

EB-2012-0168

Exhibit 4

Tab 8

Schedule 2

Attachment 4

Tax Assessments and Correspondence



Ministry of Finance
33 King St W
PO Box 622
Oshawa ON L1H 8H6



0000004

TILLSONBURG HYDRO INC.
ATTENTION: C/O DARRELL EDDINGTON
2ND
FL-200 BROADWAY ST
TILLSONBURG ON N4G 5A7

HPL - 11059

Issue Date 24-Jul-2012

Business No. 863742599TW0001
Reference No. L1683056512

Notice of Assessment - Hydro Payment in Lieu

Electricity Act, 1998, Corporations Tax Act

Your account has been assessed resulting in a balance as indicated below.

Period Ending: 31-Dec-2011	Return As Filed
Total Federal Tax	\$47,883.00
Total Ontario Tax	\$19,588.00
Total Credits	\$0.00
Loss Carry-back	\$0.00
Total Tax Payable	\$67,471.00
Interest	\$285.85
Current Penalty	\$0.00
Credits/Payments	(\$67,756.85)
Total Assessment	<u>\$0.00</u>

As of 24-Jul-2012, including the amount assessed above, you have an overall credit balance on your account of (\$39,818.15).

If you have any questions concerning this Notice of Assessment, please call the number listed below. After discussion with a ministry representative, if you still do not agree with this assessment you have the right to file a Notice of Objection with the Objections and Appeals Branch within 180 days of the issue date of this form. Any taxes, interest and penalties that are outstanding as a result of the assessment are due and payable even if you have filed, or intend to file, a Notice of Objection.

If you have any questions or require additional information, please visit our website or call the Ministry of Finance at the number listed below.

Ministry use only

Enquiries

1 866 ONT-TAXS
1 866 668-8297

Fax 1 866 888-3850

Teletypewriter (TTY)
Internet

1 800 263-7776
ontario.ca/finance

ALLOWANCE FOR PILS

The OEB's Income Tax/PILs workform was used to calculate the PILs amount for 2012BY and 2013TY of \$Nil (E4/T8/S3/Att1) on a MIFRS basis. Based 2013TY net income before taxes of \$347K, plus amortization of \$282k, less CCA of \$712k, a regulatory taxable loss of (\$82k) results.

Had a positive regulatory taxable income existed, the resulting income taxes payable amount would have been grossed-up based on the applicable income tax rate, so the revenue requirement will generate the proposed ROE amount on an after-tax basis.

THI has also provided the OEB's Income Tax/PILs workform based on CGAAP for 2012BY year and 2013TY. The 2012BY on a CGAAP basis returns PILS of \$6k. And, if CGAAP had been used for 2013TY, grossed up PILs would have been \$52k (E4/T8/S3/Att2).

EB-2012-0168

Exhibit 4

Tab 8

Schedule 3

Attachment 1

Proposed PILs Model - MIFRS



Utility Name	Tillsonburg Hydro Inc.
Assigned EB Number	EB-2012-0168
Name and Title	William J. Gott, Finance Regulatory Affairs Manager
Phone Number	519-688-3009 x3229
Email Address	wgott@tillsonburg.ca
Date	31-Aug-12
Last COS Re-based Year	2009

Note: Drop-down lists are shaded blue; Input cells are shaded green.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your IRM application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

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



Income Tax/PILs Workform for 2013 Filers

[1. Info](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

[C. Sch 8 Hist](#)

[D. Schedule 10 CEC Hist](#)

[E. Sch 13 Tax Reserves Hist](#)

[F. Sch 7-1 Loss Cfwd Hist](#)

[G. Adj. Taxable Income Historic](#)

[H. PILs,Tax Provision Historic](#)

[I. Schedule 8 CCA Bridge Year](#)

[J. Schedule 10 CEC Bridge Year](#)

[K. Sch 13 Tax Reserves Bridge](#)

[L. Sch 7-1 Loss Cfwd Bridge](#)

[M. Adj. Taxable Income Bridge](#)

[N. PILs,Tax Provision Bridge](#)

[O. Schedule 8 CCA Test Year](#)

[P. Schedule 10 CEC Test Year](#)

[Q Sch 13 Tax Reserve Test Year](#)

[R. Sch 7-1 Loss Cfwd](#)

[S. Taxable Income Test Year](#)

[T. PILs,Tax Provision](#)



Income Tax/PILs Workform for 2013 Filers

Rate Base

\$	9,522,071
-----------	------------------

Return on Ratebase

Deemed ShortTerm Debt %

Deemed Long Term Debt %

Deemed Equity %

4.00%

56.00%

40.00%

T

U

V

\$

\$

\$

380,883

5,332,360

3,808,828

$W = S * T$

$X = S * U$

$Y = S * V$

Short Term Interest Rate

Long Term Interest

Return on Equity (Regulatory Income)

Return on Rate Base

2.08%

4.41%

9.12%

Z

AA

AB

\$

\$

\$

7,922

235,157

347,365

$AC = W * Z$

$AD = X * AA$

$AE = Y * AB$

$AF = AC + AD + AE$

\$ 590,445

Questions that must be answered

1. Does the applicant have any Investment Tax Credits (ITC)?

2. Does the applicant have any SRED Expenditures?

3. Does the applicant have any Capital Gains or Losses for tax purposes?

4. Does the applicant have any Capital Leases?

5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?

6. Since 1999, has the applicant acquired another regulated applicant's assets?

7. Did the applicant pay dividends?

If Yes, please describe what was the tax treatment in the manager's summary.

8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historic

Bridge

Test Year

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

No

No

No



Income Tax/PILs Workform for 2013 Filers

Tax Rates Federal & Provincial As of June 20, 2012

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

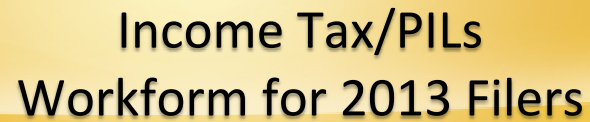
Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold


Federal small business rate

Ontario small business rate

Effective #####	Effective #####	Effective #####	Effective #####
38.00%	38.00%	38.00%	38.00%
-10.00%	-10.00%	-10.00%	-10.00%
28.00%	28.00%	28.00%	28.00%
-11.50%	-13.00%	-13.00%	-13.00%
16.50%	15.00%	15.00%	15.00%
11.75%	11.50%	11.50%	11.50%
28.25%	26.50%	26.50%	26.50%
500,000	500,000	500,000	500,000
500,000	500,000	500,000	500,000
11.00%	11.00%	11.00%	11.00%
4.50%	4.50%	4.50%	4.50%



Class	Class Description	UCC End of Year Historic per tax returns	Less: Non- Distribution Portion	UCC Regulated Historic Year
1	Distribution System - post 1987	5,315,893		5,315,893
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0
2	Distribution System - pre 1988			0
8	General Office/Stores Equip			0
10	Computer Hardware/ Vehicles			0
10.1	Certain Automobiles			0
12	Computer Software			0
13 ₁	Lease # 1			0
13 ₂	Lease #2			0
13 ₃	Lease # 3			0
13 ₄	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04			0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	3,301,172		3,301,172
50	Data Network Infrastructure Equipment - post Mar 2007			0
52	Computer Hardware and system software			0
95	CWIP			0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	8,617,065	0	8,617,065



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

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

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal

Deductions

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

Other Adjustments

Subtotal

Cumulative Eligible Capital Balance

Current Year Deduction

Cumulative Eligible Capital - Closing Balance

$\times 3/4 =$ 0

$\times 1/2 =$ 0

0

0

0

0

0

0 $\times 7\% =$

0

0



Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

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




Income Tax/PILs Workform for 2013 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

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

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



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	318,950		318,950
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	596,701		596,701
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121			0
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		596,701	0	596,701
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	480,360		480,360
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		480,360	0	480,360
Net Income for Tax Purposes		435,291	0	435,291
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		435,291	0	435,291



Income Tax/PILs Workform for 2013 Filers

PILs Tax Provision - Historic Year

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

Wires Only

Regulatory Taxable Income

\$ 435,291 **A**

Ontario Income Taxes

Income tax payable

Ontario Income Tax

11.75% **B**

\$ 51,138 **C = A * B**

Small business credit

Ontario Small Business Threshold
Rate reduction (negative)

\$ 435,291 **D**

-7.25% **E**

-\$ 31,550 **F = D * E**

Ontario Income tax

\$ 19,588 **J = C + F**

Combined Tax Rate and PILs

Effective Ontario Tax Rate

4.50%

K = J / A

Federal tax rate

11.00%

L

Combined tax rate

15.50% **M = K + L**

Total Income Taxes

\$ 67,470 **N = A * M**

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

\$ - **Q = O + P**

Corporate PILs/Income Tax Provision for Historic Year

\$ 67,470 **R = N - Q**



Class	Class Description	UCC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	\$ 5,315,893			\$ 5,315,893	\$ -	\$ 5,315,893	4%	\$ 212,636	\$ 5,103,257
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election				\$ -	\$ -	\$ -	6%	\$ -	\$ -
2	Distribution System - pre 1988				\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip				\$ -	\$ -	\$ -	20%	\$ -	\$ -
10	Computer Hardware/ Vehicles				\$ -	\$ -	\$ -	30%	\$ -	\$ -
10.1	Certain Automobiles				\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software				\$ -	\$ -	\$ -	100%	\$ -	\$ -
13 1	Lease # 1				\$ -	\$ -	\$ -		\$ -	\$ -
13 2	Lease #2				\$ -	\$ -	\$ -		\$ -	\$ -
13 3	Lease # 3				\$ -	\$ -	\$ -		\$ -	\$ -
13 4	Lease # 4				\$ -	\$ -	\$ -		\$ -	\$ -
14	Franchise				\$ -	\$ -	\$ -		\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				\$ -	\$ -	\$ -	8%	\$ -	\$ -
42	Fibre Optic Cable				\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment				\$ -	\$ -	\$ -	30%	\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment				\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04				\$ -	\$ -	\$ -	45%	\$ -	\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 3,301,172	\$ 562,500		\$ 3,863,672	\$ 281,250	\$ 3,582,422	8%	\$ 286,594	\$ 3,577,078
50	Data Network Infrastructure Equipment - post Mar 2007				\$ -	\$ -	\$ -	55%	\$ -	\$ -
52	Computer Hardware and system software				\$ -	\$ -	\$ -	100%	\$ -	\$ -
95	CWIP				\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
	TOTAL	\$ 8,617,065	\$ 562,500	\$ -	\$ 9,179,565	\$ 281,250	\$ 8,898,315		\$ 499,229	\$ 8,680,336



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

0

Additions

Cost of Eligible Capital Property Acquired during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 = 0

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

0

x 1/2 = 0

0	0
---	---

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

0

Deductions

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

--

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Cumulative Eligible Capital Balance

0

Current Year Deduction

0 x 7% =

0

Cumulative Eligible Capital - Closing Balance

0



Schedule 13 Tax Reserves - Bridge Year

[illegible]



Income Tax/PILs Workform for 2013 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

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

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



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	199,634

Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	202,569
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		202,569
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	499,229
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	0
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		499,229
Net Income for Tax Purposes		-97,026
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		-97,026



Income Tax/PILs Workform for 2013 Filers

PILS Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income

-\$ 97,026 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

-

C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction

\$

-

D

-7.00%

E

\$

-

F = D * E

Ontario Income tax

\$ - J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

0.00%

K = J / A

0.00%

L

0.00% M = K + L

Total Income Taxes

\$ - N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Bridge Year

\$ - R = N - Q

Note:

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



Schedule 8 CCA - Test Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	\$ 5,103,257			\$ 5,103,257	\$ -	\$ 5,103,257	4%	\$ 204,130	\$ 4,899,127
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$ -			\$ -	\$ -	\$ -	6%	\$ -	\$ -
2	Distribution System - pre 1988	\$ -			\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	\$ -			\$ -	\$ -	\$ -	20%	\$ -	\$ -
10	Computer Hardware/ Vehicles	\$ -	19,263		\$ 19,263	\$ 9,632	\$ 9,632	30%	\$ 2,889	\$ 16,374
10.1	Certain Automobiles	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ -	310,656		\$ 310,656	\$ 155,328	\$ 155,328	100%	\$ 155,328	\$ 155,328
13.1	Lease # 1	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
13.2	Lease #2	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
13.3	Lease # 3	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
13.4	Lease # 4	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
14	Franchise	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	\$ -			\$ -	\$ -	\$ -	8%	\$ -	\$ -
42	Fibre Optic Cable	\$ -			\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment	\$ -			\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ -			\$ -	\$ -	\$ -	45%	\$ -	\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 3,577,078	1,577,097		\$ 5,154,175	\$ 788,549	\$ 4,365,627	8%	\$ 349,250	\$ 4,804,925
50	Data Network Infrastructure Equipment - post Mar 2007	\$ -			\$ -	\$ -	\$ -	55%	\$ -	\$ -
52	Computer Hardware and system software	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$ -
95	CWIP	\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
	TOTAL	\$ 8,680,336	\$ 1,907,016	\$ -	\$ 10,587,352	\$ 953,508	\$ 9,633,844		\$ 711,598	\$ 9,875,754



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

0

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0

x 3/4 = 0

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

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

0

Deductions

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

0

Other Adjustments

0

Subtotal 0

x 3/4 = 0

Cumulative Eligible Capital Balance

0

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

0 x 7% = 0

Cumulative Eligible Capital - Closing Balance

0



Continuity of Reserves

[illegible]



Income Tax/PILs Workform for 2013 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

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

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



Income Tax/PILs Workform for 2013 Filers

Taxable Income - Test Year

	Test Year Taxable Income
Net Income Before Taxes	347,365

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104	282,540
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		282,540
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	711,598
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	0
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		711,598
NET INCOME FOR TAX PURPOSES		-81,693
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		-81,693

Income Tax/PILs Workform for 2013 Filers

PILs Tax Provision - Test Year

Wires Only

Regulatory Taxable Income

-\$ 81,693 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

- C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction

\$ -

D

-7.00%

E

\$

- F = D * E

Ontario Income tax

\$ - J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

0.00%

K = J / A

0.00%

L

0.00% M = K + L

Total Income Taxes

Investment Tax Credits

Miscellaneous Tax Credits

Total Tax Credits

\$ - N = A * M

O

P

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Test Year

\$ - R = N - Q

Corporate PILs/Income Tax Provision Gross Up ¹

100.00%

S = 1 - M

\$ - T = R / S - R

Income Tax (grossed-up)

\$ - U = R + T

Note:

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