.1	
6	Section A: Identification:				10.0.0.1	
7	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2001					
9 10	Taxation Year's start date: Taxation Year's end date:					
11	Number of days in taxation year:		92	days		
12	,					
_	Please enter the Materiality Level :	>//0.1	17,324	< - enter materiality	level	
14 15	(0.25% x Rate Base x CER) (0.25% x Net Assets)	Y/N 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				
18	(Please complete the questionnaire in the Background questionnaire	worksh	eet.)			
19 20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21	Hote. Garry forward Wifes only Bala to Fab. TAXOALO Goldmirtk					
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24 25	The actual categories of the income statements should be used. If required please change the descriptions except for amortization, interest	evnens	e and provision for i	ncome tay		
26		JAPUI 18	and providion for i	omo tax		
27	Please enter the non-wire operation's amount as a positive number, the pro-			all amounts		
28	in the "non-wires elimination column" as negative values in TAXREC and T	AXREC	2.			
29	Income:					
30 31	Energy Sales	+	3,629,273		3,629,273	
32	Distribution Revenue	+	5,023,273		0,029,213	
33	Other Income	+	-18,620		-18,620	
34	Miscellaneous income	+			0	
35 36	Revenue should be entered above this line	+			0	
37	Revenue should be entered above this line					
38	Costs and Expenses:					
39	Cost of energy purchased	-	2,969,026		2,969,026	
40	Administration Customer billing and collecting	-	136,372 163,048		136,372 163,048	
42	Operations and maintenance	-	178,820		178,820	
43	Amortization	-	241,117		241,117	
44	Ontario Capital Tax	-			0	
45 46					0	
47		-			0	
48		-			0	
49						
50 51	Net Income Before Interest & Income Taxes EBIT	=	-77,730 131,738	0	-77,730 131,738	
52	Less: Interest expense for accounting purposes Provision for payments in lieu of income taxes	-	131,738		131,738	
	Net Income (loss)	=	-209,468	0	-209,468	
	(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					
	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
_	Provision for income tax	+	0	0	0	
61	Federal large corporation tax Depreciation & Amortization	+	241,117	0	0 241,117	
	Employee benefit plans-accrued, not paid	+	4,644	0	4,644	
63	Tax reserves - beginning of year	+	0	0	0	
	Reserves from financial statements- end of year	+	0	0	0	
_	Regulatory adjustments on which true-up may apply (see A66)	+	206,456	0	0 206,456	
	Items on which true-up does not apply "TAXREC 3" Material addition items from TAXREC 2	+	206,456	0	206,456	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		452,217	0	452,217	
71	Other Additions: (Please explain the nature of the additions)					
	Recapture of CCA	+			0	
	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	•
76		+			0	
77 78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81	Total Address		4=0.0:=		450.07	
82 83	Total Additions	=	452,217	0	452,217	
	Recap Material Additions:					
85			0		0	
86			0	0	0	

	A	В	С	D	Е	F
1	PILs TAXES	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	
87			0	0	0	
88 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						
	BOOK TO TAX DEDUCTIONS:					
	Capital cost allowance	-	281,266		281,266	
	Cumulative eligible capital deduction Employee benefit plans-paid amounts	-	421		421 0	
	Items capitalized for regulatory purposes	-			0	
	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
	Reserves from financial statements- beginning of year	-	0	0	0	
	Contributions to deferred income plans	-			0	
	Contributions to pension plans	-			0	
108			30,508	0	30,508	
	Interest capitalized for accounting deducted for tax	-	0		0	
	Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2	-	0	0	0	
111 112	Other deduction items (not Material) from TAXREC 2	-	0	U	U	
113	Subtotal	=	312,195	0	312,195	
	Other deductions (Please explain the nature of the deductions)	_	012,100	· ·	012,100	
	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118	NOTL Deduct non-capital additions to transition costs				0	
119	NOTL Deduct provincial capital tax	-	8,000		8,000	
120 121	Total Other Deductions	=	8,000	0	8,000	
122	Total Deductions	=	320,195	0	320,195	
123	Total Deductions	_	320,193	U	320,193	
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129	Total Other Dadications according to the level		0	0	0	
	Total Other Deductions exceed materiality level Other Deductions less than materiality level		8,000	0	8,000	
132	Total Other Deductions		8,000	0	8,000	
133			0,000		3,300	
	TAXABLE INCOME	=	-77,446	0	-77,446	
135	DEDUCT:					
	Non-capital loss applied positive number				0	
	Net capital loss applied positive number	-			0	
138	NET TAVADI E INCOME		(77.440)		(77,446)	
139	NET TAXABLE INCOME	=	(77,446)	0	(77,446)	
	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax (Must agree with tax return)	+	0		0	
_	Net Ontario Income Tax (Must agree with tax return)	+	0		0	
144	Subtotal	=	0	0	0	
145	Less: Miscellaneous tax credits (Must agree with tax returns)		0		0	
146	Total Income Tax	=	0	0	0	
147	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax Rate (Must agree with tax return)		0.00%	1	0.00%	
	Net Ontario Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
151	Blended Income Tax Rate		0.00%		0.00%	
152			2.2370		2.2370	
153	Section F: Income and Capital Taxes					
154						
	RECAP FROM ABOVE:					
	Total Income Taxes	+	0	0	0	
	Ontario Capital Tax Federal Large Corporations Tax	+	6,931		6,931 2,507	
159	i euciai Laige Culpulatiulis Tax	+	2,507		2,507	
160	Total income and capital taxes	=	9,438	0	9,438	
161	e e e e e e e e e e e e e e e e e e e		2, .00		2, 100	

Pite TAXES		A	В	С	D	Е	F
Corporate	1						•
3 For MoF Column of TAXCALC			LIIVE				
Return Version 2009.1 Return Version 2009.1					Liiiiiiiddoilo		
Section Sect						Return	
Color Colo		<u> </u>		Retuin		Version 2000 1	
	-	<u> </u>				Version 2009.1	
B Reporting period: 2001		Hility Name, Nicease on the Lake Hydre Inc					
10 TAX RESERVES							
10 TAX RESERVES		Reporting period: 2001					
11 2 Beginning of Year:		TAV DECEDVEC					
12 Beginning of Year:		TAX RESERVES					
13 Reserve for doubtful accounts ss. 20(1)(ii) 0 0 15 Reserve for goods & services ss. 20(1)(iii) 0 0 0 0 0 0 0 0 0		Designing of Very					
14 Reserve for doubtful accounts ss. 20(1)(m) 0 0 0 15 Reserve for goods & services ss. 20(1)(m) 0 0 0 16 Reserve for unpaid amounts ss. 20(1)(m) 0 0 0 0 17 Debt and share issue expenses ss. 20(1)(e) 0 0 0 0 0 0 18 Other - Please describe 0 0 0 0 0 0 0 0 0		Beginning of fear:				0	
15 Reserve for upoid amounts as 20(1)(n)		December descriptful accessints as 20(4)/I)					
16 Reserve for unpaid amounts ss. 20(1)(n)							
17 Debt and share issue expenses ss.20(1)(e) 0 0 0 0 0 0 0 0 0							
18 Other - Please describe							
19 Other - Please describe							
20							
21		Other - Please describe					
Total (carry forward to the TAXREC worksheet)							
24		Total / commutant and to the TAVDEO			^		
End of Year:		Total (carry forward to the TAXREC worksheet)		0	0	0	
25		Full of Warm					
Reserve for doubtful accounts ss. 20(1)(ii) 0 0 0 0 0 0 0 0 0		End of Year:				0	
Reserve for goods & services ss.20(1)(m)		D					
28 Reserve for unpaid amounts ss.20(1)(n) 0 0 0 0 0 0 0 0 0							
Debt and share issue expenses ss.20(1)(e) 0 0 0 0 0 0 0 0 0							
Other - Please describe Other - Please d							
31 Other - Please describe 0 0 32 33 0 0 33 34 Insert line above this line 0 0 35 Total (carry forward to the TAXREC worksheet) 0 0 0 0 0 36 37 38 FINANCIAL STATEMENT RESERVES 39 39 39 39 39 39 39 3							
32							
33		Other - Please describe					
1							
35 Total (carry forward to the TAXREC worksheet) 0 0 0 0 36 36 37 38 FINANCIAL STATEMENT RESERVES 39 39 40 Beginning of Year: 0 0 0 0 42 43 Environmental 0 0 0 0 44 44 41 46 47 47 47 47 48 48 48 49 49 49 49 49						0	
36				_		_	
38 FINANCIAL STATEMENT RESERVES		Total (carry forward to the TAXREC worksheet)		0	0	0	
38 FINANCIAL STATEMENT RESERVES							
39	_						
40 Beginning of Year:		FINANCIAL STATEMENT RESERVES					
41		D : : ()/					
42		Beginning of Year:				0	
43 Environmental 0 0 0 0 0 0 0 0 0							
44 Allowance for doubtful accounts 0 45 Inventory obsolescence 0 46 Property taxes 0 47 Other - Please describe 0 48 Other - Please describe 0 50 Total (carry forward to the TAXREC worksheet) 0 51 0 52 End of Year: 0 53 0 54 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 62 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0	-	Cavinagasantal					
1	-						
46 Property taxes 0 47 Other - Please describe 0 48 Other - Please describe 0 49 0 0 50 Total (carry forward to the TAXREC worksheet) 0 0 51 0 0 52 End of Year: 0 0 53 0 0 0 54 0 0 0 55 Environmental 0 0 56 Allowance for doubtful accounts 0 0 57 Inventory obsolescence 0 0 58 Property taxes 0 0 59 Other - Please describe 0 0 60 Other - Please describe 0 0 61 0 0 0 63 Total (carry forward to the TAXREC worksheet) 0 0							
47 Other - Please describe 0 48 Other - Please describe 0 49 0 50 Total (carry forward to the TAXREC worksheet) 0 0 51 0 52 End of Year: 0 53 0 0 54 0 0 55 Environmental 0 0 56 Allowance for doubtful accounts 0 0 57 Inventory obsolescence 0 0 58 Property taxes 0 0 59 Other - Please describe 0 0 60 Other - Please describe 0 0 61 Insert line above this line 0 0 63 Total (carry forward to the TAXREC worksheet) 0 0							
48 Other - Please describe 0 49 0 0 50 Total (carry forward to the TAXREC worksheet) 0 0 51 0 0 52 End of Year: 0 53 0 0 54 0 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 62 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0							
49							
50 Total (carry forward to the TAXREC worksheet) 0 0 51 0 0 52 End of Year: 0 53 0 0 54 0 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 0 62 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0		Other - Please describe					
51 52 End of Year: 53 0 54 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 0 62 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0		Total forms forms and the TAVESCO.					
52 End of Year: 0 53 0 54 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0		otal (carry forward to the TAXREC worksheet)		0	0	0	
53 0 54 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 62 Insert line above this line 63 Total (carry forward to the TAXREC worksheet) 0		E 1 (V					
54 0 55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 62 Insert line above this line 63 Total (carry forward to the TAXREC worksheet) 0		End of Year:					
55 Environmental 0 56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 62 Insert line above this line 63 Total (carry forward to the TAXREC worksheet) 0 0							
56 Allowance for doubtful accounts 0 57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0	-	Environmental					
57 Inventory obsolescence 0 58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0							
58 Property taxes 0 59 Other - Please describe 0 60 Other - Please describe 0 61 0 62 Insert line above this line 63 Total (carry forward to the TAXREC worksheet) 0							
59 Other - Please describe 0 60 Other - Please describe 0 61 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0		,					
60 Other - Please describe 0 61							
61 0 62 Insert line above this line 0 63 Total (carry forward to the TAXREC worksheet) 0 0							
62 Insert line above this line 63 Total (carry forward to the TAXREC worksheet) 0 0 0	_	Other - Please describe					
63 Total (carry forward to the TAXREC worksheet) 0 0 0	\vdash					0	
	_						
64		Total (carry forward to the TAXREC worksheet)		0	0	0	
	64						

	Λ	Ь	0	Б	-	
1	Α	В	С	D	E	F
1	DII e TAYES	LINIT	M of F	Non wires	Wiros only	
	PILS TAXES	LINE	M of F	Non-wires	Wires-only	
	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4			Tax		Return	
5	RATEPAYERS ONLY		Return		1/ / 0000 /	
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Niagara-on-the-Lake Hydro Inc.					
9	Reporting period: 2001					
	Number of days in taxation year:		92			
11	Materiality Level:		17,324			
12						
13						
14						
	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
	Taxable capital gains	+			0	
22		+			0	
	Scientific research expenditures deducted	+			0	
24		+			0	
	Capitalized interest	+			0	
	Soft costs on construction and renovation of buildings	+			0	
	Capital items expensed	+			0	
	Debt issue expense	+			0	
	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
	Interest paid on income debentures	+			0	
	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
3/1	Write down of capital property	+			0	
	Amounts received in respect of qualifying environment trust	+			0	
36	Amounts received in respect of qualifying environment trust	+			0	
37		+			0	
38		-			0	
39		+			0	
	Other Additional (places explain in detail the neture of the item	+			0	
40	Other Additions: (please explain in detail the nature of the item,	+			_	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+				
46	Total Additions	=	0	0	0	
47						
	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	<u> </u>
73			0	0	0	-
74			0			-
			0	0	0	ı

	A	В	С	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7	-					
8	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2001					
	Number of days in taxation year:		92			
	Materiality Level:		17,324			
12						
13						
75			0	0	0	
76			0	0	0	
	Total Material additions		0	0	0	
	Other additions less than materiality level		0	0	0	
	Total Additions		0	0	0	
80						
	Deduct:					
	Gain on disposal of assets per f/s	-			0	
	Dividends not taxable under section 83	-			0	
	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
	Scientific research expenses claimed in year from Form T661	-			0	
	Bad debts	-			0	
	Book income of joint venture or partnership	-			0	
	Equity in income from subsidiary or affiliates	-			0	
	Contributions to a qualifying environment trust	-			0	
	Other income from financial statements	-			0	
92 93		-			0	
93		-			0	
	Other deductions: (Please explain in detail the nature of the item,	-			0	
96	Other deductions. (Flease explain in detail the hature of the item,	-			0	
97		-			0	
98		-			0	
	Total Deductions	=	0	0	0	
100	Total Boadolono		O O	Ü	- O	
	Recap of Material Deductions:					
102	Troop of majorial boardings		0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	-
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
	Total Deductions exceed materiality level		0	0	0	
	Other deductions less than materiality level		0	0	0	
	Total Deductions		0	0	0	
122						

	A	В	С	D	E I	F
1			-	-	_	
2	PILs TAXES					
	TAX RETURN RECONCILIATION (TAXREC 3)	LINE	M of F	Non-wires	Wires-only	
4	Shareholder-only Items should be shown on TAXREC 3	LINL	Corporate	Eliminations	Tax	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		•	Eliminations		
6 7	(for "wires-only" business - see s. 72 OEB Act)		Tax Return		Return	
8	Utility Name: Niagara-on-the-Lake Hydro Inc.		Return		Version 2009.1	
9	The state of the s				10.0.0	
10						
	Reporting period: 2001		00			
12 13	Number of days in taxation year:		92			
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18	December of the Market Controller				0	
	Recapture of capital cost allowance CCA adjustments	+			0	
	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
	Loss in equity of subsidiaries and affiliates Loss on disposal of utility assets	+			0	
	Loss on disposal of non-utility assets	+			0	
	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
	Dividends credited to investment account	+			0	
	Non-deductible meals	+			0	
	Non-deductible club dues Non-deductible automobile costs	+			0	
	Donations - amount per books	+			Ü	
36	Interest and penalties on unpaid taxes	+				
	Management bonuses unpaid after 180 days of year end	+				
	Ontario Capital Tax per books	+			0	
39 40	Changes in Regulatory Asset balances	+	194,077		0 194,077	
	Imputed interest expense on Regulatory Assets	+	101,077		0	
42		+			0	
	Other Additions: Pre-PILs period expenses	+	12,379		12,379	
44	Capital contributions - s.12(1)(x)	+			0	
45 46		+			U	
47	Total Additions on which true-up does not apply	=	206,456	0	206,456	
48			,			
	Deduct:					
50	CCA adjustments					
	CCA adjustments CEC adjustments	-			0	
	Depreciation and amortization adjustments	-			0	
	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amorization - considered to be interest expense for PILs	-			0	-
	Imputed interest income on Regulatory Assets	-			0	
	Donations - amount deductible for tax purposes Income from joint ventures or partnerships	-			0	
59	micome nom joint ventures or partnerships	-			0	
	Ontario Capital Tax per tax return	-			0	
61		-			0	
	Changes in Regulatory Asset balances	-	30,508		30,508	
63		-			0	
64 65		-			0	
66		-			0	
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69	Capital contributions s.13(7.4) Election	-			0	
70 71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	30,508	0		
74						
75		1				

	A	В	С	D	E	F	G F	+
2	PILs TAXES							
	Corporate Tax Rates				١	ersion 2009	.1	
	Exemptions, Deductions, or							
4	Utility Name: Niagara-on-the	e-Lake Hy	/dro Inc.					
	Reporting period: 2001							
6						T-1-1-4		
7 8	Dates Hoad in 2002 DAM DI	l a Ammlia	-4i for 20	04.04		Table 1	-	
	Rates Used in 2002 RAM PI	-S Applic	ations for 20	UT Q4	50,000		1 —	
	Income Range RAM 2002		to		50,000 to	>175,000		
11	KAW 2002	Year	50,000		175,000	>173,000		
	Income Tax Rate	I Cai	30,000		173,000			
	Proxy Tax Year	2002					-	
	Federal (Includes surtax)	2002	13.12%		28.12%	28.12%		
15			6.00%		6.00%	12.50%		
16	Blended rate		19.12%		34.12%	40.62%		
7	Bielided late	İ	19.1270		34.1270	40.0270	· —	
	Capital Tax Rate	İ	0.300%				-	
	LCT rate		0.225%					
	Surtax	l	1.12%				l —	
	Ontario Capital Tax	MAX					 	
21	Exemption **	\$5MM	5,000,000					
÷	Federal Large						1	
	Corporations Tax	MAX	10,000,000					
22	Exemption **	\$10MM	2,220,000					
	**Exemption amounts r	nust ad	ree with the	e Board-	approved	2001		
	RAM PILs filing			Ju. u	pp. 0100			
23	Real Files Illing							
24								
25						Table 2	-	
	Expected Income Tax Rates	for 2001	and Capital	Tax Exem	ptions for 2			
	Income Range		0		50,000			
28	Expected Rates		to		to	>175,000		
29		Year	50,000		175,000			
30	Income Tax Rate						<u> </u>	
31	Current year	2001					1	
	Federal (Includes surtax)	2001	13.12%		28.12%	28.12%	i -	
	Ontario	2001	6.00%		6.00%	12.50%	1	
34	Blended rate	2001	19.12%		34.12%	40.62%	1	
35			/				<u> </u>	
	Capital Tax Rate	2001	0.300%				i —	
	LCT rate	2001	0.225%				i —	
	Surtax	2001	1.12%				1	
	Ontario Capital Tax							
		MAX						
39	-		5,000,000					
39	Exemption *** 2001	\$5MM	5,000,000					
39	Exemption *** 2001 Federal Large	\$5MM MAX						
	Exemption *** 2001 Federal Large Corporations Tax	\$5MM	5,000,000					
10	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001	\$5MM MAX \$10MM	10,000,000	with the	Board's			
10 11	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exempt	\$5MM MAX \$10MM	10,000,000 ust comply		Board's			
10	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001	\$5MM MAX \$10MM	10,000,000 ust comply		Board's			
10 11 12 13	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding	\$5MM MAX \$10MM cions mu regulate	10,000,000 ust comply ed activities	S.	Board's	Table 3		
10 11 12 14	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utility	\$5MM MAX \$10MM cions mu regulate	10,000,000 ust complyed activities	S.		Table 3		
10 12 13 14 15	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding	\$5MM MAX \$10MM cions mu regulate	10,000,000 ust comply ed activities al 2001 Tax R	S.	50,000			
10 11 12 13 14 15	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utility	\$5MM MAX \$10MM ions mu regulate	10,000,000 Ust comply ed activities al 2001 Tax R 0 to	S.	50,000 to	Table 3		
10 11 12 13 14 15 16	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 *** Allocation of exempt instructions regarding Input Information from Utilit Income Range	\$5MM MAX \$10MM cions mu regulate	10,000,000 ust comply ed activities al 2001 Tax R	S.	50,000			
10 11 12 13 14 15 16 17	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 Ust comply ed activities al 2001 Tax R 0 to	S.	50,000 to			
10 11 12 13 14 15 16 17 18	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year	\$5MM MAX \$10MM ions mu regulate	10,000,000 ust comply ed activities al 2001 Tax R 0 to 50,000	S.	50,000 to 175,000	>175,000		
40 41 42 43 44 45 46 47 48 49 50	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax)	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 ust comply ed activities al 2001 Tax R 0 to 50,000	S.	50,000 to 175,000	>175,000 28.12%		
10 11 12 13 14 15 16 17 18 19 50	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 ust comply ed activities al 2001 Tax R 0 to 50,000	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 50	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax)	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 ust comply ed activities al 2001 Tax R 0 to 50,000	S.	50,000 to 175,000	>175,000 28.12%		
10 11 12 13 14 15 16 17 18 19 50 51 52	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 50 51 52 53	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 12 13 14 15 16 17 18 19 10 10 10 10 10 10 10 10 10 10 10 10 10	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate	\$5MM MAX \$10MM ions mu regulate y's Actua	10,000,000 ust comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 50 51 52 53 54	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax	\$5MM MAX \$10MM cions mu regulate ty's Actua Year 2001	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 15 15 15 15 15 15 15 15 15 15 15 15 15	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax	\$5MM MAX \$10MM cions mu regulate y's Actua Year 2001	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 15 15 15 15 15 15 15 15 15 15 15 15 15	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption *	\$5MM MAX \$10MM cions mu regulate ty's Actua Year 2001	10,000,000 ust comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 50 51 52 53 54 56	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large	\$5MM MAX \$10MM cions mu regulate ty's Actua Year 2001 MAX \$5MM	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,930,021	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
10 11 12 13 14 15 16 17 18 19 50 51 52 53 54 55 56	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilitincome Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax	\$5MM MAX \$10MM cions mu regulate ty's Actual Year 2001 MAX \$5MM MAX	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12%	S.	50,000 to 175,000 22.12% 9.75%	>175,000 28.12% 12.50%		
40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax Exemption *	\$5MM MAX \$10MM ions mu regulate ty's Actua Year 2001 MAX \$5MM MAX \$10MM	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,930,021	eturns	50,000 to 175,000 22.12% 9.75% 31.87%	>175,000 28.12% 12.50% 40.62%		
40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilitincome Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax	\$5MM MAX \$10MM ions mu regulate ty's Actua Year 2001 MAX \$5MM MAX \$10MM	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,930,021	eturns	50,000 to 175,000 22.12% 9.75% 31.87%	>175,000 28.12% 12.50% 40.62%		
10 11 12 13 14 15 16 17 18 19 50 51 52 53 56 57	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ****Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax Exemption *	\$5MM MAX \$10MM ions mu regulate ty's Actua Year 2001 MAX \$5MM MAX \$10MM actual ta	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,930,021 9,986,415 ax return a	eturns Illocation	50,000 to 175,000 22.12% 9.75% 31.87%	>175,000 28.12% 12.50% 40.62%		
10 11 12 13 14 15 16 17 18 19 50 51 52 53 56 57	Exemption *** 2001 Federal Large Corporations Tax Exemption *** 2001 ***Allocation of exemptinstructions regarding Input Information from Utilit Income Range Income Tax Rate Current year Federal (Includes surtax) Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax Exemption * * Include copies of the	\$5MM MAX \$10MM ions mu regulate ty's Actua Year 2001 MAX \$5MM MAX \$10MM actual ta	10,000,000 Ist comply ed activities al 2001 Tax R 0 to 50,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,930,021 9,986,415 ax return a	eturns Illocation	50,000 to 175,000 22.12% 9.75% 31.87%	>175,000 28.12% 12.50% 40.62%		

	A	В	С	D	E	F	G	Н	1	J	K	L	M	Ν	0
1	PILs TAXES														
2	Analysis of PILs Tax Account	1562:													
3	Utility Name: Niagara-on-the-l	_ake H	lydro Inc.												Version 2009.1
4	Reporting period: 2001				Sign Convention	on: 4	for increase; -	fo	r decrease						0
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10]
11	Opening balance:	=	0		0		0		0		0		0		0
	Board-approved PILs tax	+/-													
12	proxy from Decisions (1)						0		0		0		0		0
	PILs proxy from April 1, 2005														
13	- input 9/12 of amount														0
	True-up Variance	+/-													
14	Adjustment Q4, 2001 (2)														0
	True-up Variance	+/-													
15	Adjustment (3)												2,338		2,338
	Deferral Account Variance														
16	Adjustment Q4, 2001 (4)														0
	Deferral Account Variance	+/-													
17	Adjustment (5)												-18,818		-18,818
	Adjustments to reported	+/-													
18	prior years' variances (6)														0
19	Carrying charges (7)	+/-													0
	PILs billed to (collected	-													
20	from) customers (8)		0												0
21															
22	Ending balance: # 1562		0		0		0		0		0		-16,480		-16,480
23]											•			

Uncollected PILs

24

34

35

36

37 38

39

40 41

42

43 44

63 64 65

68 70

71

76 77

28 NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers. Professional Profe

31 Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:

- 33 (1) (i) From the Board's Decision see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002. Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002. If the Board gave more than one decision in the year, calculate a weighted average proxy.
 - (ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.
 - (iii) Column G In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
 - (iv) Column I The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.
 - (v) Column K The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
 - (vi) Column M The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.
 - (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- 45 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. 46 47 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 48 (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be 49 trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation. 50
- 51 (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. 52 53 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 54 55 (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- 56 (7) Carrying charges are calculated on a simple interest basis.
- 58 (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate 59 components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 60 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. 61 62 The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
 - (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.
 - In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.
 - In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.
- 72 73 74 (9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes 75 will have to include amounts from 1562 and from 1590.

	A	В	С	D	Е
1	PILs TAXES				Version 2009.1
	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Niagara-on-the-Lake Hydro Inc.			Colour Code	
	Reporting period: 2002			Input Cell	
5				Formula in Cell	1
	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8	DAOKOBOUND				
	BACKGROUND Lieu the utility reviewed anglies 140(4) ITA to				
	Has the utility reviewed section 149(1) ITA to confirm that it is not subject to regular corporate				
11	tax (and therefore subject to PILs)?		Y/N		
13	tax (and therefore subject to FILS)!		1 / IN		
	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
17	Is the utility a non-profit corporation?		Y/N		
	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)		1/11		
	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
				_	
	shared among the corporate group?	LCT	Y/N	10001	
	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
	Accounting Year End		Date	12-31-2002	
	MARR NO TAX CALCULATIONS				Regulatory
	SHEET #7 FINAL RUD MODEL DATA				Income
	(FROM 1999 FINANCIAL STATEMENTS)				
	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			13,859,589	
33	Common Equity Ratio (CER)			50.00%	
J +	1-CER			50.00%	
20	Target Return On Equity			9.88%	
	Debt rate			7.25%	
70					
TZ	Market Adjusted Revenue Requirement			1,187,074	
43	1999 return from RUD Sheet #7			591,755	591,755
45	Total Incremental revenue			595,319	
	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			198,440	· '
48	Amount allowed in 2002			198,440	198,440
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			198,440	0
50	unless authorized by the Minister and the Board)			_	0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue			-	0
53 54	Total Pogulatory Income		1		000.604
55	Total Regulatory Income				988,634
	Equity			6,929,795	
57	- 1····y			0,020,100	
	Return at target ROE			684,664	
59	·			,,,,,	
	Debt	-		6,929,795	
61					
	Deemed interest amount in 100% of MARR			502,410	
63	Phase-in of interest - Year 1 (2001)			224 427	
65	((D43+D47)/D41)*D61			334,437	
	Phase-in of interest - Year 2 (2002)			418,424	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			418,424	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)	-			
	Phase-in of interest - 2005			502,410	
71					
72					

	Λ.	_ n	0	D E	F	
1	A A	В	C	D E M of F	F M of F	G T
2	PILS TAXES PILS DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Initial	Filing	Filing	Tax
	TAX CALCULATIONS (TAXCALC)		Estimate	Variance	Variance	Returns
4	("Wires-only" business - see Tab TAXREC)			K-C	Explanation	
5	(Wiles-Unity Dusiness - See Tab TARREC)			K-C	Explanation	Version 2009.1
	Utility Name: Niagara-on-the-Lake Hydro Inc.					Version 2003.1
7	Reporting period: 2002					
8						Column
	Days in reporting period:	365	days			Brought
	Total days in the calendar year:	365	days			From
11			,			TAXREC
12			\$	\$		\$
13						
14	I) CORPORATE INCOME TAXES					
15						
	Regulatory Net Income REGINFO E53	1	988,634	296,139		1,284,773
17						,,== ,,
	BOOK TO TAX ADJUSTMENTS					
	Additions:					
20	Depreciation & Amortization	2	689,379	244,518		933,897
21	Employee Benefit Plans - Accrued, Not Paid	3		21,783		21,783
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")					
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"		92,205	24,690		116,895
31						
32	Deductions: Input positive numbers					
33	Capital Cost Allowance and CEC	7	784,044	443,285		1,227,329
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		0
37	Interest Expense Deemed/ Incurred	11	418,424	123,191		541,615
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	Items on which true-up does not apply "TAXREC 3"	<u> </u>		149,229		149,229
49						
	TAXABLE INCOME/ (LOSS)		567,751	(128,576)		439,175
51						
52	BLENDED INCOME TAX RATE					
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	34.12%	-4.3500%		29.77%
54						
	REGULATORY INCOME TAX		193,716	-115,311		78,405
56						
57						
58	Miscellaneous Tax Credits	14		0		0
59						
60	Total Regulatory Income Tax		193,716	-115,311		78,405
61						
62						
	II) CAPITAL TAXES					
64	Ontaria					
	Ontario	4-	40.050.555	075 115		47.405.000
66	Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	15	13,859,589	275,416		14,135,005
67		16	5,000,000	-62,875		4,937,125
68 69	Taxable Capital		8,859,589	212,541		9,197,880
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%	0.0000%		0.3000%
71	Trace - ran traces - tregulatory, rable 1, Actual, rable 3	17	0.3000%	0.0000%		0.3000%
72	Ontario Capital Tax	!	26,579	1,015		27,594
73	откало варкая тах		20,379	1,010		21,034
74	Federal Large Corporations Tax					
75	Base	18	13,859,589	595,416		14,455,005
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000	-10,598		9,989,402
77	Taxable Capital		3,859,589	584,818		4,465,603
78	· · · · · · · · · · · · · · · · · · ·		5,005,009	304,010		1,100,000
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%	0.0000%		0.2250%
80	· · · · · · · · · · · · · · · · · · ·		2.22370	2.223070		
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,684	1,364		10,048
82	Less: Federal Surtax 1.12% x Taxable Income	21	6,359	-6,359		0
83			.,	-,,		
	Net LCT		2,325	7,722		10,048
85			,	,		

A		В	С	D	E	F	G
1 PILS TAXES		ITEM	Initial		M of F	M of F	Tax
2 PILS DEFERRAL AND VARIANCE ACCOUNTS 3 TAX CALCULATIONS (TAXCALC)			Estimate		Filing Variance	Filing	Returns
3 TAX CALCULATIONS (TAXCALC) 4 ("Wires-only" business - see Tab TAXREC)					Variance K-C	Variance Explanation	1
5	0				11.20	LAPIGHALIUH	Version 2009.1
6 Utility Name: Niagara-on-the-Lake Hydro Inc.	•						. 0. 0.0.0.1 2003.1
7 Reporting period: 2002							
8							Column
9 Days in reporting period:		365	days				Brought
10 Total days in the calendar year:		365	days				From
11			\$		\$		TAXREC
12 13			ą.		J.		\$
86 III) INCLUSION IN RATES							
87							
88 Income Tax Rate used for gross- up (exclude surtax)			33.00%				
89							
90 Income Tax (proxy tax is grossed-up)		22	289,129			Actual 2002	78,405
91 LCT (proxy tax is grossed-up) 92 Ontario Capital Tax (no gross-up since it is deductible)		23 24	3,471			Actual 2002	5,997
92 Ontario Capital Tax (no gross-up since it is deductible) 93		24	26,579			Actual 2002	27,594
94							
95 Total PILs for Rate Adjustment MUST AGREE WITH 2000	2	25	319,178			Actual 2002	111,996
96 RAM DECISION							
97							
98							
99 IV) FUTURE TRUE-UPS					DD//25)		
100 IV a) Calculation of the True-up Variance					DR/(CR)		
101 In Additions: 102 Employee Benefit Plans - Accrued, Not Paid		3			04 700		1
103 Tax reserves deducted in prior year		4			21,783		1
104 Reserves from financial statements-end of year		4			0		
105 Regulatory Adjustments		5			0		
106 Other additions "Material" Items TAXREC		6			0		
107 Other additions "Material" Items TAXREC 2		6			0		
108 In Deductions - positive numbers							
109 Employee Benefit Plans - Paid Amounts		8			0		
110 Items Capitalized for Regulatory Purposes 111 Regulatory Adjustments		9 10			0		
112 Interest Adjustment for tax purposes (See Below - cell I204)		11			33,488		
113 Tax reserves claimed in current year		4			0		
114 Reserves from F/S beginning of year		4			0		
115 Contributions to deferred income plans		3			0		
116 Contributions to pension plans		3			0		
117 Other deductions "Material" Items TAXREC 118 Other deductions "Material" Item TAXREC 2		12 12			0		
119		12			0		
120 Total TRUE-UPS before tax effect		26		=	-11,705		
121					,		
122 Income Tax Rate (excluding surtax) from 2002 Utility's tax retu	ırn			Х	29.77%		
123							
124 Income Tax Effect on True-up adjustments 125				=	-3,485		1
125 126 Less: Miscellaneous Tax Credits		14			0		1
127					0		
128 Total Income Tax on True-ups					-3,485		<u> </u>
129							
130 Income Tax Rate used for gross-up (exclude surtax)					28.65%		
131 132 TRUE-UP VARIANCE ADJUSTMENT					(4.004)		1
132 TRUE-UP VARIANCE ADJUSTMENT 133					(4,884)		1
IV b) Calculation of the Deferral Account Variance cau	used by changes in legislation						1
134							
135							
136 REGULATORY TAXABLE INCOME /(LOSSES) (as reported in	n the initial estimate column)			=	567,751		
137	,						
138 REVISED CORPORATE INCOME TAX RATE				Χ	29.77%		
139					400.010		1
140 REVISED REGULATORY INCOME TAX				=	169,019		
141 Less: Revised Miscellaneous Tax Credits				-	0		1
143					0		
144 Total Revised Regulatory Income Tax				=	169,019		
145							
146 Less: Regulatory Income Tax reported in the Initial Estimate Co	olumn (Cell C58)			-	193,716		
147					(04.007)		
148 Regulatory Income Tax Variance				=	(24,697)		
170							<u> </u>

	A	В	С	D	E	F	G
1	PILs TAXES	ITEM	Initial	۲	M of F	M of F	Tax
	PILS TAXES PILS DEFERRAL AND VARIANCE ACCOUNTS	TIEN	Estimate		Filing	Filing	Returns
3	TAX CALCULATIONS (TAXCALC)		Lotimate		Variance	Variance	Returns
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation	
5	(Wiles-ully busiless - see Tab TANKEU)				K-C	Explanation	Version 2009.1
6	Utility Name: Niagara-on-the-Lake Hydro Inc.						Version 2003.1
7	Reporting period: 2002						
8	Reporting period. 2002						Column
9	Days in reporting period:	365	days				Brought
10	Total days in the calendar year:	365	days				From
11	Total days in the calendar year.	000	uuys				TAXREC
12			\$	\vdash	\$		\$
13			Ψ		Ψ		Ψ
150	Ontario Capital Tax			1			
151	Base			=	13,859,589		
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000		
153	Revised deemed taxable capital			=	8,859,589		
154	Neviseu deemed taxable capital			-	0,000,000		
155	Rate - Tab Tax Rates cell C54			х	0.3000%		
156	TAIL TAIL TAIL TAILES COIL COT		1	<u> </u>	0.3000%		+
157	Revised Ontario Capital Tax			=	26,579		
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)		1	-	26,579		+
159	Regulatory Ontario Capital Tax Variance			=	20,579		
160	Trogulatory Ontaino Capital Lax Valiance		1	⊢∸⊦	U		+
161	Federal LCT		1	\vdash			+
162	Base				13,859,589		
163	Less: Exemption from tab Tax Rates, Table 2, cell C40		1	-	10,000,000		+
164	Revised Federal LCT			=	3,859,589		
165	TOPIOGG I GGGIGI EQ I		1	+-	3,003,009		+
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%		
167	Trate (as a result of registative changes) tab Tax (vales cell Co)				0.223070		
168	Gross Amount				8,684		
169	Less: Federal surtax			H	6,359		
170	Revised Net LCT			=	2,325		
171	Revised Net LCT			-	2,323		
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			- 1	2,325		
173	Regulatory Federal LCT Variance			=	0		
174	regulatory rederal EOT variance			┢═╢	0		
175	Actual Income Tax Rate used for gross-up (exclude surtax)				28.65%		
176	Actual moone Tax Nate used for gross up (exclude sariax)				20.0070		
177	Income Tax (grossed-up)			+	(34,614)		
178	LCT (grossed-up)			+	0		
	Ontario Capital Tax			+	0		
180	Ontario Supilar rux			Ė			
	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(34,614)		
182	DEL EMINE ACCOUNT VANDANCE ADVOCTMENT			H	(0.,01.)		
183	TRUE-UP VARIANCE (from cell l130)			+	(4,884)		
184				m	(1,004)		
185	Total Deferral Account Entry (Positive Entry = Debit)		1	=	(39,498)		1
186	(Deferral Account Variance + True-up Variance)		1	+-	(33,430)		+
187	poronal Account variation + True-up variation						
188				\vdash			+
189		—		H			+
	V) INTEREST PORTION OF TRUE-UP			\vdash			+
	Variance Caused By Phase-in of Deemed Debt		1	\vdash			+
191	VALIABLE CAUSED BY FRIASE-III OF DECINED DEDL			\vdash			+
193	Total deemed interest (REGINFO)			\vdash	502,410		+
194	Interest phased-in (Cell C36)				418,424		
195	interest pridess at 10011 000)		1	H	410,424		+
196	Variance due to phase-in of debt component of MARR in rates				83,986		
197	according to the Board's decision				00,000		
198	according to and board according			H			
	Other Interest Variances (i.e. Borrowing Levels						_
200	Above Deemed Debt per Rate Handbook)			H			
201	Interest deducted on MoF filing (Cell K36+K41)				535,898		_
202	Total deemed interest (REGINFO CELL D61)				502,410		
203	Total desired intelest (NEOIN O OLLE DOT)			\vdash	302,410		+
204	Variance caused by excess debt			\vdash	33,488		+
205	Tananio Saassa by Choose dobi			H	55,700		
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)			\vdash	33,488		+
207	minorate rapassition to take a posses young forward to oblitting			H	33,400		
	Total Interest Variance				50,499		_
		1	1		,100		

Pill.a TAXES
Tax Tax Return RECONCILATION (TAXREC) Tax Return
Tax
Section A: Identification: Version 2009.1
Section A. Identification:
Section A: Identification:
Target T
Pasation Perifs start date:
1 Tazation Vera's end date: 365 365 369 365 369 365 369 365 369 365 369 365 369 365 369 369 365 369 365 369 36
10 Taxation Year's end date:
11 Number of days in taxation year:
17,324
13 Please enter the Materiality Level : 17,324
14 (0.25% x Rate Base x CER)
15 (0.25% x Met Assets)
To chart measure (please provide the basis of the amount) Y/N
17 Does the utility carry on non-wires related operation? YN
18
20 Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K
23 Section B: Financial statements data:
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 amorization, 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
30 Income:
10 Income:
Energy Sales
1
31 A Miscellaneous income
Miscellaneous income
Sevenue should be entered above this line
Sevenue should be entered above this line
38 Costs and Expenses:
Costs and Expenses:
Cost of energy purchased - 12,406,161 12,406,161 40 Administration - 495,935 4
Administration
41 Customer billing and collecting - 316,079 316,079
42 Operations and maintenance - 473,267 473,26
Amortization -
Add Ontario Capital Tax
A5
46 - 0 0
1
48
49 50 Net Income Before Interest & Income Taxes EBIT
So Net Income Before Interest & Income Taxes EBIT
51 Less: Interest expense for accounting purposes - 541,615 541,615 541,615 52 Provision for payments in lieu of income taxes - 110,706 110,706 53 Net Income (loss) = 632,452 0 632,452 632,4
Solution Solution
Sample S
The Net Income (loss) on the MoF column should equal to the net income (loss)
Section C: Reconciliation of accounting income to taxable income
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 60 Federal large corporation tax 61 Depreciation & Amortization 62 Employee benefit plans-accrued, not paid 63 Tax reserves - beginning of year 64 Reserves from financial statements- end of year 67 Regulatory adjustments on which true-up may apply (see A66) 68 Items on which true-up does not apply "TAXREC 3" 67 Material addition items from TAXREC 2 68 Other addition items (not Material) from TAXREC 2 70 Subtotal 71
57 From T2 Schedule 1 58 BOOK TO TAX ADDITIONS: 59 Provision for income tax + 110,706 0 110,706 60 Federal large corporation tax + 933,897 0 933,897 61 Depreciation & Amortization + 933,897 0 933,897 62 Employee benefit plans-accrued, not paid + 21,783 0 21,783 63 Tax reserves - beginning of year + 0 0 0 0 0 64 Reserves from financial statements- end of year + 0 0 0 0 0 65 Regulatory adjustments on which true-up may apply (see A66) + 0 0 0 0 0 66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 0 0 70 Subtotal 1,183,281 0 1,183,281 71
58 BOOK TO TAX ADDITIONS: 59 Provision for income tax + 110,706 0 110,706 60 Federal large corporation tax + 0 0 61 Depreciation & Amortization + 933,897 0 933,897 62 Employee benefit plans-accrued, not paid + 21,783 0 21,783 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 0 0 66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 69 Other addition items (not Material) from TAXREC 2 + 0 0 0 70 Subtotal 1,183,281 0 1,183,281 7
59 Provision for income tax + 110,706 0 110,706 60 Federal large corporation tax + 0 0 61 Depreciation & Amortization + 933,897 0 933,897 62 Employee benefit plans-accrued, not paid + 21,783 0 21,783 63 Tax reserves - beginning of year + 0 0 0 64 Reserves from financial statements- end of year + 0 0 0 68 Reserves from financial statements- end of year + 0 0 0 68 Reserves from financial statements- end of year + 0 0 0 68 Reserves from financial statements- end of year + 0 0 0 68 Reserves from financial statements- end of year + 0 0 0 0 68 Reserves from financial statements- end of year + 0 116,895 0 116,895 0 0 0 <
60 Federal large corporation tax + 0 61 Depreciation & Amortization + 933,897 0 933,897 62 Employee benefit plans-accrued, not paid + 21,783 0 21,783 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 0 0 66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 69 0 0 0 0 0 0 0 70 Subtotal 1,183,281 0 1,183,281 0 1,183,281
61 Depreciation & Amortization
62 Employee benefit plans-accrued, not paid
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 0 66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 69 - 0 0 0 0 70 Subtotal 1,183,281 0 1,183,281 71 - 1,183,281 0 1,183,281
64 Reserves from financial statements- end of year + 0 0 0 65 Regulatory adjustments on which true-up may apply (see A66) + 0 0 66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 69 - 0 0 0 70 Subtotal 1,183,281 0 1,183,281 71 - 1,183,281 0 1,183,281
65 Regulatory adjustments on which true-up may apply (see A66) + 0 66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 69 0 0 0 0 0 0 70 Subtotal 1,183,281 0 1,183,281 0 1,183,281 71
66 Items on which true-up does not apply "TAXREC 3" 116,895 0 116,895 67 Material addition items from TAXREC 2 + 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 69 0 0 0 70 Subtotal 1,183,281 0 1,183,281 71 0 1,183,281 0 1,183,281
67 Material addition items from TAXREC 2 + 0 0 0 68 Other addition items (not Material) from TAXREC 2 + 0 0 0 69 - 0 0 0 70 Subtotal 1,183,281 0 1,183,281 71 - 1,183,281 0 1,183,281
68 Other addition items (not Material) from TAXREC 2 + 0 0 69 0 70 Subtotal 1,183,281 0 1,183,281 71 0 0 0
69 70 Subtotal 1,183,281 0 1,183,281 71
70 Subtotal 1,183,281 0 1,183,281 71
71
72 Other Additions: (Please explain the nature of the additions)
73 Recapture of CCA + 0
74 Non-deductible meals and entertainment expense + 0
1-4 Notificeutualis meas a nu directaminent expense
C Capital Hellis Rapellises C C C C C C C C C
77 + 0
78 + 0
79 + 0
80 Total Other Additions = 0 0 0
81
81 82 Total Additions = 1,183,281 0 1,183,281
82 Total Additions = 1,183,281 0 1,183,281
82 Total Additions = 1,183,281 0 1,183,281 83
82 Total Additions = 1,183,281 0 1,183,281 83 84 Recap Material Additions: 85 86
82 Total Additions = 1,183,281 0 1,183,281 83 Recap Material Additions: 85 0 0 0 86 0 0 0 87 0 0 0
82 Total Additions = 1,183,281 0 1,183,281 83 84 Recap Material Additions: 0 0 0 85 0 0 0 0 86 0 0 0 0 87 0 0 0 0 88 0 0 0 0
82 Total Additions = 1,183,281 0 1,183,281 83 84 Recap Material Additions: 85 0 0 0 86 0 0 0 87 0 0 0 88 0 0 0 89 0 0 0
82 Total Additions = 1,183,281 0 1,183,281 83 84 Recap Material Additions: 0 0 0 85 0 0 0 0 86 0 0 0 0 87 0 0 0 0 88 0 0 0 0

	A	В	С	D	Е	F
1	PILs TAXES	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	
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						

	Λ	В	0	D .	-	
1	PILS TAXES	LINE	C M of F	D Non-wires	E Wires-only	F
	TAX RETURN RECONCILIATION (TAXREC)	LINE	Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	LIIIIIIIauoiis	Return	
4		0	Return		Ketuiii	
5		U	Return		Version 2009.1	
	BOOK TO TAX DEDUCTIONS:				Version 2003.1	
	Capital cost allowance		1,225,686		1,225,686	
	Cumulative eligible capital deduction	-	1,643		1,643	
	Employee benefit plans-paid amounts	-	1,043		1,043	
	Items capitalized for regulatory purposes	-			0	
	Regulatory adjustments :	-			0	
102		-			0	
103		-			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"		149,229	0	149,229	
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		=	1,376,558	0	1,376,558	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
	Gain on disposal of assets	-			0	
117		-			0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121				_		
122	Total Deductions	=	1,376,558	0	1,376,558	
123	Described Deskrationer					
	Recap Material Deductions:		0	0	0	
125 126		+ +	0	0	0	
127			0	0	0	
128		+ -	0	0	0	
129		+ +	0	0	0	
_	Total Other Deductions exceed materiality level		0	0	0	
	Other Deductions less than materiality level		0	0	0	
	Total Other Deductions		0	0	0	
133			-	•	-	
134	TAXABLE INCOME	=	439,175	0	439,175	
	DEDUCT:			-	,	
136	Non-capital loss applied positive number	-	77,446		77,446	
137	Net capital loss applied positive number	-	0		0	
138					0	
	NET TAXABLE INCOME	=	361,729	0	361,729	
140						
	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax (Must agree with tax return)	+	63,109		63,109	
	Net Ontario Income Tax (Must agree with tax return)	+	15,296		15,296	
144		=	78,405	0	78,405	
	Less: Miscellaneous tax credits (Must agree with tax returns)	-	70.405		70.405	
	Total Income Tax	=	78,405	0	78,405	
147						
	FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax return)		17.45%		17.45%	
	Net Ontario Income Tax Rate (Must agree with tax return) Net Ontario Income Tax Rate (Must agree with tax return)	+ +	4.23%		4.23%	
151	Blended Income Tax Rate (Must agree with tax return)		21.68%	*****	21.68%	
152		+ +	21.00%		21.00%	
	Section F: Income and Capital Taxes					
154						
	RECAP					
	Total Income Taxes	+	78,405	0	78,405	
	Ontario Capital Tax	+	27,594	- C	27,594	
	Federal Large Corporations Tax	+	5,997		5,997	
159			2,237		2,301	
160		=	111,996	0	111,996	
161	·					

	A	В	С	D	Е	F
1		LINE	M of F	Non-wires		
	PILs TAXES	LINE			Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
_	Utility Name: Niagara-on-the-Lake Hydro Inc.					
8	Reporting period: 2002					
9	Reporting period. 2002					
	TAY DECEDIES					
	TAX RESERVES					
11						
	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(I)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
	Reserve for unpaid amounts ss.20(1)(n)				0	
	Debt and share issue expenses ss.20(1)(e)				0	
	Other - Please describe				0	
					0	
	Other - Please describe					
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
	End of Year:					
25					0	
	Reserve for doubtful accounts ss. 20(1)(I)				0	
					0	
	Reserve for goods & services ss.20(1)(m)					
	Reserve for unpaid amounts ss.20(1)(n)				0	
	Debt and share issue expenses ss.20(1)(e)				0	
	Other - Please describe				0	
31	Other - Please describe				0	
32					0	9
33					0	
	Insert line above this line				0	
			0	0	0	
	Total (carry forward to the TAXREC worksheet)		U	U	U	
36						
37						
	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
_	Environmental				0	
	Allowance for doubtful accounts				0	
	Inventory obsolescence				0	
	Property taxes				0	
	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51	(-		-	
_	End of Year:					
53	Eliu di Teal.				0	
54					0	
	Environmental				0	
	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
	Property taxes				0	
	Other - Please describe				0	
	Other - Please describe				0	
61	סנווטו - ו ובמסב עבסטווטב				0	-
	I CP I die				0	
	Insert line above this line					
	Total (carry forward to the TAXREC worksheet)		0	0	0	
64		1				

	l A	В	С	D	Е	F
1	^	ь	C	D	<u> </u>	'
	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5			Return			
	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2002					
	Number of days in taxation year:		365			
	Materiality Level:		17,324			
12			·			
13						
14						
	Section C: Reconciliation of accounting income to taxable income					
	Add:				0	
17	Gain on sale of eligible capital property	+			0	
	Loss on disposal of assets	+			0	
	Charitable donations (Only if it benefits ratepayers)	+			0	
	Taxable capital gains	+			0	
22		+			0	
	Scientific research expenditures deducted	+			0	
24		+			0	
	Capitalized interest	+			0	
	Soft costs on construction and renovation of buildings Capital items expensed	+			0	
	Debt issue expense	+			0	
	Financing fees deducted in books	+			0	
	Gain on settlement of debt	+			0	
	Interest paid on income debentures	+			0	
	Recapture of SR&ED expenditures	+			0	
	Share issue expense	+			0	
	Write down of capital property	+			0	
	Amounts received in respect of qualifying environment trust Provision for bad debts	+			0	
37	Provision for bad debts	<u>+</u>			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43 44		+			0	
45		<u>+</u>			U	
46	Total Additions	=	0	0	0	
47						
	Recap of Material Additions:					
49			0	0		
50		-	0	0		
51			0	0	0	
52 53			0	0		
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0		
60 61			0	0	0	
62			0	0	0	
63			0	0		
64			0	0	0	
65			0	0		
66			0	0		
67			0	0		
68			0	0	0	
69 70			0	0	0	
71			0	0	0	
72			0	0		
73			0	0	0	
74			0	0		
75			0	0		
76			0	0	0	
77			0	0		
	Other additions less than materiality level		0	0		
79	Total Additions		0	0	0	

	A	В	С	D	Е	F
1			_			
	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7	•					
8	Utility Name: Niagara-on-the-Lake Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
	Materiality Level:		17,324			
12						
13						
80						
	Deduct:					
	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
	Terminal loss from Schedule 8	-			0	
	Depreciation in inventory, end of prior year	-			0	
	Scientific research expenses claimed in year from Form T661	-			0	
	Bad debts	-			0	
	Book income of joint venture or partnership	-			0	
	Equity in income from subsidiary or affiliates	-			0	
	Contributions to a qualifying environment trust	-			0	
91 92	Other income from financial statements				0	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Other deductions. (Flease explain in detail the hature of the item)	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100	Total Boadonone	_	Ü	- U	· ·	
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118	T. 10 1 6 1 1 1 1 1		0	0	0	
	Total Deductions exceed materiality level		0	0	0	
	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	

_						_
	A	В	С	D	E	F
1						
2	PILs TAXES					
	TAX RETURN RECONCILIATION (TAXREC 3)					
					140	
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
_	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
5						
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
_					Version 2000 1	
	Utility Name: Niagara-on-the-Lake Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2002					
			205			
	Number of days in taxation year:		365			
13						
14						
15						
	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
	Recapture of capital cost allowance				0	
		+				
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
	Gain on sale of non-utility eligible capital property	+			0	
					0	
	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+	2,175		2,175	
	Deemed dividend income	+			0	
		+			0	
	Loss in equity of subsidiaries and affiliates				0	
	Loss on disposal of utility assets	+	108,503		108,503	
28	Loss on disposal of non-utility assets	+			0	
	Depreciation in inventory -end of year	_			0	
	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
					0	
	Non-deductible club dues	+				
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
	Interest and penalties on unpaid taxes				0	
	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
	Ontario capital tax adjustments	+			0	
	Changes in Regulatory Asset balances	+			0	
42		+			0	
43	Pre-Pils expenses	+	6,217		6,217	
44		+	- ,		0	
		т			0	
45		+			0	
46		+				
47	Total Additions on which true-up does not apply	_	116,895	0	116,895	
48		-	110,000	U	110,000	
	5 1 4					
	Deduct:					
50						
	CCA adjustments	-			0	
					0	
	CEC adjustments					
	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
	Financing fee amorization - considered to be interest expense for PILs	-			0	
		_				
	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
		-			0	
63	2 . 1 . 1					
64	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
	Changes in Regulatory Asset balances	-	149,229		149,229	
	Onanges in Negulatory Asset balances		149,229			
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69		-			0	
		-				
70					0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	149,229	0	149,229	
	- State 2 State Strong on Willow track up along flot apply		170,223	U	170,223	
74						
75		1				1

	Α	В	С	D	Е	F	G
1	PILs TAXES						
2	Corporate Tax Rates				'	Version 2009.1	
3	Exemptions, Deductions, or Utility Name: Niagara-on-the						
5	Reporting period: 2002	-Lake riyar	O IIIC.				
6	Reporting porter. 2002						
7	1					Table 1	
8	Rates Used in 2002 RAM PIL	_s Applicati	ons for 2002				
9	Income Range		0		200,001		
10	RAM 2002	L.,	to		to	>700,000	
11	Tay Data	Year	200,000		700,000	-	
12	Income Tax Rate Proxy Tax Year	2002	ļ		 		
14	Federal (Includes surtax)	2002	13.12%		26.12%	26.12%	
15	and Ontario blended	<u> </u>	6.00%		6.00%	12.50%	
16	Blended rate	 	19.12%		34.12%	38.62%	
17	Dienueu rate	l	10.12.70		04.12,0	30.02 /	
18	Capital Tax Rate		0.300%				
19	LCT rate		0.225%				
20	Surtax		1.12%				
	Ontario Capital Tax	MAX	5,000,000				
21	Exemption **	\$5MM	3,000,000				
	Federal Large	MAX					
22	Corporations Tax	\$10MM	10,000,000				
22	Exemption **	•	20. (6.4)		. 2000		
	**Exemption amounts r	nust agre	e with the i	3oard-appro	oved 2002	RAM	
22	PILs filing						
23	4						
25	4					Table 2	
26	Expected Income Tax Rates	for 2002 ar	nd Capital Ta	Exemptions	for 2002	Table 2	
27	Income Range	10	0	Lasting	200,001		
28	Expected Rates		to		to	>700,000	
29	1 '	Year	200,000		700,000		
30	Income Tax Rate						
31	Current year	2002					
32	Federal (Includes surtax)	2002	13.12%		26.12%	26.12%	
33	Ontario	2002	6.00%		6.00%	12.50%	
34	Blended rate	2002	19.12%		32.12%	38.62%	
35			2000/				
36	Capital Tax Rate	2002	0.300%				
37	LCT rate	2002	0.225%				
38	Surtax Ontario Capital Tay	2002 MAY	1.12%				
39	Ontario Capital Tax	MAX \$5MM	5,000,000				
೨ಀ	Exemption *** 2002 Federal Large	\$5MM					
	Federal Large Corporations Tax	MAX	10,000,000				
40	Exemption *** 2002	\$10MM	10,000,000				
41	***Allocation of exempt	ions mus	t comply w	ith the Boa	rd's instru	ections	
	regarding regulated act		t 00 _F ,	mi a.c.	I G G III.	Olioi.5	
42	regarding regulated ac-	.IVIII.OS.					
43	the standard Hellin		- -			Table 3	
44	Input Information from Utilit	y's Actual 2		rns	220 201	T	
45	Income Range	 	0 to		200,001	>700,000	
47	+	Year	200,000		700,000	>100,000	
48	Income Tax Rate	160.	200,000		100,000	+	
49	Current year	2002				+ 1	
50	Federal (Includes surtax)		13.12%		22.12%	17.45%	
51	Ontario		6.00%		9.75%	4.23%	
52	Blended rate		19.12%		31.87%	21.68%	
53							
54	Capital Tax Rate		0.300%				
55	LCT rate		0.225%				
56	Surtax		1.12%				
	Ontario Capital Tax	MAX	4,937,125				
57							
	Exemption *	\$5MM					
	Federal Large	MAX	0.080.402		!		
	Federal Large Corporations Tax		9,989,402				
58	Federal Large Corporations Tax Exemption *	MAX \$10MM		cation calc	ulations in	2 VOIII	
58	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			1 your	
58 59 60	Federal Large Corporations Tax Exemption *	MAX \$10MM actual tax	return allo			n your	
58 59 60 61	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64 66 67	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64 66 67 68	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64 66 67	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64 66 67 68 69	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64 66 67 68 69 70	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	
58 59 60 61 62 63 64 66 67 68 69 70	Federal Large Corporations Tax Exemption * * Include copies of the	MAX \$10MM actual tax	return allo			n your	

	A	В	С	D	Е	F	G
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90							
91							
92							
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97							
98							

4 Reporting period: 2002 Sign Convention: + for increase; - for decrease 5 6 7 8 Year start: 10/1/2001 11/1/2002 11/1/2003 11/1/2004 11/1/2005 11/1/2006 9 Year end: 12/31/2001 12/31/2002 12/31/2003 12/31/2004 12/31/2005 4/30/2006 10 0 0 0 Opening balance: 0 0 0 0 0 0	Version 2009.1 0 Total
3 Utility Name: Niagara-on-the-Lake Hydro Inc. 4 Reporting period: 2002 Sign Convention: + for increase; - for decrease 5 6 6 6 6 7 8 Year start: 10/1/2001 1/1/2002 1/1/2003 1/1/2004 1/1/2005 1/1/2006 9 Year end: 12/31/2001 12/31/2002 12/31/2003 12/31/2004 12/31/2005 4/30/2006 10 6 6 6 6 6 6 6 6 6	0
4 Reporting period: 2002 Sign Convention: + for increase; - for decrease 5 10 6 10 7 10/1/2001 8 Year start: 10/1/2001 9 Year end: 12/31/2001 10 12/31/2002 10 10 11 Opening balance: = 0 0 0 0 0 0	0
5 6	
6 7 8 Year start: 10/1/2001 1/1/2002 1/1/2003 1/1/2004 1/1/2005 1/1/2006 9 Year end: 12/31/2001 12/31/2002 12/31/2003 12/31/2004 12/31/2005 4/30/2006 10 0 0 0 0 0	Total 0
7 8 Year start: 10/1/2001 1/1/2002 1/1/2003 1/1/2004 1/1/2005 1/1/2006 9 Year end: 12/31/2001 12/31/2002 12/31/2003 12/31/2004 12/31/2005 4/30/2006 10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Total 0
8 Year start: 10/1/2001 1/1/2002 1/1/2003 1/1/2004 1/1/2005 1/1/2006 9 Year end: 12/31/2001 12/31/2002 12/31/2003 12/31/2004 12/31/2005 4/30/2006 10 0 0 0 0 0 0	Total 0
9 Year end: 12/31/2001 12/31/2002 12/31/2003 12/31/2004 12/31/2005 4/30/2006 10	Total 0
10	Total 0
11 Opening balance: = 0 0 0 0 0 0	0
	0
Board-approved PILs tax +/-	
12 proxy from Decisions (1) 0 0 0	0
PILs proxy from April 1, 2005	
13 - input 9/12 of amount	0
True-up Variance +/-	
14 Adjustment Q4, 2001 (2)	0
True-up Variance +/-	
15 Adjustment (3)	-4,884
Deferral Account Variance	
16 Adjustment Q4, 2001 (4)	0
Deferral Account Variance +/-	
17 Adjustment (5) -34,614	-34,614
Adjustments to reported +/-	
18 prior years' variances (6)	0
19 Carrying charges (7) +/-	0
PILs billed to (collected -	
20 from) customers (8)	0
21	
22 Ending balance: # 1562 0 0 0 0 -39,498	-39,498
23	
24	

26 Uncollected PILs

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29 30

31 32

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40 41

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NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers. For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.

Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER

- (1) (i) From the Board's Decision see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002. 33 34 Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002. 35 36 37 If the Board gave more than one decision in the year, calculate a weighted average proxy.
 - (ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13
 - (iii) Column G In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
 - (iv) Column I The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.
 - (v) Column K The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
 - (vi) Column M The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.
- 42 (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be 43 44 trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- 45 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 48 (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- 51 (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005. 52 53
- 54 55 (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- 56 57 58 (7) Carrying charges are calculated on a simple interest basis.
- (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate 59 components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 60 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
- 61 62 63 64 65 67 68 70 71 (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.
 - In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.
 - In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.
- 72 73 74 9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes 75 will have to include amounts from 1562 and from 1590. 76 77

Piles TAXES		Λ			Г Б	
2 REQUIATORY INFORMATION (REGINFO) Colour Code Imput Cell		Α	В	С	D	E
Utility Name: Niagara-on-the-Lake Hydro Inc.						Version 2009.1
A Reporting period: 2003 Input Cell Formula in Cell Formul						
Days in reporting period: 385 days	3	Utility Name: Niagara-on-the-Lake Hydro Inc.			Colour Code	
Book September	4	Reporting period: 2003			Input Cell	
7 Total days in the calendar year: 365 days	5				Formula in Cell	
7 Total days in the calendar year: 365 days	6	Days in reporting period:	365	davs		
B BACKGROUND						
BACKGROUND 148 the utility reviewed section 149(1) ITA to	_	Total dayo iii tilo odiolidai yodii	000	aayo		
10 Has the utility reviewed section 149(1) ITA to		DAGKOROUND				
11 confirm that it is not subject to require corporate						
12 Iax (and therefore subject to PILS)* 14 Was the utility recently acquired by Hydro One	10					
Was the utility recently acquired by Hydro One						
14 Was the utility recently acquired by Hydro One		tax (and therefore subject to PILs)?		Y/N		
15 and now subject to 8.99 & 10 PILS? Y/N						
Total International Inte						
17 Is the utility a non-profit corporation?		and now subject to s.89 & 90 PILs?		Y/N		
18		L- 4b 4514		\//N.I		
19	-			Y/IN		
CT V/N	18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
20 Shared among the corporate group?	19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
Please identify the % used to allocate the OCT and LCT exemptions in OCT		shared among the corporate group?	LCT	V/N	_	
222 Cells C65 & C74 in the TAXCALC spreadsheet. LCT				1/19	4000/	
Date 12-31-2003						
24 Accounting Year End Date 12-31-2003 Regulatory		Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
Regulatory Income Income Regulatory Income Income Regulatory Income Inc		Accounting Vear End		Data	12.21.2002	
Income I	24	Accounting real End		Date	12-31-2003	
Income I	26	MARR NO TAX CALCULATIONS				Regulatory
See Board-Approved Amounts See Board-Approved Amounts						
29 USE BOARD-APPROVED AMOUNTS						IIICOIIIE
30 Rate Base (wires-only) 31 Rate Base (wires-only) 32 Common Equity Ratio (CER) 33 Common Equity Ratio (CER) 35 1-CER 50.00% 36 1-CER 50.00% 37 Target Return On Equity 9,88% 39 Debt rate 7,25% 41 Market Adjusted Revenue Requirement 41,187,074 43 1999 return from RUD Sheet #7 591,755 591,755 45 Total Incremental revenue 6 Input: Board-approved dollar amounts phased-in 7 Amount allowed in 2001 198,440 198,444 8 Amount allowed in 2002 198,440 198,440 198,444 9 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 198,440 1						
Rate Base (wires-only)		USE BOARD-APPROVED AMOUNTS				
Solution Solution						
Solution Solution	31	Rate Base (wires-only)			13,859,589	
Solution Solution	33	Common Equity Ratio (CER)			50.00%	
39 Debt rate 7.25% 7.2	J					
Debt rate 7,25%		1-CER			50.00%	
Market Adjusted Revenue Requirement	37	Target Return On Equity			9.88%	
Market Adjusted Revenue Requirement	39	Debt rate			7 25%	
1999 return from RUD Sheet #7 591,755 59	40					
1999 return from RUD Sheet #7 591,755 591,755	41	Market Adjusted Revenue Requirement			1,187,074	
Total Incremental revenue 595,319		1999 return from RLID Sheet #7			591 755	591 755
House Hous	77					001,700
47 Amount allowed in 2001 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440	45	Total Incremental revenue			595,319	
47 Amount allowed in 2001 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440 198,440	46	Input: Board-approved dollar amounts phased-in				
Amount allowed in 2002	47	Amount allowed in 2001			198,440	198,440
Amount allowed in 2003 and 2004 (will be zero due to Bill 210 198,440	48					'
Solid Unless authorized by the Minister and the Board Commonstration Commonstratio						0
51 Amount allowed in 2005 - Third tranche of MARR re: CDM 52 Other Board-approved changes to MARR or incremental revenue 53 988,635 54 Total Regulatory Income 988,635 55 6 56 Equity 6,929,795 57 6 58 Return at target ROE 684,664 59 60 60 Debt 6,929,795 61 62 62 Deemed interest amount in 100% of MARR 502,410 63 6 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 418,424 67 ((D43+D47+D48)/D41)*D61 418,424 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410		3			100,110	0
52 Other Board-approved changes to MARR or incremental revenue 0 53 Total Regulatory Income 988,635 55 56 56 Equity 6,929,795 57 58 58 Return at target ROE 684,664 59 60 60 Debt 6,929,795 61 502,410 62 Deemed interest amount in 100% of MARR 502,410 63 50 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 334,437 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 418,424 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410					-	0
Total Regulatory Income 988,635						0
54 Total Regulatory Income 988,635 55 6 Equity 6,929,795 57 6 684,664 58 Return at target ROE 684,664 59 60 Debt 6,929,795 61 6 502,410 62 Deemed interest amount in 100% of MARR 502,410 63 (1043+D47)/D41)*D61 334,437 65 (1043+D47)/D41)*D61 418,424 66 Phase-in of interest - Year 2 (2002) 418,424 67 (1043+D47+D48)/D41)*D61 418,424 69 (1043+D47+D48)/D41)*D61 (due to Bill 210) 418,424 70 Phase-in of interest - 2005 502,410		Other Board-approved changes to MARK or incremental revenue				0
55 56 Equity 6,929,795 57 684,664 58 Return at target ROE 684,664 59 60 6,929,795 61 6,929,795 62 Deemed interest amount in 100% of MARR 502,410 63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 67 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 70 Phase-in of interest - 2005 502,410						0
56 Equity 6,929,795 57 684,664 58 Return at target ROE 684,664 59 60 6929,795 61 6,929,795 62 Deemed interest amount in 100% of MARR 502,410 63 64 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 418,424 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410		Total Regulatory Income				988,635
57 68 Return at target ROE 684,664 59 60 Debt 6,929,795 61 62 Deemed interest amount in 100% of MARR 502,410 63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 68 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410						
57 68 Return at target ROE 684,664 59 60 Debt 6,929,795 61 62 Deemed interest amount in 100% of MARR 502,410 63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 68 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410	56	Equity			6,929,795	
58 Return at target ROE 684,664 59 60 6929,795 61 62 Deemed interest amount in 100% of MARR 502,410 63 63 64 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 66 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410						
59 60 Debt 6,929,795 61 62 Deemed interest amount in 100% of MARR 502,410 63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410		Return at target ROE			684.664	
60 Debt 6,929,795 61 62 Deemed interest amount in 100% of MARR 502,410 63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410		· · · · · · · · · · · · · · · · · · ·			20.,001	
61 62 Deemed interest amount in 100% of MARR 502,410 63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 418,424 66 Phase-in of interest - Year 2 (2002) 418,424 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410		Deht			6 929 705	
62 Deemed interest amount in 100% of MARR 63 64 Phase-in of interest - Year 1 (2001) 65 ((D43+D47)/D41)*D61 66 Phase-in of interest - Year 2 (2002) 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410					0,323,133	
63 64 Phase-in of interest - Year 1 (2001) 334,437 65 ((D43+D47)/D41)*D61 418,424 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410 71		Doomod interest amount is 1000/ of MARR			E00 440	
64 Phase-in of interest - Year 1 (2001) 65 ((D43+D47)/D41)*D61 66 Phase-in of interest - Year 2 (2002) 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410		Deemed interest amount in 100% of WARK			502,410	
65 ((D43+D47)/D41)*D61 66 Phase-in of interest - Year 2 (2002) 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410		DI ((() () () () () ()			00	
66 Phase-in of interest - Year 2 (2002) 67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410	_	, ,			334,437	
67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 71						
67 ((D43+D47+D48)/D41)*D61 68 Phase-in of interest - Year 3 (2003) and forward 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 71	66	Phase-in of interest - Year 2 (2002)			418,424	
68 Phase-in of interest - Year 3 (2003) and forward 418,424 69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 502,410 70 Phase-in of interest - 2005 502,410 71 502,410						
69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 71					418.424	
70 Phase-in of interest - 2005 502,410					110,727	
71		, , , , , , , , , , , , , , , , , , , ,			502 440	
	_	rnase-in oi interest - 2003			502,410	
72					-	
	/2					

1	A PILS TAXES	B ITEM	C Initial	D	E M of F	F M of F	G	Н
2	FILS DEFERRAL AND VARIANCE ACCOUNTS TAX CALCULATIONS (TAXCALC)	IIEW	Estimate		Filing Variance	Filing Variance	Tax Returns	
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation	Version 2009.1	
6	Utility Name: Niagara-on-the-Lake Hydro Inc. Reporting period: 2003					1	Version 2005.1	
8	Days in reporting period:	365	days				Column Brought	
10	Total days in the calendar year:	365	days				From TAXREC	
11			\$		\$		\$	
13	I) CORPORATE INCOME TAXES							
15 16	Regulatory Net Income REGINFO E53	1	988,635		41,191		1,029,826	
17 18	BOOK TO TAX ADJUSTMENTS							
19 20	Additions: Depreciation & Amortization	2	689,379		310,850		1,000,229	
21 22	Employee Benefit Plans - Accrued, Not Paid Tax reserves - beginning of year	3 4			34,777 0		34,777	
23 24	Reserves from financial statements - end of year Regulatory Adjustments - increase in income	5			0		0	
25 26	Other Additions (See Tab entitled "TAXREC") "Material" Items from "TAXREC" worksheet	6			0		0	
27 28	Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6			0		0	
29 30	Other Additions (not "Material") "TAXREC 2" Items on which true-up does not apply "TAXREC 3"	6	92,205		-90,225		1,980	
31	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7 8	784,044		449,854		1,233,898	
34 35	Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes Regulatory Adjustments - deduction for tax purposes in Item 5	9			0		0	
36 37	Interest Expense Deemed/ Incurred	10	418,424		174,716		593,140	
38	Tax reserves - end of year Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans Contributions to pension plans	3			0		0	
	Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11			0		0	
44 45	"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12			0		0	
46 47	Material Items from "TAXREC 2" worksheet Other Deductions (not "Material") "TAXREC 2"	12 12			0		0	
48 49	Items on which true-up does not apply "TAXREC 3"				346,565		346,565	
50 51	TAXABLE INCOME/ (LOSS)		567,751		(674,542)		(106,791)	
52 53	BLENDED INCOME TAX RATE Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	34.12%		-2.9000%		31.22%	
54 55	REGULATORY INCOME TAX		193,717		-176,250		17,467	
56 57	REGORATING ONE TAX		133,717		-170,200		17,407	
58 59	Miscellaneous Tax Credits	14			0		0	
60	Total Regulatory Income Tax		193,717		-176,250		17,467	
61 62	ID CARDITAL TAYES							
63 64	II) CAPITAL TAXES							
65 66	Ontario Base	15	13,859,589		4,064,237		17,923,826	
67 68	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3 Taxable Capital	16	5,000,000 8,859,589		-84,503 3,979,734		4,915,497 13,008,329	
69 70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71 72	Ontario Capital Tax		26,579		12,446		39,025	
73 74	Federal Large Corporations Tax							
76	Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	18 19	13,859,589 10,000,000		4,583,681 -9,331		18,443,270 9,990,669	
78	Taxable Capital		3,859,589		4,574,350		8,452,601	
79 80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
82	Gross Amount of LCT before surtax offset (Taxable Capital x Rate) Less: Federal Surtax 1.12% x Taxable Income	21	8,684 6,359		10,334 -6,359		19,018	
83 84	Net LCT		2,325		16,693		19,018	
85 86	III) INCLUSION IN RATES							
87	Income Tax Rate used for gross- up (exclude surtax)		33.00%					
89 90	Income Tax (proxy tax is grossed-up)	22	289,129			Actual 2003	17,467	
91 92	LCT (proxy tax is grossed-up) Ontario Capital Tax (no gross-up since it is deductible)	23 24	3,471 26,579			Actual 2003 Actual 2003	19,018 39,025	
93 94								
95 96	Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION	25	319,179			Actual 2003	75,510	
97 98							1	H
99	IV) FUTURE TRUE-UPS IV a) Calculation of the True-up Variance				DR/(CR)			П
101	In Additions:	2			34,777			
103	Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year Personner from figuration tetratement and of year	4			0			
105	Reserves from financial statements-end of year Regulatory Adjustments	5			0			
107	Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2	6			0			
109	In Deductions - positive numbers Employee Benefit Plans - Paid Amounts	8			0			
111	Items Capitalized for Regulatory Purposes Regulatory Adjustments	9 10			0			
113	Interest Adjustment for tax purposes (See Below - cell I206) Tax reserves claimed in current year	11 4			89,836 0			
115	Reserves from F/S beginning of year Contributions to deferred income plans	3			0			
117	Contributions to pension plans Other deductions "Material" Items TAXREC	3 12			0			
118 119	Other deductions "Material" Item TAXREC 2	12			0			
121	Total TRUE-UPS before tax effect	26		=	-55,059			
	Income Tax Rate (excluding surtax) from 2003 Utility's tax return			х	31.22%			

$\overline{}$	A	В	С	D	E	F	G	Н
	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
	TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)				Variance K-C	Variance Explanation		
5	(Wiles-Only Dusiless - See Tab TAXICE)				K-C	Explanation	Version 2009.1	
	Utility Name: Niagara-on-the-Lake Hydro Inc.							
	Reporting period: 2003						0.1	
9	Days in reporting period:	365	days	\vdash			Column Brought	
	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	ш
13 123				+				\vdash
124	Income Tax Effect on True-up adjustments			=	-17,189			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127 128	Total Income Tax on True-ups			-	-17,189			-
129	Total moonlo Tax of Trao apo				17,100			
	Income Tax Rate used for gross-up (exclude surtax)				30.10%			
131	TRUE-UP VARIANCE ADJUSTMENT			-	(04 504)			
133	TROE-OF VARIANCE ADJUSTMENT				(24,591)			
	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
120	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial			1.	E67.754			
136 137	estimate column)			-	567,751			\vdash
138	REVISED CORPORATE INCOME TAX RATE			х	31.22%			
139					177 0			Ш
140	REVISED REGULATORY INCOME TAX			=	177,252			\vdash
	Less: Revised Miscellaneous Tax Credits			-	0			\vdash
143								
144	Total Revised Regulatory Income Tax			=	177,252			Ш
145	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell			\vdash				\vdash
146	C58)			-	193,717			
147								
	Regulatory Income Tax Variance			=	(16,465)			
149	Ontario Capital Tax							
151	Base			=	13,859,589			
	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153 154	Revised deemed taxable capital			=	8,859,589			
	Rate - Tab Tax Rates cell C54			х	0.3000%			
156								
157	Revised Ontario Capital Tax			=	26,579			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				26,579			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
	Federal LCT Base			-	13,859,589			
	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			m
164	Revised Federal LCT			=	3,859,589			
165	Data (as a secult of la sistetius about as) tak IT-u Data-Last Of 4				0.00500/			
167	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51			-	0.2250%			-
168	Gross Amount				8,684			
169	Less: Federal surtax			-	6,359			Ш
170	Revised Net LCT			=	2,325			
	Less: Federal LCT reported in the initial estimate column (Cell C82)			- 1	2,325			\vdash
173	Regulatory Federal LCT Variance			=	0			\Box
174				\Box	00.45			Ш
175 176	Actual Income Tax Rate used for gross-up (exclude surtax)			\vdash	30.10%			Н
	Income Tax (grossed-up)			+	(23,555)			
178	LCT (grossed-up)			+	0			
	Ontario Capital Tax			+	0			Ш
180 181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(23,555)			\vdash
182								\Box
183	TRUE-UP VARIANCE (from cell I132)			+	(24,591)			Ш
184	Total Deferral Account Entry (Positive Entry = Debit)			+	(40.440)			\vdash
	(Deferral Account Variance + True-up Variance)			=	(48,146)			\vdash
187								
188								Ш
189	V) INTEREST PORTION OF TRUE-UP			+				\vdash
191	Variance Caused By Phase-in of Deemed Debt			\vdash				\vdash
192								Ш
193	Total deemed interest (REGINFO)			$+ \exists$	502,410			ш
194 195	Interest phased-in (Cell C36)			\vdash	418,424			Н
	Variance due to phase-in of debt component of MARR in rates				83,986			$\vdash \vdash$
197	according to the Board's decision							
198 199	Other Interset Variances (i.e. Berrawing Lau-1-			+				Ш
200	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)			\vdash				\vdash
201	Interest deducted on MoF filing (Cell K36+K41)				592,246			
202	Deemed interest			\Box	502,410			Щ
203 204	Variance caused by excess debt			+	89,836			\vdash
205					00,000			
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				89,836			
207	Total Interest Variance			\vdash	-5,850			\vdash
209	TOTAL MINORAL TURBUIG			\vdash	-5,000			\vdash
210								
211				Ш				ш

	Λ	В	0	D	- 1	-
1	PILs TAXES	LINE	C M of F	D Non-wires	E Wires-only	F
2	TAX RETURN RECONCILIATION (TAXREC)	LINE	Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	2	Return	
4	0		Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Niagara-on-the-Lake Hydro Inc.					
8	Reporting period: 2003					
9	Taxation Year's start date:					
10	Taxation Year's end date:		205	Ja		
11 12	Number of days in taxation year:		365	days		
	Please enter the Materiality Level :		17,324	< - enter materiality	level	
14	(0.25% x Rate Base x CER)	Y/N	17,524	C - enter materiality	level	
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				
18	(Please complete the questionnaire in the Background questionnaire	worksh	eet.)			
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.	OVECT	o and province of a	noomo tov		
25 26	If required please change the descriptions except for amortization, interest	expense	e anu provision for i	ncome tax		
27	Please enter the non-wire operation's amount as a positive number, the pro-	narem o	utomatically treats o	all amounts		
28	in the "non-wires elimination column" as negative values in TAXREC and T	AXRFC	2.	iii airioulito		
29	The first times diffinitional and the gallet values in the times and the					
30	Income:					
31	Energy Sales	+	11,254,956		11,254,956	
32	Distribution Revenue	+	3,046,478		3,046,478	
33	Other Income	+	219,783		219,783	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:		11 000 170		44.000.470	
39	Cost of energy purchased	-	11,200,473		11,200,473	
40	Administration	-	526,018		526,018	
42	Customer billing and collecting Operations and maintenance	-	313,858 450,813		313,858 450,813	
43	Amortization	-	1,000,229		1,000,229	
44	Ontario Capital Tax	-	1,000,229		0	
45	Reg Asset movement	-			0	
46	The state of the s	-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	1,029,826	0	1,029,826	
51	Less: Interest expense for accounting purposes		593,140		593,140	
52	Provision for payments in lieu of income taxes	-	10,173		10,173	
53	Net Income (loss)	=	426,513	0	426,513	
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	por interioral otatornorito ori coriodulo i oi tilo tax rotulli.)					
_	Section C: Reconciliation of accounting income to taxable income					
	From T2 Schedule 1					
_	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	10,173	0	10,173	
	Federal large corporation tax	+			0	
	Depreciation & Amortization	+	1,000,229	0	1,000,229	
_	Employee benefit plans-accrued, not paid	+	34,777	0	34,777	
	Tax reserves - beginning of year	+	0	0	0	
	Reserves from financial statements- end of year	+	0	0	0	
	Regulatory adjustments on which true-up may apply (see A66)	+	1,980	0	1,980	
_	Items on which true-up does not apply "TAXREC 3" Material addition items from TAXREC 2	.		0		
67 68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69	Sinoi addition tionis (not material) nom TAXIVEO 2		U	U	U	
70	Subtotal		1,047,159	0	1,047,159	
71	- Guardian		.,511,100	0	.,517,100	
	Other Additions: (Please explain the nature of the additions)					
	Recapture of CCA	+			0	
	Non-deductible meals and entertainment expense	+			0	
	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79	Total Other Addition-	+	_	_	0	
80	Total Other Additions	=	0	0	0	
81 82	Total Additions	-	1.047.450	0	1 047 150	
83	Total Additions	=	1,047,159	0	1,047,159	
	Recap Material Additions:					
85	Noosp material / taditions.		0	0	0	
Ÿ			U	Ū	U	

	А	В	С	D	E	F
2	PILS TAXES TAX RETURN RECONCILIATION (TAXREC)	LINE	M of F	Non-wires Eliminations	Wires-only Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Corporate Tax	Eliminations	Return	
4	O)	Return			
5			-		Version 2009.1	
86 87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91	Total Other additions - materiality level		0	0	0	
92 93	Total Other additions >materiality level Other additions (less than materiality level)		0	0	0	
	Total Other Additions		0	0	0	
95						
_	BOOK TO TAX DEDUCTIONS: Capital cost allowance	_	1,232,370		1,232,370	
	Cumulative eligible capital deduction	-	1,528		1,528	
99	Employee benefit plans-paid amounts	-	,		0	
	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments : CCA	-			0	
103		-			0	
104	Tax reserves - end of year	-	0	0	0	
	Reserves from financial statements- beginning of year	-	0	0	0	
	Contributions to deferred income plans Contributions to pension plans	-			0	
	Items on which true-up does not apply "TAXREC 3"		346,565	0	346,565	
	Interest capitalized for accounting deducted for tax	-	,		0	
	Material deduction items from TAXREC 2	-	0	0	0	
	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112 113	Subtotal	=	1,580,463	0	1,580,463	
	Other deductions (Please explain the nature of the deductions)		1,000,100		1,000,100	
	Charitable donations - tax basis	-			0	
116 117	Gain on disposal of assets	-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121 122	Total Deductions	=	1,580,463	0	1,580,463	
123	Total Deductions	-	1,560,463	0	1,560,405	
124	Recap Material Deductions:					
125			0	0	0	
126 127		-	0	0	0	
128			0	0	0	
129			0	0	0	
	Total Other Deductions exceed materiality level		0	0	0	
	Other Deductions less than materiality level Total Other Deductions		0	0	0	
133	Total Other Boddonone		Ü			
	TAXABLE INCOME	=	-106,791	0	-106,791	
	DEDUCT:	-			0	
	Non-capital loss applied positive number Net capital loss applied positive number	-			0	
138	Positive Harrison				0	
	NET TAXABLE INCOME	=	(106,791)	0	(106,791)	
140	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax (Must agree with tax return)	+	0		0	
143	Net Ontario Income Tax (Must agree with tax return)	+	17,467		17,467	
144		=	17,467	0	17,467	
	Less: Miscellaneous tax credits (Must agree with tax returns) Total Income Tax	-	0 17,467	0	0 17,467	
147	TOTAL MODING THA	=	17,407	0	17,407	
148	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150 151	Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate		-16.36% -16.36%		-16.36% -16.36%	
152	Dioridod intoffic Tax (Valo		-10.50%		-10.30 /	
153	Section F: Income and Capital Taxes					
154	DECAR					
	RECAP Total Income Taxes	+	17,467	0	17,467	
	Ontario Capital Tax	+	39,025	0	39,025	
158	Federal Large Corporations Tax	+	19,018		19,018	
159	Total income and conital toward		75.540	^	75.540	
160 161	Total income and capital taxes	=	75,510	0	75,510	
101					1	

	A	В	С	D	Е	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2003					
9						
	TAX RESERVES					
11						
	Beginning of Year:					
13					0	
	Reserve for doubtful accounts ss. 20(1)(I)				0	
	Reserve for goods & services ss.20(1)(m)				0	
	Reserve for unpaid amounts ss.20(1)(n)				0	
	Debt and share issue expenses ss.20(1)(e)				0	
	Other - Please describe				0	
	Other - Please describe				0	
20					0	
	Total (carry forward to the TAXREC worksheet)		0	0	0	
23	Total (carry lorward to the TAXREC Worksheet)		0	0	0	
	End of Year:					
25	LIIU OI 1841.				0	
	Reserve for doubtful accounts ss. 20(1)(I)				0	
	Reserve for goods & services ss.20(1)(m)				0	
	Reserve for unpaid amounts ss.20(1)(n)				0	
	Debt and share issue expenses ss.20(1)(e)				0	
	Other - Please describe				0	
	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
	Total (carry forward to the TAXREC worksheet)		0	0	0	
36	,					
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
	Environmental				0	
	Allowance for doubtful accounts				0	
	Inventory obsolescence				0	
	Property taxes				0	
	Other - Please describe				0	
	Other - Please describe				0	
49	Total (corm famuard to the TAVDEC wardsheet)		0	^	0	
51	Total (carry forward to the TAXREC worksheet)		0	0	0	
	End of Year:					
53	LIIU OI 1641.				0	
54					0	
	Environmental				0	
	Allowance for doubtful accounts				0	
	Inventory obsolescence				0	
	Property taxes				0	
	Other - Please describe				0	
	Other - Please describe				0	
61					0	
	Insert line above this line				Ů	
	Total (carry forward to the TAXREC worksheet)		0	0	0	
64	(Saily 10.11a.a to the Truttee Wolffelloof)				J	
<u> </u>		<u> </u>	<u>i</u>		ı	

	A	В	С	D	E	F
1						
	PILS TAXES TAX RETURN RECONCILIATION (TAXREC 2)	LINE	M of F Corporate	Non-wires Eliminations	Wires-only Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax	Liiiiiiations	Return	
5	RATEPAYERS ONLY		Return			
7	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
	Utility Name: Niagara-on-the-Lake Hydro Inc.					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11 12	Materiality Level:		17,324			
13						
14						
	Section C: Reconciliation of accounting income to taxable income					
16 17	Add:	+			0	
	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
	Charitable donations (Only if it benefits ratepayers)	+			0	
22	Taxable capital gains	+			0	
	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
	Capitalized interest	+			0	
	Soft costs on construction and renovation of buildings Capital items expensed	+			0	
	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
	Gain on settlement of debt	+			0	
37	Interest paid on income debentures Recapture of SR&ED expenditures	+			0	
	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41 42		+			0	
43		+			0	
44		+			0	
45 46	Total Additions	+	0	0	0	
47	Total Additions	-	U	0	0	
48	Recap of Material Additions:					
49			0	0		
50 51			0	0		
52			0	0	0	
53			0	0		
54 55			0	0		
56			0	0		
57			0	0	0	
58			0	0		
59 60			0	0		
61			0	0		
62			0	0		
63			0	0		
64 65			0	0		
66			0	0		
67			0	0		
68			0	0		
69 70			0	0		
71			0	0	0	
72			0	0		
73 74			0	0		
14			U	U	U	

Ę.	А	В	С	D	E	F
1	PILS TAXES	LINE	M of F	Non-wires	Wines enly	
	TAX RETURN RECONCILIATION (TAXREC 2)	LIINE	Corporate	Eliminations	Wires-only Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax	Ellitilitations	Return	
5	RATEPAYERS ONLY		Return		Return	
6	Shareholder-only Items should be shown on TAXREC 3		retuiii		Version 2009.1	
7	onarcholder only tems should be shown on TAXREO				VC131011 2003.1	
	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2003					
	Number of days in taxation year:		365			
11	Materiality Level:		17,324			
12						
13						
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	
80						
	Deduct:					
	Gain on disposal of assets per f/s	-			0	
	Dividends not taxable under section 83	-			0	
	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
	Scientific research expenses claimed in year from Form T661	-			0	
	Bad debts	-			0	
	Book income of joint venture or partnership	-			0	
	Equity in income from subsidiary or affiliates	-			0	
	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-	0		0	
96 97	Non-taxable load transfers	-	0		0	
98		-			0	
99	Total Deductions	-	0	0	0	
100			U	U	U	
	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0		
105			0	0		
106			0	0		
107			0	0	0	
108			0	0	0	
109			0	0		
110			0	0	0	
111			0	0	0	
112			0	0		
113			0	0		
114			0	0	0	
115			0	0		
116			0	0		
117			0	0		
118			0	0		
	Total Deductions exceed materiality level		0	0	0	
	Other deductions less than materiality level		0	0	0	
	Total Deductions		0	0	0	
122						

	A	В	С	D	Е	F
1	, A		Ü		_	'
	PILs TAXES					
	TAX RETURN RECONCILIATION (TAXREC 3)					
	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
4		LIIVE	-			
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
8	Utility Name: Niagara-on-the-Lake Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2003					
	Number of days in taxation year:		365			
13	•					
14						
15						
_	Section C: Reconciliation of accounting income to taxable income					
	Add:					
18	nuu.					
	Recapture of capital cost allowance	+			0	
	CCA adjustments	+			0	
	CEC adjustments	+			0	
	Gain on sale of non-utility eligible capital property	+			0	
22	Gain on sale of non-utility eligible capital property Gain on sale of utility eligible capital property	+			0	
		+			0	
	Loss from joint ventures or partnerships	+				
	Deemed dividend income	+			0	
	Loss in equity of subsidiaries and affiliates	+			0	
	Loss on disposal of utility assets	+			0	
	Loss on disposal of non-utility assets	+			0	
	Depreciation in inventory -end of year	+			0	
	Depreciation and amortization adjustments	+			0	
	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
36	Interest and penalties on unpaid taxes		1,980		1,980	
	Management bonuses unpaid after 180 days of year end		,		0	
	Imputed interest expense on Regulatory Assets				0	
39		+			0	
	Ontario capital tax adjustments	+			0	
	Changes in Regulatory Asset balances	+			0	
42	- Than good in the guidalety free to the analysis of the second s	+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
	Bad debts - pre-October 1, 2001 Denied	+			0	
45	Bud dobto Pro Cotobor 1, 2001 Borned	+			0	
46		+			Ŭ	
47	Total Additions on which true-up does not apply	=	1,980	0	1,980	
48	Total Additions on which true-up does not apply		1,500	0	1,500	
	Deduct:					
50	Doudot.					
	CCA adjustments	_			0	
	CCA adjustments CEC adjustments	-			0	
	Depreciation and amortization adjustments	-			0	
	,	-	EE 200			
	Gain on disposal of assets per financial statements	-	55,209		55,209	
	Financing fee amorization - considered to be interest expense for PILs				0	
	Imputed interest income on Regulatory Assets	-				
	Donations - amount deductible for tax purposes	-	0.4=		0 2 474	
_	Income from joint ventures or partnerships	-	2,174		2,174	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
	Changes in Regulatory Asset balances		289,182		289,182	
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69	·	-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	346,565	0		
74	and all and all the about		2.0,000		2.0,000	
75						
		L			l .	L

PILs TAXES		С	D	E	F
Corporate Tax Rates		4-		\	ersion 200
Exemptions, Deduct Utility Name: Niagar					
Reporting period: 2		uio iiic.			
]					
Datas Haadin 0000	DAM DU - Annilo	·			Table 1
Rates Used in 2002 Income Range	RAM PILS Applica	itions for 2002	2	200 004	
RAM 2002		to		200,001 to	>700000
	Year	200,000		700,000	
Income Tax Rate					
Proxy Tax Year	2002	40.400/		20.420/	00.400/
Federal (Includes su and Ontario blende		13.12% 6.00%		26.12% 6.00%	26.12% 12.50%
Blended rate		19.12%		34.12%	38.62%
7					
Capital Tax Rate		0.300%			
LCT rate		0.225%			
Ontario Capital Tax	MAX	1.12%			
1 Exemption **	\$5MM	5,000,000			
Federal Large	MAX				
Corporations Tax	\$10MM	10,000,000			
Exemption **		241 41		1.004	20 5 4 4 4
**Exemption amo	ounts must agr	ee with the	Board-ap	proved 200	J2 KAW
PILs filing					
5	-				Table 2
Expected Income Ta Income Range	x Rates for 2003		ax Exemption		
Expected Rates		0 to		200,001 to	>700000
)	Year	200,000		700,000	1,00000
Income Tax Rate					
Current year	2003				
2 Federal (Includes su		13.12%			24.12%
3 Ontario 4 Blended rate	2003 2003	6.00% 19.12%		34.12%	12.50% 36.62%
5 Bierided rate	2003	19.12%		34.12%	30.02%
6 Capital Tax Rate	2003	0.300%			
7 LCT rate	2003	0.225%			
8 Surtax	2003	1.12%			
	MAX	5,000,000			
Ontario Capital Tax					
9 Exemption *** 2003					
9 Exemption *** 2003 Federal Large	\$5MM MAX	10.000.000			
Federal Large Corporations Tax Exemption *** 2003	\$5MM MAX \$10MM	10,000,000			
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of 6	\$5MM MAX \$10MM exemptions mu		vith the B	oard's inst	ructions
Federal Large Corporations Tax Exemption *** 2003 Exemption *** 2003 ***Allocation of 6	\$5MM MAX \$10MM exemptions mu		vith the B	oard's inst	ructions
Federal Large Corporations Tax Exemption *** 2003 Exemption *** 2003 ***Allocation of exemption regular	\$5MM MAX \$10MM exemptions mu		vith the B	oard's inst	ructions Table 3
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of exemption regulars Input Information from	\$5MM MAX \$10MM exemptions mu ted activities.	st comply v			
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of exegarding regula Input Information from Income Range	\$5MM MAX \$10MM exemptions mu ted activities.	st comply v		200,001	Table 3
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of exegarding regula Input Information from Income Range	\$5MM MAX \$10MM exemptions mu ted activities.	st comply v		200,001 to	Table 3
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of exegarding regula Input Information from Income Range	\$5MM MAX \$10MM exemptions mu ted activities.	st comply v		200,001	Table 3
9 Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 1 ***Allocation of eregarding regula 3 Input Information from Income Range 6 7 8 Income Tax Rate	\$5MM MAX \$10MM exemptions mu ted activities. DM Utility's Actual Year	st comply v		200,001 to	Table 3
9 Exemption *** 2003 Federal Large Corporations Tax 0 Exemption *** 2003 1 ***Allocation of 6	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	st comply v		200,001 to	Table 3
9 Exemption *** 2003 Federal Large Corporations Tax 1 Exemption *** 2003 1 ***Allocation of exegarding regula 3 Input Information from Income Range 6 Income Tax Rate 9 Current year 0 Federal (Includes see	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	St comply v		200,001 to 700,000	Table 3 >700,000
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of eregarding regula Input Information from Income Range Income Tax Rate Current year Federal (Includes sure Income Income Sure Income S	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	St comply v		200,001 to 700,000	Table 3 >700,000 24.12%
9 Exemption *** 2003 Federal Large Corporations Tax 1 Exemption *** 2003 1 ***Allocation of exemption regarding regula 3 Input Information from the income Range 6 Income Tax Rate 9 Current year 0 Federal (Includes state) 1 Ontario 2 Blended rate 3	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	St comply v 2003 Tax Ret 0 to 200,000 13.12% 6.00% 19.12%		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%
9 Exemption *** 2003 Federal Large Corporations Tax 1 Exemption *** 2003 1 ***Allocation of exemption regarding regula 3 Input Information from Income Range 6 Income Tax Rate 9 Current year 1 Ontario 2 Blended rate 3 4 Capital Tax Rate	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	st comply v 2003 Tax Ref 0 to 200,000 13.12% 6.00% 19.12% 0.300%		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of exemption regarding regula Input Information from the income Range Income Tax Rate Current year Federal (Includes sure income the income sure inc	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	st comply v 2003 Tax Ref 0 to 200,000 13.12% 6.00% 19.12% 0.300% 0.225%		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%
9 Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 1 ***Allocation of e regarding regula 3 4 Input Information fro Income Range 6 7 8 Income Tax Rate 9 Current year 0 Federal (Includes state) 1 Ontario 2 Blended rate 3 4 Capital Tax Rate 5 LCT rate 6 Surtax	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003 urtax)	12003 Tax Ret 0 to 200,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12%		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%
9 Exemption *** 2003 Federal Large Corporations Tax 1 Exemption *** 2003 1 ***Allocation of exemption regarding regula 3 Input Information from the second s	\$5MM MAX \$10MM exemptions mu ted activities. Dm Utility's Actual Year 2003	st comply v 2003 Tax Ref 0 to 200,000 13.12% 6.00% 19.12% 0.300% 0.225%		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%
P Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 1 ***Allocation of exegarding regula 1 Input Information from the income Range 1 Income Tax Rate 1 Current year 1 Ontario 2 Blended rate 3	\$5MM MAX \$10MM exemptions mu ted activities. Om Utility's Actual Year 2003 urtax) MAX \$5MM	st comply v 2003 Tax Ret 0 to 200,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,915,497		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of exegarding regula Input Information from Income Range ncome Tax Rate \$5MM MAX \$10MM exemptions mu ted activities. DM Utility's Actual Year 2003 urtax) MAX \$5MM MAX	12003 Tax Ret 0 to 200,000 13.12% 6.00% 19.12% 0.300% 0.225% 1.12%		200,001 to 700,000 0.00% 0.00%	Table 3 >700,000 24.12% 12.54%	
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 ***Allocation of eregarding regula Input Information from Income Range Income Tax Rate Current year Federal (Includes stonia) Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax Exemption *	\$5MM MAX \$10MM exemptions mu ted activities. DM Utility's Actua Year 2003 urtax) MAX \$5MM MAX \$10MM	13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,915,497	eurns	200,001 to 700,000 0.00% 0.00%	700,000 24.12% 12.54% 36.66%
Exemption *** 2003 Federal Large Corporations Tax Exemption *** 2003 *** Allocation of e regarding regula Input Information fro Income Tax Rate Current year Federal (Includes st Ontario Blended rate Capital Tax Rate LCT rate Surtax Ontario Capital Tax Exemption * Federal Large Corporations Tax	\$5MM MAX \$10MM exemptions mu ted activities. DM Utility's Actual Year 2003 Irrtax) MAX \$5MM MAX \$10MM of the actual ta	13.12% 6.00% 19.12% 0.300% 0.225% 1.12% 4,915,497 9,990,669	ocation ca	200,001 to 700,000 0.00% 0.00%	700,000 24.12% 12.54% 36.66%

	A	В	С	D	Е	F	G	Н	ı	J	K	L	M	N	0
1	PILs TAXES	_	-	_			_		-	Ť					
2	Analysis of PILs Tax Account	1562:	I.												
3	Utility Name: Niagara-on-the-l														Version 2009.1
4	Reporting period: 2003				Sign Convention	on: 4	for increase; -	for	decrease						0
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10					_						•				
11	Opening balance:	=	0		0		0		0		0		0		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-					0		0		0		0		0
	PILs proxy from April 1, 2005								·				·		·
13	- input 9/12 of amount														0
	True-up Variance	+/-													
14	Adjustment Q4, 2001 (2)														0
	True-up Variance	+/-													
15	Adjustment (3)												-24,591		-24,591
	Deferral Account Variance														
16	Adjustment Q4, 2001 (4)														0
	Deferral Account Variance	+/-						_							
17	Adjustment (5)												-23,555		-23,555
	Adjustments to reported	+/-													
18	prior years' variances (6)														0
19	Carrying charges (7)	+/-													0
	PILs billed to (collected	-													
20	from) customers (8)		0												0
21															
22	Ending balance: # 1562		0		0		0		0		0		-48,146		-48,146
23]														
24]														
0.5	1														· ·

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25 26 27 28 NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers. 29 30 For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.

Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:

- 32 (1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002. 34
 - Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.
 - If the Board gave more than one decision in the year, calculate a weighted average proxy.
 - (ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13. (iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
 - (iv) Column I The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.
 - (v) Column K The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
 - (vi) Column M The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.
 - (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- 43 44 45 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 48 (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be 49 50 trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. 51 52 53 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
 - (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- 54 55 56 57 58 59 (7) Carrying charges are calculated on a simple interest basis.
 - (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
 - (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.
 - In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.
 - In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.
- 70 71 72 73 (9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes 75 will have to include amounts from 1562 and from 1590. 76

	A	В	С	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Niagara-on-the-Lake Hydro Inc.			Colour Code	
5	Reporting period: 2004			Input Cell Formula in Cell	
6	Days in reporting period:	366	days	T Official III Octi	
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND Has the utility reviewed section 149(1) ITA to				
10	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	_	
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	_	
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)		1/11		
_	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
	shared among the corporate group?	LCT	Y/N	_	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		98%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		98%	
	Accounting Year End		Date	12-31-2004	
26	MARR NO TAX CALCULATIONS				Regulatory
	SHEET #7 FINAL RUD MODEL DATA				Income
	(FROM 1999 FINANCIAL STATEMENTS)				
	USE BOARD-APPROVED AMOUNTS				
30	Rate Base (wires-only)			13,859,589	
υZ	Common Equity Ratio (CER)			50.00%	
∪+					
50	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			1,187,074	
43	1999 return from RUD Sheet #7			591,755	591,755
45	Total Incremental revenue			595,319	
	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001 Amount allowed in 2002			198,440	198,440
48 49	Amount allowed in 2002 Amount allowed in 2003 and 2004 (will be zero due to Bill 210			198,440 198,440	198,440 0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			_	0
52 53	Other Board-approved changes to MARR or incremental revenue			_	0
54	Total Regulatory Income				988,635
55					100,000
	Equity	-		6,929,795	
57 58	Return at target ROE			684.664	
59	Neturn at target NOL			004,004	
	Debt			6,929,795	
61	D 111				
62 63	Deemed interest amount in 100% of MARR			502,410	
	Phase-in of interest - Year 1 (2001)			334,437	
65	((D43+D47)/D41)*D61				
	Phase-in of interest - Year 2 (2002)	-		418,424	
67	((D43+D47+D48)/D41)*D61			110 101	
69	Phase-in of interest - Year 3 (2003) and forward ((D43+D47+D48)/D41)*D61 (due to Bill 210)			418,424	
	Phase-in of interest - 2005			502,410	
71					
72					

	A	В	С	D	E	F	G	Н
	PILS TAXES PILS DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Initial Estimate		M of F Filing	M of F Filing	Tax Returns	
	TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)				Variance K-C	Variance Explanation		
5	0 Utility Name: Niagara-on-the-Lake Hydro Inc.						Version 2009.1	
7	Reporting period: 2004						Column	
9	Days in reporting period:	366	days				Brought	
11	Total days in the calendar year:	366	days				From TAXREC	
12			\$		\$		\$	
	I) CORPORATE INCOME TAXES							
16	Regulatory Net Income REGINFO E53	1	988,635		-227,255		761,380	
17 18	BOOK TO TAX ADJUSTMENTS							-
	Additions: Depreciation & Amortization	2	689,379		442,006		1,131,385	
21	Employee Benefit Plans - Accrued, Not Paid Tax reserves - beginning of year	3 4	33,510		16,509		16,509	
23	Reserves from financial statements - end of year	4			0		0	
25	Regulatory Adjustments - increase in income Other Additions (See Tab entitled "TAXREC")	5			0		0	
26 27	"Material" Items from "TAXREC" worksheet Other Additions (not "Material") "TAXREC"	6			0		0	
28 29	"Material Items from "TAXREC 2" worksheet Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"		92,205		647,980		740,185	
	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC Employee Benefit Plans - Paid Amounts	7 8	784,044		531,655 0		1,315,699 0	_
35	Items Capitalized for Regulatory Purposes Regulatory Adjustments - deduction for tax purposes in Item 5	9	0		0		0	
37	Interest Expense Deemed/ Incurred	11	418,424		260,437		678,861	
39	Tax reserves - end of year Reserves from financial statements - beginning of year	4			0		0	
41	Contributions to deferred income plans Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax Other Deductions (See Tab entitled "TAXREC")	11			0		0	
44 45	"Material" Items from "TAXREC" worksheet Other Deductions (not "Material") "TAXREC"	12 12			0		0	_
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2" Items on which true-up does not apply "TAXREC 3"	12			0		0	
49	TAXABLE INCOME/ (LOSS)		567,751		87,148		654,899	
51			307,731		67,146		034,099	
53	BLENDED INCOME TAX RATE Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	34.12%		-8.1300%		25.99%	
54 55	REGULATORY INCOME TAX		193,717		25,366		219,083	
56 57								
58	Miscellaneous Tax Credits	14			0		0	
59 60	Total Regulatory Income Tax		193,717		25,366		219,083	
61 62								
63 64	II) CAPITAL TAXES							
65	Ontario	45	40.050.500		0.500.400		47.440.040	
67	Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	15 16	13,859,589 5,000,000		3,589,430 -99,432		17,449,019 4,900,568	
69	Taxable Capital		8,859,589		3,489,998		12,548,451	
70 71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
72 73	Ontario Capital Tax		26,579		11,067		37,645	
74	Federal Large Corporations Tax	10	12 950 590		12 050 500			
76	Base Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	18 19	13,859,589 10,000,000		-13,859,589 39,000,000		49,000,000	
78	Taxable Capital		3,859,589		25,140,411		0	
80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		-0.0250%		0.2000%	
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate) Less: Federal Surtax 1.12% x Taxable Income	21	8,684 6,359		-8,684 -6,359		0	
83	Net LCT		2,325		-2,325		0	
85			2,325		-2,325		U	
87	III) INCLUSION IN RATES							
89	Income Tax Rate used for gross- up (exclude surtax)		33.00%			<u> </u>		
90	Income Tax (proxy tax is grossed-up) LCT (proxy tax is grossed-up)	22 23	289,129 3,471			Actual 2004 Actual 2004	219,083	_
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,579		T	Actual 2004 Actual 2004	37,645	
94								
96	Total PILs for Rate Adjustment MUST AGREE WITH 2002 RAM DECISION	25	319,179			Actual 2004	256,728	
97 98								
99	IV) FUTURE TRUE-UPS				DR/(CR)			
101	IV a) Calculation of the True-up Variance In Additions:							
103	Employee Benefit Plans - Accrued, Not Paid Tax reserves deducted in prior year	3 4			16,509 0			
104	Reserves from financial statements-end of year Regulatory Adjustments	4 5			0			
106	Negulatory Augustrents Other additions "Material" Items TAXREC Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
110	Employee Benefit Plans - Paid Amounts Items Capitalized for Regulatory Purposes	8 9			0			_
111	Regulatory Adjustments Interest Adjustment for tax purposes (See Below - cell I206)	10 11			0 176,315			_
113	Tax reserves claimed in current year	4			0			
115	Reserves from F/S beginning of year Contributions to deferred income plans	3			0			
117	Contributions to pension plans Other deductions "Material" Items TAXREC	3 12			0			
118 119	Other deductions "Material" Item TAXREC 2	12			0			
	Total TRUE-UPS before tax effect	26		=	-159,806	,		

	A	В	С	D	E	F	G	Н
	PILS TAXES PILS DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Initial Estimate		M of F Filing	M of F Filing	Tax Returns	
3	TAX CALCULATIONS (TAXCALC)		_oundle		Variance	Variance	- Columb	
5	("Wires-only" business - see Tab TAXREC) 0				K-C	Explanation	Version 2009.1	
6	Utility Name: Niagara-on-the-Lake Hydro Inc.							
7 8	Reporting period: 2004						Column	
9	Days in reporting period:	366 366	days				Brought From	
11	Total days in the calendar year:	300	days				TAXREC	
12			\$		\$		\$	
121								
122 123	Income Tax Rate (excluding surtax) from 2004 Utility's tax return			x	25.99%			
124	Income Tax Effect on True-up adjustments			=	-41,534			
125 126	Less: Miscellaneous Tax Credits	14			0			
127 128	Total Income Tax on True-ups				-41,534			
129								
130 131	Income Tax Rate used for gross-up (exclude surtax)				24.87%			
132	TRUE-UP VARIANCE ADJUSTMENT				(55,282)			
133	IV b) Calculation of the Deferral Account Variance caused by							
	changes in legislation							
135	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial							
136	estimate column)			=	567,751			
137 138	REVISED CORPORATE INCOME TAX RATE			х	25.99%			
139 140				-	147,558			
141								
142 143	Less: Revised Miscellaneous Tax Credits			-	0			
144	Total Revised Regulatory Income Tax			=	147,558			
145	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell							
146 147	C58)			-	193,717			
148	Regulatory Income Tax Variance			=	(46,158)			
149	Ontario Capital Tax							
151	Base			=	13,859,589			
	Less: Exemption from tab Tax Rates, Table 2, cell C39 Revised deemed taxable capital			=	5,000,000 8,859,589			
154								
155 156	Rate - Tab Tax Rates cell C54			X	0.3000%			
157	Revised Ontario Capital Tax Less: Ontario Capital Tax reported in the initial estimate column (Cell			=	26,579			
158	C70)			-	26,579			
159 160	Regulatory Ontario Capital Tax Variance			=	0			
161	Federal LCT				40.050.500			
163	Base Less: Exemption from tab Tax Rates, Table 2, cell C40				13,859,589 50,000,000			
164 165	Revised Federal LCT			=	(36,140,411)			
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
167 168	Gross Amount				0			
169	Less: Federal surtax				0			
171	Revised Net LCT			=	0			
172	Less: Federal LCT reported in the initial estimate column (Cell C82) Regulatory Federal LCT Variance				2,325 (2,325)			
174				=				
175 176	Actual Income Tax Rate used for gross-up (exclude surtax)				24.87%			
177	Income Tax (grossed-up)			+	(61,438)			
	LCT (grossed-up) Ontario Capital Tax			+	(3,471)			
180	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			-	(64,908)			
182								
183 184	TRUE-UP VARIANCE (from cell l132)			+	(55,282)			
185				=	(120,191)			
186 187	(Deferral Account Variance + True-up Variance)	-						
188								
189 190						-		
191 192	Variance Caused By Phase-in of Deemed Debt							
193	Total deemed interest (REGINFO)				502,410			
194 195	Interest phased-in (Cell C36)			-	418,424			
196					83,986			
197 198	according to the Board's decision			+				
199 200	Other Interest Variances (i.e. Borrowing Levels							
201					678,725			
202 203	Total deemed interest				502,410			
204	Variance caused by excess debt				176,315			
205 206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)	-			176,315			
207					-92,329			
209	Total Interest Variance				-92,329			
210 211								
الع								

		_				
1	PILs TAXES	B LINE	C M of F	D Non-wires	E Wires-only	F
	TAX RETURN RECONCILIATION (TAXREC)	LINE	Corporate	Eliminations	Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax	Ziiiiiii dadoiio	Return	
4	0		Return			
5					Version 2009.1	
_	Section A: Identification: Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2004					
	Taxation Year's start date:					
10	Taxation Year's end date:					
	Number of days in taxation year:		366	days		
12	Discount of March 1961		47.004		I I	
14	Please enter the Materiality Level : (0.25% x Rate Base x CER)	Y/N	17,324	< - enter materiality	/ level	
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				
	(Please complete the questionnaire in the Background questionnaire	works	heet.)			
19	Notes Committee and Misses and Date to Tab HTAVCALOR Column I/					
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
	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.					
	If required please change the descriptions except for amortization, interest	t expen	se and provision for	income tax		
26 27	Please enter the non-wire operation's amount as a positive number, the se	rogram	automatically troots	all amounts		
28	Please enter the non-wire operation's amount as a positive number, the print the "non-wires elimination column" as negative values in TAXREC and			ลแ สมาบนกใช		
29						
30	Income:					
31	Energy Sales	+	11,562,575		11,562,575	
32	Distribution Revenue	+	3,072,589		3,072,589	
33 34	Other Income Miscellaneous income	+	126,991		126,991	
35	Wiscellaneous income	+			0	
	Revenue should be entered above this line					
37						
	Costs and Expenses:					
39	Cost of energy purchased	-	11,451,066		11,451,066	
40	Administration Customer billing and collecting	-	568,627 294,158		568,627 294,158	
42	Operations and maintenance	-	555,539		555,539	
43	Amortization	-	1,131,385		1,131,385	
44	Ontario Capital Tax	-	, ,		0	
	Recovery of regulatory assets - expense	-			0	
46 47		-			0	
48		-			0	
49						
_	Net Income Before Interest & Income Taxes EBIT	=	761,380	0	761,380	
	Less: Interest expense for accounting purposes	-	678,861		678,861	
52	Provision for payments in lieu of income taxes	-	179,500		179,500	
53	Net Income (loss) (The Net Income (loss) on the MoF column should equal to the net income (loss)	=	-96,981	0	-96,981	
54	per financial statements on Schedule 1 of the tax return.)					
55						
	Section C: Reconciliation of accounting income to taxable income					
_	From T2 Schedule 1					
	BOOK TO TAX ADDITIONS: Provision for income tax	+	179,500	0	179,500	
	Federal large corporation tax	+	0		0	
61	Depreciation & Amortization	+	1,131,385	0	1,131,385	
	Employee benefit plans-accrued, not paid	+	16,509	0	16,509	
	Tax reserves - beginning of year	+	0	0	0	
	Reserves from financial statements- end of year Regulatory adjustments on which true-upmay apply (see A66)	+	0	0	0	
	Items on which true-up does not apply "TAXREC 3"	· ·	740,185	0	740,185	
	Material addition items from TAXREC 2	+	0	0	0	
	Other addition items (not Material) from TAXREC 2	+	0		0	
69						
70	Subtotal		2,067,579	0	2,067,579	
71	Other Additions: (Please explain the nature of the additions)					
	Recapture of CCA	+			0	
_	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+			0	
77 78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	2,067,579	0	2,067,579	
83	Pagan Material Additional					
85	Recap Material Additions:		0	0	0	
50			0	U	U	

1	A A	В	C	D Nan urina a	E	F
	PILS TAXES TAX RETURN RECONCILIATION (TAXREC)	LINE	M of F Corporate	Non-wires Eliminations	Wires-only Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	0		Return			
5					Version 2009.1	
86			0	0	0	
87 88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95				_	-	
	BOOK TO TAX DEDUCTIONS:					
	Capital cost allowance	-	1,314,278		1,314,278	
	Cumulative eligible capital deduction Employee benefit plans-paid amounts		1,421		1,421	
_	Items capitalized for regulatory purposes	-			0	
	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-		^	0	
_	Tax reserves - end of year Reserves from financial statements- beginning of year	-	0	0	0	
	Contributions to deferred income plans	-	J		0	
_	Contributions to pension plans	-			0	
	Items on which true-up does not apply "TAXREC 3"		0	0	0	
	Interest capitalized for accounting deducted for tax	-			0	
	Material deduction items from TAXREC 2 Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112	Other deduction items (not waterial) non TAXINEO 2	_	0	0	U	
113	Subtotal	=	1,315,699	0	1,315,699	
	Other deductions (Please explain the nature of the deductions)					
	Charitable donations - tax basis	-			0	
117	Gain on disposal of assets	-			0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121 122	Total Deductions		1 215 600	0	1 215 600	
123	Total Deductions	=	1,315,699	U	1,315,699	
_	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127 128			0	0	0	
129			0	0	0	
	Total Other Deductions exceed materiality level		0	0	0	
	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
	TAXABLE INCOME	=	654,899	0	654,899	
	DEDUCT:					
136		-			0	
137 138	Net capital loss applied positive number	-			0	
	NET TAXABLE INCOME	=	654,899	0	654,899	
140			55.,550			
	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax (Must agree with tax return) Net Ontario Income Tax (Must agree with tax return)	+	144,864	0	144,864	
143	Net Ontario Income Tax (Must agree with tax return) Subtotal	+ =	74,219 219,083	0	74,219 219,083	
	Less: Miscellaneous tax credits (Must agree with tax returns)	-	213,003	<u> </u>	0	
146	Total Income Tax	=	219,083	0	219,083	
147	EDOM ACTUAL TAY DETURNS					
	FROM ACTUAL TAX RETURNS Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%	
	Net Ontario Income Tax Rate (Must agree with tax return)		11.33%		11.33%	
151	Blended Income Tax Rate		33.45%		33.45%	
152						
	Section F: Income and Capital Taxes					
154 155	RECAP					
	Total Income Taxes	+	219,083	0	219,083	
157	Ontario Capital Tax	+	37,645		37,645	
	Federal Large Corporations Tax	+	0		0	
159 160	Total income and capital taxes	=	256,728	0	256,728	
161	und ouptui tanoo	-	200,720		200,120	

	A	В	С	D	Е	F
1	PILs TAXES	LINE	M of F	Non-wires	L Wires-only	- 1
	Tax and Accounting Reserves	LIINL	Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax	Liiiiiiations	Return	
	(for "wires-only" business - see s. 72 OEB Act)		Return		Return	
5		0	Netum		Version 2009.1	
6	<u> </u>	U			V CI SIOII 2009. I	
	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2004					
9	Reporting period. 2004					
	TAX RESERVES					
11	TAX RECERVED					
	Beginning of Year:					
13	2099 01 100	+			0	
	Reserve for doubtful accounts ss. 20(1)(I)				0	
	Reserve for goods & services ss.20(1)(m)				0	
	Reserve for unpaid amounts ss.20(1)(n)				0	
	Debt and share issue expenses ss.20(1)(e)				0	
	Other - Please describe				0	
	Other - Please describe				0	
20					0	
21					0	
	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
	End of Year:					
25					0	
	Reserve for doubtful accounts ss. 20(1)(I)				0	
	Reserve for goods & services ss.20(1)(m)				0	
	Reserve for unpaid amounts ss.20(1)(n)				0	
	Debt and share issue expenses ss.20(1)(e)				0	
	Other - Please describe				0	
	Other - Please describe				0	
32					0	
33					0	
	Insert line above this line			_	_	
	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37	FINANCIAL CTATEMENT DECEDVES					
38	FINANCIAL STATEMENT RESERVES					
	Beginning of Year:					
	beginning or rear:	+			0	
41		+			0	
$\overline{}$	Environmental	+			0	
$\overline{}$	Allowance for doubtful accounts				0	
_	Inventory obsolescence	1			0	
_	Property taxes				0	
	Other - Please describe				0	
_	Other - Please describe	1			0	
49					0	
_	Total (carry forward to the TAXREC worksheet)		0	0	0	
51	, ,					
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
	Allowance for doubtful accounts				0	
	Inventory obsolescence				0	
	Property taxes				0	
	Other - Please describe				0	
-	Other - Please describe				0	
61					0	
	Insert line above this line					
	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	В	С	D	E	F
3	PILs TAXES TAX RETURN RECONCILIATION (TAXREC 2) (for "wires-only" business - see s. 72 OEB Act)	LINE	M of F Corporate Tax	Non-wires Eliminations	Wires-only Tax Return	
	RATEPAYERS ONLY		Return		Keturn	
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
	Utility Name: Niagara-on-the-Lake Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year: Materiality Level:		366 17,324			
12	materiality Level.		17,524			
13						
14	Ocation O. Bosson Western of consensation in contrast to temptal in con-					
	Section C: Reconciliation of accounting income to taxable income Add:					
17		+			0	
	Gain on sale of eligible capital property	+			0	
20	Loss on disposal of assets Charitable donations (Only if it benefits ratepayers)	+			0	
	Taxable capital gains	+			0	
22		+			0	
23 24	Scientific research expenditures deducted per financial statements	+			0	
	per financial statements Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense Financing fees deducted in books	+			0	
	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38 39		+			0	
	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43 44		+			0	
45		+				
46	Total Additions	=	0	0	0	
47 48	Recap of Material Additions:					
49	Troods of Matorial Additions.		0	0	0	
50			0	0	0	
51 52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56 57			0	0	0	
58			0	0	0	
59			0	0	0	
60 61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65 66			0	0	0	
67			0	0	0	
68			0	0	0	
69 70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74 75			0	0	0	
, 5			U	0	U	

1		A	В	С	D	E	F
3 TAX RETURN RECONCILIATION (TAXREC 2)							
1			LINE				
Sharehote-noyl kines should be shown on TAXREC 3 Version 2009.1					Eliminations		
Separate Separate		(for "wires-only" business - see s. 72 OEB Act)				Return	
Vility Name: Niagara-on-he-Lake Hydro Inc.				Return			
Builty Name: Niagara-on-the-Lake Hydro Inc.		Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
Seporting period: 2004 366							
10 Number of days in taxation year:							
11 Material diditions	9	Reporting period: 2004					
12							
13		Materiality Level:		17,324			
0 0 0 0 0 0 0 0 0 0 0 0							
77 Total Material additions 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				0	0	0	
78 Other additions less than materiality level	_	T 4 114 4 2 1 1 122			-		
19 Total Additions					-		
80 Deduct:							
81 Deduct:		TOTAL AUDITIONS		0	0	0	
Section Sect		Doduct:					
S Dividends not taxable under section 83 - 0 0	01					0	
Material content Material M	83	Dividends not taxable under section 83					
S Depreciation in inventory, end of prior year -							
Second the content of the content	_						
87 Bad debts	86	Scientific research expenses claimed in year from Form T661					
88 Book income of joint venture or partnership - 0 9 Equity in income from subsidiary or affiliates - 0 90 Contributions to a qualifying environment trust - 0 91 Other income from financial statements - - 92							
Section Sect							
Outroins Outroins	89	Equity in income from subsidiary or affiliates	-				
10 Other income from financial statements			-				
92			-				
33			-			Ů	
94			-			0	
Section Sect			-			0	
97 - 0 0 0 98 1 1 1 1 1 1 1 1 1	95	Other deductions: (Please explain in detail the nature of the item)	-			0	
98 Total Deductions	96	Non-taxable load transfers	-			0	
99 Total Deductions	97		-			0	
100	98		-			0	
101 Recap of Material Deductions:	99	Total Deductions	=	0	0	0	
102 0 0 0 0 103 0 0 0 0 104 0 0 0 0 105 0 0 0 0 106 0 0 0 0 107 0 0 0 0 108 0 0 0 0 109 0 0 0 0 110 0 0 0 0 111 0 0 0 0 112 0 0 0 0 113 0 0 0 0 114 0 0 0 0 115 0 0 0 0 116 0 0 0 0 117 0 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total	_						
103 0 0 0 104 0 0 0 105 0 0 0 106 0 0 0 107 0 0 0 108 0 0 0 109 0 0 0 110 0 0 0 111 0 0 0 112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0 0		Recap of Material Deductions:					
104 0 0 0 105 0 0 0 106 0 0 0 107 0 0 0 108 0 0 0 109 0 0 0 110 0 0 0 111 0 0 0 112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
105 0 0 0 106 0 0 0 107 0 0 0 108 0 0 0 109 0 0 0 110 0 0 0 111 0 0 0 112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
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107 0 0 0 108 0 0 0 109 0 0 0 110 0 0 0 111 0 0 0 112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0					-		
108 0 0 0 109 0 0 0 110 0 0 0 111 0 0 0 112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
109					-		
110					_		
111 0 0 0 112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0					v		
112 0 0 0 113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
113 0 0 0 114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
114 0 0 0 115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0	113						
115 0 0 0 116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
116 0 0 0 117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0	115						
117 0 0 0 118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0	116						
118 0 0 0 119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0	117						
119 Total Deductions exceed materiality level 0 0 0 120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0							
120 Other deductions less than materiality level 0 0 0 121 Total Deductions 0 0 0		Total Deductions exceed materiality level					
121 Total Deductions 0 0 0						0	
						0	
	122						

	A	В	С	D	Е	F
1	A	ь	C	U		Г
	PILs TAXES					
	TAX RETURN RECONCILIATION (TAXREC 3)					
	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
4		LIINE				
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
	Utility Name: Niagara-on-the-Lake Hydro Inc.		71010111		Version 2009.1	
9	other rame. Hagara on the Lake Hydro inc.				VOI 01011 200011	
10						
	Reporting period: 2004					
	Number of days in taxation year:		366			
13	Number of days in taxation year:		300			
14						
15						
	Section C: Reconciliation of accounting income to taxable income					
	Add:					
18						
19	Recapture of capital cost allowance	+			0	
	CCA adjustments	+			0	
	CEC adjustments	+			0	
	Gain on sale of non-utility eligible capital property	+			0	
	Gain on sale of utility eligible capital property	+			0	
	Loss from joint ventures or partnerships	+			0	
	Deemed dividend income	+			0	
	Loss in equity of subsidiaries and affiliates	+			0	
	Loss on disposal of utility assets	+	11,995		11,995	
	Loss on disposal of non-utility assets	+	11,000		0	
	Depreciation in inventory -end of year	+			0	
	Depreciation and amortization adjustments				0	
	Dividends credited to investment account	+			0	
		+				
	Non-deductible meals	+			0	
	Non-deductible club dues	+			0	
	Non-deductible automobile costs	+			0	
	Donations - amount per books				0	
	Interest and penalties on unpaid taxes		1,894		1,894	
	Management bonuses unpaid after 180 days of year end				0	
38	Ontario capital tax adjustments				0	
39		+			0	
40	Changes in Regulatory Asset balances	+	726,296		726,296	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44		+			0	
45		+			0	
46		+				
47	Total Additions on which true-up does not apply	=	740.185	0	740,185	
48			,		-,	
	Deduct:					
50						
	CCA adjustments	-			0	
	CEC adjustments	-			0	
	Depreciation and amortization adjustments	-			0	
	Gain on disposal of assets per financial statements	-			0	
		-				
	Financing fee amorization - considered to be interest expense for PILs	_			0	
26	Imputed interest income on Regulatory Assets	-			0	
	Donations - amount deductible for tax purposes	-			0	
	Income from joint ventures or partnerships	-			0	
59		-			0	
	Ontario capital tax adjustments to current or prior year	-			0	
61		-			0	
	Changes in Regulatory Asset balances	-			0	
63		-			0	
	Assessment Notice	-			0	
65		-			0	1
66		-			0	
67		-			0	
	Other deductions: (Please explain in detail the nature of the item)	-			0	
69	, , ,	-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	0	0	0	
74	Total Deductions on which true-up does not apply		U	0	U	
75						
ıσ						

	A	В	С	D	E	F
	PILs TAXES			U		
	Corporate Tax Rates				,	Version 2009
	Exemptions, Deductions, or	r Threshold	s			VC131011 2000
	Utility Name: Niagara-on-the					
-	Reporting period: 2004					
ĵ						T-1-1-4
7 8	Rates Used in 2002 RAM PI	l e Annlicat	ions for 2002			Table 1
	Income Range	LS Applicat	0		200,001	
	RAM 2002		to		to	>700000
11		Year	200,000		700,000	
	Income Tax Rate					
	Proxy Tax Year	2002	10.1001			22 / 22 /
5	Federal (Includes surtax) and Ontario blended		13.12% 6.00%		26.12% 6.00%	26.12% 12.50%
6	Blended rate		19.12%		34.12%	38.62%
7	Dienaea rate		13.1270		34.1270	30.0270
_	Capital Tax Rate		0.300%			
9	LCT rate		0.225%			
0	Surtax		1.12%			
	Ontario Capital Tax	MAX	5,000,000			
	Exemption **	\$5MM	0,000,000			
	Federal Large	MAX	10,000,000			
	Corporations Tax Exemption **	\$10MM	10,000,000			
=	**Exemption amounts r	must agre	e with the	Board-annr	oved 2002	RAM PII e
	filing	ast agre		_oa.a appi	2.002	1 123
23	9					
4						
25	Funcated by a sure T. B. S.	. for 000 t	ad Coult I T	Fuence (. f 000 t	Table 2
	Expected Income Tax Rates	s for 2004 a				
	Income Range Expected Rates		0 to	250,001 to	400,001 to	>1,128,000
29	Expedied Nates	Year	250,000	400,000	1,128,000	71,120,000
	Income Tax Rate		,	,	, , , , , , , , , ,	
31	Current year	2004				
	Federal (Includes surtax)	2004	13.12%	22.12%	22.12%	22.12%
33	Ontario	2004	5.50%	5.50%	9.75%	14.00%
4	Blended rate	2004	18.62%	27.62%	31.87%	36.12%
5	Canital Tay Bata	2004	0.300%			
	Capital Tax Rate LCT rate	2004	0.300%			
	Surtax	2004	1.12%			
	Ontario Capital Tax	MAX				
	Exemption *** 2004	\$5MM	5,000,000			
	Federal Large	MAX				
	Corporations Tax	\$50MM	50,000,000			
	Exemption *** 2004		4	data at a D	malla ! t	41
1	***Allocation of exempt		t comply w	ith the Boa	ıra's instruc	ctions
2	regarding regulated ac	tivities.				
3						Table 3
	Input Information from Utili	ty's Actual	1		100.000	
	Income Range		0	250,001	400,001	1 129 000
6 7		Year	to 250,000	to 400,000	to 1,128,000	>1,128,000
	Income Tax Rate	i eai	230,000	700,000	1,120,000	
9	Current year	2004				
	Federal (Includes surtax)		13.12%	22.12%	22.29%	22.29%
	Ontario		5.50%	5.50%	13.77%	13.77%
52	Blended rate		18.62%	27.62%	36.06%	36.06%
53						
	Capital Tax Rate		0.300%			
-	LCT rate		0.200%			
	Surtax Ontario Capital Tax	MA V	1.12%			
	arm i anital 19V	MAX \$5MM	4,900,568			
		i adivityi				
	Exemption *					
	Exemption * Federal Large	MAX	49,000.000			
7	Exemption * Federal Large Corporations Tax		49,000,000			
	Exemption * Federal Large Corporations Tax Exemption *	MAX \$50MM		ocation cald	culations in	your
	Exemption * Federal Large Corporations Tax	MAX \$50MM actual tax	return allo			your

	A	В	С	D	Е	F	G	Н	I	J	K	L	M	N	0
1	PILs TAXES														
2	Analysis of PILs Tax Account	1562:													
3	Utility Name: Niagara-on-the-L	.ake H	ydro Inc.												Version 2009.1
4	Reporting period: 2004				Sign Convention	on: +	for increase; -	for	decrease						0
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		0		0		0		0		0
	Board-approved PILs tax	+/-													
12	proxy from Decisions (1)						0		0		0		0		0
13	PILs proxy from April 1, 2005 - input 9/12 of amount														0
	True-up Variance	+/-													ŭ
14	Adjustment Q4, 2001 (2)	• • •													0
	True-up Variance	+/-	-				<u>-</u>		<u>-</u>						
15	Adjustment (3)												-55,282		-55,282
	Deferral Account Variance		-				<u>-</u>		<u>-</u>						
16	Adjustment Q4, 2001 (4)														0
	Deferral Account Variance	+/-	-				<u>-</u>		<u>-</u>				-		-
17	Adjustment (5)	.,											-64.908		-64,908
	Adjustments to reported	+/-	-				<u>.</u>		-				,		- 1,000
18	prior years' variances (6)														0
	Carrying charges (7)	+/-													0
	PILs billed to (collected	-													_
20	from) customers (8)		0_												0
21															
22	Ending balance: # 1562		0		0		0		0		0		-120,191		-120,191
23]													,	

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28 NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers. 29 For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.

Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:

- (1) (i) From the Board's Decision see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002. 33 34 Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002. 35 If the Board gave more than one decision in the year, calculate a weighted average proxy.
 - (ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.
 - (iii) Column G In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
 - (iv) Column I The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.
 - (v) Column K The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
 - (vi) Column M The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.
 - (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- 45 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. 46 47 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 48 (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- 51 52 53 54 55 56 57 (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
 - (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- (7) Carrying charges are calculated on a simple interest basis.
- 58 (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate 59 components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 60 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. 61 62 The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
 - (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.
 - In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.
 - In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,
 - for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.
 - (9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes will have to include amounts from 1562 and from 1590.

The content of the	A	В	С	D	Е
3 Utility Name: Niagara-on-the-Lake Hydro Inc. Colour Code Reporting period: 2005 Input Cell					Version 2009.1
A Reporting period: 2005 Input Cell	2 REGULATORY INFORMATION (REGINFO)				
S					
Solution Solution				•	
Total days in the calendar year: 365 days		265	dove	Formula in Cell	
B BACKGROUND					
Section Sect		000	uayo		
11 confirm that it is not subject to regular corporate 12 tax (and therefore subject to PILs)? 13 tax (and therefore subject to PILs)? 14 Was the utility recently acquired by Hydro One 15 and now subject to s.89 & 90 PILs? 17 Is the utility a non-profit corporation? 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 10 Shared among the corporate group? 20 Please identify the % used to allocate the OCT and LCT exemptions in OCT 21 Please identify the % used to allocate the OCT and LCT exemptions in OCT 22 Cells C65 & C74 in the TAXCALC spreadsheet. 23 Cells C65 & C74 in the TAXCALC spreadsheet. 24 Accounting Year End 25 Cells C65 & C74 in the TAXCALC Spreadsheet. 26 MARR NO TAX CALCULATIONS 27 SHEET #7 FINAL RUD MODEL DATA 28 (FROM 1999 FINAL RUD MODEL DATA 29 USE BOARD-APPROVED AMOUNTS 30 USE BOARD-APPROVED AMOUNTS 31 Rate Base (wires-only) 32 Common Equity Ratio (CER) 33 Common Equity Ratio (CER) 34 Target Return On Equity 35 Debt rate 36 Debt rate 37 Target Return On Equity 38 Debt rate 39 Debt rate 39 Debt rate 39 Debt rate 30 Target Return On Equity 31 Safe Requirement 41 Market Adjusted Revenue Requirement 42 Target Return from RUD Sheet #7 595,319 41 Market Adjusted in 2001 42 Amount allowed in 2001 43 Amount allowed in 2002 44 Amount allowed in 2005 - Third tranche of MARR re: CDM 45 Other Board-approved changes to MARR or incremental revenue 46 Total Regulatory Income 47 Amount allowed in 2005 - Third tranche of MARR re: CDM 48 Country Sheet Provided Sheet Provide					
12 ax (and therefore subject to PILs)? 14 Was the utility recently acquired by Hydro One 15 and now subject to s.89 & 90 PILs? 17 Is the utility a non-profit corporation? 18 If it is a non-profit corporation? 19 Are the Ontario Capital Tax & Large Corporations Tax Exemptions 20 shared among the corporate group? 21 Please identify the % used to allocate the OCT and LCT exemptions in OCT 22 Cells C65 & C74 in the TAXCALC spreadsheet. 23 Accounting Year End 24 Accounting Year End 26 MARR NO TAX CALCULATIONS 27 HEET #7 FINAL RUD MODEL DATA 28 (FROM 1999 FINANCIAL STATEMENTS) 29 USE BOARD-APPROVED AMOUNTS 30 In Rate Base (wires-only) 31 Rate Base (wires-only) 32 Common Equity Ratio (CER) 33 Common Equity Ratio (CER) 35 Target Return On Equity 41 Market Adjusted Revenue Requirement 42 Amount allowed in 2001 43 Amount allowed in 2001 44 Amount allowed in 2002 49 Amount allowed in 2005 - Third tranche of MARR re: CDM 50 Other Board-approved changes to MARR re: CDM 50 Cother Sequitors 50 Cother Sequitors 50 Cother Board-approved changes to MARR re: CDM 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 50 Cother Board-approved changes to MARR or incremental revenue 51 Cother Board-approved changes to MARR or incremental revenue 51 Cother Board-approved changes to MARR or incremental revenue 53 Cother Board-approved changes to MARR or incremental revenue					
14 Was the utility recently acquired by Hydro One					
15 10 17 18 18 the utility a non-profit corporation? 18 18 the utility a non-profit corporation? 19 19 19 19 19 19 19 1			Y/N		
To the utility a non-profit corporation? 18 (If it is a non-profit corporation, please contact the Rates Manager at the OEB) Are the Ontario Capital Tax & Large Corporations Tax Exemptions Are the Ontario Capital Tax & Large Corporations Tax Exemptions Are the Ontario Capital Tax & Large Corporations Tax Exemptions CCT Y/N	14 Was the utility recently acquired by Hydro One				
17 It the utility a non-profit corporation? 18 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 Shared among the corporate group? LCT Y/N LCT			Y/N		
18			Y/N		
19					
Shared among the corporate group? LCT Y/N		OCT	Y/N		
21 Please identify the % used to allocate the OCT and LCT exemptions in OCT 97% 22 Cells C65 & C74 in the TAXCALC spreadsheet. LCT 97% 97% 22 Accounting Year End Date 12-31-2005		LCT	Y/N		
Accounting Year End	21 Please identify the % used to allocate the OCT and LCT exemptions in			97%	
Accounting Year End	22 Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		97%	
MARR NO TAX CALCULATIONS Regulato			Date	12-31-2005	
27 SHEET #7 FINAL RUD MODEL DATA	20				Dogulatory
28					
29 USE BOARD-APPROVED AMOUNTS 13,859,589 22 23 25 25 25 25 25 25					moonic
31 Rate Base (wires-only) 13,859,589					
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 1,187,074 42 1999 return from RUD Sheet #7 591,755 59 45 Total Incremental revenue 595,319 46 Input: Board-approved dollar amounts phased-in 198,440 19 48 Amount allowed in 2001 198,440 19 49 Amount allowed in 2002 198,440 19 50 unless authorized by the Minister and the Board) 198,440 19 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 198,440 19 52 Other Board-approved changes to MARR or incremental revenue 55 54 Total Regulatory Income 1,18 55 56 Equity 6,929,795				13,859,589	
35 1-CER	33 Common Equity Ratio (CER)			50.00%	
37 Target Return On Equity 9.88% 39 Debt rate 7.25%				50.00%	
Debt rate 7.25%				9.88%	
Market Adjusted Revenue Requirement					
43 1999 return from RUD Sheet #7 591,755 59 45 Total Incremental revenue 595,319 46 Input: Board-approved dollar amounts phased-in 198,440 19 48 Amount allowed in 2002 198,440 19 49 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 198,440 19 50 unless authorized by the Minister and the Board) 198440 19 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 198440 19 52 Other Board-approved changes to MARR or incremental revenue 53 1,18 54 Total Regulatory Income 1,18 55 56 Equity 6,929,795 1,18 59 Total Regulatory Income 1,18 50 Total Regulatory Income 1,18 51 Total Regulatory Income 1,18 52 Total Regulatory Income 1,18 53 Total Regulatory Income 1,18 54 Total Regulatory Income 1,18 55 Total Regulatory Income 1,18 56 Total Regulatory Income 1,18 57 Total Regulatory Income 1,18 58 Total Regulatory Income 1,18 59 Total Regulatory Income 1,18 50 Total Regulatory Income 1,18 51 Total Regulatory Income 1,18 52 Total Regulatory Income 1,18 54 Total Regulatory Income 1,18 57 Total Regulatory Income 1,18 58 Total Regulatory Income 1,18 59 Total Regulatory Income 1,18 50 Total Regulatory Income 1,18 51 Total Regulatory Income 1,18 52 Total Regulatory Income 1,18 54 Total Regulatory Income 1,18 59 Total Regulatory Income 1,18 50 Total Regulatory Income 1,18 50 Total Regulatory Income 1,18 50 Total Regulatory Income 1,18 51 Total Regulatory Income 1,18 52 Total Regulatory Income 1,18 54 Total Regulatory Income 1,18 50 Total Regulatory Income	40				
Total Incremental revenue 595,319	72				
46 Input: Board-approved dollar amounts phased-in 47 Amount allowed in 2001 198,440 19 48 Amount allowed in 2002 198,440 19 49 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 198,440 19 50 unless authorized by the Minister and the Board) 198440 19 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 198440 19 52 Other Board-approved changes to MARR or incremental revenue 19 53 Total Regulatory Income 1,18 55 6,929,795	43 1999 return from RUD Sheet #7			591,755	591,755
47 Amount allowed in 2001 198,440 19 48 Amount allowed in 2002 198,440 19 49 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 198,440 19 50 unless authorized by the Minister and the Board) 198440 19 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 198440 19 52 Other Board-approved changes to MARR or incremental revenue 19 53 Total Regulatory Income 1,18 55 6,929,795	45 Total Incremental revenue			595,319	
48 Amount allowed in 2002 198,440 19 49 Amount allowed in 2003 and 2004 (will be zero due to Bill 210 50 unless authorized by the Minister and the Board) 198,440 19 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 198,440 19 52 Other Board-approved changes to MARR or incremental revenue 19 53 Total Regulatory Income 1,18 55 6,929,795					
Amount allowed in 2003 and 2004 (will be zero due to Bill 210 50 unless authorized by the Minister and the Board) 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 52 Other Board-approved changes to MARR or incremental revenue 53 54 Total Regulatory Income 55 56 Equity 6,929,795					
50 unless authorized by the Minister and the Board) 51 Amount allowed in 2005 - Third tranche of MARR re: CDM 52 Other Board-approved changes to MARR or incremental revenue 53 54 Total Regulatory Income 55 56 Equity 6,929,795				198,440	198,440
51 Amount allowed in 2005 - Third tranche of MARR re: CDM 198440 52 Other Board-approved changes to MARR or incremental revenue 198440 53 Total Regulatory Income 1,18 55 6,929,795	\			_	0
52 Other Board-approved changes to MARR or incremental revenue 53 54 Total Regulatory Income 1,18 55 6,929,795				198440	198,440
54 Total Regulatory Income 1,18 55 Equity 6,929,795	52 Other Board-approved changes to MARR or incremental revenue				0
55 6,929,795 56 Equity 6,929,795					0
56 Equity 6,929,795					1,187,075
				6 020 705	
				0,929,795	
58 Return at target ROE 684,664				684,664	
59	59				
60 Debt 6,929,795				6,929,795	
61 Commod interest amount in 100% of MARR				E00.440	
62 Deemed interest amount in 100% of MARR 502,410				502,410	
64 Phase-in of interest - Year 1 (2001) 334,437				334,437	
65 ((D43+D47)/D41)*D61	65 ((D43+D47)/D41)*D61				
66 Phase-in of interest - Year 2 (2002) 418,424		-		418,424	
67 ((D43+D47+D48)/D41)*D61				110.151	
68 Phase-in of interest - Year 3 (2003) and forward 418,424				418,424	
69 ((D43+D47+D48)/D41)*D61 (due to Bill 210) 70 Phase-in of interest - 2005 502,410				502 410	
71 71 302,410				502,410	
72					

	A	В	С	D	E	F	G	Н
1 F	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
	PILS DEFERRAL AND VARIANCE ACCOUNTS FAX CALCULATIONS (TAXCALC)		Estimate		Filing Variance	Filing Variance	Returns	
	"Wires-only" business - see Tab TAXREC)				K-C	Explanation	-	
5	0						Version 2009.1	
	Jtility Name: Niagara-on-the-Lake Hydro Inc. Reporting period: 2005						-	-
8							Column	
	Days in reporting period:	365 365	days				Brought From	-
11	Total days in the calendar year:	303	days	_			TAXREC	
12			\$		\$		\$	
13) CORPORATE INCOME TAXES							-
15								
	Regulatory Net Income REGINFO E53	1	1,187,075		164,993		1,352,068	
17 18 F	BOOK TO TAX ADJUSTMENTS						-	-
19	Additions:							
	Depreciation & Amortization Employee Benefit Plans - Accrued, Not Paid	3	689,379		443,185 15,780		1,132,564 15,780	
22 7	Tax reserves - beginning of year	4			0		0	
23 F	Reserves from financial statements - end of year	4			0		0	
	Regulatory Adjustments - increase in income Dther Additions (See Tab entitled "TAXREC")	5		-	0		0	_
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC" "Material Items from "TAXREC 2" worksheet	6			0		0	
28	Other Additions (not "Material") "TAXREC 2"	6		_	0		0	
	tems on which true-up does not apply "TAXREC 3"				2,777		2,777	
31								
	Deductions: Input positive numbers Capital Cost Allowance and CEC	7	784,044	\vdash	497,187		1,281,231	-
34 E	Employee Benefit Plans - Paid Amounts	8	704,044		0		0	
35 It	tems Capitalized for Regulatory Purposes	9			0		0	
36 F	Regulatory Adjustments - deduction for tax purposes in Item 5 nterest Expense Deemed/ Incurred	10 11	502,410	-	0 196,984		699,394	
38 1	Tax reserves - end of year	4	202,110		0		0	
	Reserves from financial statements - beginning of year	3		\vdash	0		0	
41 (Contributions to deferred income plans Contributions to pension plans	3		\vdash	0	*	0	
42 li	nterest capitalized for accounting but deducted for tax	11			0		0	
	Other Deductions (See Tab entitled "TAXREC") "Material" Items from "TAXREC" worksheet	12		\vdash	0		0	\vdash
45	CDM 2005 incremental OM&A expenses per 2005 PILs model NOTL	12	\$13,333		-13,333		0	
46	Other Deductions (not "Material") "TAXREC"	12			0		0	
47 48	Material Items from "TAXREC 2" worksheet Other Deductions (not "Material") "TAXREC 2"	12			0		0	-
	tems on which true-up does not apply "TAXREC 3"				17,989		17,989	
50								
51 T	FAXABLE INCOME/ (LOSS)		576,667		(72,092)		504,575	
53 E	BLENDED INCOME TAX RATE							
	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	27.50%		-1.4400%		26.06%	
55 56 F	REGULATORY INCOME TAX		158,583		23,670		182,253	
57							-	
58	Miccellanacus Tay Cradita	14			0		0	
59 M	Miscellaneous Tax Credits	14			U		0	
61	Total Regulatory Income Tax		158,583		23,670		182,253	
62								
63 64 I	I) CAPITAL TAXES							-
65								
66 6	Ontario	15	12.050.500		6 261 216		20 120 005	_
68 L	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	13,859,589 7,500,000		6,261,316 -235,168		20,120,905 7,264,832	
69 1	Faxable Capital		6,359,589		6,026,148		12,856,073	
70 71 F	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	_
72								
73 74	Ontario Capital Tax		19,079		19,489		38,568	
	Federal Large Corporations Tax						-	
76 E	Base	18	13,859,589		6,989,947		20,849,536	
77 L	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3 Faxable Capital	19	50,000,000		-3,210,000 3,779,947		46,790,000	
79								
80 F	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%	Щ	0.0250%		0.2000%	\vdash
81 82 C	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0	H	0		0	\vdash
83 L	Less: Federal Surtax 1.12% x Taxable Income	21	0		0		0	
84 85 N	Net LCT	-	0		0		0	├-
86				Н	U		0	
87 <u>I</u> 88	II) INCLUSION IN RATES			\vdash				\vdash
	ncome Tax Rate used for gross- up (exclude surtax)		27.50%				+	\vdash
90								
	ncome Tax (proxy tax is grossed-up) _CT (proxy tax is grossed-up)	22 23	218,736	-		Actual 2005 Actual 2005	182,253	
93 (Ontario Capital Tax (no gross-up since it is deductible)	24	19,079			Actual 2005	38,568	
94 95				\perp				\vdash
	Total PILs for Rate Adjustment MUST AGREE WITH 2005	25	237,814	<u> </u>		Actual 2005	220,821	<u> </u>
97	RAM DECISION							
98				H			+	\vdash
100 /	IV) FUTURE TRUE-UPS		<u> </u>	\vdash			+	\vdash
101 l	V a) Calculation of the True-up Variance				DR/(CR)			
	In Additions: Employee Benefit Plans - Accrued, Not Paid	3		H	15,780			\vdash
104 T	Tax reserves deducted in prior year	4			0		+	\vdash
105 F	Reserves from financial statements-end of year	4			0		1	
	Regulatory Adjustments Dther additions "Material" Items TAXREC	5			0		+	\vdash
	Other additions "Material" Items TAXREC 2	6			0			
								\vdash
109 I	In Deductions - positive numbers	8			0			-
109 <i>I</i> 110 E	Employee Benefit Plans - Paid Amounts							
109 / 110 E 111 H	Employee Benefit Plans - Paid Amounts tems Capitalized for Regulatory Purposes Regulatory Adjustments	9			0			
109 <i>I</i> 110 E 111 H 112 F 113 I	Employee Benefit Plans - Paid Amounts tems Capitalized for Regulatory Purposes Regulatory Adjustments nterest Adjustment for tax purposes (See Below - cell I206)	9 10 11		_	196,982			
109 / 110 E 111 H 112 F 113 H	Employee Benefit Plans - Paid Amounts tems Capitalized for Regulatory Purposes Regulatory Adjustments nterest Adjustment for tax purposes (See Below - cell 1206) Tax reserves claimed in current year	9						
109 / 110 E 111 II 112 F 113 II 114 T 115 F	Employee Benefit Plans - Paid Amounts terms Capitalized for Regulatory Purposes Regulatory Adjustments Regulatory Adjustment for tax purposes (See Below - cell 1206) Tax reserves claimed in current year Reserves from F/S beginning of year Contributions to deferred income plans	9 10 11 4 4 3			196,982 0 0			
109 // 110 E 111 II 112 F 113 II 114 T 115 F 116 C	Employee Benefit Plans - Paid Amounts terms Capitalized for Regulatory Purposes Regulatory Adjustments nterest Adjustment for tax purposes (See Below - cell 1206) Tax reserves claimed in current year Reserves from F/S beginning of year Contributions to deferred income plans Contributions to pension plans	9 10 11 4 4 3 3			196,982 0 0 0			
109 / 110 E 111 H 112 F 113 H 114 T 115 F 116 C 117 C	Employee Benefit Plans - Paid Amounts terms Capitalized for Regulatory Purposes Regulatory Adjustments Regulatory Adjustment for tax purposes (See Below - cell 1206) Tax reserves claimed in current year Reserves from F/S beginning of year Contributions to deferred income plans	9 10 11 4 4 3			196,982 0 0			
109 // 110 E 111 H 112 F 113 H 114 T 115 F 116 C 117 C 118 C	Employee Benefit Plans - Paid Amounts terms Capitalized for Regulatory Purposes Regulatory Adjustments Regulatory Adjustments Tax reserves claimed in current year Reserves Irom F/S beginning of year Contributions to deferred income plans Contributions to pension plans Tother deductions "Material" Items TAXREC	9 10 11 4 4 3 3 12			196,982 0 0 0 0			

_	A A	В	С	D	E	F	G	Н
	PILS TAXES PILS DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Initial Estimate		M of F Filing	M of F Filing	Tax Returns	
3	TAX CALCULATIONS (TAXCALC) ("Wires-only" business - see Tab TAXREC)				Variance K-C	Variance Explanation		
5	0				N-O	Explanation	Version 2009.1	
7	Utility Name: Niagara-on-the-Lake Hydro Inc. Reporting period: 2005			-				
9	Days in reporting period:	365	days				Column Brought	
10	Total days in the calendar year:	365	days				From	
11			\$		\$		TAXREC \$	
13 123	Income Tay Date (evaluating quetay) from 2005 Hillity's tay yet up				26.06%			
124	Income Tax Rate (excluding surtax) from 2005 Utility's tax return			^_				
125 126	Income Tax Effect on True-up adjustments			=	-47,221			
127 128	Less: Miscellaneous Tax Credits	14			0			
129	Total Income Tax on True-ups				-47,221			
130 131	Income Tax Rate used for gross-up (exclude surtax)				24.94%			
132 133	TRUE-UP VARIANCE ADJUSTMENT							
134					(62,911)			
135	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
136								
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	576,667			
138 139	REVISED CORPORATE INCOME TAX RATE			х	26.06%			
140								
142	REVISED REGULATORY INCOME TAX			=	150,279			
143 144	Less: Revised Miscellaneous Tax Credits			-	0			
145	Total Revised Regulatory Income Tax			=	150,279			
146	Less: Regulatory Income Tax reported in the Initial Estimate Column							
147 148	(Cell C58)			-	158,583			
149	Regulatory Income Tax Variance			=	(8,304)			
150 151	Ontario Capital Tax			-				
152 153	Base Less: Exemption from tab Tax Rates, Table 2, cell C39			=	13,859,589 7,500,000			
154	Revised deemed taxable capital			=	6,359,589			
	Rate - Tab Tax Rates cell C54			х	0.3000%			
157	Revised Ontario Capital Tax			=	19,079			
	Less: Ontario Capital Tax reported in the initial estimate column (Cell			T-				
	C70) Regulatory Ontario Capital Tax Variance			=	19,079 0			
161 162	Federal LCT							
163	Base				13,859,589			
165	Less: Exemption from tab Tax Rates, Table 2, cell C40 Revised Federal LCT			=	50,000,000 (36,140,411)			
166 167	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
168								
	Gross Amount Less: Federal surtax			-	0			
171 172	Revised Net LCT			=	0			
173 174	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
175				=				
176 177	Actual Income Tax Rate used for gross-up (exclude surtax)				24.94%			
178	Income Tax (grossed-up) LCT (grossed-up)			+	(11,063)			
180	Ontario Capital Tax			+	0			
181 182	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(11,063)			\vdash
183 184	TRUE-UP VARIANCE (from cell l132)			+	(62,911)			
185								
186 187	Total Deferral Account Entry (Positive Entry = Debit) (Deferral Account Variance + True-up Variance)			=	(73,974)			\vdash
188 189								
190								
	V) INTEREST PORTION OF TRUE-UP Variance Caused By Phase-in of Deemed Debt			\vdash				$\vdash \vdash$
193 194	Total deemed interest (REGINFO)				502,410			
195	Interest phased-in (Cell C36)				418,424			
196 197	Variance due to phase-in of debt component of MARR in rates			-	83,986			\vdash
198 199	according to the Board's decision							
200	Other Interest Variances (i.e. Borrowing Levels							
201 202	Above Deemed Debt per Rate Handbook) Interest deducted on MoF filing (Cell K36+K41)				699,392			\vdash
203 204	Total deemed interest				502,410			
205	Variance caused by excess debt				196,982			
206 207	Interest Adjustment for Tax Purposes (carry forward to Cell I112)			\vdash	196,982			$\vdash \vdash$
208	Total Interest Variance				-112,996			
210	rotal interest validite				-112,390			
211 212				\vdash				

							,
4	A TAYES	В	C M of F	D Non wires	E Wires entr	F	G
	PILS TAXES TAX RETURN RECONCILIATION (TAXREC)	LINE	M of F Corporate	Non-wires Eliminations	Wires-only Tax		
3	(for "wires-only" business - see s. 72 OEB Act)		Tax	Liiiiiiadons	Return		
4	0		Return				
5					Version 2009.1		
6	Section A: Identification:						
/ Ω	Utility Name: Niagara-on-the-Lake Hydro Inc. Reporting period: 2005						
	Taxation Year's start date:						
	Taxation Year's end date:						
11	Number of days in taxation year:		365	days			
12							
	Please enter the Materiality Level : (0.25% x Rate Base x CER)	Y/N	17,324	< - enter materiality	/ level		
14 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					
18	(Please complete the questionnaire in the Background questionnaire	works	heet.)				
19 20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K						
21	Note: Carry forward wires-only Data to Tab TAXCALC Column K						
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	t expen	se and provision for	income tax			
26 27	Please enter the non-wire operation's amount as a positive number, the pr	rogram	automatically treats	all amounts			
28	in the "non-wires elimination column" as negative values in TAXREC and			an amounts	*		
29							
	Income:						
31	Energy Sales	+	13,518,266		13,518,266		
32 33	Distribution Revenue Other Income	+	3,622,925 90,998		3,622,925 90,998		
34	Miscellaneous income	+	90,990		90,998		
35		+			0		
36	Revenue should be entered above this line						
37							
38	Costs and Expenses: Cost of energy purchased	-	13,363,281		13,363,281		
39 40	Administration	-	583,612		583,612		
41	Customer billing and collecting	-	297,737		297,737		
42	Operations and maintenance	-	502,927		502,927		
43	Amortization	-	1,132,564		1,132,564		
44	Ontario Capital Tax	-			0		
45 46	Capitalized Recovery of Regulatory Assets	-			0		
47	1000 Toly of Hogulatory Houseld	-			0		
48		-			0		
49							
50	Net Income Before Interest & Income Taxes EBIT	=	1,352,068	0	,,		
51 52	Less: Interest expense for accounting purposes Provision for payments in lieu of income taxes	-	699,394 220,588		699,394 220,588		
	Net Income (loss)	-	432,086	0			
	(The Net Income (loss) on the MoF column should equal to the net income (loss)		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,,,,,,		
54	per financial statements on Schedule 1 of the tax return.)						
55 56	Section C: Reconciliation of accounting income to taxable income						
	From T2 Schedule 1						
	BOOK TO TAX ADDITIONS:			<u> </u>	*		
	Provision for income tax	+	220,588	0	220,588		
	Federal large corporation tax	+	4 400 504		1 100 501		
	Depreciation & Amortization Employee benefit plans-accrued, not paid	+	1,132,564 15,780	0	, - ,		
	Tax reserves - beginning of year	+	15,780				
64	Reserves from financial statements- end of year	+	0	0			
65	Regulatory adjustments on which true-upmay apply (see A66)	+			0		
	Items on which true-up does not apply "TAXREC 3"		2,777	0			
	Material addition items from TAXREC 2	+	0	0			
68	Other addition items (not Material) from TAXREC 2	+	0	0	0		
70	Subtotal		1,371,709	0	1,371,709		
71			.,5,.00		.,,		
72	Other Additions: (Please explain the nature of the additions)						
	Recapture of CCA	+			0		
	Non-deductible meals and entertainment expense Capital items expensed	+			0		
76	Оарнан кенто ехреноси	+	0		0		
77		+			0		
78		+			0		
79	Total Other Addition-	+			0		
80 81	Total Other Additions	=	0	0	0		
82	Total Additions	=	1,371,709	0	1,371,709		
83			, ,		, , . 00		
84	Recap Material Additions:						

	A	В	С	D	E	F G
1	PILS TAXES	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	
5		0	Return		Vi 2000 4	
85			0	0	Version 2009.1	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90 91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
	Other additions (less than materiality level)		0	0	0	
	Total Other Additions		0	0	0	
95						
	BOOK TO TAX DEDUCTIONS: Capital cost allowance	_	1 270 010		1,279,910	
	Cumulative eligible capital deduction		1,279,910 1,321		1,279,910	
	Employee benefit plans-paid amounts	-	1,021		0	
100	Items capitalized for regulatory purposes	-			0	
	Regulatory adjustments :	-			0	
102		-			0	
	Tax reserves - end of year	-	0	0	0	
	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		17,989	0	17,989	
	Interest capitalized for accounting deducted for tax Material deduction items from TAXREC 2	-	0	0	0	
	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112		1	J.	0		
113	Subtotal	=	1,299,220	0	1,299,220	
	Other deductions (Please explain the nature of the deductions)					
	Charitable donations - tax basis	-			0	
117	Gain on disposal of assets				0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121 122	Total Dadications		4 000 000	0	4 200 220	
123	Total Deductions	=	1,299,220	0	1,299,220	
	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127 128			0	0	0	
129			0	0	0	
	Total Other Deductions exceed materiality level		0	0	0	
	Other Deductions less than materiality level		0	0	0	
	Total Other Deductions		0	0	0	
133	TAXABLE INCOME	=	504,575	0	504,575	
	DEDUCT:	_	304,373	0	304,373	
136	Non-capital loss applied positive number	-			0	
	Net capital loss applied positive number	-			0	
138	NET TAXABLE INCOME		504 F75	0	504 575	
140		=	504,575	0	504,575	
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	111,612		111,612	
	Net Ontario Income Tax (Must agree with tax return)	+	70,641		70,641	
	Subtotal Less: Miscellaneous tax credits (Must agree with tax returns)	=	182,253	0	182,253 0	
_	Total Income Tax	=	182,253	0	182,253	
147					. 32,200	
148	FROM ACTUAL TAX RETURNS					
	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%	Divide federal income tax by the taxable
150 151	Net Ontario Income Tax Rate (Must agree with tax return) Blended Income Tax Rate	-	14.00% 36.12%		14.00% 36.12%	Divide Ontario income tax by the taxable
152		1	30.12%		30.12%	
153	Section F: Income and Capital Taxes					
154						
	RECAP		400.05		400.05	
	Total Income Taxes Ontario Capital Tax	+	182,253 38,568	0	182,253 38,568	
	Federal Large Corporations Tax	+	30,300		30,366	
159						
160	Total income and capital taxes	=	220,821	0	220,821	
161						

A B C D E
Tax and Accounting Reserves
3 For MoF Column of TAXCALC
4
6 Tutility Name: Niagara-on-the-Lake Hydro Inc. Reporting period: 2005
7 Utility Name: Niagara-on-the-Lake Hydro Inc. 8 Reporting period: 2005
8 Reporting period: 2005 9 10 TAX RESERVES 11 Beginning of Year: 13 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
9 10 TAX RESERVES 11 12 Beginning of Year: 13
TAX RESERVES
11 12 Beginning of Year:
12 Beginning of Year: 13 0 14 Reserve for doubtful accounts ss. 20(1)(I) 0 15 Reserve for goods & services ss.20(1)(m) 0 16 Reserve for unpaid amounts ss.20(1)(n) 0 17 Debt and share issue expenses ss.20(1)(e) 0 18 Other - Please describe 0 19 Other - Please describe 0 20 0 0 21 0 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 0 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(I) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
13 0 14 Reserve for doubtful accounts ss. 20(1)(l) 0 15 Reserve for goods & services ss.20(1)(m) 0 16 Reserve for unpaid amounts ss.20(1)(n) 0 17 Debt and share issue expenses ss.20(1)(e) 0 18 Other - Please describe 0 19 Other - Please describe 0 20 0 0 21 0 0 22 Total (carry forward to the TAXREC worksheet) 0 0 0 23 0 0 0 0 24 End of Year: 0 0 0 25 0 0 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
14 Reserve for doubtful accounts ss. 20(1)(I) 0 15 Reserve for goods & services ss.20(1)(m) 0 16 Reserve for unpaid amounts ss.20(1)(n) 0 17 Debt and share issue expenses ss.20(1)(e) 0 18 Other - Please describe 0 19 Other - Please describe 0 20 0 21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(I) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0
15 Reserve for goods & services ss.20(1)(m) 0 16 Reserve for unpaid amounts ss.20(1)(n) 0 17 Debt and share issue expenses ss.20(1)(e) 0 18 Other - Please describe 0 19 Other - Please describe 0 20 0 0 21 0 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
16 Reserve for unpaid amounts ss.20(1)(n) 0 17 Debt and share issue expenses ss.20(1)(e) 0 18 Other - Please describe 0 19 Other - Please describe 0 20 0 21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
17 Debt and share issue expenses ss.20(1)(e) 0 18 Other - Please describe 0 19 Other - Please describe 0 20 0 21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
18 Other - Please describe 0 19 Other - Please describe 0 20 0 21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
19 Other - Please describe 0 20 0 21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 24 End of Year: 0 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0
20 0 21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 23 0 24 End of Year: 0 25 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0
21 0 22 Total (carry forward to the TAXREC worksheet) 0 0 0 23 0 0 0 24 End of Year: 0 0 25 0 0 0 26 Reserve for doubtful accounts ss. 20(1)(l) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
22 Total (carry forward to the TAXREC worksheet) 0 0 0 23 24 End of Year: 0 0 25 0 0 0 26 Reserve for doubtful accounts ss. 20(1)(I) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
23 24 End of Year: 25 26 Reserve for doubtful accounts ss. 20(1)(I) 0 27 Reserve for goods & services ss.20(1)(m) 0 28 Reserve for unpaid amounts ss.20(1)(n) 0
25 0 26 Reserve for doubtful accounts ss. 20(1)(I) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 0 28 Reserve for unpaid amounts ss.20(1)(n) 0 0
26 Reserve for doubtful accounts ss. 20(1)(I) 0 0 27 Reserve for goods & services ss.20(1)(m) 0 28 Reserve for unpaid amounts ss.20(1)(n) 0
27 Reserve for goods & services ss.20(1)(m) 0 28 Reserve for unpaid amounts ss.20(1)(n) 0
28 Reserve for unpaid amounts ss.20(1)(n)
29 Debt and share issue expenses as 20(1)(e)
30 Other - Please describe
31 Other - Please describe
32 0
33 0
34 Insert line above this line 35 Total (carry forward to the TAXREC worksheet) 0 0 0
35 Total (carry forward to the TAXREC worksheet) 0 0 0
37
38 FINANCIAL STATEMENT RESERVES
39
40 Beginning of Year:
41 0
42 0
43 Environmental 0
44 Allowance for doubtful accounts 0 0
45 Inventory obsolescence 0
46 Property taxes 0
47 Other - Please describe
48 Other - Please describe
49 0
50 Total (carry forward to the TAXREC worksheet) 0 0 0
51
52 End of Year: 0
54
55 Environmental 0
56 Allowance for doubtful accounts 0
57 Inventory obsolescence
58 Property taxes
59 Other - Please describe
60 Other - Please describe
61 0
62 Insert line above this line
63 Total (carry forward to the TAXREC worksheet) 0 0 0
64

	A	В	С	D	Е	F
1	DII - TAVEC	LINE	MafF	Non wines	Minos only	
	PILS TAXES TAX RETURN RECONCILIATION (TAXREC 2)	LINE	M of F Corporate	Non-wires Eliminations	Wires-only Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
	RATEPAYERS ONLY Shareholder-only Items should be shown on TAXREC 3		Return		Varaian 2000 4	
7	Snareholder-only items should be snown on TAXREC 3				Version 2009.1	
8	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2005		205			
10	Number of days in taxation year: Materiality Level:		365 17,324			
12	materially 2010.		,62			
13						
14 15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
	Gain on sale of eligible capital property Loss on disposal of assets	+			0	
	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22	Colombifica was a country and discuss and	+			0	
23	Scientific research expenditures deducted per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
	Capital items expensed Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
	Interest paid on income debentures	+			0	
	Recapture of SR&ED expenditures Share issue expense	+			0	
34	Write down of capital property	+			0	
	Amounts received in respect of qualifying environment trust	+			0	
36 37	Provision for bad debts	+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
42		+			0	
43		+			0	
44 45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:		0	0	0	
49 50			0	0	0	
51			0	0	0	
52			0	0	0	
53 54			0	0	0	
55			0	0	0	
56			0	0	0	
57 58			0	0	0	
59			0	0	0	
60			0	0	0	
61 62			0	0	0	
63			0	0	0	
64			0	0	0	
65 66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70 71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	

	A	В	С	D	Е	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
	RATEPAYERS ONLY		Return			
	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7	•					
8	Utility Name: Niagara-on-the-Lake Hydro Inc.					
	Reporting period: 2005					
10	Number of days in taxation year:		365			
11	Materiality Level:		17,324			
12	•					
13						
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	
80						
	Deduct:					-
82	Gain on disposal of assets per f/s	-			0	
	Dividends not taxable under section 83	-			0	
	Terminal loss from Schedule 8	-			0	
	Depreciation in inventory, end of prior year	-			0	
	Scientific research expenses claimed in year from Form T661	-			0	
	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
	Equity in income from subsidiary or affiliates	-			0	
	Contributions to a qualifying environment trust	-			0	
	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
	Non-taxable load transfers	-			0	
97		-			0	
98	T : 15 1 2	-			0	
	Total Deductions	=	0	0	0	
100	Description of Material Deductions					
	Recap of Material Deductions:		0	0	0	
102			0	0	0	
103			0	0	0	
104			0	0	0	
105 106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
	Total Deductions exceed materiality level		0	0	0	
	Other deductions less than materiality level		0	0	0	
	Total Deductions		0	0	0	
122						
			I			

1	A	В	С	D	Е	F
	PILs TAXES					
	TAX RETURN RECONCILIATION (TAXREC 3)		M - (E	Non-color	MC	
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
9	Utility Name: Niagara-on-the-Lake Hydro Inc.				Version 2009.1	
10						
	Reporting period: 2005					
	Number of days in taxation year:		365			
13						
14						
15	Continu C. Decemblistics of accounting income to touchle income					
	Section C: Reconciliation of accounting income to taxable income Add:					
18	Aud.					
	Recapture of capital cost allowance	+			0	
	CCA adjustments	+			0	
	CEC adjustments	+			0	
	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
	Loss from joint ventures or partnerships Deemed dividend income	+			0	
	Loss in equity of subsidiaries and affiliates	+			0	
	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
	Depreciation and amortization adjustments	+			0	
	Dividends credited to investment account	+			0	
	Non-deductible meals	+			0	
	Non-deductible club dues Non-deductible automobile costs	+			0	
	Donations - amount per books	+			0	
	Interest and penalties on unpaid taxes		2,777		2,777	
	Management bonuses unpaid after 180 days of year end		_,		0	
	Ontario capital tax adjustments				0	
39		+			0	
40	Changes in Regulatory Asset balances					
		+			0	
41	Imputed interest expense on Regulatory Assets	+			0	
41 42	Imputed interest expense on Regulatory Assets	+			0	
41 42 43		+			0	
41 42	Imputed interest expense on Regulatory Assets	+ + +			0 0 0	
41 42 43 44 45 46	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item)	+ + +			0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47	Imputed interest expense on Regulatory Assets	+ + + + + +	2,777	0	0 0 0	
41 42 43 44 45 46 47 48	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply	+ + + + + + +	2,777	0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item)	+ + + + + + +	2,777	0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct:	+ + + + + + +	2,777	0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49 50	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply	+ + + + + + + = =	2,777	0	0 0 0 0 0 2,777	
41 42 43 44 45 46 47 48 49 50 51 52 53	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments	+ + + + + + + = -		0	0 0 0 0 0 0 2,777	
41 42 43 44 45 46 47 48 49 50 51 52 53 54	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements	+ + + + + + + +	2,777	0	0 0 0 0 0 2,777 0 0 0 13,678	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs	+ + + + + + +		0	0 0 0 0 0 2,777 0 0 0 13,678	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets	+ + + + + + + +		0	0 0 0 0 0 2,777 0 0 0 13,678 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes	+ + + + + + + + + + + +		0	0 0 0 0 0 0 2,777 2,777 0 0 0 13,678 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets	+ + + + + + + + + + + +		0	0 0 0 0 0 0 2,777 0 0 0 13,678 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships	+ + + + + + + + + + + +		0	0 0 0 0 0 0 2,777 2,777 0 0 0 13,678 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes	+ + + + + + + + + +		0	0 0 0 0 0 0 2,777 0 0 0 13,678 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships	+ + + + + + + + + +		0	0 0 0 0 0 0 2,777 0 0 0 0 13,678 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year	+ + + + + + + + + +	13,678	0	0 0 0 0 0 0 0 2,777 0 0 0 13,678 0 0 0 0 0 0 4,311	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year	+ + + + + + + + + +	13,678	0	0 0 0 0 0 0 2,777 2,777 0 0 0 13,678 0 0 0 0 0 0 4,311 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year	+ + + + + + + + + + + +	13,678	0	0 0 0 0 0 0 0 2,777 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year	+ + + + + + + + + + + + +	13,678	0	0 0 0 0 0 0 0 0 2,777 0 0 0 13,678 0 0 0 0 0 0 4,311 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year Changes in Regulatory Asset balances	+ + + + + + + + + + + +	13,678	0	0 0 0 0 0 0 0 0 2,777 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year	+ + + + + + + + + +	13,678		0 0 0 0 0 0 0 0 2,777 0 0 0 13,678 0 0 0 0 0 0 4,311 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year Changes in Regulatory Asset balances	+ + + + + + + + + =	13,678	0	0 0 0 0 0 0 0 0 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 61 62 63 64 65 66 67 70 71	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year Changes in Regulatory Asset balances	+ + + + + + + + + + + +	13,678		0 0 0 0 0 0 0 0 0 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 60 61 62 63 64 65 66 67 68 69 70 71 72	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year Changes in Regulatory Asset balances Other deductions: (Please explain in detail the nature of the item)	+ + + + + + + + + + + +	4,311		0 0 0 0 0 0 0 0 2,777 0 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 50 51 52 53 54 55 56 61 62 63 64 65 66 67 68 69 70 71 72 73	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year Changes in Regulatory Asset balances	+ + + + + + + + + + + + +	13,678	0	0 0 0 0 0 0 0 0 0 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 60 61 62 63 64 65 66 67 68 69 70 71 72	Imputed interest expense on Regulatory Assets Other Additions: (please explain in detail the nature of the item) Total Additions on which true-up does not apply Deduct: CCA adjustments CEC adjustments Depreciation and amortization adjustments Gain on disposal of assets per financial statements Financing fee amorization - considered to be interest expense for PILs Imputed interest income on Regulatory Assets Donations - amount deductible for tax purposes Income from joint ventures or partnerships Ontario capital tax adjustments to current or prior year Changes in Regulatory Asset balances Other deductions: (Please explain in detail the nature of the item)	+ + + + + + + + + +	4,311		0 0 0 0 0 0 0 0 2,777 0 0 0 0 13,678 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	

A	В	С	D	Е	F
TAXES		<u> </u>			
rporate Tax Rates				V	ersion 2009
emptions, Deductions, o					
Jtility Name: Niagara-on-th Reporting period: 2005	ie-∟ake ⊓y0	ii O IIIC.			
					Table 1
Rates Used in 2005 RAM P	ILs Applicat	1		400.004	
ncome Range RAM 2005		0 to		400,001 to	>1,128,000
	Year	400,000		1,128,000	,,,=0,000
Income Tax Rate					
Proxy Tax Year	2005	12 1221			
Federal (Includes surtax) and Ontario blended		13.12% 5.50%		17.75% 9.75%	22.12% 14.00%
Blended rate		18.62%		27.50%	36.12%
		1010270			
Capital Tax Rate		0.300%			
LCT rate		0.175%			
Surtax	MAY	1.12%			
Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000			
Federal Large					
Corporations Tax	MAX \$50MM	50,000,000			
Exemption **	·		Dec. 1	100	NE D 111
*Exemption amounts	must agre	e with the	Board-app	roved 200	J5 RAM
ILs filing					
Europeted Income Tou Date		and Constitution	F		Table 2
Expected Income Tax Rate Income Range	s for 2005 a	nd Capital Ta	250,001	400,001	
Expected Rates		to	250,001 to	400,001 to	>1,128,000
	Year	250,000	400,000	1,128,000	,,
Income Tax Rate					
Current year	2005	10.100/	00.400/	00.400/	00.400/
Federal (Includes surtax) Ontario	2005 2005	13.12% 5.50%	22.12% 5.50%	22.12% 9.75%	22.12% 14.00%
Blended rate	2005	18.62%	27.62%	31.87%	36.12%
Capital Tax Rate	2005	0.300%			
LCT rate	2005	0.200%			
Surtax Ontario Capital Tax	2005 MAX	1.12%			
Exemption *** 2005	\$7.5MM	7,500,000			
Federal Large					
Corporations Tax	MAX \$50MM	50,000,000			
Exemption *** 2005			de de Be		
***Allocation of exemp		st comply v	vitn the Bo	ard's insti	ructions
egarding regulated ac	ctivities.				
Input Information from Util	itule Astucl	2005 Toy Dot	urne		Table 3
Input Information from Utili Income Range	ny s Actual	2005 Tax Ret 0	urns 250,001	400,001	
moome nange		to	250,001 to	400,001 to	>1,128,000
	Year	250,000	400,000	1,128,000	
Income Tax Rate					
Current year	2005	10.400/	22.400/	20.400/	22.420/
Federal (Includes surtax) Ontario	1	13.12% 5.50%	22.12% 5.50%	22.12% 14.00%	22.12% 14.00%
Blended rate	 	18.62%	27.62%	36.12%	36.12%
Diended rate	1	. 5.52 /6	20270	JJ. 1270	33.1270
Capital Tax Rate		0.300%			
LCT rate		0.200%			
Surtax		1.12%			
Ontario Capital Tax	MAX ¢7 5MM	7,264,832			
	\$7.5MM				
Exemption *					
Exemption * Federal Large	MAX	46,790,000			
Exemption * Federal Large Corporations Tax Exemption *	\$50MM				
Exemption * Federal Large Corporations Tax	\$50MM		ocation ca	culations	in your
emption * deral Large rporations Tax emption *	\$50MM actual ta	x return allo			in your

	I			_	-	-			1 1	_	1/				0
_	A	В	С	D	E	F	G	Н	I	J	K	L	M	Ν	0
_	PILs TAXES														
	Analysis of PILs Tax Account 1562:														V 0000 4
3	Utility Name: Niagara-on-the-Lake Hydro Inc.				0. 0										Version 2009.1
4	Reporting period: 2005				Sign Convention	on: +	for increase; -	tor	decrease						0
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=													0
12	Board-approved PILs tax proxy from Decisions (1)	+/-													0
13	PILs proxy from April 1, 2005 - input 9/12 of amount														0
14	True-up Variance Adjustment Q4, 2001 (2)	+/-	_												0
15	True-up Variance Adjustment (3)	+/-	_										-62,911		-62,911
16	Deferral Account Variance Adjustment Q4, 2001 (4)		-												0
17	Deferral Account Variance Adjustment (5)	+/-											-11,063		-11,063
18	Adjustments to reported prior years' variances (6)	+/-													0
19	Carrying charges (7)	+/-													0
20	PILs billed to (collected from) customers (8)	-	0												0
21															
22	Ending balance: # 1562		0		0		0		0		0		-73,974		-73,974
23	'			ı										i	

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NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.

For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003. 30

Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:

Method 1 (I.e. Alternative 1 per APH FAQ April 2003 Q.1)

- (1) (i) From the Board's Decision see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002. Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.
 - If the Board gave more than one decision in the year, calculate a weighted average proxy.
- 35 36 (ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.
- 37 (iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
- 38 (iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained. 39
 - (v) Column K The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
- 40 41 (vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.
- 42 43 44 (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- 45 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. 46 47 48 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
 - (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
 - (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 52 53 54 55 (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- 56 57 (7) Carrying charges are calculated on a simple interest basis.
- 58 59 (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 60 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
- 61 62 63 (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied 64 65 67 by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.
 - In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.
 - In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.
- 70 71 72 73 74 (9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes will have to include amounts from 1562 and from 1590.

	A	В	С	D	E	F	G	Н	I	J	К	L	M	Ν	0
1	PILS TAXES		-				-								
2	Analysis of PILs Tax Account 15	62:													
3	Utility Name: Niagara-on-the-Lal	ke Hyd	ro Inc.												Version 2009.1
4	Reporting period: 2005				Sign Convent	ion:	+ for increase	e; -	for decrease						
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		132,476		100,167		54,001		23,978		-104,582		0
	Board-approved PILs tax proxy	+/-													
12	from Decisions (1)		132,476		319,178		451,654		352,297		79,795		79,271		1,414,671
12	PILs proxy from April 1, 2005 -										178,361				178,361
13	input 9/12 of amount True-up Variance Adjustment	+/-					-				170,301				- 170,501
14	Q4. 2001 (2)	''			2,338										2,338
	True-up Variance Adjustment	+/-													-
15	(3)						-4,884		-24,591		-55,282		-62,911		-147,668
16	Deferral Account Variance														0
10	Adjustment Q4, 2001 (4) Deferral Account Variance	+/-													- "
17	Adjustment (5)	''			-18,818		-34,614		-23,555		-64,908		-11,063		-152,958
	Adjustments to reported prior	+/-													-
18	vears' variances (6)														0
19	Carrying charges (7)	+/-			3,269		4,964		1,787		-3,411		-2,421		4,187
20	PILs billed to (collected from)	-	0		-338,276		-463,286		-335,960		262 114		-97,099		1 407 725
21	customers (8)				-538,270		-403,280		-535,960		-263,114		-97,099		-1,497,735
	Ending balance: # 1562		132,476		100.167		54,001		23,978		-104,582		-198,804		-198,804
_	Litaling Balance. # 1302	l	132,470		100,107		34,001		23,376		104,382		130,804		198,804
23															

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- 28 NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.
- 29 For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.
- 31 Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER: Method 1 (I.e. Alternative 1 per APH FAQ April 2003 Q.:
- 33 (1) (i) From the Board's Decision see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.
- Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.
- 35 If the Board gave more than one decision in the year, calculate a weighted average proxy.
- 36 (ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.
- (iii) Column G In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.
- (iv) Column I The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.
- 39 (v) Column K The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.
- 40 (vi) Column M The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.
- 42 (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconcilation.
- 45 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.
- The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 48 (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.
- 51 (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.
- The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.
- 54 (6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.
- 56 (7) Carrying charges are calculated on a simple interest basis.
- 58 (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.
- The 2005 PILs tax proxy is being recovered on a volumetric basis by class.
- (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kWs, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.
- In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.
- In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used
- 72 to calculate the recovery for the period January 1 to March 31, 2005.
- | 74 | (9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes will have to include amounts from 1562 and from 1590.

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	Α Α	В	С	D	E			F		G
	EB-XXXX-XX	_								
2	Board Approved Proxy	Case	Decision	Effective	Submi			oard		pproved
3		Reference	Date	Date of	Pro	ку	Adjus	stments		Proxy
	Utility Name: Niagara-on-the-Lake			Rates	Amo	unt			1	Amount
4	Hydro Inc.									
5										
6										
7										
8	2001 Proxy	RP-2002-0090 /	26-Feb-02	1-Mar-02	\$ 2	134,847	\$	(2,371)	\$	132,476
9	,	EB-2002-0099			<u>'</u>		-	,	-	
9		RP-2002-0090 /								
10	2002 Proxy	EB-2002-0099	26-Feb-02	1-Mar-02	\$ 3	324,093	\$	(4,915)	\$	319,178
11										
		RP-2005-0013 /	0.11.05							20= 044
12	2005 Proxy	EB-2005-0055	21-Mar-05	1-Mar-05	\$ 2	237,814	\$	-	\$	237,814
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
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25										
26										
27										
28		I.		<u>I</u>	1					
29							1		i	
30										
3										

	А	В	С	D		E		F	G	Н		I		J		K		L
1	EB-XXXX-XX																	
2	Board Approved Proxy	Number	Year	Number		Amount		APH										
3	Included in Rates for the Year Shown	of months	of recovery	of months	ı	ncluded		Proxy				Proxy A	mour	nt by Recov	ery Y	ear		
	Utility Name: Niagara-on-the-Lake Hydro	of proxy	_	of		n Rates		Amount		2002	2003		2003 2004			2005		2006
	Inc.	OI PIONY				II Nates		Amount		2002		2000		2004		2000		.000
5				Collection														
6																		
7																		
8	2001 Fourth Quarter Proxy	3	2002	10	\$	132,476	\$	132,476		\$ 132,476								
9																		
	2001 Fourth Quarter Proxy	3	2003	12	\$	132,476	\$	132,476			\$	132,476						
11																		
	2001 Fourth Quarter Proxy	3	2004	3	\$	132,476	\$	33,119					\$	33,119				
13																		
14																		
	2002 Proxy	12	2002	10	\$	319,178	\$	319,178		\$ 319,178								
16																		
17	2002 Proxy	12	2003	12	\$	319,178	\$	319,178			\$	319,178						
18																		
19	2002 Proxy	12	2004	12	\$	319,178	\$	319,178					\$	319,178				
20																		
21	2002 Proxy	12	2005	3	\$	319,178	\$	79,795							\$	79,795		
22																		
23																		
24	2005 Proxy	12	2005	9	\$	237,814	\$	178,361							\$	178,361		
25																		
26	2005 Proxy	12	2006	4	\$	237,814	\$	79,271									\$	79,271
27						·			Fotals	451,654		451,654		352,297		258,155		79,271
28												<u> </u>		· · · · · · · · · · · · · · · · · · ·		-		
29					1													
	NOTES:	1			1													
	Rate recovery is based on a monthly rate d	erived for a 12-r	month period				1											
	2) For APH purposes, the 4th quarter 2001 PII)1.														
	3) For APH purposes, the 2002 PILs proxy star			: =:														
55	10, 10.7 parposes, the 2002 Fies proxy star	to on Junuary 1,			1		1						1		1		1	

	Α	В	С	D	E	F	G	Н	I
2	Month	Opening Balance	Billed Amount	PILs Proxy Accrual	True-up Variance Adjustment	Deferral Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
3	Mar-02	1	(15,078)	45,165			30,087	7.25%	
4	Apr-02	30,087	(41,900)	45,165			33,352	7.25%	182
5	May-02	33,352	(11,548)	45,165			66,970	7.25%	202
6	Jun-02	66,970	(37,506)	45,165	2,338	(18,818)	58,149	7.25%	405
7	Jul-02	58,149	(36,005)	45,165			67,310	7.25%	351
8	Aug-02	67,310	(40,454)	45,165			72,021	7.25%	407
9	Sep-02	72,021	(51,996)	45,165			65,190	7.25%	435
10	Oct-02	65,190	(40,479)	45,165			69,877	7.25%	394
11	Nov-02	69,877	(36,991)	45,165			78,052	7.25%	422
12	Dec-02	78,052	(26,319)	45,165		(10010)	96,898	7.25%	472
13	Annual		(338,276)	451,654	2,338	(18,818)			3,269
14									
15									
16		0.5.55	/	0			/		
17	Jan-03	96,898	(49,430)	37,638			85,106	7.25%	585
18	Feb-03	85,106	(36,282)	37,638			86,462	7.25%	514
19	Mar-03	86,462	(38,367)	37,638			85,733	7.25%	522
20	Apr-03	85,733	(34,374)	37,638			88,996	7.25%	518
21	May-03	88,996	(36,554)	37,638	(4.004)	(24.614)	90,080	7.25%	538
22	Jun-03	90,080	(37,283)	37,638	(4,884)	(34,614)	50,937	7.25%	544
	Jul-03	50,937	(39,827)	37,638			48,747	7.25%	308
24 25	Aug-03	48,747	(36,613)	37,638			49,772	7.25% 7.25%	295
26	Sep-03 Oct-03	49,772 47,559	(39,851) (40,375)	37,638 37,638			47,559 44,822	7.25%	301 287
27	Nov-03	44,822	(36,003)	37,638			46,457	7.25%	271
28	Dec-03	46,457	(38,326)	37,638			45,769	7.25%	281
29	Annual	40,457	(463,286)	451,654	(4,884)	(34,614)	45,769	7.25%	4,964
30	Allitual		(403,280)	431,034	(4,884)	(34,014)			4,304
31									
32									
33	Jan-04	45,769	(37,655)	37,638			45,752	7.25%	277
34	Feb-04	45,752	(37,723)	37,638			45,667	7.25%	276
35	Mar-04	45,667	(38,308)	37,638			44,997	7.25%	276
36	Apr-04	44,997	(30,323)	37,030			1 1,337	7.2370	270
37	Apr-04	,557	(1,539)	26,598			39,733	7.25%	272
38	May-04	39,733	(6,364)	7,222					
39	May-04	,	(16,237)	26,598			43,730	7.25%	240
40	Jun-04	43,730	(877)			·			
41	Jun-04		(18,901)	26,598	(24,591)	(23,555)	2,404	7.25%	264
42	Jul-04	2,404	(22,890)	26,598			6,112	7.25%	15
43	Aug-04	6,112	(27,748)	26,598			4,962	7.25%	37
44	Sep-04	4,962	(27,521)	26,598			4,039	7.25%	30
45	Oct-04	4,039	(25,975)	26,598			4,662	7.25%	24
46	Nov-04	4,662	(23,356)	26,598			7,905	7.25%	28
47	Dec-04	7,905	(20,544)	26,598			13,959	7.25%	48
48	Annual		(335,960)	352,297	(24,591)	(23,555)			1,787
49									
50									
51									
52	Jan-05	13,959	(23,056)	26,598			17,501	7.25%	84
53	Feb-05	17,501	(26,359)	26,598			17,740	7.25%	106
54	Mar-05	17,740	(26,119)	26,598			18,219	7.25%	107
55	Apr-05	18,219	(17,566)						
56	Apr-05		(2,646)	19,818			17,826	7.25%	110

	Α	В	С	D	E	F	G	Н	I
2	Month	Opening Balance	Billed Amount	PILs Proxy Accrual True-up Variance Adjustment		Deferral Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
57	May-05	17,826	(5,412)						
58	May-05		(16,971)	19,818			15,261	7.25%	108
59	Jun-05	15,261	521						
60	Jun-05		(18,009)	19,818	(55,282)	(64,908)	(102,600)	7.25%	92
61	Jul-05	(102,600)	81						
62	Jul-05		(21,095)	19,818			(103,796)	7.25%	(620)
63	Aug-05	(103,796)	(26,639)	19,818			(110,617)	7.25%	(627)
64	Sep-05	(110,617)	(25,087)	19,818			(115,886)	7.25%	(668)
65 66	Oct-05 Nov-05	(115,886) (116,719)	(20,651) (18,588)	19,818 19,818			(116,719) (115,489)	7.25% 7.25%	(700 <u>)</u> (705)
67	Dec-05	(115,719)	(15,519)	19,818			(111,190)	7.25%	(698)
68	Annual	(113,403)	(263,114)	258,155	(55,282)	(64,908)	(111,130)	7.2370	(3,411)
69	71111441		(203,114)	230,133	(33,202)	(04,500)			(3,411)
70									
71									
72	Jan-06	(111,190)	(20,495)	19,818			(111,867)	7.25%	(672)
73	Feb-06	(111,867)	(21,089)	19,818			(113,138)	7.25%	(676)
74	Mar-06	(113,138)	(19,585)	19,818			(112,905)	7.25%	(684)
75	Apr-06	(112,905)	(18,614)	19,818			(111,702)	4.14%	(390)
76			(79,783)	79,271	-	-			(2,421)
77									
78									
79		(====)	(15.55)				(12-1-1)		()
80	May-06	(111,702)	(15,452)	-	/(2.011)	(11.002)	(127,154)	4.14%	(385)
81 82	Jun-06 Jul-06	(127,154) (202,898)	(1,770) (340)	-	(62,911)	(11,063)	(202,898) (203,238)	4.14% 4.59%	(439) (776)
83	Aug-06	(202,898)	247				(202,991)	4.59%	(776)
84	Sep-06	(202,991)	-	_			(202,991)	4.59%	(776)
85	Oct-06	(202,991)					(202,991)	4.59%	(776)
86	Nov-06	(202,991)				-	(202,991)	4.59%	(776)
87	Dec-06	(202,991)					(202,991)	4.59%	(776)
88	Subtotal		(17,316)	-	(62,911)	(11,063)			(5,483)
89									
90	Annual		(97,099)	79,271	(62,911)	(11,063)			(7,904)
91									
92									
	GRAND								
	TOTAL TO								
	DEC 2006		(1,497,735)	1,593,031	(145,330)	(152,958)			(1,296)
94									
	Checksum		-	(0)	-	-	(0)		-
96									
97									
98 99	Jan-07	(202,991)					(202,991)	4.59%	(776)
100	Feb-07	(202,991)				<u> </u>	(202,991)	4.59%	(776)
101	Mar-07	(202,991)					(202,991)	4.59%	(776)
102	Apr-07	(202,991)				_	(202,991)	4.59%	(776)
103	May-07	(202,991)					(202,991)	4.59%	(776)
104	Jun-07	(202,991)					(202,991)	4.59%	(776)
105	Jul-07	(202,991)					(202,991)	4.59%	(776)
106	Aug-07	(202,991)					(202,991)	4.59%	(776)

	Α	В	С	D	Е	F	G	Н	I
2	Month	Opening Balance	Billed Amount	PILs Proxy Accrual	True-up Variance Adjustment	Deferral Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
107	Sep-07	(202,991)					(202,991)	4.59%	(776)
108	Oct-07	(202,991)					(202,991)	5.14%	(869)
109	Nov-07	(202,991)					(202,991)	5.14%	(869)
110	Dec-07	(202,991)					(202,991)	5.14%	(869)
111	Annual					T			(9,596)
112									
113									
114		(202.004)					(202.004)	= 4.40/	(0.50)
115	Jan-08	(202,991)					(202,991)	5.14%	(869)
116 117	Feb-08 Mar-08	(202,991)					(202,991) (202,991)	5.14% 5.14%	(869) (869)
117	Apr-08	(202,991) (202,991)					(202,991)	4.08%	(690)
119	May-08	(202,991)					(202,991)	4.08%	(690)
120	Jun-08	(202,991)					(202,991)	4.08%	(690)
121	Jul-08	(202,991)					(202,991)	3.35%	(567)
122	Aug-08	(202,991)					(202,991)	3.35%	(567)
123	Sep-08	(202,991)					(202,991)	3.35%	(567)
124	Oct-08	(202,991)					(202,991)	3.35%	(567)
125	Nov-08	(202,991)					(202,991)	3.35%	(567)
126	Dec-08	(202,991)					(202,991)	3.35%	(567)
127	Annual	, , ,							(8,079)
128									
129									
130									
131	Jan-09	(202,991)				l	(202,991)	2.45%	(414)
132	Feb-09	(202,991)					(202,991)	2.45%	(414)
133	Mar-09	(202,991)					(202,991)	2.45%	(414)
134	Apr-09	(202,991)					(202,991)	1.00%	(169)
135	May-09	(202,991)					(202,991)	1.00%	(169)
136	Jun-09	(202,991)					(202,991)	1.00%	(169)
137	Jul-09	(202,991)					(202,991)	0.55%	(93)
138	Aug-09	(202,991)					(202,991)	0.55%	(93)
139	Sep-09	(202,991)					(202,991)	0.55%	(93)
140	Oct-09	(202,991)					(202,991)	0.55%	(93)
141	Nov-09	(202,991)					(202,991)	0.55%	(93)
142	Dec-09	(202,991)					(202,991)	0.55%	(93)
143	Annual								(2,309)
144									
145									
146 147	lan 10	(202.004)					/202.004\	0.550/	(02)
147	Jan-10 Feb-10	(202,991)					(202,991)	0.55%	(93)
148	Mar-10	(202,991) (202,991)					(202,991) (202,991)	0.55% 0.55%	(93) (93)
150	Apr-10	(202,991)					(202,991)	0.55%	(93)
151	May-10	(202,991)					(202,991)	0.55%	(93)
152	Jun-10	(202,991)					(202,991)	0.55%	(93)
153	Jul-10	(202,991)					(202,991)	0.89%	(151)
154	Aug-10	(202,991)					(202,991)	0.89%	(151)
155	Sep-10	(202,991)					(202,991)	0.89%	(151)
156	Oct-10	(202,991)					(202,991)	1.20%	(203)
157	Nov-10	(202,991)					(202,991)	1.20%	(203)
158	Dec-10	(202,991)					(202,991)	1.20%	(203)
159	Annual	. , ,							(1,619)
160									
						I.	ı		

$X:\ Philip's Files\ RATE\ APPLICATIONS\ RATE\ SETTING\ IRM\ 2012\ 1562\ EB\ 2012\ 0026\ OEB\ staff\ Submission\ Reply\ to\ OEB\ NOTL_PILS\ Summary_20120810\ R.xlsInterest$

	А	В	С	D	E	F	G	Н	I
1									
2	Month	Opening Balance	Billed Amount	PILs Proxy Accrual	True-up Variance Adjustment	Deferral Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
161									
162									
163	Jan-11	(202,991)					(202,991)	1.47%	
164	Feb-11	(202,991)					(202,991)	1.47%	
165	Mar-11	(202,991)					(202,991)	1.47%	
166	Apr-11	(202,991)					(202,991)	1.47%	
167	May-11	(202,991)					(202,991)	1.47%	
168	Jun-11	(202,991)					(202,991)	1.47%	
169	Jul-11	(202,991)					(202,991)	1.47%	(249)
170	Aug-11	(202,991)					(202,991)	1.47%	(249)
171	Sep-11	(202,991)					(202,991)	1.47%	(249)
172	Oct-11	(202,991)					(202,991)	1.47%	(249)
173	Nov-11	(202,991)					(202,991)	1.47%	(249)
174	Dec-11	(202,991)					(202,991)	1.47%	(249)
175	Annual								(2,984)
176									
177									
178									
179	Jan-12	(202,991)			'	,	(202,991)	1.47%	(249)
180	Feb-12	(202,991)					(202,991)	1.47%	
181	Mar-12	(202,991)					(202,991)	1.47%	
182	Apr-12	(202,991)					(202,991)	1.47%	
183	May-12	(202,991)					(202,991)	1.47%	
184	Jun-12	(202,991)					(202,991)	1.47%	
185	Jul-12	(202,991)					(202,991)	1.47%	
186	Aug-12	(202,991)					(202,991)	1.47%	
187	Period								(1,989)
188									, , ,
	Balance at A	ugust 31, 2012)				\$ (202,991)		\$ (27,873)
190	zalance at At						+ (202)331)		+ (27,575)
	Interest May	1, 2006 to Au	gust 31, 2012						\$ (32,060)
171	terest iviay	-, -000 to Au	Page 91, 2012				l .		7 (32,000