

EB-2012-0168

Exhibit 4

Tab 8

Schedule 3

Attachment 2

Proposed PILs Model - CGAAP



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.

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



## Income Tax/PILs Workform for 2013 Filers

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[A. Data Input Sheet](#)  
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[C. Sch 8 Hist](#)  
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# Income Tax/PILs Workform for 2013 Filers



## Rate Base

**\$ 9,183,627**

## Return on Ratebase

Deemed ShortTerm Debt %

4.00%

T \$ 367,345

$W = S * T$

Deemed Long Term Debt %

56.00%

U \$ 5,142,831

$X = S * U$

Deemed Equity %

40.00%

V \$ 3,673,451

$Y = S * V$

Short Term Interest Rate

2.08%

Z \$ 7,641

$AC = W * Z$

Long Term Interest

4.41%

AA \$ 226,799

$AD = X * AA$

**Return on Equity (Regulatory Income)**

9.12%

AB \$ **335,019**

$AE = Y * AB$

**Return on Rate Base**

**\$ 569,458**

$AF = AC + AD + AE$

## Questions that must be answered

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

### 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

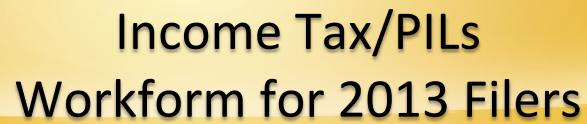
#### Federal & Ontario Small Business

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%



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

#### Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
<b>Subtotal</b>	0	x 3/4 =		<b>0</b>

**Cumulative Eligible Capital Balance** **0**

**Current Year Deduction** **0 x 7% = 0**

**Cumulative Eligible Capital - Closing Balance** **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
<b>Tax Reserves Not Deducted for accounting purposes</b>			
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>			
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



# 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
<b>Non-Capital Loss Carry Forward Deduction</b>			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
<b>Net Capital Loss Carry Forward Deduction</b>			
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
<b>Income before PILs/Taxes</b>	<b>A</b>	<b>318,950</b>		<b>318,950</b>
<b>Additions:</b>				
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
<b>Other Additions</b>				
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
<b>Total Additions</b>		<b>596,701</b>	<b>0</b>	<b>596,701</b>
<b>Deductions:</b>				
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
<b>Total Deductions</b>		<b>480,360</b>	<b>0</b>	<b>480,360</b>
<b>Net Income for Tax Purposes</b>		<b>435,291</b>	<b>0</b>	<b>435,291</b>
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
<b>TAXABLE INCOME</b>		<b>435,291</b>	<b>0</b>	<b>435,291</b>



# 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  
Federal tax rate  
Combined tax rate

4.50%

**K = J / A**

11.00%

**L**

15.50% **M = K + L**

**Total Income Taxes**

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

Investment Tax Credits

**O**

Miscellaneous Tax Credits

**P**

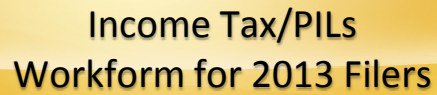
**Total Tax Credits**

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

**Corporate PILs/Income Tax Provision for Historic Year**

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





<b>Class</b>	<b>Class Description</b>	<b>UCC Regulated Historic Year</b>	<b>Additions</b>	<b>Disposals (Negative)</b>	<b>UCC Before 1/2 Yr Adjustment</b>	<b>1/2 Year Rule (1/2 Additions Less Disposals)</b>	<b>Reduced UCC</b>	<b>Rate %</b>	<b>Bridge Year CCA</b>	<b>UCC End of Bridge Year</b>
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	\$ 669,400		\$ 3,970,572	\$ 334,700	\$ 3,635,872	8%	\$ 290,870	\$ 3,679,702
50	Data Network Infrastructure Equipment - post Mar 2007				\$ -	\$ -	\$ -	55%	\$ -	\$ -
52	Computer Hardware and system software				\$ -	\$ -	\$ -	100%	\$ -	\$ -
95	CWIP				\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
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					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
	TOTAL	\$ 8,617,065	\$ 669,400	\$ -	\$ 9,286,465	\$ 334,700	\$ 8,951,765		\$ 503,505	\$ 8,782,960



# 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





# Income Tax/PILs Workform for 2013 Filers

## Corporation Loss Continuity and Application

### Schedule 7-1 Loss Carry Forward - Bridge Year

<b>Non-Capital Loss Carry Forward Deduction</b>	<b>Total</b>
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
<b>Amount to be used in Bridge Year</b>	
Balance available for use post Bridge Year	0

<b>Net Capital Loss Carry Forward Deduction</b>	<b>Total</b>
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
<b>Amount to be used in Bridge Year</b>	
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	20,193

<b>Additions:</b>		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	524,223
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

<b>Other Additions</b>		
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		
<b>Total Additions</b>		<b>524,223</b>
<b>Deductions:</b>		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	503,505
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	0
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		



# 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)		
<b>Total Deductions</b>		<b>503,505</b>
<b>Net Income for Tax Purposes</b>		<b>40,911</b>
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	
<b>TAXABLE INCOME</b>		<b>40,911</b>



# Income Tax/PILs Workform for 2013 Filers

## PILS Tax Provision - Bridge Year

### Wires Only

**Regulatory Taxable Income**

\$ 40,911 **A**

**Ontario Income Taxes**

*Income tax payable*

**Ontario Income Tax**

4.50%

**B**

\$

1,841 **C = A \* B**

*Small business credit*

Ontario Small Business Threshold  
Rate reduction

\$ -  
-7.00%

**D**  
**E**

\$

-

**F = D \* E**

*Ontario Income tax*

\$ 1,841 **J = C + F**

**Combined Tax Rate and PILs**

Effective Ontario Tax Rate  
Federal tax rate  
Combined tax rate

4.50%  
11.00%

**K = J / A**  
**L**

15.50% **M = K + L**

**Total Income Taxes**

\$ 6,341 **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**

\$ 6,341 **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	\$ 3,679,702	1,696,337		\$ 5,376,039	\$ 848,169	\$ 4,527,871	8%	\$ 362,230	\$ 5,013,810
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%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
	TOTAL	\$ 8,782,960	\$ 2,026,256	\$ -	\$ 10,809,216	\$ 1,013,128	\$ 9,796,088		\$ 724,577	\$ 10,084,636



# 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
<b>Non-Capital Loss Carry Forward Deduction</b>			
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
<b>Amount to be used in Test Year</b>			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
<b>Net Capital Loss Carry Forward Deduction</b>			
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
<b>Amount to be used in Test Year</b>			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
<b>Net Income Before Taxes</b>	335,019

	T2 S1 line #	
<b>Additions:</b>		
Interest and penalties on taxes	103	
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104	672,026
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		
<b>Total Additions</b>		<b>672,026</b>
<b>Deductions:</b>		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	724,577
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)		
<b>Total Deductions</b>		<b>724,577</b>
<b>NET INCOME FOR TAX PURPOSES</b>		<b>282,467</b>
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	
<b>REGULATORY TAXABLE INCOME</b>		<b>282,467</b>

# Income Tax/PILs Workform for 2013 Filers

## PILs Tax Provision - Test Year

### Wires Only

Regulatory Taxable Income

\$ 282,467 A

#### Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

12,711 C = A \* B

Small business credit

Ontario Small Business Threshold  
Rate reduction

\$ -

D

-7.00%

E

\$

-

F = D \* E

Ontario Income tax

\$ 12,711 J = C + F

#### Combined Tax Rate and PILs

Effective Ontario Tax Rate  
Federal tax rate  
Combined tax rate

4.50%

K = J / A

11.00%

L

15.50% M = K + L

#### Total Income Taxes

\$ 43,782 N = A \* M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

#### Total Tax Credits

\$ - Q = O + P

#### Corporate PILs/Income Tax Provision for Test Year

\$ 43,782 R = N - Q

Corporate PILs/Income Tax Provision Gross Up <sup>1</sup>

84.50%

S = 1 - M

\$ 8,031 T = R / S - R

Income Tax (grossed-up)

\$ 51,814 U = R + T

#### Note:

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



1      **NON-RECOVERABLE AND DISALLOWED EXPENSES**

2      THI does not have any expenses that are non-recoverable or disallowed for tax  
3      purposes.

Exhibit 4:

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## **Tab 9 (of 10): Green Energy Act Plan O&M Costs**

1

## **GREEN ENERGY ACT PLAN PROPOSAL**

2

THI intends to only offer the OPA – contracted province wide CDM programs. Only a

3

minimal amount of staff time has been allocated to activities related to the Green Energy

4

Act.

Exhibit 4:

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**Tab 10 (of 10): Conservation and Demand  
Management Costs**

1           **PROGRAMS REQUIRING BOARD APPROVAL**

- 2       THI does not intend to run any CDM programs other than those offered through the  
3       OPA. Therefore it will not require board approval for any new initiatives.